CHINA STEEL CHEMICAL CORPORATION

CHINA STEEL CHEMICAL CORPORATION 2020 Annual Report

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2020 Annual Report

CHINA STEEL CHEMICAL CORPORATION
Printed on March 31, 2021

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.

Spokesperson
Name: Chu-Kai Huang
Title: Vice president
Tel: (07)3383515
Email: ckhuang@e-cscc.com.tw

Deputy Spokesperson
Name: Li-Li Kuo
Title: Director
Tel: (07)3383515
Email: lilykuo@e-cscc.com.tw

Head Office
Address: 25F., No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City 806618, Taiwan (R.O.C.)
Tel: (07)3383515

Plants
No.42, Zhonglin Rd., Xiaogang Dist., Kaohsiung City 812039, Taiwan (R.O.C.)
Tel: (07)8030619
No. 2-6, Yongxiang Rd., Tunghai Vil., Fangliao Township, Pingtung County, Taiwan (R.O.C.)
Tel: (08)8668000

Stock Transfer Agency
Name: The Transfer Agency Department of Capital Securities Corp.
Address: B2F., No. 97, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)
Tel: (02)27035000
Website: http://www.capital.com.tw/agency

Certified Public Accountants (CPA) for the Financial Report of the Latest Year
Name: CPAs Yu-Xiang Liu and Hung-Ju Liao
Firm: Deloitte & Touche
Address: 3F., No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City 806618, Taiwan (R.O.C.)
Tel: (07)5301888
Website: http://www.deloitte.com.tw

Overseas Trade Places for Listed Securities
None

Company Website
http://www.cscc.com.tw

Content

Chapter 1. Letter to Shareholders

Dear Shareholders,

Thank you for attending our annual shareholders' meeting. We would like to express our deepest gratitude for your long-term love and support. The Company's 2020 operating results and the overview of 2021 business plan are summarized as follows.

1. 2020 Business Report

   I. Business Summary

   The outbreak of COVID-19 in 2020 generated significant impacts on the global economy. The global economic environment froze immediately. The stock, currency, bond, and raw material markets all collapsed. Countries and cities implemented lockdown and transportation control, causing a sharp drop in oil price before the third quarter, and selling prices of relevant products had declined over 50%. As demands declined significantly, customers' intention for delivery of goods also declined. CSCC spared no effort in sales, made downward adjustments in its selling prices in exchange for shipment to minimize the inventory pressure. Internally, CSCC saved on various expenses to respond to the conditions. Even though the sales volume throughout the year was equivalent to that of 2019, CSCC's operating revenue and profits decreased by 35% and 55% in the first three quarters, and decrease by 29% and 47% throughout the year, respectively. CSCC encountered the most difficult year in the last two decades. In the fourth quarter, as the oil price ceased dropping and rebounded, demands for products have been growing. However, as the outbreak continued, the rebounded of the economic environment is still limited. Looking forward, with the backdrop of successful vaccine R&D and the popularization of vaccination rate and the global trend for companies focusing on new energy issues and ESG (environmental, social, and corporate governance) due to climate changes, the plant construction of downstream customers for CSCC's Pingnan Carbon Materials Plant was completed and the delivery of goods picked up, Pingnan Plant's production capacity may be fully exerted. Upon improving CSCC's operating revenue and profits, it also makes contributions to the global green energy industry.

   Significant business results achieved by CSCC in 2020 are as follow:

   - CSCC's operating revenue and profits achieving the objectives for internal budget.

- Transported all by-products such as light oil and coal tar generated from the coking of the CSC Group in time and sold all its products at the market rate.
- Light oil transported from Formosa Ha Tinh Steel had all been put into production, and the coal tar was successfully sold.

II. Results of Business Plan Implementation

(I) In 2020, the processing amount of coal tar was 260,216 tons, and the processing amount of light oil was 116,302 tons (including Formosa Ha Tinh Steel Light Oil Plant). The annual sales of coal tar products and light oil products amounted to 258,497 tons and 110,107 tons, respectively; the annual sales of green mesophase powder and green graphite mesophase powder amounted to 1,427 tons.

(II) Execution of Business Plan Implementation

Unit: Tons

Item		Actual amount	Budgeted amount	Deviation	Achievement rate (%)
Coal tar products	Production volume	262,501	260,355	2,146	101
	Sales volume	258,497	259,245	(748)	100
Light oil products	Production volume	108,868	111,925	(3,057)	97
	Sales volume	110,107	111,812	(1,705)	98
Refined carbon materials	Production volume	9,187	9,355	(168)	98
	Sales volume	6,214	7,698	(1,484)	81
Coke products	Sales volume	65,731	63,728	2,003	103
Trade item	Sales volume	106,063	102,212	3.851	104
Processing item	Processing volume	301,977	333,286	(31,309)	91

Relevant consolidated and individual financial information is as follows:

Consolidated Statements of Comprehensive Income

Unit: NT$1,000

Item	2020	2019	Increase (decrease) in amount	Increase (decrease) (%)
Operating revenue	5,363,774	7,541,990	(2,178,216)	(29)
Operating costs	4,243,881	5,696,043	(1,452,162)	(25)
Gross profit	1,119,893	1,845,947	(726,054)	(39)
Operating Expenses	349,994	403,554	(53,560)	(13)
Net operating profit	769,899	1,442,393	(672,494)	(47)
Total non-operating revenue and expenses	81,120	152,932	(71,812)	(47)
Income before tax	851,019	1,595,325	(744,306)	(47)
Net profit for the year	708,027	1,297,989	(589,962)	(45)
Other comprehensive income (after tax)	(29,687)	(64,423)	34,736	54
Total comprehensive income for the year	678,340	1,233,566	(555,226)	(45)
Net profit (loss) attributable to:				
Owners of CSCC	716,891	1,292,839	(575,948)	(45)
Non-controlling interest	(8,864)	5,150	(14,014)	(272)
Total comprehensive income attributable to:				
Owners of CSCC	702,662	1.237,432	(534,770)	(43)
Non-controlling interest	(24,322)	(3,866)	(20,456)	(529)

(1) The decline in operating revenue and gross profit in 2020 was due to the sharp drop in oil price resulted from the effects of COVID-19, causing a significant drop in the selling prices of CSCC's major products.

(2) The decrease in operating expenses during the period was primarily due to CSCC's efforts in saving various expenses and the decrease in relevant operating expenses, bonuses, and other expenses resulting from the decline in operating revenue and profits.

(3) The decrease in non-operating revenue and expenses during the period was due to the combined effects of the decrease in investment gains measured using the equity method, the losses on disposal of financial products under the effects of the outbreak on the financial market during the first quarter, and the currency exchange loss arising from the appreciation of NTD.

(4) Based on the above, the net profit after tax for 2020 was NT$708 million, representing a decrease of NT$590 million (or 45%) as compared to NT$1,298 billion for the same period last year.

Individual Statements of Comprehensive Income

Unit: NT$1,000

Item	2020	2019	Increase (decrease) in amount	Increase (decrease) (%)
Operating revenue	5,251,341	7,379,595	(2,128,254)	(29)
Operating costs	4,172,681	5,593,243	(1,420,562)	(25)
Gross profit	1,078,660	1,786,352	(707,692)	(40)
Operating Expenses	339,801	387,781	(47,980)	(12)
Net operating profit	738,859	1,398,571	(659,712)	(47)
Total non-operating revenue and expenses	119,434	191,514	(72,080)	(38)
Income before tax	858,293	1,590,085	(731,792)	(46)
Net profit for the year	716,891	1,292,839	(575,948)	(45)
Other comprehensive income (after tax)	(14,229)	(55,407)	41,178	74
Total comprehensive income for the year	702,662	1,237,432	(534,770)	(43)

III. Analysis of Income and Expenditure and Profitability

Please refer to the Financial Statements enclosed with the financial summary of 2020.

IV. Research and Development

(I) Through production line verification and cell test by customers in Europe and Japan, our small particle size compound products are proven to have excellent performance. The products possess features of fast charge and high power discharge. Customers had purchased more materials to conduct pilot scale production for the end application of energy storage systems. Furthermore, CSCC commenced the development of coke-based artificial graphite to provide a diversified anode product portfolio and strengthen our competitiveness as well.

(II) CSCC’s isotropic graphite crucibles had passed customer’s preliminary online evaluation. Subsequently, CSCC made arrangements to provide sample for verification according to customers' demand. In this year, CSCC will successively install cold isostatic pressing (CIP) equipment, carbonization furnace and other production equipment, which will improve yield rate and production capacity.

(III) The production capacity and quality of the new production line at CSCC's advance carbon material plant achieved the objectives. CSCC continued to develop continuous activation manufacturing procedures to improve its production capacity and reduce costs. The high-pressure applications were also the developing focuses. Demand from the customer end has been increasing for supercapacitor and lead-carbon battery.

2. 2021 Business Plan

I. Operating Policy

(I) Create operating revenue, stabilize profits, reduce costs, and improve efficiency.

(II) Develop refined products and strengthen quality control.

(III) Implement occupational safety management and reinforce experience inheritance.

(IV) Fulfill social responsibilities and facilitate harmonious labor-management relationship.

II. Production and Sale Policy

(I) Transport all by-products such as coal tar, crude light oil, and coke produced by group companies in time. Smoothly process and produce different products satisfying the demand of the market and customers and make sales in full in due course at the market rate to create greater economic values.

(II) Reinforce the expansion of downstream customers, increase the width of its customer base, and continue to develop new suppliers to increase healthy competition and reduce procurement costs.

(III) Develop diversification and market width for carbon material products and actively acquiring customers in Europe, Japan, Southeast Asia, and Taiwan.

(IV) Keep abreast of the growth and plant expansion status of icon customers for carbon materials.

(V) Reinforce our advantage of having the only graphitization plant in Taiwan, cooperate with customers, and increase our OEM business to advance our sales and OEM at one and expand the value chain of our carbon material business.

III. Estimated Sales Volume

Unit: Tons

Item	Production volume	Sales volume
Coal tar products	262,000	245,000
Light oil products	117,000	117,000
Refined carbon materials	16,000	15,000
Coke products	61,000	61,000
Trading item	17,000	17,000
Processing item	339,000	339,000

Note: The relevant data is calculated based on the past experiences of the Company in business and production, and its estimation for the market in the future.

3. Future Development Strategies

For the sustainable operations of the Company, we continue to develop and respond to the changes and challenges in the future market; the Company has established its strategic development policy and actions plans in the future as follows:

I. Strategic development policy

(I) Expand its production capacity for coal chemical products to provide premium services to customers and create a win-win situation.

(II) Improve production technology, implement quality management, reduce production costs, and boost operating performance.

(III) Increase R&D funding, utilize external resources, tap into new energy and material industries, and diversify the application of carbon materials.

(IV) Implement industrial safety and environmental protection to avoid occupational hazards and adopt environment-friendly measures to achieve sustainable operations.

(V) Improve its labor-capital relationship, care for the society, and fulfill its corporate social responsibility.

II. Action plan

(I) Advanced operations: Expand revenue and profits.

(II) Business expansion: Focus on its core technologies and expand its marketing layout.

(III) Refined carbon materials development: Integrate the Group's resources to develop green energy products.

(IV) Energy and environmental protection: Adopt environment-friendly measures and improve the energy utilization rate.

4. Effects of External Competitive Environment, Regulatory Environment, and Overall Business Environment

I. External competition

(I) Due to the unique nature of the coal chemical industry, the Company currently has no competitor in Taiwan, whereas the Company's light oil plants compete with companies in the domestic petrochemical plant.

(II) The Company's product exports accounted for approximately 44% of the market share, mainly exporting to Australia and Asian countries. Given the massive exports of downstream coal tar products in China in recent years, the Company faces fierce competition regarding products from China, Japan, South Korea, and European countries.

(III) Regarding mesophase graphite anode materials, we face competition from natural graphite and other artificial graphite products. As artificial graphite products have become the mainstream product in the market, manufacturers in China invest in such products one after another. Despite our advantages in product quality, we still face intense price competition. In addition, in terms of advanced carbon materials, we also face fierce market competition.

(IV) Currently, isotropic graphite blocks such as advanced carbon materials used in lead-carbon batteries and high-softening-point asphalt are still in the product and market development stage, and we also face competition from identical products provided by external parties.

II. Legal environment

At present, the industry in which the Company operates is currently facing minimum effect from regulations.

III. Overall business environment

In 2020, it was estimated that the economic growth rate throughout the year in Taiwan shall be 2.54%, representing a growth of 0.13% as compared to 2019.

Under the effect of COVID-19, momentum in private consumption dropped; However, due to the booming otaku economy and various pressure relief and revitalization measures promoted by the government, domestic consumption made by nationals recorded significant growth. The growth rate of domestic consumption made by nationals amounted to 5.16%, representing a new high for the past decade. The export business also recorded outstanding performances. The positive economic growth rate in Taiwan is relatively rare as compared to countries that are major economies worldwide. In 2021, Taiwan and the globe are still being affected by the mutated COVID-19, and nations implemented lock-down measures one after another. The Company still remains cautious in terms of its operations to respond to potential severe challenges.

The Company's products are closely related to the international economy, with its sales region primarily focuses on the Asia region. Besides consolidating our market by means of long-term contracts, we also provide stable quality and fast delivery terms to ensure our market competitiveness. In addition, we make use of a flexible product portfolio to create the best interests of the Company.

Finally, on behalf of the Company, we would like to extend our appreciation to all Shareholders for their support. We wish all Shareholders good health and all the best.

Chairman: Wen-Ge Lo

President: Ming-Dar Fang

Chief Auditor: Li-Li Kuo

Chapter 2. Company Profile

I. Date of Establishment

China Steel Chemical Co., Ltd. (the "CSCC") was established on February 3, 1989. The construction of the fine coke treatment plant was completed in October 1991; the coal tar distillation plant was completed in December 1992; the light oil purification plant (I) was completed in March 1993. Subsequently, the equipment debottlenecking project was completed in November 1997 the production capacity improvement of the refined naphthalene unit was completed in April 2009; the construction of light oil treatment plant (II) was completed in April 2010. Currently, the Company's annual production capacity for coal tar and light oil is 260,000 tons and 120,000 tons, respectively. In addition, from May 2005 to March 2019, the construction of eight mesophase carbonsphere plants was successively completed; currently, our production capacity for carbonsphere is 7,500 tons per year. Pingnan carbon material production plant was completed and put into use in March 2018, with an annual production capacity for mesophase graphite carbonspheres that amounted to 2,000 tons per year. By then, we had completed a consistent production system for domestic carbon materials. Approximately 44% and 56% of CSCC's primary products are for foreign sales and domestic sales. Our quality is recognized by foreign and domestic suppliers. We obtained certifications such as ISO9001 Quality System, ISO14001 Environment Management System, ISO45001 Occupational Safety and Health Management System, CNS15506 Taiwan Occupational Safety and Health Management System, ISO50001 Energy Management System, and IATF16949: 2016 Requirements of A Quality Management System for Organizations in the Automotive Industry, and implemented Plan-Do-Check-Act (PDCA) cycle.

With coal chemical as its bedrock, CSCC has been introducing new technologies through years of operating practices of professionalism, the pursuit of quality, and pragmatism. We set foot into the field of downstream carbon materials, in order to enhance its competitive advantages. Under the diversified business strategies, CSCC strengthens the development of its core business of coal chemicals and invests in Himag Magnetic Corporation, CHC Resources Corporation, Yung Jia International Co., Ltd., Ever Wealthy International Corporation, Shang-Yang Venture Capital Co., Ltd., Kao Jui Investment Co., Ltd., Lichinglung Investment Co., Ltd, TaiAn Technologies Corporation, Eminent Venture Capital Corporation, Yun Hung Investment Company, Steel Union Development International Limited, China Steel Structure Co., Ltd., Formosa Ha Tinh (Cayman) Limited, China Steel Solar Power Co., Ltd, and Eminent III Venture Capital Corporation.

CSCC has well-organized technical teams for production and manufacturing, R&D, and quality assurance, and possesses a comprehensive international sales system that integrates the upstream and downstream production technologies of refined carbon materials to instantly provide the most economically efficient products and services to customers.

Looking forward, CSCC will continue to develop technologies and products that cater to market demands, expand the scale of the existing new products, and actively seek cooperation opportunities. CSCC established its headquarters in Taiwan and focus on the Asia market as a leading company in the production and sales of coal chemicals and refined carbon materials.

II. History

1. Obtained the company license issued by the Ministry of Economic Affairs (MOEA) for its official establishment in February 1989.
2. Completed the construction of the fine coke processing plant in October 1991.
3. Completed the construction of the coal tar treatment plant in December 1992.
4. Completed the construction of light oil treatment plant (I) in March 1993.
5. Obtained the ISO9002 certification in May 1996; obtained the ISO9001 certification from May 1999 to May 2017; obtained the ISO9001: 2015 certification in September 2018.
6. Completed coal tar treatment and debottleneck project of the light oil plant in November 1997.
7. Obtained the ISO14001 certification in August 1997; obtained the ISO14001 recertification from March 2001 to March 2019.
8. Listed on the Taiwan Stock Exchange in November 1998.
9. Received the 1st Elite Award in November 2000.
10. Received the 10th National Award of Outstanding SMEs in October 2011.
11. Obtained the OHSAS18001 Occupational Safety and Health Management System certification in March 2002; obtained the OHSAS18001 recertification from March 2005 to March 2017; completed the ISO45001 transition certification in March 2020.

12. Obtained the CNLA certification in April 2002; obtained ISO 17025 certification from April 2005 to August 2018.
13. Completed the 400-tons mesophase carbonsphere plant construction project in May 2005.
14. Completed the Improvement in the production capacity of refined naphthalene production in April 2009.
15. Completed the 600-tons mesophase carbonsphere plant construction project in March 2010.
16. Completed the light oil treatment plant (II) construction in April 2010.
17. Completed the 1,600-tons mesophase carbon microsphere plant construction project in September 2011.
18. Obtained the CNS15506 Taiwan Occupational Safety and Health Management System certification in April 2012; obtained the CNS15506 recertification from March 2016 to March 2019.
19. Obtained the ISO50001 certification in July 2013; obtained the ISO50001 recertification from July 2016 to July 2019; completed the transition certification in October 2019.
20. Obtained the ISO/TS16949 Requirements of A Quality Management System for Organizations in the Automotive Industry certification in October 2013; obtained the ISO/TS16949 recertification in September 2016; obtained the IATF 16949:2016 certification in September 2018.
21. Completed the 2,400-tons mesophase carbonsphere plant construction project in December 2013.
22. Received the Energy Saving Leadership Award from MOEA in November 2014.
23. Acquired 130,340 square meters of land in Pingnan Industrial Park in September 2015.
24. Invested in a joint venture with Formosa Ha Tinh (Cayman) Limited in January 2016.
25. Completed Pingnan Carbon Material Production Plant and put into use in March 2018.
26. Received the Silver Award of the 2018 Taiwan Corporate Sustainability Awards in November 2018.
27. Completed the 2,500-tons mesophase carbon microsphere plant construction project in March 2019.

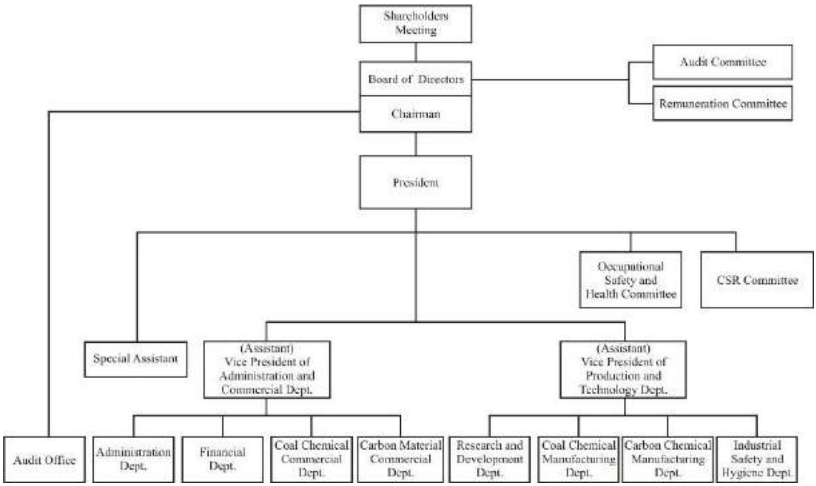
28. Received the Sustainable Elite Award issued by SGS, and 2019 Corporate Sustainability Award - Corporate Comprehensive Performance, and 2019 Taiwan Sustainable Enterprise Comprehensive Performance Award and Corporate Sustainability Report - Gold Award from TCSA in November 2019.

29. Received the Corporate Sustainability Report - Gold Award from TCSA in November 2020.

Chapter 3. Corporate Governance Report

I. Organization

(I) Organization Structure



Note 1: The corporate supervisors were dismissed on 23 June 2019, and the Audit Committee was established on 24 June 2019 at the shareholders' meeting.

(II) Department functions

1. Audit Office: Responsible for the execution of annual audits and the execution and supervision of internal control.
2. Research and Development Department: Responsible for the execution and supervision of technology and R&D plans.
3. Administration Department: Responsible for the execution and supervision of human affairs, administration, and information planning, as well as the management of investments in investee companies.
4. Coal Chemical Commercial Department: Responsible for the planning, execution, and supervision of coal chemical products' sales and purchases.

5. Coal Chemical Manufacturing Department: Responsible for the planning, execution, and supervision of coal chemical products' production, maintenance, and quality control.
6. Carbon Material Commercial Department: Responsible for the planning, execution, and supervision of carbon materials products' sales.
7. Finance Department: Responsible for the planning, execution, and supervision of finance, accounting, and stock affairs.
8. Industrial Safety and Hygiene Department: Responsible for the planning, execution, and supervision of safety, health, fire safety, and environmental protection.
9. Carbon Chemical Manufacturing Department: Responsible for the planning, execution, and supervision of production, maintenance, and quality control of carbon material products.

II. Information on Chairman, President, Vice President, and Managers of Departments

(I) Information on Directors (1)

Title	Nationality or Place of Registration	Name	Gender	Date Elected (of Assumption)	Term	Date First Elected	Shareholding When Elected (Thousand shares)		Current Shareholding (Thousand shares)		Current Shareholding of Spouse and Minors		Current Shareholding in the Name of Others	
							Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)
Chairman	R.O.C.	Wen-Ge Lo Note 1	Male	Took office on 31 October 2019	3 years	21 December 1988	68,787 *0	29.04% *0	68,787 *0	29.04% *0	0 *0	-	0 *0	-
Director	R.O.C.	Chao-Tung Weng Note 1	Male	Elected on 23 June 2019	3 years	21 December 1988	68,787 *4	29.04% *0.002%	68,787 *4	29.04% *0.002%	0 *2	-	0 *0	-
Director	R.O.C.	Hsi-Chin Wang Note 1	Male	Elected on 23 June 2019	3 years	21 December 1988	68,787 *0	29.04% *0%	68,787 *0	29.04% *0%	0 *0	-	0 *0	-
Director	R.O.C.	Ming-Dar Fang Note 1	Male	Elected on 23 June 2019	3 years	Elected on 14 May 2014 Took office on 11 June 2014	68,787 *5	29.04% *0.002%	68,787 *5	29.04% *0.002%	0 *0	-	0 *0	-
Director	Hong Kong	Kung-Yi Ku Note 2	Male	Elected on 23 June 2019	3 years	Elected on 8 May 2001 Took office on 11 June 2001	11,759 *0	4.96% *0%	11,759 *0	4.96% *0%	0 *0	-	0 *0	-
Director	R.O.C.	Tien-Fu Chao Note 2	Male	Elected on 23 June 2019	3 years	21 December 1988	11,759 *0	4.96% *0%	11,759 *0	4.96% *0%	0 *0	-	0 *0	-
Independent Director	R.O.C.	Hsing-Shu Hsieh	Male	Elected on 23 June 2019	3 years	Elected on 16 June 2016 Took office on 23 June 2016	*0	*0%	*0	*0%	*0	-	*0	-
Independent Director	R.O.C.	Yuan-Hung Wang	Male	Elected on 23 June 2019	3 years	Elected on 16 June 2016 Took office on 23 June 2016	*0	*0%	*0	*0%	*0	-	*0	-
Independent Director	R.O.C.	Tsun-Tsi Hsu	Female	Elected on 23 June 2019	3 years	Elected on 23 June 2019	*0	*0%	*0	*0%	*0	-	*0	-

Note 1: Chao-Tung Weng, Hsi-Chin Wang, Wen-Ge Lo, and Ming-Dar Fang are representatives of China Steel Corporation.

Note 2: Kung-Yi Ku and Tien-Fu Chao are representatives of International CSRC Investment Holdings Co., Ltd.

Note 3: The concurrent positions of directors and supervisors at the Company and at other companies are listed below.

Note 4: * refers to the number of shares held by the individual and its shareholding.

As of March 31. 2021

Major Experience (Educational Background)	Current Positions in the Company and other companies	Executives, Directors or Independent Directors who are spouses or within the second degree of kinship		
		Title	Name	Relation
Assistant Vice President of China Steel Corporation, Chief Consultant of Formosa Ha Tinh Steel Corporation, Masters of Metallurgy, Carnegie Mellon University, the US	Note 3	-	-	-
Chairman of China Steel Corporation PhD in Resources Engineering, National Cheng Kung University	Note 3	-	-	-
Deputy Executive President of China Steel Corporation PhD in Materials, National Sun Yat-sen University	Note 3	-	-	-
Vice President of China Steel Chemical Corporation PhD in Chemical and Materials Engineering, National Kaohsiung University of Science & Technology	Note 3	-	-	-
Chairman of International CSRC Investment Holdings Co., Ltd., Taiwan Prosperity Chemical Corporation, Vice president of Investment Banking Division of Morgan Stanley, MBA of Wharton School of the University of Pennsylvania, the US	Note 3	-	-	-
President of Taiwan Prosperity Chemical Corporation Master of Chemical Engineering, National Taiwan University	Note 3	-	-	-
Representative of Hsing-Shu Hsieh CPA firm, Bachelor in Accounting of National Chengchi University, EMBA of National Chung Cheng University, passed the CPA examination	Note 3	-	-	-
Managing Partner of Yung Hua Commercial Law Offices, Bachelor in Business Administration of National Cheng Kung University, passed the Attorneys' Examination	Note 3	-	-	-
Head of Taiwan ASEAN Studies Center of Chung-Hua Institution for Economic Research, associate researcher of WHO Center under Chung-Hua Institution for Economic Research, consultant of Chinese National Federation of Industries, Master of Law of Soochow University	Note 3	-	-	-

Note 3

Name	Current Positions in the Company and other companies
Wen-Ge Lo	Director: Changzhou China Steel Chemical New Materials Technology Co., Ltd, Formosa Ha Tinh CSCC (Cayman) Limited, Dragon Steel Corporation, China Steel Express Corporation
Chao-Tung Weng	Chairman: China Steel Corporation, China Petrochemical Development Corporation Director: Dragon Steel Corporation, China Steel Chemical Corporation, Chung Hung Steel Corporation, China Ecotek Corporation, Pro-Ascentek Investment Corporation, Taiwan High Speed Rail Corporation
Hsi-Chin Wang	Chairman: Dragon Steel Corporation, China Steel Power Holding Corporation President: China Steel Corporation Director: China Steel Express Corporation, China Ecotek Corporation Director, China Steel Chemical Corporation
Ming-Dar Fang	Chairman: Ever Wealthy International Corporation, Changzhou China Steel Chemical New Materials Technology Co., Ltd President: China Steel Chemical Corporation Director: Formosa Ha Tinh CSCC (Cayman) Limited, Eminent III VC Corporation, ThinTech Materials Technology Co., Ltd. Supervisor: Eminent VC Corporation
Kung-Yi Ku	Chairman: International CSRC Investment Holdings Co., Ltd., Taiwan Prosperity Chemical Corporation Director: Taiwan Cement Ltd., Tai He Development Co., Ltd.
Tien-Fu Chao	President: Taiwan Prosperity Chemical Corporation
Hsing-Shu Hsieh	Responsible person: Hsing-Shu Hsieh CPA Firm Director: Tsang Yow Industrial Co., Ltd.
Yuan-Hung Wang	Managing Partner: Yung Hua Commercial Law Offices
Tsun-Tsi Hsu	Chief: Taiwan ASEAN Studies Center of Chung-Hua Institution for Economic Research Associate researcher: WTO Center of Chung-Hua Institution for Economic Research Part-time researcher: Taiwan-Asia Exchange Foundation Member: "International Economic Relation Committee" of General Chamber of Commerce of the Republic of China and "Trade Development Committee" and "International Affairs Committee" of Chinese National Federation of Industries. Consultant: Association of Foreign Relations, "International Government Procurement Affairs" of Taiwan External Trade Development Council, and The Council of Taiwanese Chambers of Commerce in Vietnam

Table 1: Major Shareholders of Institutional Shareholders 31 March 2021

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholder
China Steel Corporation	Ministry of Economic Affairs, R.O.C. (20.00%); Mega Commercial Bank in custody for CSC Practitioners Trust Account (4.22%); Transglory Investment Corporation (1.63%); JP Morgan Chase Bank in Custody for Vanguard Total International Stock Index Fund (1.33%); JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard International Stock Index Fund (1.06%); Citibank Taiwan in custody for Norges Bank Investment Account (1.04%); Winning Investment Co., Ltd (1.02%); Labor Retirement Reserve Fund (new system) (0.96%); Public Service Pension Found Management Board (0.91%); Labor insurance fund (0.81%).
International CSRC Investment Holdings Co., Ltd.	Taiwan Cement Ltd. (15.59%); CTBC Investment Co., Ltd. (7.92%); Taiwan Prosperity Chemical Corporation (2.23%); Fortune Quality Investment Ltd. (1.72%); Taiwan Life Insurance Co., Ltd. (1.52%); Chungcheng Development and Investment Co., Ltd. (1.50%); Citibank Taiwan in custody for Norges Bank Investment Account (1.40%); JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund a series of Vanguard Star Funds (1.29%); JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (1.23%); Union Cement Traders, Inc (1.16%)

Table 2: Major Shareholders of the Company's Major Insitutional Shareholders in Table 1

Name of Institutional Shareholder	Major Shareholders of Institutional 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%); Maruichi Investment Co., Ltd. (42%); Transglory Investment Corporation (9%)
Taiwan Cement Ltd.	CTBC Investment Co., Ltd. (4.00%); Chia Hsin Cement Corporation (3.60%); Taiwan Life Insurance Co., Ltd. (2.02%); Labor Retirement Reserve Fund (old system) (1.90%); Cathay Life Insurance Company, Ltd. (1.86%); China Life Insurance Co., Ltd. (Taiwan) (1.83%); Labor Retirement Reserve Fund (new system) (1.80%); Tong Yang Chia Hsin International Corporation (1.75%); Fubon Life Assurance Co., Ltd. (1.74%); International CSRC Investment Holdings Co., Ltd. (1.71%)
CTBC Investment Co., Ltd.	Heng Qiang Investment Co., Ltd. (23.38%); Fortune Quality Investment Ltd. (23.33%); Taiwan Cement Ltd. (9.36%); International CSRC Investment Holdings Co., Ltd. (4.48%); Taiwan Prosperity Chemical Corporation (3.45%); Hoping Industrial Port Corporation (3.31%); Kung Ching International Development Co., Ltd. (2.97%); Qiao Tai Investment Co., Ltd. (2.78%); Chung Ho Spinning Co., Ltd. (2.31%); Ta-Ho Maritime Corporation (2.09%)
Taiwan Prosperity Chemical Corporation	Taiwan Cement Ltd. (100%)
Fortune Quality Investment Ltd.	Hsuan-Hui Ku (49.9995%), Tien-Yi Ho (25.10%), Kung-Kai Ku (24.90%)
Taiwan Life Insurance Co., Ltd.	CTBC Financial Holding Co., Ltd. (100%)
Chungcheng Development and Investment Co., Ltd.	International CSRC Investment Holdings Co., Ltd. (100%)
Union Cement Traders, Inc.	Taiwan Prosperity Chemical Corporation (100%)

Information on Directors (2)

Condition / Name	At least five years of working experiences and meet the following professional qualifications			Independence Attribute				
	An instructor or higher position in a department of commerce, law, finance, accounting, or other departments related to the business requirements of the company in public or private universities and colleges.	A judge, public prosecutor, attorney, CPA, or other professional or technical specialists who passed the national examination and had been awarded a certificate related to the business requirements of the company.	Working experiences in the fields of commerce, law, finance, accounting, or otherwise related to the business requirements of the company.	Not an employee of the Company or its affiliates.	Not a Director or supervisor of the Company or its affiliates (except for Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company).	Not a natural person shareholder who holds shares, together with those held by the person's spouse, minors, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company, or that ranks among the top ten in shareholdings.	Not a manager as specified in (1) nor a spouse or a direct blood relative within the second degree or third degree of kinship as specified in (2) and (3).	Not a director, supervisor, or employee that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or a designated representative serving as a Director or supervisor of the Company under Paragraph 1 or 2 under Article 27 of the Company Act, or a director, supervisor, or employee of a corporate shareholder that ranks among the top five in shareholdings (except for Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company).
Wen-Ge Lo	No	No	Yes			√	√	
Chao-Tung Weng	No	No	Yes			√	√	
Hsi-Chin Wang	No	No	Yes			√	√	
Ming-Dar Fang	No	No	Yes			√	√	√
Kung-Yi Ku	No	No	Yes	√	√	√	√	
Tien-Fu Chao	No	No	Yes	√	√	√	√	√
Hsing-Shu Hsieh	No	Yes	Yes	√	√	√	√	√
Yuan-Hung Wang	No	Yes	Yes	√	√	√	√	√
Tsun-Tsi Hsu	No	No	Yes	√	√	√	√	√

Not a director, supervisor, or employee of another company with its majority of director seats or voting shares controlled by the same individual (except for Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company).	Not a director, supervisor, or employee of another company or institution who is, or the person's spouse is, holding the position as the Chairman, President, or equivalent positions of the Company (except for Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company).	Not a director, supervisor, manager, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the company (except for particular companies or institutions holding more than 20% but less than 50% of the total number of issued shares of the Company, and Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company).	Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, manager, or spouse thereof that provides auditing service for the Company or its affiliates, or provides relevant commercial, legal, financial, or accounting services with a cumulative remuneration less than NT$0.5 million in the latest two years (Note). However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer, or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.	Not a spouse or a relative within the second degree of kinship of any other Director.	No circumstance under any of the subparagraph stated in Article 30 of the Company Act had occurred.	No government, corporate, or its representative under Article 27 of the Company Act is elected.	Number of other publicly listed companies in which the Director concurrently holding the position as an independent director
√	√		√	√	√		0
√	√		√	√	√		0
√	√		√	√	√		0
√	√	√	√	√	√		0
√	√		√	√	√		0
√	√		√	√	√		0
√	√	√	√	√	√	√	0
√	√	√	√	√	√	√	0
√	√	√	√	√	√	√	0

Note: Except for the members of the Remuneration Committee performing the official powers listed in Article 7 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.

(II) Information on the President, Vice Presidents and Executives of Departments

Title	Nationality	Name	Gender	Date of Assuming Office	Shareholding		Shareholding of Spouses and Minor		Current Shareholding in the Name of Others		Experience (Education)
					Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	
President	R.O.C.	Ming-Dar Fang	Male	2019.02.01	4,907	0.002%	0	-	0	-	PhD in Chemical and Materials Engineering, National Kaohsiung University of Science & Technology Vice President of China Steel Chemical Corporation
Vice President	R.O.C.	Chu-Kai Huang	Male	2019.03.01	0	-	0	-	0	-	Master of International Studies of University of Wyoming, Director of CSC IT Department
Assistant Vice President	R.O.C.	Wen-Liang Tseng	Male	2019.04.01	417	-	0	-	0	-	Master, Department of Chemical and Materials Engineering, National Kaohsiung University of Science and Technology CSCC Chief Plant Director
Chief Auditor	R.O.C.	Ming-Wei Wu	Male	2000.04.01	0	-	0	-	0	-	Master of UMIST, UK Engineer of China Steel Corporation
General Manager	R.O.C.	Chien-Kuang Tung	Male	2018.10.22	8,818	0.003%	8,000	0.003%	0	-	Master in Chemical Engineering, National Cheng Kung University CSCC Deputy Plant Director
Project General Manager	R.O.C.	Chi-Yung Kou	Male	2019.10.01 Relieved from the position on 11 February 2020	8,793	0.003%	160,395	0.07%	0	-	Bachelor in Industrial Engineering, National Tsing Hua University Administrator of China Steel Corporation
General Manager	R.O.C.	Yi-Hung Chen	Male	2019.10.01	0	-	0	-	0	-	Bachelor in Mechanical Engineering, National Sun Yat-sen University CSCC Deputy Director
General Manager	R.O.C.	Yung-Hsun Huang	Male	2017.03.01 Relieved from the position on 1 December 2020	497	-	0	-	0	-	MBA in National Sun Yat-sen University CSCC Deputy Director
Assistant General Manager	R.O.C.	Tong-A Lin	Male	2020.12.01	242	-	0	-	0	-	Department of Textile, Feng Chia University Manager of CSCC
General Superintendent	R.O.C.	Wen-Bin Chiang	Male	2018.06.01	0	-	13,276	0.006%	0	-	Master in Chemical Engineering, National Tsing Hua University CSCC Chief Director
Assistant General Superintendent	R.O.C.	Hsing-Yao Chang	Male	2018.02.01	68,619	0.03%	0	-	0	-	Bachelor in Chemical Engineering, Chung Yuan Christian University CSCC Supervisor
	R.O.C.	Cheng-He Li	Male	2019.01.01	0	-	0	-	0	-	Bachelor in Machanical Engineering, Chung Yuan Christian University CSCC Supervisor
General Manager	R.O.C.	Jui-Bin Yen	Male	2018.01.01	15,000	0.006%	0	-	0	-	PhD in Materials and Photonics, National Sun Yat-sen University CSCC Supervisor
Vice Project General Manager	R.O.C.	Jing-Liao Hsu	Male	2021.03.16	0	-	0	-	0	-	MBA of National Sun Yat-sen University CSCC Supervisor
General Manager	R.O.C.	Li-Li Kuo	Female	2019.08.01	1,000	-	0	-	0	-	Master in Finance, National Sun Yat-sen University CSCC Deputy Director
General Manager	R.O.C.	Yung-Chuan Chen	Male	2018.06.01	25,136	0.011%	13,000	0.005%	0	-	Master in Safety, Health and Environmental Engineering of National Kaohsiung University of Science and Technology, CSCC Deputy Plant Director
General Superintendent	R.O.C.	Shun-Chi Hsu	Male	2020.02.01	913	-	0	-	0	-	Bachelor in Mechanical Engineering, National Sun Yat-sen University CSCC Deputy Plant Director
Assistant General Superintendent	R.O.C.	Yung-Hung Tseng	Male	2015.01.12	95,435	0.04%	0	-	0	-	MBA of National Sun Yat-sen University CSCC Supervisor
Assistant General Superintendent	R.O.C.	Chien-Ping Chao	Male	2020.02.01	0	-	0	-	0	-	Bachelor in Chemical Engineering, Chung Yuan Christian University CSCC Supervisor

31 March 2021

Current Positions at Other Companies	Managers who are spouses or within two degrees of kinship		
	Title	Name	Relation
Chairman of Ever Wealthy International Corporation and Changzhou China Steel Chemical New Materials Technology Co., Ltd.; director of Formosa Ha Tinh CSCC (Cayman) Limited, Eminent III VC Corporation and ThinTech Materials Technology Co., Ltd.; supervisor of Eminent VC Corporation.	None	None	None
Director of CHC Resources Corporation and Formosa Ha Tinh CSCC (Cayman) Limited; supervisor of Changzhou China Steel Chemical New Materials Technology Co., Ltd. and Transglory Investment Corporation.	None	None	None
Supervisor of Himag Magnetic Co.	None	None	None
	None	None	None
Director of Yeong Long Technologies Co., Ltd.	None	None	None
	None	None	None
Director of China Steel Structure Co., Ltd. and Pro-Ascentek Investment Corporation.	None	None	None
	None	None	None
	None	None	None
Supervisor of Steel Union International Development Corporation and Huayang Aluminium-Tech Co., Ltd.	None	None	None
	None	None	None
	None	None	None
	None	None	None
	None	None	None
Supervisor of Li-Ching-Long Investment Corporation, Ding Da Investment Corporation and Sheng Lih Dar Investment Corporation.	None	None	None
	None	None	None
	None	None	None
	None	None	None
Director of Changzhou China Steel Chemical New Materials Technology Co.,Ltd	None	None	None

(III) Remuneration Paid to Directors, President, and Vice President in the Latest Year

The Company opted to disclose aggregate remuneration information, with the name(s) indicated for each remuneration range

1. Remuneration of Directors and Independent Directors

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="8">Remuneration of Directors</th><th colspan="2" rowspan="2">Ratio of the sum of items A, B, C, and D to net income after tax (%)</th></tr>
<tr><th colspan="2">Salary (A)</th><th colspan="2">Severance Pay and Retirement Pension (B)</th><th colspan="2">Remuneration of Director (C)</th><th colspan="2">Allowances for Business Execution (D)</th></tr>
<tr><th>The Company</th><th>All companies in the financial report</th><th>The Company</th><th>All companies in the financial report</th><th>The Company</th><th>All companies in the financial report</th><th>The Company</th><th>All companies in the financial report</th><th>The Company</th><th>All companies in the financial report</th></tr>
<tr><td>Chairman</td><td>Wen-Ge Lo (Representative of China Steel Corporation)</td><td rowspan="6">0</td><td rowspan="6">0</td><td rowspan="6">0</td><td rowspan="6">0</td><td rowspan="6">6,761</td><td rowspan="6">6,761</td><td rowspan="6">858</td><td rowspan="6">858</td><td rowspan="6">1.06%</td><td rowspan="6">1.06%</td></tr>
<tr><td>Director</td><td>Chao-Tung Weng (Representative of China Steel Corporation)</td></tr>
<tr><td>Director</td><td>Hsi-Chin Wang (Representative of China Steel Corporation)</td></tr>
<tr><td>Director</td><td>Ming-Dar Fang (Representative of China Steel Corporation)</td></tr>
<tr><td>Director</td><td>Kung-Yi Ku (Representative of International CSRC Investment Holdings Co., Ltd.)</td></tr>
<tr><td>Director</td><td>Tien-Fu Chao (Representative of International CSRC Investment Holdings Co., Ltd.)</td></tr>
<tr><td>Independent Director</td><td>Hsing-Shu Hsieh</td><td rowspan="3">1,800</td><td rowspan="3">1,800</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">519</td><td rowspan="3">519</td><td rowspan="3">0.32%</td><td rowspan="3">0.32%</td></tr>
<tr><td>Independent Director</td><td>Yuan-Hung Wang</td></tr>
<tr><td>Independent Director</td><td>Tsun-Tsi Hsu</td></tr>
</table>

* Except for the disclosure made in the above table, the remuneration received by the Directors for their services provided to all the companies in the financial report (such as assuming the position as a consultant that is not an employee) in the latest year: None.

Note: 1. Regarding the remuneration of the Company's Directors, the remuneration is fully paid to the corporate represented by the Director who is the representative of the corporate.

2. Provision and allocation of expenses related to severance pay and retirement pension.

3. Employee compensation is calculated based on the distribution amount approved by the board of directors.

2020 Unit: NT$1,000/%

Relevant remuneration received by Directors who are also employees								Ratio of the sum of items A, B, C, D, E, F, and G to net income after tax (%)		Compensation paid to directors from the parent company or an invested company other than the company's subsidiary
Salaries, Bonuses, and Allowances (E)		Severance Pay and Retirement Pension (F)		Employee Compensation (G)						
The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company		All companies in the consolidated financial statement		The Company	All companies in the consolidated financial statement	
				Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock			
5,451	5,499	750 (Note 2)	750 (Note 2)	1,097 (Note 3)	0	1,097 (Note 3)	0	2.08%	2.09%	16,124
0	0	0	0	0	0	0	0	0.32%	0.32%	0

Range of Remunerations Paid to Directors of the Company	Name of Director	
	Sum of the Above Four Remunerations (A+B+C+D)	
	The Company	Parent and all investee companies (I)
Less than NT$1,000,000	Chao-Tung Weng, Hsi-Chin Wang, Ming-Dar Fang, Wen-Ge Lo, Kung-Yi Ku, Tien-Fu Chao, Hsing-Shu Hsieh, Yuan-Hung Wang, and Tsun-Tsi	Chao-Tung Weng, Hsi-Chin Wang, Ming-Dar Fang, Wen-Ge Lo, Kung-Yi Ku, Tien-Fu Chao, Hsing-Shu Hsieh, Yuan-Hung Wang, and Tsun-Tsi
NT$1,000,000 (included) to NT$2,000,000 (excluded)	None	None
NT$2,000,000 (included) to NT$3,500,000 (excluded)	International CSRC Investment Holdings Co., Ltd.	International CSRC Investment Holdings Co., Ltd.
NT$3,500,000 (included) to NT$5,000,000 (excluded)	China Steel Corporation	China Steel Corporation
NT$5,000,000 (included) to NT$10,000,000 (excluded)	None	None
NT$10,000,000 (included) to NT$15,000,000 (excluded)	None	None
NT$15,000,000 (included) to NT$30,000,000 (excluded)	None	None
NT$30,000,000 (included) to NT$50,000,000 (excluded)	None	None
NT$50,000,000 (included) to NT$100,000,000 (excluded)	None	None
Over NT$100,000,000	None	None
Total	11	11

Note: 1. Regarding the remuneration of the Company's Directors, the remuneration is fully paid to the corporate represented by the Director who is the representative of the corporate.

Note 2: Wen-Ge Lo, Chao-Tung Weng, Hsi-Chin Wang, and Ming-Dar Fang are the representatives of China Steel Corporation; Kung-Yi Ku and Tien-Fu Chao are the representatives of International CSRC Investment Holdings Co., Ltd.

Name	
Sum of the Above Seven Remunerations (A+B+C+D+E+F+G)	
The Company	All companies in the consolidated financial statement(J)
Chao-Tung Weng, Hsi-Chin Wang, Kung-Yi Ku, Tien-Fu Chao, Hsing-Shu Hsieh, Yuan-Hung Wang, and Tsun-Tsi Hsu	Chao-Tung Weng, Hsi-Chin Wang, Kung-Yi Ku, Tien-Fu Chao, Hsing-Shu Hsieh, Yuan-Hung Wang, and Tsun-Tsi Hsu
Wen-Ge Lo	Wen-Ge Lo
International CSRC Investment Holdings Co., Ltd.	International CSRC Investment Holdings Co., Ltd.
China Steel Corporation	China Steel Corporation
Ming-Dar Fang	Ming-Dar Fang
None	None
None	None
None	None
None	None
None	None
11	11

2. Remuneration of the President and Vice President

Title	Name	Salary (A)		Severance Pay and Retirement Pension (B)		Bonus and Allowance (C)	
		The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement
President	Ming-Dar Fang	5,009	5,009	486 (Note 1)	486 (Note 1)	2,479	2,527
Vice President	Chu-Kai Huang						

Note: 1. Provision and allocation of expenses related to severance pay and retirement pension.
2. Employee compensation is calculated based on the distribution amount approved by the board of directors.

Range of Remuneration Paid to the President and Vice President	Names of President and Vice president	
	The Company	All companies in the consolidated financial statement (E)
Less than NT$1,000,000	None	None
NT$1,000,000 (included) to NT$2,000,000 (excluded)	None	None
NT$2,000,000 (included) to NT$3,500,000 (excluded)	None	None
NT$3,500,000 (included) to NT$5,000,000 (excluded)	Chu-Kai Huang	Chu-Kai Huang
NT$5,000,000 (included) to NT$10,000,000 (excluded)	Ming-Dar Fang	Ming-Dar Fang
NT$10,000,000 (included) to NT$15,000,000 (excluded)	None	None
NT$15,000,000 (included) to NT$30,000,000 (excluded)	None	None
NT$30,000,000 (included) to NT$50,000,000 (excluded)	None	None
NT$50,000,000 (included) to NT$100,000,000 (excluded)	None	None
Over NT$100,000,000	None	None
Total	2	2

2020 Unit: NT$1,000/%

Employee Compensation (D)				Ratio of the sum of items A, B, C, and D to net income after tax (%)		Compensation paid to directors from the parent company or an invested company other than the company's subsidiary
The Company		All companies in the consolidated financial statement		The Company	All companies in the consolidated financial statement	
Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock			
1,974 (Note 2)	0	1,974 (Note 2)	0	1.38%	1.39%	182

3. Name of the Manager Distributing the Remuneration of Employees and the Distribution

2020 Unit: NT$1,000/%

<table>
<tr><th>Title</th><th>Name</th><th>Amount in Stock</th><th>Amount in Cash</th><th>Total</th><th>Rate of total amount to pure profits after tax (%)</th></tr>
<tr><td>President</td><td>Ming-Dar Fang</td><td rowspan="18">0</td><td rowspan="18">8,770</td><td rowspan="18">8,770</td><td rowspan="18">1.22%</td></tr>
<tr><td>Vice President</td><td>Chu-Kai Huang</td></tr>
<tr><td>Assistant Vice President</td><td>Wen-Liang Tseng</td></tr>
<tr><td>Chief Auditor</td><td>Ming-Wei Wu</td></tr>
<tr><td>D0 General Manager</td><td>Chien-Kuang Tung</td></tr>
<tr><td>D1 General Manager</td><td>Yi-Hung Chen</td></tr>
<tr><td>D1 Project General Manager</td><td>Chi-Yung Kou</td></tr>
<tr><td>D2 Vice General Manager</td><td>Tong-A Lin</td></tr>
<tr><td>D2 Project General Manager</td><td>Yung-Hsun Huang</td></tr>
<tr><td>D3 General Superintendent</td><td>Wen-Bin Chiang</td></tr>
<tr><td rowspan="2">D3 Assistant General Superintendent</td><td>Hsing-Yao Chang</td></tr>
<tr><td>Cheng-He Li</td></tr>
<tr><td>D5 General Manager</td><td>Jui-Bin Yen</td></tr>
<tr><td>D6 General Manager</td><td>Li-Li Kuo</td></tr>
<tr><td>D7 General Manager</td><td>Yung-Chuan Chen</td></tr>
<tr><td>D8 General Manager</td><td>Shun-Chi Hsu</td></tr>
<tr><td rowspan="2">D8 Assistant General Superintendent</td><td>Yung-Hung Tseng</td></tr>
<tr><td>Chien-Ping Chao</td></tr>
</table>

4. Separate comparisons and descriptions on the analysis of the ratio of the total remuneration paid to the Directors, Independent Directors, President, and Vice President by the Company and all companies in the consolidated financial statements to net income after tax in the standalone or individual financial reports for the latest two years, and explain the connections between the policy, standards, and package of remuneration payment, procedures for determining the remuneration, and operating performance, and future risks.

Title	2020		2019	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Director	2.08%	2.09%	2.24%	2.25%
Independent Director	0.32%	0.32%	-	-
President and Vice presidents	1.38%	1.39%	1.45%	1.46%

The connections between the policy, standards, and package of remuneration payment, procedures for determining the remuneration, and operating performance and future risks:

(1) Directors: The traffic allowance of Directors, the compensation of Independent Directors, and the salary of the Chairman shall be determined by the Board with reference to the standards within the industries and of listed companies. The remuneration of Directors include the remuneration of Directors and allowance for business execution, and the distribution ratio for the remuneration of Directors (excluding Independent Directors) shall be subject to the requirements under Article 26 of the Company's Articles of Association: "Where the Company recorded any profit for the year, the Board shall resolve to appropriate no less than 1‰ as the remuneration of employees and no more than 1% as the remuneration of Directors; the distribution targets for the remuneration of employees include employees of subsidiaries fulfilling certain conditions. When the Company has accumulated losses, the amount for making compensating such losses shall be preserved before appropriating the remuneration of employees and remuneration of Directors according to the ratio in the previous paragraph." For the remuneration of an individual Director or supervisor (excluding

Independent Directors), the results of the Directers' performance evaluation based on Article 9 of the Company's Regulations for the Performance Evaluation of the Board of Directors are served as the basis for determining the remuneration allocation of the individual Director. The evaluation aspects include: Understanding of the Company's goals and tasks, understanding of the duties and functions of Directors, level of participation in corporate operations, internal relationship management and communication, professional and continuing education for Directors, and internal control. The Company had completed its Directers' performance evaluation for 2020, and established the principles for allocating the remuneration of Directors based on the Regulations for the Performance Evaluation of the Board of Directors; subsequently, the Company will distribute the remuneration of individual Directors based on such principles. Independent Directors receive fixed compensations monthly without participating in the distribution of Directors' remuneration mentioned above. Directors of the Company acting as managers or employees shall receive salaries in accordance with the "Regulations Governing the Treatment of Salary and Wages."

(2) President and Vice President: Remuneration paid to President and Vice President includes salary, bonus, severance pay and retirement pension, plus remuneration of employees. The distribution of salaries is based on the Regulations Governing the Treatment of Salary and Wages, Regulations Governing the Surplus Initiative, and examination system. At the beginning of the year, the Company's business targets and items of performance examination would be established according to the power and responsibilities and positions, and the bonus is provided at the end of the year based on the actual achievement and contributions. Relevant performance examination and the fairness of the compensation shall be reviewed by the Remuneration Committee and the Board, and shall be examined according to the actual operating status and the changes in laws and regulations in due course, so as to strike a balance between the Company's sustainable operations and risk control.

III. Corporate Governance

(I) Board of Director's Operations

The Board had 7 meetings from January 2020 to December 2020; the attendance of Directors is as follows:

Title	Name (Note 1)	Number of Actual Attendance	Number of Attendance by Proxy	Actual Attendance Rate (%) (Note 2)	Remarks
Chairman	China Steel Corporation Representative Wen-Ge Lo	7	0	100	
Director	China Steel Corporation Representative Chi-Sheng Weng	6	1	86	
Director	China Steel Corporation Representative Hsi-Chin Wang	3	4	43	
Director	China Steel Corporation Representative Ming-Dar Fang	7	0	100	
Director	International CSRC Investment Holdings Co., Ltd. Representative Kung-Yi Ku	7	0	100	
Director	International CSRC Investment Holdings Co., Ltd. Representative Tien-Fu Chao	7	0	100	
Independent Director	Hsing-Shu Hsieh	7	0	100	
Independent Director	Yuan-Hung Wang	7	0	100	
Independent Director	Tsun-Tsi Hsu	7	0	100	

Other matters to be recorded:

I. When any of the following circumstances occurred during the operations of the Board, the meeting date, period, content of resolutions, all opinions from Independent Directors and measures adopted by the Company in response to the opinions from Independent Directors shall be specified:

(1) Matters specified in Article 14-3&14-5 of the Taiwan Securities and Exchange Act: Please refer to other matters to be recorded in the operations of the Audit Committee on #p.41-44# of the Annual Report.

(2) Unless otherwise stated, other Independent Directors who expressed opposition or qualified opinions that were recorded or declared in writing: None.

II. The execution of Directors abstaining from resolution in which they hold stakes:

1. During the discussion on the proposal of performance evaluation results for the performance of the Company's managers for 2019 and the distribution of the surplus as year-end bonuses for 2019 at the 6th meeting of the 11th Board on 29 April 2020, stakeholders Chairman Wen-Ge Lo, President Ming-Dar Fang, and Vice President Chu-Kai Huang abstained from the discussion and voting for the proposal according to the Rules of Procedure for the Meeting of the Board of Directors' Meetings of the Company.
2. During the discussion on the proposal of salary adjustments of the President, Vice President, and the chief of corporate governance for 2020 at the 11th meeting of the 11th Board on 30 December 2020, President Ming-Dar Fang, and Vice President Chu-Kai Huang, Assistant Vice President Wen-Liang Tseng, and General Manager Li-Li Kuo abstained from the discussion and voting for the proposal according to the Rules of Procedure for the Meeting of the Board of Directors' Meetings of the Company.

III. For details on the execution of the Board's evaluation, please see Note 3 below. Regrading the remuneration of Directors in 2020, the remuneration of Directors was distributed according to the self-evaluation results of the individual Directors.

IV. Objectives for strengthening the functions of the Board (such as the establishment of the Audit Committee and improvement of information transparency) during the current year and the latest year and the execution evaluation:

1. The Company has established the Rules of Procedures for the Board of Directors Meeting for the operations of the Company's Board meeting.
2. The Company has established the Standard Operating Procedures for Processing Directors' Requirements to assist Directors in executing their duties and improve the efficacy of the Board.
3. All major proposals passed by the Company's Board are announced and declared in accordance with the requirements.
4. The Company discloses its monthly self-assessed profit or loss on its website.
5. Members of the Remuneration Committee completed its annual targets related to the supervision and examination on the remuneration and performance examination of managers and Directors:
   (1) Established the principles for allocating the remuneration of Directors and refer to the personal performance evaluation results of Directors for 2019 for the distribution of remuneration of Directors and supervisors in 2019.
   (2) Carried out the performance examination and surplus distribution of managers for 2019 and established the items of performance examination for managers for 2020.
   (3) Reviewed the proposal of salary adjustments for managers and chief of corporate governance for 2020 and the proposal of Regulations for Concurrently Holding the Position as Chairman.
6. The Audit Committee achieved its annual targets related to the supervision of corporate operations and internal control:
   (1) Passed the financial report ratification proposal and the earning

distribution proposal for 2020.

(2) Established the chief of corporate governance.

(3) Reviewed transactions with related parties.

(4) Reviewed the independence of CPAs and accountants.

(5) Reviewed internal control and internal audit matters.

7. The Company established the chief of corporate governance, and the position is concurrently held by the Li-Li Kuo, the Director of the Finance Department.

8. The Company arranged the communication between, and the report of CPAs, chief auditor of the Company, to the Independent Directors of the Company.

9. The Company reported to the Board regarding the execution results on the Company's corporate social responsibilities, operations and execution of corporate ethical management, and concerns of stakeholders and responses.

10. The Company reported to the Board regarding the intellectual property management plan connected to the operating targets and its execution and established an intellectual property system that includes intellectual property management policies, targets, and systems connected to operating strategies.

11. The Company organized a lecture on insider transaction prevention for Directors.

V. Does the Company has at least one Independent Director presenting at each meeting of the Board in person: A total of 7 meetings of the Board were convened during 2020, and all Independent Directors attended.

Note 1:(1)For corporate shareholders, the name of the corporate shareholders and the name of their representatives shall be disclosed.

Note 2:(1)For any Director dismissed before the end of the year, the date of separation shall be specified in the remarks column, and the actual attendance rate (%) shall be calculated based on the number of Board meetings held and the number of its actual attendance during its term of office.

(2)For any re-election of Directors before the end of the year, set out the new and former Directors and specify the former, new, or re-elected Directors and the date of re-election in the remarks column. The actual attendance rate (%) shall be calculated based on the number of Board meetings held and the number of its actual attendance during its term of office.

Note 3: Execution of the Board's evaluation

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Content of evaluation
Executed once a year.	The Board's performance evaluation was performed for the year ended 31 December 2020.	1. Board of Directors. 2. Individual Directors. 3. Remuneration Committee. 4. Audit Committee.	The self-evaluation method is adopted.	Please refer to Note (1) for the content of the performance evaluation of the Company's Board.

Note (1):

1. The Item of measurement for the performance evaluation of the Company's Board includes five major aspects as follows:
   (1) Level of participation in corporate operations.
   (2) Improving the quality of the Board's decision-making.
   (3) Composition and structure of the Board.
   (4) Election and continuing education of Directors.
   (5) Internal control.
2. The Item of measurement for the performance evaluation of the Company's Directors includes six major aspects as follows:
   (1) Understanding of the Company's goals and tasks.
   (2) Understanding of the duties and functions of Directors.
   (3) Level of participation in corporate operations.
   (4) Internal relationship management and communication.
   (5) Professional and continuing education for Directors.
   (6) Internal control.
3. The Item of measurement for the performance evaluation of the Company's Audit Committee includes five major aspects as follows:
   (1) Level of participation in corporate operations.
   (2) Understanding of the duties and functions of the functional committee.
   (3) Improving the quality of the functional committee's decision-making.
   (4) Composition of the functional committee and election of committee members.
   (5) Internal control.
4. There performance evaluation of the Board (including functional committees) for 2020 comprises four categories that are divided into 20 self-evaluation indicators each; the full mark for each self-evaluation indicator is 5. The evaluation results are summarized as follows:
   (1) The results of the self-evaluation for the performance examination of the Board:
      a. Total average score of the questionnaire: 97.33 points.
      b. Total average score of the indicators: 4.87 points.
   (2) The results of self-evaluation for the performance examination of Directors:
      a. Total average score of the questionnaire: 98.67 points.
      b. Total average score of the indicators: 4.93 points.
   (3) The results of self-evaluation for the performance examination of the Audit Committee:
      a. Total average score of the questionnaire: 98.67 points.
      b. Total average score of the indicators: 4.93 points.
   (4) The results of self-evaluation for the performance examination of the Salary and Remuneration Committee:
      a. Total average score of the questionnaire: 99.00 points.
      b. Total average score of the indicators: 4.95 points.

(II) Operations of the Audit Committee

The Company established the Audit Committee on 24 June 2019; 5 meetings were held for the Audit Committee of the 11th Board in 2020, and the attendance of Independent Directors is as follows:

Title	Name	Number of Actual Attendance	Number of Attendance by Proxy	Actual Attendance Rate (%)	Remarks
Independent Director	Hsing-Shu Hsieh	5	0	100	
Independent Director	Yuan-Hung Wang	5	0	100	
Independent Director	Tsun-Tsi Hsu	5	0	100	

The key work performed by the Audit Committee during the year is summarized as follows:

1. Review on the financial report: Reviewed 2020 business report, individual and consolidated financial statements, and surplus distribution proposal and submitted to the Board for passing, and otherwise issued a review report to the shareholders' meeting together with the proposal.

2. Effectiveness of the internal control system: Evaluated the effectiveness of policies and procedures of the Company's internal control system (including control measures for finance, operation, risk management, information security, outsourcing, and legal compliance) and reviewed the Company's Audit Department, CPAs, and the regular reports from the management (including risk management and legal compliance). The Audit Committee considers that the Company's risk management and internal control systems are effective, and the Company had adopted necessary control mechanisms to supervise and correct default behaviors.

3. Appointment of CPAs and the evaluation on CPAs' independence: To maintain the independence of CPAs and implement the internal rotation system for CPAs, a proposal related to the alteration of CPA for the Company's financial statements was passed, the Company's CPAs altered from CPAs Jui-Hsuan Hsu and Yu-Hsiang Liu to CPAs Yu-Hsiang Liu and Hong-Ru Liao.

4. Review on transactions with related parties: Passed the proposal for the donation to CSC Group Education Foundation and the proposal for the

land lease of fine coke plant and coal tar plant.

5. Review on earning distribution: Reviewed the earning distribution proposal and the proposal for cash distribution from the statutory surplus reserve in 2019.
6. Review on proposals of significant loans, endorsement, or guarantee provided: There is no matter of significant loan, endorsement, or guarantee during 2020.
7. Examination of the judging standards for significant customer complaints.

Other matters to be recorded:

I. When any of the following circumstances occurred during the operations of the Audit Committee, the meeting date, period, content of resolutions, the resolution results made by the Audit Committee, and measures adopted by the Company in response to the opinions from the Audit Committee shall be specified:

(1) Matters specified in Article 14-5 of the Securities and Exchange Act:

Meeting of the Board Meeting Date/Period	Content	Resolution Results made by the Board	Resolution Results made by the Audit Committee
2020.03.19 5th Meeting of the 11th Board	Discussion 1: 2019 business report and financial report of the Company.	Passed by all attending Directors.	4th Meeting of the 11th Board's Audit Committee on 18 March 2020: Passed by all attending Directors.
	Discussion 2: Report on the 2019 earning distribution of the Company.	Passed by all attending Directors.	4th Meeting of the 11th Board's Audit Committee on 18 March 2020: Passed by all attending Directors.
	Discussion 3: Report on the intended cash distribution from the statutory surplus reserve for 2019 earning distribution of the Company.	Passed by all attending Directors.	4th Meeting of the 11th Board's Audit Committee on 18 March 2020: Passed by all attending Directors.
	Discussion 4: Report on the 2019 statement of internal control system of the Company.	Passed by all attending Directors.	4th Meeting of the 11th Board's Audit Committee on 18 March 2020: Passed by all attending Directors.
	Discussion 6: Report on the alteration of the Company's CPA.	Passed by all attending Directors.	4th Meeting of the 11th Board's Audit Committee on 18 March 2020: Passed by all attending Directors.
	Discussion 7: A donation of NT$0.6 million to CSC Group Education Foundation.	Passed by all attending Directors.	4th Meeting of the 11th Board's Audit Committee on 18 March 2020: Passed by all attending Directors.

Meeting of the Board Meeting Date/Period	Content	Resolution Results made by the Board	Resolution Results made by the Audit Committee
2020.12.30 11th Meeting of the 11th Board	Discussion 1: Report on the 2021 internal audit plan.	Passed by all attending Directors.	8th Meeting of the 11th Board's Audit Committee on 29 December 2020: Passed by all attending Directors.
	Discussion 2: Report on the intended renewal of lease due to the expiry of the lease between the Company and China Steel Corporation regarding land, plant, and equipment of the fine coke plant.	Passed by all attending Directors.	8th Meeting of the 11th Board's Audit Committee on 29 December 2020: Passed by all attending Directors.
	Discussion 3: Report on the intended renewal of lease due to the expiry of the lease between the Company and China Steel Corporation regarding the land of the coke chemical production plant at Xiaogang District, Kaohsiung City	Passed by all attending Directors.	8th Meeting of the 11th Board's Audit Committee on 29 December 2020: Passed by all attending Directors.
Measures adopted by the Company in response to the opinions from the Audit Committee: The abovementioned proposals had been submitted to the Board for resolution after receiving consent from the majority of all Audit Committee members. The Audit Committee required the Company to provide explanations and examine the judging standards for significant customer complaints. The member had no other opinions after the Company had provided explanations at the 4th meeting of the 11th Audit Committee on 18 March 2020.			

II. For the execution of Independent Directors abstaining from resolution in which they hold stakes, the names of the Independent Directors, the content of the resolutions, the reason of abstention due to the conflict of interests, and the participation in voting: None.

III. Communication between Independent Directors and chief internal auditor and CPAs

(1) Regular meetings for Independent Directors and CPAs are held at least once a year. CPAs report to Independent Directors regarding the Company's financial position, financial and overall operations of foreign and domestic subsidiaries, corporate governance, and audits on internal control, and communicate on whether there are major adjustment entries or whether the amendments to laws and regulations affect the accounting methods in detail. The meeting may be convened at any time upon any major abnormal event.

(2) Regular meetings for the chief internal auditor and Independent Directors are held at least once a year for the chief internal auditor to report on the execution of the Company's internal audits and internal control. The meeting may be convened at any time upon any major abnormal event.

The summary of prior communication between the Independent Directors and CPAs

Date	Communication Focus	Opinions from the Independent Directors	Measures adopted in response to the opinions from the Independent Directors
7 November 2016	1.CPAs provided explanations on the finance and profit or loss during Q3 of 2016 and carried out a discussion on application issues related to partial accounting principles. 2.CPAs carried out a discussion and communication regarding questions proposed by persons present at the meeting.	No opinion was expressed.	N/A
30 November 2017	1.CPAs provided explanations on the plan, scope, and method for the audit on the financial report for 2017. 2.CPAs provided explanations on the key audit matters determined based on the significant risks identified during the audit planned for the year. 3.CPAs carried out a discussion and communication regarding questions proposed.	No opinion was expressed.	N/A
15 March 2018	1.CPAs provided explanations for the results of audits on the financial report for 2017. 2.CPAs carried out a discussion and communication regarding questions proposed.	No opinion was expressed.	N/A
24 December 2018	1. The responsibility of the corporate governance department on improving the preparation ability of financial statements. 2. Annual audit schedule. 3. Key audit matters (KAM).	No opinion was expressed.	N/A
23 December 2019	1. The responsibility of the corporate governance department on improving the preparation ability of financial statements. 2. Annual audit schedule. 3. KAM.	No opinion was expressed.	N/A
29 December 2020	1. Explanations on the duties of the Board and the Audit Committee. 2. Explanations on the audit on the financial report by the CPAs. 3.Accounting Standards No.43 - Evaluation on Matters of Fraud of the Company. 4. Reported on the KAM - sales income for 2020 5. Reported on the Corporate Governance 3.0.	No opinion was expressed.	N/A

The summary of prior communication between the Independent Directors and the chief auditor

Date	Communication Focus	Opinions from the Independent Directors	Measures adopted in response to the opinions from the Independent Directors
7 November 2016	1. Reported on the execution of the audit operations for Q3 in 2016. 2. Reported on the processing of opinion mailbox.	No opinion was expressed.	N/A
15 February 2017	1. The order and collection operations shall comply with the Company's requirements for internal control. 2. Where personal information of an unrecruited candidate is included in the talent pool of the Company, the Company shall inform the party involved and request its consent. 3. Regulations for employee and contractor management shall be reinforced, and those who violated the Regulations shall receive appropriate punishment to implement the safety requirements.	No opinion was expressed.	N/A
17 April 2017 20 June 2017	1. Employees who have personal interests in performing their duties shall be handled according to the Company's ethical norms. 2. Attention shall be drawn to whether the download of documents by using a USB device is a violation of the Trade Secrets Act. 3. Attention shall be drawn to the preparation of evidence for bad debt provision	No opinion was expressed.	N/A
21 August 2017 28 August 2017	1. The authority to approve the project bidding and the precautions for the host of project biddings shall comply with the Company's engineering contract requirements. 2. Attention shall be drawn to whether the delay in check and acceptance is handled in accordance with the contract to avoid affecting the Company's interests.	No opinion was expressed.	N/A
23 August 2018	1. To avoid transactions with related parties, the Company shall regularly promote its Code of Ethics for Managers	No opinion was expressed.	N/A
8 August 2019	1. Reported on internal audit and the improvement of deficiencies. 2. Amended partial provisions of the Company's Internal Control System.	No opinion was expressed.	N/A
23 December 2019	1. Reported on internal audit and the improvement of deficiencies. 2. Reported on the 2020 internal audit plan.	No opinion was expressed.	N/A
24 June 2020	1. Reported on internal audit and the improvement of deficiencies.	No opinion was expressed.	N/A
29 December 2020	1. Reported on internal audit and the improvement of deficiencies. 2. Reported on the 2021 internal audit plan.	No opinion was expressed.	N/A

(III) Operations of Corporate Governance and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Has the Company established and disclosed its Corporate Governance Best Practice Principles based on the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	Yes		The Company established and disclosed its Corporate Governance Best Practice Principles in March 2018. In response to the subsequent amendments to relevant regulations, the Company made updates in due course. After the latest amendments made in July 2010, the Company's Corporate Governance Best Practice had been disclosed on the MOPS and the Company's website.	No significant deviation from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."
II. Equity Structure and Shareholders' Interests of the Company				
(1) Has the Company established an internal operating procedure to process shareholders' recommendations, suspicions, disputes, and litigations and implemented such processing based on the procedure?	Yes		(1) The Company has appointed dedicated personnel and a stock affairs agent to deal with shareholders' recommendations, suspicions, disputes, and litigations.	(1) No deviation from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."
(2) Does the Company possess the list of its major shareholders and the ultimate controlling parties of the major shareholders?	Yes		(2) The Company keeps abreast of the list of major shareholders' ultimate controlling companies at all times, and assistance is also provided by the stock affairs agency of the Company - Capital Securities.	(2) No deviation from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."
(3) Has the Company established and executed the risk control and firewall system with its	Yes		(3) The Company has established regulations for providing loans, endorsements, or guarantees to and having business dealings with its affiliates. The Company has a dedicated department in place to manage its investment business. The department regularly monitors the operating and financial conditions of the investee companies and is	(3) No deviation from

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
affiliates? (4) Has the Company established its internal regulations to forbid internal parties to use undisclosed information in trading securities?	 Yes		responsible for work related to communication and coordination. (4) The Company established its "Procedures for Processing Significant Internal Information" and "Code of Ethics for Directors and Senior Manager" and required Directors and managers to sign declarations that accurately stipulate the prohibition of Directors, employees, and other internal parties to utilize information undisclosed to the market in trading securities.	"Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies." (4) No deviation from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."
III. Composition and Responsibilities of the Board (1) Has the Board developed and implemented a diversification policy for its composition? (2) Has the Company voluntarily established other functional committees in addition	 Yes Yes		(1) For details of the standards, policies, and implementation of the diversification of the Company's Board, please see Note 1 (#p.53#). The overall arrangement for the 11th Board of the Company considered the diversification policies and objectives. The composition objective of the Directors is to include Board members of different gender, ages, know-how, and backgrounds. For the 11th Board, a female Independent Director was included; a qualified attorney and an expert in the economic and industrial analysis were included in the Board's composition; a Director under 40-year-old with international investment banking experiences was included. The Company had achieved the Board diversification objective as established. (2) The Company established the Audit Committee and Remuneration Committee according to the law and studied the feasibility of having new functional committees.	(1) No fundamental deviation from "the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies." (2) No deviation

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
to the Remuneration Committee and the Audit Committee established according to the law? (3) Has the Company established the Regulations for the Performance Evaluation of the Board of Directors and its evaluation methods, regularly carried out the regular performance evaluation each year, reported to the Board regarding the results of the performance evaluation, and used the results as a reference for the remuneration and nomination for re-appointment of the individual Directors? (4) Has the Company regularly evaluated the independence of CPAs?	Yes Yes		(3) The Company had established its Regulations for the Performance Evaluation of the Board of Directors on 24 December 2019. The results of the Directors' performance evaluation for 2020 had been submitted to the meeting of the Board on 23 February 2021. The self-evaluation results of individual Directors are used as a basis for the remuneration of individual Directors and the distribution of Directors' remuneration in 2020, and the results also serve as a reference for the nomination of re-appointment in the future. For details on the results of the Directors' performance evaluation for 2020, please see the Corporate Governance section on the Company's website. (4) The Company regularly evaluates the independence of its CPAs each year, and the results were submitted to and passed by the Board in December 2020. According to the evaluation of the Company's Board, CPAs comply with the Company's independence evaluation standards (Note 2) (#p.56#).	from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies." (3) No deviation from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies." (4) No deviation from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."
IV. Has the listed company allocated an appropriate number of persons in charge of corporate governance who are appropriate for such positions and designated a chief of corporate governance to be responsible for	Yes		1. The Director of the Finance Department concurrently holds the position of the chief of corporate governance. 2. The chief of corporate governance had completed 12 hours of continuing education program according to the requirements in 2020. The program content and number of hours had been published on the Company's website and MOPS. 3. The chief of corporate governance supervises the corporate governance operations; the dedicated	No deviation from "the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."

Item	Operation: Yes	Operation: No	Operation: Description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
affairs related to corporate governance (including but not limited to providing data required for the execution of businesses to Directors and supervisors, assisting Directors and supervisors in legal compliance, handling matters related to meetings of the Board and shareholders' meeting according to the law, carrying out company registration and alteration registration, and preparing meeting minutes for meetings of the Board and shareholders' meeting)? (including explanations on the scope of duties of the chief of corporate governance, the business execution focus for the year, and continuing education			department is responsible for matters related to corporate governance based on the work scope of each department; the business execution focus for 2020 is as follows: (1) The dedicated department shall notify Directors regarding the meeting schedules of functional committees and meetings of the board seven days in advance, convene meetings and provide data for the meeting; notices in advance shall be made for any case of abstention due to the conflict of interests, and the meeting minutes for the meetings of the Board shall be completed within 20 days. (2) Arrange the communication meeting between Independent Directors, chief internal auditor, CPAs, or other internal departments to facilitate the business execution of Directors. (3) Organize promotions of insider transaction prevention for Directors. (4) Assist Directors in completing their annual continuing education program in advance. (5) Amend internal rules and regulations related to the Company's corporate governance according to the amendments to laws and regulations related to corporate governance and report the amendments to the Board for resolution. (6) Carry out the registration for the date of shareholders' meetings in advance according to the law, prepare meeting notices, meeting handbook, meeting minutes within the statutory period, and conduct alteration registration affairs for the amendment of Articles of Association or Director's re-election. (7) Improve internal items that have not reached the standards based on the items under the Corporate Governance Information Evaluation System.	
V. Has the Company established communication channels with stakeholders (including but not limited to	Yes		1. Based on the scope of business of each department, the Company has maintained healthy communication channels with different stakeholders and distribute questionnaires each year to conduct a survey on the opinions of stakeholders. 2. The Company set up a communication line for	No deviation from "the Corporate Governance Best Practice Principles for TWSE/TPEx

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and duly responded to significant issues of corporate social responsibility concerned by stakeholders. (including whether the communications with stakeholders are regularly reported to the Board)			the convenience of stakeholders in reflecting issues. 3. The Company reported the communications with stakeholders to the 11th meeting of the 11th Board on 30 December 2020. 4. The Company will respond to issues concerned by stakeholders, and the communication status is published in the stakeholder's section on the website; please visit http://www.cscc.com.tw/downlaod/inv2020.pdf.	Listed Companies."
VI. Has the Company appointed a professional stock affair agency to process affairs related to shareholders' meetings?	Yes		The Company appointed the Transfer Agency Department of Capital Securities Corp. to process affairs related to shareholders' meetings on behalf of the Company.	No deviation from "the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."
7. Open Information (1) Has the Company established its website to disclose information on its financial operations and corporate governance? (2) Has the company adopted other methods for information disclosure (such as building an English website, appointing dedicated personnel to be responsible for the information collection and disclosure,	Yes Yes		(1) The Company had established its website (www.cscc.com.tw) and disclosed relevant information. (2) The Company had established Chinese and English websites, designated dedicated personnel for information collection and disclosure, implemented a spokesman system, and upload the course of investor conferences on the Company's website according to the requirements. Furthermore, the Company also declares its data and discloses significant information according to the requirements of the "Guidelines for Online Filing of Public Information by Public Companies."	(1) No deviation from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies." (2) No deviation from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
implementing a spokesman system, and uploading the course of investor conferences on the Company's website)? **(3) Has the Company published and declared its annual financial report within two months after the end of a fiscal year and published and declared its financial reports for the first, second, and third quarters as well as its operating status for each month before the specified deadline?**	Yes		(3) The Company's 2020 financial report was published and declared within two months after the end of the fiscal year. The Company currently published its financial reports for the first, second, and third quarters as well as its operating status for each month in advance unless there is any particular reason.	Companies." (3) No deviation from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."

VIII. Is there any other significant information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employees' interests, care for employees, investor relations, supplier relations, rights of stakeholders, Directors and supervisors' continuing education records, the execution of risk management policies and risk evaluation standards, the execution of customer policies, and the purchase of responsibility insurance for Directors and supervisors)? [it further includes the specific management objectives and implementation of the diversification policy of the Board and the connection to the Company's future development, the succession planning and execution of the Board members and significant management, and the disclosure of the connection between the performance evaluation and remuneration of Directors and managers]

1. Employees' interests and care:
   The Company has always been giving considerations to the interests of customers, shareholders, and employees. For management, we seek to arrive at a balance between the system and humanization to stimulate employees' potentials. We implement environmental protection work through the environmental management system and actively promote the 5S concept and division of responsibilities, and implement PSM audits. We duly implement our environmental, safety, and health tasks through the occupational safety and health management system and education training, and have established an Employee Welfare Committee and established multiple welfare systems. We regularly conduct employees' health inspections each year and implement a employee remuneration system.
2. Supplier relations:
   We engage in transactions with suppliers and banks based on the principle of mutual benefit and mutual respect. We would not sacrifice long-term interests in exchange for short-term interests. We strictly forbid personnel related to procurement to receive gifts or entertainment provided by suppliers. In addition, the Company duly implements a supplier selection system.
   The Company complete the new supplier evaluation for all suppliers and register it in the ERP system of the Company. To procure suppliers and transportation contractors in complying with corporate social responsibility, the selection conditions for new suppliers consider the product quality, cooperation in

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
the delivery term, and quality management abilities; we also prioritize suppliers obtaining ISO9001 certifications related to environmental protection (ISO14001, carbon footprint, and water footprint certifications) and occupational safety and health certification (OHSAS18001 and TOSHMS certifications). Since 2018, the Company has included four major aspects of environmental protection, labor conditions, human rights, and society as the core evaluation items, and 2018 was also the commencement year for promotional activities. In 2020, there were a total of 59 qualified suppliers. 3. Investor relations The Company's website discloses information on finance, business, corporate governance, and corporate social responsibility. The Company also appointed dedicated personnel in processing shareholders' recommendations. Furthermore, we organize investors' conferences on a quarterly basis to explain the operating status of the Company to our broad investors. 4. Rights of stakeholders Based on the scope of business of each department, the Company has maintained healthy communication channels with different stakeholders and distribute questionnaires each year to conduct a survey on the opinions of stakeholders. The Company also issued its CSR report to set out the communication with stakeholders and the disposals in the report. Furthermore, we analyzed significant issues concerned by stakeholders and established management policies. The communication between the Company and its stakeholders had been reported at the meeting of the Board in December 2020. The Company has set up a stakeholder's section on its website to respond to issues concerned by stakeholders. 5. Execution of risk management policies and risk evaluation standards: The Company had established its "Procedures for the Acquisition or Disposal of Assets," "Regulations for Endorsement and Guarantee," "Policies and Procedures for Risk Management," and "Operation Handbook for Risk Management and Crisis Processing" and other internal rules and regulations, and duly implemented, Furthermore, the Company established stringent control measures for risks related to finance, raw materials, market, human resources, plant and equipment, environmental safety, construction, information security, and occupational safety and purchased relevant insurance policies to reasonably control the overall operating risks of the Company. The CSR report of the Company also disclosed the evaluation of relevant risks and its methods. 6. Customer policies: The Company continued to improve its manufacturing process and reinforce personnel training to maintain stable quality. We also reinforced the service attitude and professional abilities of our sales and satisfied the supply demands as much as possible to improve customers' satisfaction. In addition, the Company conducts customer satisfaction surveys every year, and the survey results are used as a reference for continuous improvement in the quality of products and services. 7. The Company has established the Code of Ethics for Directors and Senior Managers (Note 3) (#p.62#), which provides more specific specifications for Directors and senior managers on their obligations of conducting the business operations with loyalty. The Code covers the content of① the Company's transactions using the Company's assets, information, and ②opportunities, and ③the competition of the Company. 8. The Company's Directors and managers participate in continuing education programs related to corporate governance from time to time (Note 4) (#p.70#). 9. The Company provided liability insurance for Directors since August 1, 2003. 10. Succession planning for significant management: (1) Board members: The Company adopts a candidate nomination system, and the term of office is three years. Except for otherwise required by laws and regulations or the Articles of Association, the election of Directors shall be subject to the Company's "Regulations of Directors' Election." The election of the Company's Directors shall consider their basic conditions and values				

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	

(including gender, ages, nationality, and culture), professional knowledge and skills (including professional backgrounds, professional skills, and industrial experiences), and diversified aspects. Furthermore, to achieve the ideal target for corporate governance, the Directors shall generally be equipped with the knowledge, skills, and capacity and required for performing their duties as follows: I. the ability to make operational judgments; II. the ability for accounting and financial analysis; III. the ability for operational management; IV. the ability for crisis management; V. industrial knowledge; VI. international market viewpoint; VII. leadership; and VIII. decision-making ability. The Company carries out its succession candidate planning for Directors through the following methods: I. current directors recommend appropriate candidates; II. Director candidate recommended by shareholders; III. use the results of the Board's performance evaluation as the reference and basis for nominating Directors for re-appointment. To reinforce the efficacy of Directors in exercising their functions, the Company will keep abreast of the latest changes in internal and external environmental conditions and the development demand to arrange annual continuing education programs, so as to improve the Directors' professional knowledge and abilities.

(2) Significant management: In response to the demands for sustainable operations and human resource development, the Company's Administration Department and senior managers regularly examine the planning for succession candidate and the cultivation. When planning for the succession candidates, the Company considers whether such candidates are equipped with outstanding expertise and management skills, and whether such candidates share the same value as the Company and have personal features such as integrity, earnestness, creativity, and entrepreneurship. The training content for successors of the management, the Administration Department arranges programs related to the management skills. Together with experiences accumulated from position rotation, successors would receive a comprehensive package to cultivate their decision-making abilities as senior executives. Due to the effects of COVID-19 during 2020, internal and external training were suspended.

11. Connection between the performance evaluation and remuneration of Directors and managers:

(1) Directors: The Company established its Regulations for the Performance Evaluation of the Board of Directors in 2019 and implemented the performance evaluation of Directors from 2019. The principles for allocating the remuneration of Directors were otherwise established, and the distribution of remuneration is based on the results of the Director's self-evaluation in accordance with such principles. The distribution of Directors and supervisors' remuneration for 2019 had been made according to such principles. The performance evaluation of Directors for 2020 had been completed, and the results were reported to the Board on 23 February 2021. The average score of the individual Directors was above 90. Based on the remuneration distribution based on the principles for allocating the remuneration of Directors, the remuneration of Directors in 2020 amounted to NT$6,760,570, and it is estimated that the remuneration of each Director (excluding Independent Director) shall be NT$1,126,761.

(2) Managers: Managers' performance targets for the year are set at the beginning of the year and passed by the Remuneration Committee and the Board. The performance evaluation and examination will be carried out in the following year. The results will be reported to the Remuneration Committee and the Board for determining their bonuses and compensation.

IX. According to the results of the Corporate Governance Evaluation by the Corporate Governance Center of TWSE for the latest year, explain the improvements and propose the matters to be improved first and measures regarding any conditions not improved. (not applicable to companies not included in the evaluation)

(I) The improvement based on results of the 6th (2019) Corporate Governance Evaluation published in 2020 is as follows:

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Operation</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td colspan="5">1 (1.11) The Company uploaded the English annual report seven days prior to the annual shareholders' meeting:
The Company had prepared its English annual report and uploaded it to the Company's website and the TWSE's website.
2. (1.15) The Company established its internal rules and disclosed on the Company's website that Company's internal parties such as Directors or employees are forbidden to utilize information not available in the market to gain profits.
The information was disclosed on the Company's website in 2020.
3. (2.21) The Company established its chief of corporate governance to be responsible for affairs related to corporate governance and explained its scope of duties on the Company's website and in the annual report; the business execution focus and continuing education for the year are as follows:
The Board had passed the proposal related to the Director of the Finance Department Li-Li Kuo concurrently holding the position as the chief of corporate governance on 29 July 2020; the scope of duties, business execution focus, and continuing education for the year are disclosed on the Company's website and in the annual report.
4. (3.14) The Company's annual report disclosed the connection between the performance evaluation and salaries of Directors:
The remuneration of Directors and supervisors for 2019 had been distributed according to the results of the Directors' self-evaluation that was executed in 2019, and the results were included in the annual report.
5. The Company published its annual financial report within two years after the end of the fiscal year:
The meeting of the Board convened on 23 February 2021 had passed the ratification proposal for the 2020 financial report, and the information on the financial report was published on the day.
6. The Company's website or annual report discloses the stakeholders identified, issues concerned, communication channels, and response methods:
The results were submitted to the 11th meeting of the 11th Board on 30 December 2020 and disclosed on the Company's website.
(II) Matters to be improved first and measures regarding any conditions not improved are explained as follows:
(2.14): Functional committees established by the Company other than those stipulated by the law shall have no less than three members, and the majority of the members shall be Independent Directors, and the composition, duties, and operations shall be disclosed.
The Company intends to organize the establishment of functional committees other than those stipulated by the law.</td></tr>
</table>

Note 1: The implementation of the diversification policy on Board composition

I. Standards and policies for the diversification of the Board:

To reinforce the corporate governance and facilitate the completeness of the Board composition and structure, the Company stipulated the standards and policies for the diversification of the Board in its "Regulations for the Election of Directors" and "Corporate Governance Best Practice Principles."

Diversification is considered for the Board composition. Directors concurrently holding the positions as the Company's managers shall not be more than one-third of the Board members. Appropriate diversification policies are also established for the Board's operation, operating pattern, and demands for development, including but not limited to the standards related to the two major aspects as follows:

1. Basic requirements and values: Gender, age, nationality, and culture.

2. Professional knowledge and skills: Professional background (such as accounting, industry, and finance), professional skills, and industry experience.

   Furthermore, members of the Board shall have the knowledge, skills, and quality necessary to perform their duties; the members shall possess the general abilities as follows:

   (1) The ability to make operational judgments.

   (2) The ability for accounting and financial analysis.

   (3) The ability for operational management.

   (4) The ability for crisis management.

   (5) Industrial knowledge.

   (6) International market viewpoint.

   (7) Leadership.

   (8) Decision-making ability.

II. The majority of the Company's Directors shall not be a spouse or a relative within the second degree of kinship of any other Director. The overall arrangement for the 11th Board of the Company considered the diversification policies. The composition objective of the Directors is the inclusion of one female Director, younger Directors, and Directors of different know-how and backgrounds. For the 11th Board, a female Independent Director was included; a qualified attorney and an expert in the economic and industrial analysis were included in the Board's composition; a Director under 40-year-old with international investment banking experiences was included. The Company had achieved the Board diversification objective as established. Currently, the Company's Board has a total of nine Directors (including three Independent Directors), and no Director is a spouse or a relative within the second degree of kinship of any other Director.

Core Items for Diversification / Name of Director	Basic Composition						Industrial Experience and Background				Professional Skills				
	Gender	Concurrently A Company's Employee	Age		Term of Office as An Independent Director		Chemical Engineering and Steel Related Industries	Finance and Accounting	Law	Economic and Industrial Analysis	Business Administration	Decision-making	Know-how	Operating Judgments	Finance and Accounting
			35 to 55	56 to 65	Below 3 years	3 to 9 years									
Chairman Wen-Ge Lo	Male			V			V				V	V	V	V	
Director Chao-Tung Weng	Male			V			V				V	V	V	V	
Director Hsi-Chin Wang	Male			V			V				V	V	V	V	
Director Ming-Dar Fang	Male	V		V			V				V	V	V	V	
Director Kung-Yi Ku	Male		V				V	V		V	V	V	V	V	
Director Tien-Fu Chao	Male			V			V				V	V	V	V	
Director Hsing-Shu Hsieh	Male			V		V		V	V		V	V	V	V	V
Director Yuan-Hung Wang	Male		V			V		V	V		V	V	V	V	
Director Tsun-Tsi Hsu	Female			V	V				V	V	V	V	V	V	

Note: Except for Director Kung-Yi Ku being a Hong Kong citizen, the nationality of the remaining Directors is the Republic of China

Note 2: CPAs' independence evaluation standards for 2020.

Deloitte.

勤業眾信
勤業眾信聯合會計師事務所
80661 高雄市前鎮區成功二路88號3樓

Deloitte & Touche
3F, ChinaSteel Building
No. 88, Chenggong 2nd Rd.,
Qianzhen Dist., Kaohsiung 80661, Taiwa

Tel :+886 (7) 530-1888
Fax:+886 (7) 405-5799
www.deloitte.com.tw

109.12.02 勤高 10901334 號

Addressee: China Steel Chemical Corporation

Subject: We have been engaged to perform an audit on the Company's 2020 financial statements. According to the requirements under the Code of Professional Ethics 10 "Integrity, Fairness, Objectiveness, and Independence," CPAs have declared their compliance with the following specifications and have not violated the independence.

Description:

I. CPAs and their spouses and dependents do not
   - (I) Directly or indirectly hold significant financial interests in the Company.
   - (II) Have any business relationship with the Company, its Directors, supervisors, or managers that affect the independence.

II. CPAs and their spouses and dependents do not serve as the Company's Directors, supervisors, or managers, or hold any position that has any significant direct effects on the audit during the audit period.

III. CPAs and the Company's Directors, supervisors, or managers are not spouses, direct blood relatives, direct relatives in law, or Collateral relatives by blood within the second degree of kinship.

IV. CPAs had not accepted any gift or present with significant values (with values exceeding the general standards of social etiquettes) from the Company, its Directors, supervisors, managers, or major shareholders.

V. CPAs had executed necessary procedures for the independence and the conflict of interests and had not found any violation of the independence or unsolved conflict of interests.

Deloitte & Touche

CPA Yu-Xiang Liu

CPA Hong-Ru Liao

Note 2: Evaluation standards for the independence of CPAs

China Steel Chemical Corporation
Evaluation of CPA's Independence

Year: 2020
CPA Firm: Deloitte Taiwan

Evaluation Items	2020 Yes	2020 No
1. Certified Public Accountant Act		
· Whether the CPA provided services relating to any such matter when practicing as a CPA in the district where he or she previously served as a civil servant (cases involving taxation, registrations of companies, or trademarks) for two years after separation from the civil service position.	V	
· None of the matters in Item 3, Paragraph 1, Article 22 of the Certified Public Accountant Act: Perform practice related to matters in connection with which one is an interested party.	V	
Does the CPA comply to Article 46 of the Certified Public Accountant Act, and not engage in the following conduct:	V	
· Permit others to practice under his or her name.	V	
· Practice under the name of another CPA.	V	
· Accept employment from a non-CPA to perform CPA services.	V	
· Take advantage of one's position as a CPA to engage in improper industrial or commercial competition.	V	
· Perform practice related to matters in connection with which one is an interested party.	V	
· Use the title of CPA to act as a guarantor in matters beyond the scope of CPA services.	V	
· Purchase real or personal property under his or her management as a CPA.	V	
· Solicit, agree to accept, or accept unlawful benefit or compensation.	V	
· Solicit business by improper means.	V	
· Advertise for promotional purposes not related to commencement of business, office relocation, merger, accepting client engagements, or introduction of the CPA firm.	V	
· Disclose confidential information obtained in the performance of professional services without the permission of the appointing agency, client, or audited entity.	V	
· Engage in other conduct that could tarnish the reputation of CPAs, as specified by the competent authority.	V	

Evaluation Items	2020 Yes	2020 No
Does the CPA comply to Article 47 of the Certified Public Accountant Act, and any of the following circumstances applies does not contract to perform auditing and attestation:	V	
・ The CPA is currently employed by the client or audited entity to perform routine work for which he or she receives a fixed salary.		
・ The CPA has previously served for the client or audited entity as a director, supervisor, managerial officer, or an employee with material influence over attestation, and has been separated from the position for less than two years.	V	
・ The CPA is a spouse, lineal relative, direct relative by marriage, or a collateral relative within the second degree of kinship of any responsible person or managerial officer of the client or audited entity.	V	
・ The CPA, or the spouse or a minor child thereof, has invested in the client or audited entity, or shares in financial gains therewith.	V	
・ The CPA, or the spouse or a minor child thereof, has lent or borrowed funds to or from the client or audited entity.	V	
・ The CPA provides management consulting or other non-attestation services that affect his or her independence.	V	
・ The CPA fails to comply with regulations, as prescribed by the competent authority with relevant jurisdiction, governing CPA rotation, handling accounting matters on behalf of clients, or other matters that affect his or her independence.	V	
2. Generally Accepted Auditing Standards Whether the CPA comply with Article 2 of the General Principles of Generally Accepted Auditing Standards: Keep a strict and fair attitude and independent spirit, with professional competence and due care in performing audits and writing reports.	V	
3. The Norm of Professional Ethics for Certified Public Accountants	V	
Whether the CPA serves the society with integrity and objective standpoint and keeps independent spirit. Whether self-interest impaired on the CPA's	V	

independence as follows. The self-interest threat means to acquire the Company's financial interest or has another conflict of interest created by other interests or relationships with the Company:		
・ No direct or material indirect financial interest between the accountant and the Company.	V	
・ No loaning of funds or guarantees between the accountant and the Company or directors and supervisors.	V	
・ CPA is not concerned about the possibility of losing a significant client.	V	
・ CPA does not have a significant close business relationship with the Company	V	
・ CPA did not enter into potential employment negotiations with the Company.	V	
・ Did not enter into a contingent fee arrangement relating to an audit engagement.	V	
Whether independence is influenced by self-review threat as follows: ・ A member of the assurance team being, or having been a director, or supervisor of the client, or employed by the client in a position to exert significant influence over the subject matter of the engagement within the last two years.	V	
・ No non-assurance service which performed by the firm for the Company that would affect directly a material item of the assurance engagement.	V	
Whether the member of the assurance team is influenced by advocacy threat as follows:	V	
・ The firm did not promote or broker shares in the Company or other securities issued by the Company.	V	
・ The firm did not acting as an advocate on behalf of the Company in litigation or disputes with third parties.	V	
Whether the member of the assurance team is effect on familiarity as follows:		
・ Does not have a close or immediate family member who is a director, supervisor, or the Company's officer, or the Company's employee who is in a position to exert significant influence over the subject matter of the engagement. ・ No former partner within one year of disassociating from the firm joined the Company as a director, supervisor, or officer or is in a key position to exert significant influence over the subject matter of the engagement.	V	

• CPA did not accept advantages or gifts from the Company, the Company’s director, supervisor, officer or major stockholder.		
Whether independence is influenced by intimidation threat as follows:	V	
• The CPA has not been requested by the Company on agreeing with the Company’s inappropriate accounting treatment or improper disclosures on the financial statement.	V	
• The firm is not being pressured by the Company to reduce inappropriately fees in order to compel the firm to reduce the extent of work performed.	V	
4. Assessment of independence of the CPA in providing non-attest services		
• No billing service on behalf of the Company.	V	
• Not designed or implemented its financial systems.	V	
• During the period of providing service, the CPA cannot authorize, execute or consummate a transaction or otherwise exercising authority on behalf of the Company or have the authority to do so.	V	
• The CPA has not made material decisions for the Company who is not informed.	V	
• No reporting to the board of directors on behalf of management.	V	
• Not having custody of company assets.	V	
• Not supervised the Company’s employees in the performance of their normal recurring activities.	V	
• No preparation of source documents evidencing the occurrence of a transaction, such as purchase orders and customer orders.	V	
• Whether services including appraisal and valuation, internal audit assistance, designation of short-term employees, recruiting high-level managers and corporate finance-consulting or advisory can be reduced to an acceptable level by applying appropriate safeguards.	V	
5. General Matters		
• Whether the CPA is rotated for a pre-defined period (normally no more than 7 years), and did not participate in audit engagement until a further period of time (normally no less than 2 years) has elapsed.	V	

- Does the CPA regularly prepare the “Auditor's independence declaration” for audit clients.

CPA XU,RUI-XUAN Date 2020/11/27

CPA LIU,YU-XIANG Date 2020/11/27

Note 3:

China Steel Chemical Corporation

Code of Ethics for the Directors

Chapter 1 General

Article 1 The Code is established to promote integrity and ethical behavior of Directors and improve the overall corporate governance.

Chapter 2 Code of Ethics

Article 2 Directors shall comply with the following basic principles in performing their duties:

1. Protecting shareholders' interests.
2. Improving the function of the Board.
3. Respecting the interests of stakeholders.
4. Enhancing information transparency.

Article 3 The directors shall have the objective in the pursuit of the Company's overall benefit when conducting their duties. Moreover, they may not damage the Company's rights and interests for the benefit of a specific individual or specific group, and shall treat all shareholders fairly.

Article 4 The Directors shall exercise the due care of good administrators when exercising their powers, be aware of the integrity and the principle of fairness, adhere to high self-discipline, and comply with laws and regulations, the Company's Articles of Association, and the resolutions of the shareholders' meeting.

Article 5 The Directors shall faithfully conduct their duties for the overall benefits of shareholders. The interest of the Company shall be the first priority when there is any conflict of personal interests with the interest of the Company, and Directors shall avoid using their powers for the following personnel or enterprises to obtain improper interests:

1. Directors themselves or their spouses, parents, children, or relatives

within the third degree of kinship.

2. Enterprises that the persons in the previous subparagraph are directly or indirectly entitled to has the right to considerable financial benefits.

3. Enterprise in which the Directors concurrently hold positions as chairman, executive director, or senior manager.

The Company shall pay special attention to loans, major asset transactions, the purchases (sales) of goods, or provision of guarantee involving persons and enterprises in the previous subparagraph.

Article 6 Directors shall safeguard shareholders' interests and respect the interests of stakeholders such as banks, creditors, employees, consumers, suppliers, subsidiaries, and communities.

Article 7 When a Director is at stake in any proposal at the meeting of the Board involves and may harm the Company's interests, the Director shall abstain itself from voting, and the Director may not exercise voting rights on behalf of other Directors.

Article 8 Where a Director enters into sales and purchases, loans, or other legal behaviors with the Company for itself or others, the Director shall disclose and explain the details of matters related to such transactions to the Board and the Audit Committee. The convener of the Audit Committee may represent the Company after such transactions are evaluated by the Audit Committee in accordance with Article 12 of the Organizational Regulations of the Audit Committee and approved by the Board (Article 12 of the Code) or the shareholders meeting (Article 9 of this Code).

Article 9 For any director who engages in conduct involving competition with the Company, the Director shall report to and obtain permission from the shareholders meeting in advance in accordance with the Company Act. The Directors shall be responsible for the confidentiality of the

Company's information except for disclosures made upon authorization or required by the law.

Article 10 For any purchase, supply, cooperation, strategic alliance, or other business opportunities or opportunities of profits related to the Company acknowledged by a Director due to the execution of its duties; the Director shall give preference to provide such information to the Company to protect the Company's interests, and shall not seek personal benefits for itself or any third party.

Chapter 3 Appendix

Article 11 A corporate shareholder being a Director of the Company and the natural person designated by a corporate shareholder to act on its behalf in performing the Director's duties shall comply with the Code.

Article 12 For the exemption of Article 5's application, the Director shall fully disclose the interests of persons or enterprises, and the legal behaviors stated in Article 5, and the reasons that such interests are not in conflict with or have any effect on the Company's interests, and such interests shall be approved by the Board as a resolution.

For the exemption of Article 10's application, the Director shall explain the detailed content of such opportunities and the reasons that such interests are not in conflict with or have any effect on the Company's interests, and such interests shall be approved by the Board as a resolution.

After the Board had passed the exemption of application as a resolution in the previous two paragraphs and Article 8, the Company shall immediately disclose information related to the title and name of the person of permitted exemption, the date on which the Board passed the exemption, the period of the exemption, the reason for the exemption, and standards of exemption on the Company's open information website.

Article 13 The Code is implemented after being passed by the Board and reported to the shareholders' meeting, and the Code shall be disclosed in the annual report, prospectus, and MOPS. The same shall apply upon any amendment. However, the amendment made in March 2019 shall be implemented when the 11th Board of Directors takes office.

China Steel Chemical Corporation

Code of Ethics for Senior Managers

Chapter 1 General

Article 1 The Code to be observed and maintained is established to provide a basis for the Company's senior managers in their behaviors and ethics and allow the Company's stakeholders to gain further understanding of the Company's ethical specification, and the Code includes specifications on personal responsibilities, group responsibilities, and responsibilities related to the Company, the public, and other stakeholders.

Article 2 The senior managers referred to in the Code apply to the managers of the Company (including the President, Vice President, and persons with equivalent titles, and executives of the Company); the purpose of the Code is to prevent improper behaviors and facilitate the following matters:

1. Integrity and ethical behaviors, including ethical management upon the conflict of personal interests and their duties.
2. Confidentiality of information.
3. Treating the Company's customers, employees and competitors legally.
4. Protecting Company's assets in the hope of effective utilization.
5. Complying with government laws and regulations, including laws and regulations related to the prevention of insider trading.

Chapter 2 Code of Ethics

Article 3 Integrity and ethical behavior:

Senior managers shall perform their obligations with an honest and non-deceptive attitude in compliance with professional standards, including fairly handling matters related to conflicts of personal interest and their duties.

Article 4 Prevention of conflicts of personal interests:

Senior managers shall perform their duties in an objective and efficient manner and shall prevent using their positions in the Company in matters involving their personal interests to gain improper interests for themselves, spouse, parents, children, or relatives within the third degree of kinship.

Article 5 Avoiding opportunities to seek personal interests:

When the Company has any opportunities for profit, senior managers are responsible for maintaining and improving the proper legal benefits to be obtained by the Company, and shall avoid the following matters:

1. Gaining personal interests or having any opportunities to seek personal interests by using the Company's property or information or taking advantage of their positions.

2. Competing with the Company.

Article 6 Confidentiality of business secrets:

Senior managers shall be obliged for the confidentiality of any information regarding the Company itself or its customers, except for disclosures made upon authorization or required by the law. Confidential information includes any undisclosed information that may be utilized by competitors or that harms the Company or customers after leakage.

Article 7 Engage in legal transactions:

The Company is committed to market competition with its outstanding operations and services without gaining effects by adopting illegal or unethical measures. Senior managers shall treat the Company's customers, employees, and competitors in a legal manner, and shall not provide inaccurate descriptions of significant matters through manipulating, concealing, or abusing information acknowledged due to their duties or gain improper benefits by means of other illegal transactions.

Article 8 Safeguarding and proper use of company assets:

The Company's assets shall be protected and utilized on the basis of the Company's legal business purposes. Senior managers are responsible for protecting the Company's assets and ensure that such assets may be effectively and legally used for business purposes and shall avoid behaviors of theft, negligence, or waste that directly affecting the profitability of the Company.

Article 9 Compliance with laws and regulations:

Senior managers shall supervise the Company in strengthening its compliance with the Securities and Exchange Act and other laws and regulations, and the compliance with all laws and regulations that regulate the Company's activities. Senior managers shall not purposely violate any laws or regulations, or intentionally mislead, manipulate, or gain unfair benefits from customers and suppliers unfairly, and provide false descriptions of the Company's products or services.

Article 10 Prevent civil or criminal penalties arising from insider trading:

Senior managers shall comply with laws and regulations related to the prevention of insider trading and other securities laws and regulations related to the information processing for stock trading and business secrets. Insider trading is illegal and unethical, and the Company will intervene in insider trading for handling.

Article 11 Encouraging reporting on illegal or unethical activities:

Senior managers shall improve the promotion of the Company's internal ethics and encourage employees to report to the managers, audit department, or other appropriate personnel when suspecting or discovering any behavior violating laws and regulations or the Code, and the Company will be responsible for the confidentiality and protection of the reporter's identity with its best ability to avoid the reporter from being threatened.

Chapter 3 Appendix

Article 12 Disciplinary and complaint measures:

For any violations by the senior managers, apart from pursuing their legal responsibility in accordance with the laws, the audit department shall also pursue their administrative responsibilities (including handling complaints). Severe violations shall be submitted to the Board for discussion. The Company shall provide means of relief to those who violated the Code of ethics according to the relevant complaint system.

Article 13 Exemption and amendment:

Senior management may be exempted from complying with the Code with a resolution passed by the Board with justifiable reasons. The Company shall immediately disclose information related to the title and name of the person of permitted exemption, the date on which the Board passed the exemption, the period of the exemption, the reason for the exemption, and standards of exemption on the MOPS.

Article 14 The Code shall be disclosed in the annual report, prospectus, and MOPS. The Code is implemented after being passed by the Board and reported to the shareholders' meeting. The same shall apply upon any amendment.

Note 4:

Continuing Education of Directors

Title	Name	Date of Assuming Office	Date		Organizing Party	Name of the Course	Hours of Continuing Education
			Start	End			
Representative of Corporate Shareholder	Chao-Tung Weng	2019.06.23	2020.08.03	2020.08.03	Taiwan Corporate Governance Association	Climate Change and the Task Force on Climate-related Financial Disclosures (TCFD)	3.0
			2020.11.06	2020.11.06	Taiwan Corporate Governance Association	Insider Trading Practices, Legal Liabilities for Insider Trading and Case Analysis	3.0
Representative of Corporate Shareholder	Hsi-Chin Wang	2019.06.23	2020.08.03	2020.08.03	Taiwan Corporate Governance Association	Climate Change and the Task Force on Climate-related Financial Disclosures (TCFD)	3.0
			2020.11.06	2020.11.06	Taiwan Corporate Governance Association	Insider Trading Practices, Legal Liabilities for Insider Trading and Case Analysis	3.0
Representative of Corporate Shareholder	Wen-Ge Lo	2019.06.23	2020.07.10	2020.07.10	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
Representative of Corporate Shareholder	Ming-Dar Fang	2019.06.23	2020.07.10	2020.07.10	Taiwan Corporate Governance Association	Insider Trading Practices, Legal Liabilities for Insider Trading and Case Analysis	3.0
			2020.11.13	2020.11.13	Taiwan Stock Exchange	2020 Promotions of Corporate Governance and Ethical Corporate Management for Directors and Supervisors	3.0
Representative of Corporate Shareholder	Kung-Yi Ku	2019.06.23	2020.08.11	2020.08.11	Taiwan Corporate Governance Association	Climate Change and the Task Force on Climate-related Financial Disclosures (TCFD)	3.0
			2020.08.11	2020.08.11	Taiwan Corporate Governance Association	Trends of Digital Technology and Artificial Intelligence and Risk Management	3.0
Director Representative	Tien-Fu Chao	2019.06.23	2020.08.11	2020.08.11	Taiwan Corporate Governance Association	Climate Change and the Task Force on Climate-related Financial Disclosures (TCFD)	3.0
			2020.08.11	2020.08.11	Taiwan Corporate Governance Association	Trends of Digital Technology and Artificial Intelligence and Risk Management	3.0
Independent Director	Hsing-Shu Hsieh	2019.06.23	2020.08.03	2020.08.03	Taiwan Corporate Governance Association	Climate Change and the Task Force on Climate-related Financial Disclosures (TCFD)	3.0
			2020.09.03	2020.09.03	Securities and Futures Institute	2020 Promotion and Presentation for Preventing Insider Training and Equity Transaction between Internal Parties	3.0
Independent Director	Yuan-Hung Wang	2019.06.23	2020.05.30	2020.05.30	Accounting Research and Development Foundation	Amendments to Major and Common Deficiencies Based on the Regulations Related to the Preparation of Financial Reports under IFRS	3.0
			2020.07.17	2020.07.17	Accounting Research and Development Foundation	Follow-up on the "Capital Flow" in Fraudulent Financial Reports and Exploration on cases with relevant legal responsibilities	3.0
Independent Director	Tsun-Tsi Hsu	2019.06.23	2020.03.31	2020.03.31	Taiwan Academy of Banking and Finance	Trends and Impact of Risk-Based Anti-Money Laundering	3.0
			2020.04.28	2020.04.28	Taiwan Academy of Banking and Finance	Global Anti-tax Avoidance Trend and Enterprises' Response	3.0

Managers participating in continuing education related to corporate governance

Name	Title	Date		Organizing Party	Name of the Course	Hours of Continuing Education
		Start	End			
Ming-Dar Fang	President	2020.07.10	2020.07.10	Taiwan Corporate Governance Association	Insider Trading Practices, Legal Liabilities for Insider Trading and Case Analysis	3.0
		2020.07.30	2020.07.30	Jiahe Law Firm	Lecture of Collective Labor Regulations - Using Collective Agreements as the Core	3.0
		2020.08.05	2020.08.05	CSCC	Safety Culture and Safety Management for the Manufacturing Process of DuPont	2.0
		2020.08.28	2020.08.28	Labor Inspection Office	Forum for the Safety of Petrochemical Manufacturing Process and Facilitation of Workplace Health for 2020	4.0
		2020.12.22	2020.12.22	CSC	2021 Global Economic and Trading Prospects	2.0
Chu-Kai Huang	Vice President	2020.07.10	2020.07.10	Taiwan Corporate Governance Association	Insider Trading Practices, Legal Liabilities for Insider Trading and Case Analysis	3.0
		2020.07.30	2020.07.30	Jiahe Law Firm	Lecture of Collective Labor Regulations - Using Collective Agreements as the Core	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
		2020.10.22	2020.10.22	CSC	Forge Professional Capabilities for News, Media, and Issues	2.0
Wen-Liang Tseng	Assistant Vice President	2020.07.30	2020.07.30	Jiahe Law Firm	Lecture of Collective Labor Regulations - Using Collective Agreements as the Core	3.0
		2020.08.05	2020.08.05	CSCC	Safety Culture and Safety Management for the Manufacturing Process of DuPont	2.0
Li-Li Kuo	Chief of Finance, Accounting, and Corporate Governance	2020.06.18	2020.06.18	Accounting Research and Development Foundation	Continuing Education and Training for Accounting Managers	12.0
		2020.07.30	2020.07.30	Jiahe Law Firm	Lecture of Collective Labor Regulations - Using Collective Agreements as the Core	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
		2020.09.18	2020.09.18	Accounting Research and Development Foundation	Corporate Governance Programs	3.0
		2020.11.13	2020.11.13	Accounting Research and Development Foundation	Corporate Governance Programs	6.0
Ming-Wei Wu	Chief Auditor	2020.07.24	2020.07.24	Securities and Futures Institute	How to Use Computer Systems for Audit to Find Abnormal Transactions	6.0
		2020.09.25	2020.09.25	Securities and Futures Institute	Labor Standard Act and Labor Incident Act from the Perspective of CSR	6.0

(IV) When having the Remuneration Committee in place, the Company shall disclose its composition, duties, and operations

According to the requirements under paragraph 1 under Article 14-6 of the Securities 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 Taiwan Stock Exchange or the Taipei Exchange" published and established by the FSC on 18 March 2011, the Company's

"Organizational Regulations of Remuneration Committee" was passed at the 7th meeting of the 8th Board on 7 December 2011, and the amendments were made on 24 December 2019.

According to the Organizational Regulations of Remuneration Committee of the Company, the Committee shall exercise the due care of good administrators and faithfully perform the following functions and submit its recommendations to the Board for discussion.

1. Establish policies and systems for the performance evaluation of the Chairman, President, and Vice President, and regularly review the performance results of such persons.
2. Establish and regularly review the policies, systems, standards, and structures for the salaries of Directors, President, Vice President, and chief of corporate governance (including traffic allowance of Directors).
3. Regularly evaluate and establish salaries of Directors, President, and Vice President(including traffic allowance of Directors).

Information on the Remuneration Committee Members

Identity (Note 1)	Condition / Name	At least five years of working experiences and meet the following professional qualifications			Independence Attribute (Note 2)										Number of other publicly listed companies in which the member concurrently holding the position as a member of the remuneration committee	Remarks
		An instructor or higher position in a department of commerce, law, finance, accounting, or other departments related to the business requirements of the company in public or private universities and colleges	A judge, public prosecutor, attorney, CPA, or other professional or technical specialists who passed the national examination and had been awarded a certificate related to the business requirements of the company	Working experiences in the fields of commerce, law, finance, accounting, or otherwise related to the business requirements of the company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Hsing-Shu Hsieh		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent Director	Yuan-Hung Wang		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent Director	Tsun-Tsi Hsu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	

Note 1: For the identity, please fill in Director, Independent Director, or others.

Note 2: Please check "✓" the corresponding boxes when the member meets the following conditions during the two years prior to its election and during the term of office.✓

(1) Not an employee of the Company or its affiliates.

(2) Not a Director or supervisor of the Company or its affiliates (except for Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company).

(3) Not a natural person shareholder who holds shares, together with those held by the person's spouse, minors, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company, or that ranks among the top ten in shareholdings.

(4) Not a manager as specified in (1) nor a spouse or a direct blood relative within the second degree or third degree of kinship as specified in (2) and (3).

(5) Not a director, supervisor, or employee that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or a designated representative serving as a Director or supervisor of the Company under Paragraph 1 or 2 under Article 27 of the Company Act, or a director, supervisor, or employee of a corporate shareholder that ranks among the top five in shareholdings (except for Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company).

(6) Not a director, supervisor, or employee of another company with its majority of director seats or voting shares controlled by the same individual (except for Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company).

(7) Not a director, supervisor, or employee of another company or institution who is, or the person's spouse is, holding the position as the Chairman, President, or equivalent positions of the Company (except for Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company).

(8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the company (except for particular companies or institutions holding more than 20% but less than 50% of the total number of issued shares of the Company, and Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company).

(9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, manager, or spouse thereof that provides auditing service for the Company or its affiliates, or provides relevant commercial, legal, financial, or accounting services with a cumulative remuneration less than NT$0.5 million in the latest two years (Note). However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer, or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.

(10) No circumstance under any of the subparagraph stated in Article 30 of the Company Act had occurred.

Operations of the Remuneration Committee

I. There are three members in the Company's Remuneration Committee.

II. The term of office for current members: From 24 June 2019 to 23 June 2022.

III.6 meetings (A) were held for the Remuneration Committee from January 2020 to December 2020, and the qualification and attendance of the members are as follows:

Title	Name	Actual Attendance (B)	Number of Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Remarks
Convener	Hsing-Shu Hsieh	6	0	100	
Committee Member	Yuan-Hung Wang	6	0	100	
Committee Member	Tsun-Tsi Hsu	6	0	100	
Other matters to be recorded: I. When the Board declines to adopt or amend the recommendation of the Remuneration Committee, the Board shall specify the date of the meeting of the Board, period, the content of the resolution, results of the resolution made by the Board, and measures adopted by the Company in response to the opinions from the Remuneration Committee (e.g., for the remuneration passed by the Board being more favorable than the recommendations from the Remuneration Committee, the deviation and the reasons thereof shall be specified): None. II. For resolutions of the Remuneration Committee, members who expressed opposition that was recorded or declared in writing, the date of the meeting of the Remuneration Committee, period, the content of the resolution, all members' opinions, and the measures adopted for the opposing members' opinions be specified: None.					

IV. Operations during the Year

Date/Period of the Remuneration Committee Meeting	Content	Resolution Results made by Remuneration Committee	Resolution Results made by the Board
18 March 2020 3rd Meeting of the 11th Board	1. Proposal of 2019 remuneration distribution for employees, Directors, and supervisors.	Approved by all attending members upon inquiry made by the chair.	Submitted to the meeting of the Board and approved by all attending Directors.
28 April 2020 4th Meeting of the 11th Board	1.The proposal of performance evaluation results for the performance of the Company's managers for 2019 and the distribution of the surplus as year-end bonuses for 2019. 2.Proposal of establishing the 2019 performance evaluation items for the Company's President and Vice President 3.Proposal of the Company's principles for allocating the remuneration of Directors	Approved by all attending members upon inquiry made by the chair.	Submitted to the meeting of the Board and approved by all attending Directors.
24 June 2020 5th Meeting of the 11th Board	1.Proposal of the establishment of the regulations for the remuneration of the Company's Chairman.	Approved by all attending members upon inquiry made by the chair.	Submitted to the meeting of the Board and approved by all attending Directors.
22 September 2020 6th meeting of the 11th Board	1. Proposal of amendments to partial provisions of the Company's "Regulations Governing the Treatment of Salary and Wages" and the intended abolishment of the Company's "Regulations for the Distribution of Year-end Bonuses." 2.Proposal of establishing the Company's "Regulations for Concurrently Holding the Position as Chairman."	Approved by all attending members upon inquiry made by the chair.	Submitted to the meeting of the Board and approved by all attending Directors.
3 November 2020 7th meeting of the 11th Board	1.Proposal of adjusting the average basic salary of employees below the level of Vice President of the Company (excluding the Vice President) to 2.9%.	Approved by all attending members upon inquiry made by the chair.	Submitted to the meeting of the Board and approved by all attending Directors.
29 December 2020 8th meeting of the 11th Board	1.Proposal of salary adjustments of the President, Vice President, and the chief of corporate governance for 2020	Approved by all attending members upon inquiry made by the chair.	Submitted to the meeting of the Board and approved by all attending Directors.

(V) Performance of Social Responsibilities

Item	Operation			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons thereof
	Yes	No	Description	
1. Has the Company conducted risk evaluations on environmental, social, and corporate governance issues related to the Company's operations, and established relevant risk management policies or strategies based on the materiality principle?	Yes		The CSR Committee is responsible for the preparation of the Company's CSR report. Regarding the risks related to material issues selected by members from environmental, social, and economic aspects, a total of seven material issues were selected. The report disclosed the analysis of risk evaluation on material issues and relevant risk management policies or strategies; the key summary is as follows: 1. Material environmental issues: The Company identified the risk of greenhouse gas (GHG) emissions, established management measures for annual GHG inspection, and established the target that GHG emissions shall be lower than 25,000 tons CO2e. Based on the Air Pollution Total Volume Control Plan in Kaohsiung-Pingtung Region, the departments reduce the total volume of air pollution emissions of SOx, NOx, and VOC. The Company has established a stringent environmental load evaluation system for its investment projects. Through work division between internal departments, the evaluation system enlarges or reduces the environmental load of the existing equipment's production capacities in proportion to evaluate the environmental load of investment projects and define the energy boundary diagram to calculate the changes in energy of its investment projects. 2. Material social issues: For the social aspects, the Company includes the improvement in occupational safety and health management as a key item. The Copmany obtained the OHSAS 18001 certification in 2021 and passed the ISO45001 version transition smoothly in 2020. The relevant management policies include improving the attitude, cognition, and abilities of employees on safety and health through educational training and promotion, regular inspection by different level of directors on-site on behaviors of employees and contractors' staff, and operating environment. In 2020, a total of 2,638 deficiencies were found during the patrol inspection at Xiaogang Plant, and a total of 2 deficiencies were found during the patrol inspection at Pingnan Plant; persons at the plants had made improvements. 3. Material corporate governance issues:	In compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.

Item	Operation			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons thereof
	Yes	No	Description	
			Due to the effects of COVID-19, stakeholders focus on the Company's operating performance. The Company disclosed its risk and responding strategies in its CSR report. Given the effects made by all fellow colleges, the revenue of the Company for 2020 was NT$5,251 million, and the profit before tax was 716 million.	
2. Has the Company established a dedicated (or concurrently dedicated) department for the promotion of corporate social responsibilities? Has the Board authorized the senior management to handle and report to the Board regarding the handling?	Yes		According to the Organizational Regulations of the CSR Committee, the Company had set up a chairperson and a vice chairperson of the committee, and the positions are held by the President and the Vice President of the Administration Department, respectively. There Committee has a subordinated execution center, and an executive officer is in place. The execution center has established the environmental sustainability division, the operation development division, and the community relation division; there is also a secretary in place. A regular meeting is held once a year, and unscheduled meetings are convened according to the requirements. In December 2020, the implementation of the year and the annual plan for the following year had been reported to the Board.	In compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
3 Environmental issues (I) Has the Company set up an appropriate environmental management system based on the characteristics of the industry in which it operates?	Yes		(I) The Company has passed and obtained international certification standards of ISO9001, SO14001, ISO45001, NS15506, and ISO50001. Currently, the Company's GHG inspection had been completed, and the reduction work is actively undergoing.	(I) In compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Has the Company endeavored to improve the utilization rate of various resources and use renewable materials that have lower impacts on the environmental load?	Yes		(II) The Company has established the standard control value for resources such as utilities and examines its achievements on a monthly basis to improve the using efficiency of resources. During the procurement of raw materials, the Company gives preference to products with green environmental protection labels. In 2020, the Company's green accounting amounted to approximately NT$118.96 million in aggregate, accounted for approximately 2.27% of the revenue.	(II) In compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
(III)Has the Company evaluated current and future potential risks and	Yes		(III) Risks that may arise from global	(III) In compliance with the

Item	Operation			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons thereof
	Yes	No	Description	
opportunities arising from climate change and adopted responding measures for issues related to climate?			climate change are disclosed in the Company's CSR report. The Company analyzed its risks and opportunities from the economic, environmental, and social aspects, and established responding measures based on the level of impacts, and disclosed such measures in the Company's CSR report and on its website.	Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
(IV)Has the Company prepared statistics on its GHG emissions, water use, and the total weight of wastes for the past two years and established management policies related to energy-saving, carbon emission reduction, GHG reduction, water use reduction, or other wastes?	Yes		(IV) 1. Statistics on GHG emissions and related management policies: (1) The Company executes its GHG inspection on a yearly basis on its own, and the production plant had not discharged any substances that damage the dozen sphere. For the GHG emission intensity of the Company, the turnover/total emission volume during the base year (2010) was NT$135.75 thousand/tons CO2e, and the Company included the emission volume of the Pingnan plant after 2018 for a combined calculation; the GHG emission intensity in 2020 was NT$77.22 thousand/tons CO2e. (2) The GHG emission volume of the Company for 2019 and 2020 was 97,656.73 tons CO2e and 95,297.29 tons CO2e, respectively. (3) The Company had established a five-year development strategic project focusing on GHG reduction. Since 2019, the Company has set the target of reducing 1% of the GHG emissions each year for the coal chemical production plant by means of refined manufacturing processes. That is, 855 tons CO2e/year, and a total of 4,313 tons CO2e for five years. 2. Statistics on water use and management policy: The management policy of water use is to circulate and recycle the water to reduce the volume of water use. In 2019 and 2020, the volume of tap water used by the Company was 18.1 tons and 18 tons, respectively; the water was primarily used in supplementing the circulating cooling water for three cooling towers, followed by the water used for on-site cleaning and employees' daily use.	(IV) In compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies

Item	Operation			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons thereof
	Yes	No	Description	
			Regarding the circulating cooling water accounted for the major water use, we have made improvements to the manufacturing process in recent years to recycle the steam condensate and adjusted its tower operating conditions to achieve the reduction on supplementing cooling water. The Company improved the efficiency of its cooling towers in 2017 to more effectively utilize the steam condensate. 3. Statistics on waste and management policy: The primary policy is to reduce packaging materials and the generation of living wastes. The major raw materials of the production plant are delivered to the Company through pipelines and tank cars. Its primary products are delivered to domestic downstream customers through tank cars or to foreign customers through chemical tankers, so as to reduce the consumption of packaging materials and the generation of wastes from the source of production. The waste management target of the Company is reduction and recycling for reuse. The wastes produced by the plants are general industrial wastes, primarily being domestic wastes from employees. The Company implements categorization and recycling of general industrial wastes in offices and plants and gives preference to consider the renewal and utilization for wastes generated, followed by recycling. The Company engaged legal clearance company Shiau Gang Environmental Co., Ltd. to deliver the waste to the Southern District Waste Management Plant, Environmental Protection Bureau, Kaohsiung City Government, for proper handlings such as incineration or sanitary landfill. The total volume of the wastes for 2019 and 2020 was 198 tons and 175 tons, respectively.	
4. Social issues				
(I) Has the Company established appropriate management policies and procedures according to relevant regulations and the	Yes		(I) The Company complies with principles and spirits stated in the International Bill of Human Rights such as the "Universal Declaration of Human	(I) In compliance with the Corporate Social Responsibility Best Practice Principles for

Item	Operation			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons thereof
	Yes	No	Description	
International Bill of Human Rights?			Rights," "The United Nations Global Compact," and "The ILO Declaration on Fundamental Principles and Rights at Work" issued by the International Labour Organization, treats and respects its current employees and contractors' staff with fairness and dignity, and avoids any behavior that infringes and violates human rights. The specific implementations include setting out policies and management plans related to the protection of human rights in the Company's "Human Affairs Management System" and improving employees' understanding of human rights protection through educational training. 1. Establish labor conditions according to government laws and regulations related to labor. 2. Provide equal working opportunities to all candidates according to the Employment Service Act. In 2020, there was no violation of human rights or discrimination event that occurred in hiring employees. 3. According to the "Guidelines for Handling Complaints," the Company has complaint channels in place to protect employees' human rights. Such channels are available for employees when their legal interests are infringed or improperly handled and cannot be fairly resolved. In 2020, there was no event of discrimination or complaint, nor any violation of regulations related to human rights.	TWSE/TPEx Listed Companies.
(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, paid leaves, and other benefits) and reflected its operating performance or results in employees' remunerations?]	Yes		(II) The Company has established reasonable policies for remuneration, paid leaves, and other benefits and reflected its operating performance or results in employees' remunerations. (please refer to (VIII) Remuneration of Employees and Directors under Chapter 4. Fund Raising, and (VI) Labor-capital Relationship under Chapter 5. Business Overview)	(II) In compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
(III) Has the Company provided a safe and healthy working environment for employees and organized training on health and safety for its	Yes		(III) In order to enhance the risk control ability of the Company, ensure safety and health management performance, and reduce occupational disasters, the Company has obtained OHSAS18001 and CNS15506 certifications in 2002	(III) In compliance with the Corporate Social Responsibility Best Practice Principles for

Item	Operation			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons thereof
	Yes	No	Description	
employees on a regular basis?			and 2012, respectively, to utilize the occupational safety and health management system. The Company endeavors to complying with international advanced safety and health standards, commits to providing and maintain a working environment that aligns with requirements under laws and regulations, and continues improving to prevent any potential hazards that may harm lives and properties. The Company provides conditions more favorable than the legal requirements. The health inspection items each year are more favorable than the legal requirements. And the inspection is also open for family members of employees to join. The Company also holds regular health lectures to improve employees' concept of and understanding of health. (please refer to V. Work Environment and Protective Measures for the Personal Safety of Employees under Chapter 5. Business Overview)	TWSE/TPEx Listed Companies.
(IV) Has the Company established effective career development training plans for its employees?	Yes		(IV) The Company has established the "CSCC Talent Cultivation and Development Plan." Educational training plans are established each year, and educational training is implemented according to the plans.	(IV) In compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/ TPEx Listed Companies.
(V) Has the Company complied with relevant laws and international standards and established policies related to the protection of consumers' interests and complaint procedures for customers' health and safety, customer privacy, marketing, and label of its products and services?	Yes		(V) The Company observes relevant laws and international standards related to the customers' health and safety, customer privacy, marketing, and label of its products and services, and had appointed dedicated personnel and set up a mailbox to handle issues related to complaints regarding the interests of the Company's consumers.	(V) In compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/ TPEx Listed Companies.
(VI) Has the Company established its supplier management policies to require suppliers to observe relevant regulations on issues related to environmental protection, occupational safety and health	Yes		(VI)The Company established its supplier management procedures according to quality management systems, including ISO9001 and IATF16949:2016. Since 2018, the Company included four issues of environmental protection, labor condition, human rights, and society as the core	(VI) In compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/ TPEx Listed Companies.

Item	Operation			Deviations from "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons thereof
	Yes	No	Description	
or labor human rights, as well as their implementation?			evaluation items. In 2020, there were a total of 55 qualified suppliers.	
5. Has the Company referred to internationally common standards or guidelines for the preparation of reports to prepare reports disclosing non-financial information of the Company, such as CSR report? Have the reports mentioned obtained certifications or assurance opinions from any certifying institution?	Yes		Our 2019 CSR report had passed the SGS certification, representing that the content complies with the content of core options in the GRI Standards issued by the Global Reporting Initiative in 2016 and AA1000 Assurance Standard: Type 1 Assurance. The report received the "Corporate Sustainability Report – Gold Award."	In compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.

5. Where the Company has established its Corporate Social Responsibility Best Principles according to the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies," please describe its operations and the deviation from the Principles established

The Company has established its Corporate Social Responsibility Best Principles according to the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies," and the actual operations comply with the requirements under the Principles.

6. Other significant information to facilitate a better understanding of the Company's corporate social responsibility operations

(I) Environmental Aspects

The Company has always been attaching attention to environmental issues and implements the establishment of relevant systems through real acts, including the coal chemical production plant passing the ISO 14001 Environmental Management System Certification and ISO 14064 GHG emission inspection. Due to the current concerns on energy management issues and the severe challenges to be faced by the Company in energy management in the future, the Company will achieve three purposes of energy cost reduction, energy-saving and carbon emission reduction, and improvement of its corporate image through establishing an energy management system and developing energy efficiency improvement plans to effectively manage its energy use, improve energy efficiency, and further improve the healthy environmental-friendly corporate image of the Company. SGS performed the ISO 50001 external certification on our coal chemical production plant in June 2013, and our coal chemical production plant also successfully obtained the system certification from ISO50001:2010 Energy Management and the system certification upon the version transition of ISO50001:2018 Energy Management in 2019. The carbon material production plant was completed in March 2018, and the Company commenced the introduction of ISO50001 Energy Management System in 2019.

The internal energy-saving and carbon emission reduction measures of the coal chemical production plant referred to the best feasible technologies of international companies within the same industry. The K4103A/B vibration reduction and energy-saving improvement project was conducted in 2020. We organized A/C energy-saving management plan and adopted the second dosage of solvent for the MPS recycling for Laboratory II. The following energy-saving and carbon emission reduction were performed for the carbon material production plant: (1) The B2121 exhaust fan was initially operating on a constant basis; after improving the ventilation, the exhaust fan is now a backup instead of being used. (2) We improved the action projects regarding the roughness of the P2A71C impeller and coated ceramics. (3) Installed an additional frequency converter for B2216 to reduce the operating frequency. (4) Install the return pipe for the ice water pump and added a solenoid valve for control to reduce the number of operating hours for the ice water pump. In 2020, the benefits of energy-saving and carbon emission reduction were explained in the below table:

Energy-saving and Carbon Emission Reduction Management Plan of the Coal Chemical Production Plant for 2020

Item	Energy-saving Action Plan	Benefits of Energy-saving
1	K4103A/B vibration reduction and energy-saving improvement project	Reduced the use of electricity by 56 kWh/year.
2	A/C energy-saving management plan	Reduced the electricity consumption by 22 kWh/year.
3	Improvement of RD1 heat exchange effect for the coal tar plant	Reduced the diesel consumption by 22 kWh/year.

Energy-saving and Carbon Emission Reduction Management Plan of the Carbon Materials Production Plant for 2020

Item	Energy-saving Action Plan	Benefits of Energy-saving
1	The B2121 exhaust fan was initially operating on a constant basis; after improving the ventilation, the exhaust fan is now a backup instead of being used.	Reduced the use of electricity by 1.14 kWh/year.
2	improved the action projects regarding the roughness of the P2A71C impeller and coated ceramics	Reduced the use of electricity by 23.36 kWh/year.
3	Installed an additional frequency converter for B2216 to reduce the operating frequency	Reduced the use of electricity by 11.129 kWh/year.
4	Installed an additional frequency converter for B2216 to reduce the operating frequency	Reduced the use of electricity by 18.74 kWh/year.

The production plant passed the ISO 14001 Environmental Management System Certification in 2008, and it adopted PDCA to continue improving to avoid factors that may result in pollution to the environment. Through the active manufacturing process improvements, energy-saving, and pollution prevention measures, the Company effectively reduced the emissions of various pollutants. The system was integrated with the ISO45001 Occupational Safety and Health Management System as the "Environmental Safety and Health Management System," and an "Occupational Safety and Health Committee" was established; the President is the chairperson, and is responsible for the decision-making of the environmental safety and health management; internal and external audits are executed each year. The coal chemical production plant successfully completed the certifications of ISO14001:2015 and ISO45001:2018 in March 2021 to allow the operation of the production plant to comply with laws and regulations and the cycle of PDCA.

(III) Promote green life

In addition, the Company promotes green life, organizes lohas softball cup, corporate family day, tree planting, beach cleaning, mountain climbing, green life lectures, and charitable flea market, participates in the school day and sports day of Jin-Jhu Elementary School in Neimen District at the remote township, and encourages employees to adopt behaviors of energy-saving, carbon emission reduction, and plastic reduction in their daily lives, engage in outdoor activities, and care for the earth that we depend on to live.

(III) Community participation and neighborliness

To carry out healthy interactions with communities, the Company admitted to the Linhai Industrial Park Association to participate in various activities of suppliers in the park. The Company visits neighborhoods and villages nearby the Company from time to time and sponsors community activities to achieve healthy interactions with community residents.

(1) Sponsorship was provided as the activity funding for elementary students' summer camp in Xiaogang District, Kaohsiung City.
(2) Sponsorship was provided for the activity expenses of villages and clubs in the Xiaogang and Dalinpu regions.
(3) The Company cooperated with ChiaTung Agricultural Vocational Senior High School in Pingtung, and the Company used the coffee beans and bread roasted and baked by the students in its Department of Food as souvenirs for visitors.
(4) The Company cooperated with Chia Tung Township Office, Pingtung County, in organizing the tree planting activity at Chia Tung Sports Park.
(5) The Company worked with Fangliao Township Office of Pingtung County, Fangliao Fisherman's Association, and Eternal Materials Co., Ltd. to clean the beach at the southern side of the Fangliao Fishing Harbor on the day of the International Coastal Cleanup.

(IV) Social contribution and public welfare

(1) Sponsorship was provided to The General Association of Chinese Culture for its 2020 South Taipei Fun Carnival.
(2) Sponsorship was provided as the funding of moral education programs, transportation, and extracurricular club activities for Jin-Jhu Elementary School in Neimen District, Kaohsiung City.
(3) Sponsorship was provided as the funding for the musical performance of the CSC's Zhen Shan Mei Choir (真善美合唱團).
(4) The Company purchased public welfare moon cake gift boxes for the Mid-autumn Festival from the Children Are Us Foundation for public relation purposes such as dispatching them to neighborhoods and villages as gifts.
(5) Organized a charitable flea market for donating to the hope reading project of Jin-Jhu Elementary School (remote township).
(6) Donation is made to Xiaogang Junior High School as the training funding for Electric-Techno Neon Gods.
(7) Donation was made to Ming Jheng Elementary School as the training funding for its gymnastic team.
(8) Sponsorship was provided to Eden Social Welfare Foundation for activities related to the care for vulnerable children.
(9) The Company continuously monitors the water quality of saltwater ports, streams, and rivers in the Xiaogang plant area, and immediately informs the competent authority to conduct emergency measures to solve pollution problems.
(10) Sponsorships were provided to Kaohsiung City Industrial Association, China Mining and Metallurgical Engineering Society, Chinese Institute of Engineers, and CSC Group Education Foundation.

(VI) Consumers' interests

Adhering to the quality policy of "customer first," the Company is committed to producing products that meet customer needs; the Company conducts customer satisfaction surveys each year to understand its level of performance within the industry and customer satisfaction and seek opportunities to further improve the quality of its products and services. The Company adjusts its business strategy to align with market development trends. Meanwhile, the Company has formulated customer complaint handling procedures to deal with customer complaints. In recent years, the Company has been proactively developing green energy products to be applying in the downstream energy-saving industry to protect the environment of the earth.

(VII) Human rights

The Company adheres to its core values of "integrity, respect, and sustainability." We respect the human rights of all fellow colleagues, customers, and stakeholders. The Company complies with principles in the International Bill of Human Rights such as the "Universal Declaration of Human Rights," "The United Nations Global Compact," and "International Labor Office Tripartite Declaration of Principles," complied with laws and regulations related to labor at the place where the Company locates, established and implemented relevant human resource policies and internal rules, and expect our suppliers in the supply chain to also comply with the spirits of our human rights policy. We adopt execution policies as follows: Provide a work environment of safety and health. Avoid illegal discrimination and ensure equal work opportunities. Prohibit child labor and prohibit forced labor. Assist employees in maintaining their physical and mental health and work balances. Encourage our suppliers in the supply chain to realize human rights. Such human rights policies are published on the Company's open website in the hope of realizing the protection of human rights.

(VIII) Safety and health

For details, please see the safety and health management and measures on #p.150#.

In the future, the Company will adhere to the concept of "take from society and give back to society," focus on aspects of environmental protection, community care service, and organization of public welfare events, continue to care for the society, communities, and vulnerable groups with sincerity and adopt real actions. For information on details on the operations of our corporate social responsibilities, please see the CSR report of CSCC or visit the CSR section on the website of CSCC.

7. A clear statement shall be made below if the corporate social responsibility reports were verified by external certification institutions:

Our 2019 CSR report had passed the SGS certification, representing that the content complies with the content of core options in the GRI Standards issued by the Global Reporting Initiative in 2016 and AA1000 Assurance Standard: Type 1 Assurance. The report received the "Corporate Sustainability Report – Gold Award."

(VI) Implementation of ethical management

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Operation</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>I. Establishment of ethical management policies and programs
(I) Has the Company established its ethical management policies that are passed by the Board, and expressively declared its ethical management policies and measures in its rules and documents for external parties, and the commitments made by the Board and the senior management to actively implement the operating policies?
(II) Has the Company established an evaluation system for the risk of unethical behaviors, regularly analyzed and evaluated operating activities with higher risks of unethical behaviors within its scope of business, and established an unethical behavior preventive plan that at least covering the preventive measures for behaviors set out in paragraph 2 under Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?
(III) Has the Company stated the</td><td>Yes
Yes</td><td></td><td>(I)
1. The Company has established its "Ethical Norms for Employees" (Note 5) (#p.90#), "Ethical Management Principles," "Procedures and Behavioral Guidelines for Ethical Management" (Note 6) (#p.100#), and "Code of Ethics for Directors and Senior Managers," which were reported to and passed by the Board; the Company has preventive requirements for unethical behaviors in place.
2. The Company otherwise established its "Internal Control System," and the partial sections related to the human affairs management system also set out preventive requirements for unethical behaviors. The Company also stipulate the prohibition clauses on bribery and the receipt of rebate in engineering, procurement, and contracting contracts.
(II)
1. The Company has established its "Guidelines for Handling Gifts, Social Engagements, and Lobbying" to realize the quality corporate culture, safeguard its corporate image, and provide a basis for employees in handling gifts, social engagements, and lobbying.
2. The Company has established the "Guidelines for the Reimbursement of Public Relations Expenses," all expenses and fees incurred by the employees of the Company due to social engagements, gifts, marriage, funeral, events, celebrations, and other required entertainments shall be subject to the Guidelines.
3. Except for ethical standards established for the management, the Company otherwise established its "Ethical Norms for Employees," "Regulations for the Whistleblowing, Complaints, and Punishment of Violations of Ethics" (Note 7) (#p.106#), and had clear specifications on ethical behaviors, punishment of violations, and the complaint system in place.
4. The Audit Office conducts a risk evaluation based on the audit plan, regularly carries out audits on the implementation of ethical management, proposes improvement recommendations, and follow-up on the progress, and reports the results to the Board.
(III) The Company has established appropriate</td><td>(I) In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(II) In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
</table>

Item	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
operating procedures, behavioral guidelines, punishments for violations, and the complaint system in its unethical behavior preventive plan, duly implemented the plan, and regularly examined and amended the abovementioned plan?	Yes		management regulations for business activities within its business scope which are at a higher risk of being involved in unethical conduct, such as the "Guidelines for Handling Gifts and Social Engagements," and prevents the occurrence of unethical behaviors through the multi-level of controls based on the "Table of Power and Responsibility Division." The Audit Office conducts audits on the implementation of ethical management on a regular basis and reviews for improvements.	(III)In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
II. Realize ethical management (I) Has the Company evaluated business counterparties' ethical records and include clauses related to ethical management in contracts with business counterparties?	Yes		(I) The Company regularly conducts supplier evaluations each year and will refuse to work with those with records of unethical behaviors. The Company has stipulated clauses related to ethical management in the business contracts.	(I) In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Has the Company established a dedicated department supervised by the Board to be in charge of corporate ethical management? Has the dedicated department regularly (at least once a year) reported to the Board regarding the ethical management policies, unethical behavior preventive plan, and the execution of supervision?	Yes		(II) The Administration Department promotes relevant requirements of the Company; departments shall observe relevant requirements to ensure the due implementation of ethical management policies, and the supervision on execution and the follow-up on improvements are conducted via the internal audit system and project audits. The Administration Department and the auditor regularly report to the Board regarding the deficiencies found during supervision and the execution of ethical management. The status of ethical management for 2020 had been reported at the meeting of the Board in December 2020. There was no violation of ethical management in 2020; for details on departments' responsibilities and relevant execution, please visit the Company's website.	(II) In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(III) Has the Company established policies to prevent conflicts of interest and provide appropriate communication channels, and implemented such policies?	Yes		(III) The Company has established its "Regulations for Whistleblowing, Complaints, and Punishments for Violations of Ethics," established internal and external whistleblowing channels and procedures, and disclosed the line and mailbox for complaints on the Company's website to provide appropriate communication channels. The whistleblowing line and mailbox are the phone number and mailbox of the Company's chief auditor.	(III) In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(IV) Has the Company established effective accounting	Yes		(IV) 1. Accounting system: The Company's	(IV) In compliance

Item	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
systems and internal control systems to implement ethical management, with the internal audit department being responsible for devising relevant audit plans based on the evaluation results of the risk of involvement in unethical behaviors, and examined, accordingly, the compliance with the unethical behavior preventive plan, or engaged CPAs to carry out the audit?			accounting system primarily specifies the processing standards, procedures, accounting items and subjects, accounting certificate, accounting books, and the categories and formats of accounting statements and their method of preparation and use relating to the accounting affairs of the Company, in the hope of protecting the safety of the Company's properties, preventing error and fraud, stipulating work procedures and responsibilities, providing critical and objective financial accounting information to serve as the basis for establishing an overall information system, and connecting to the International Accounting Standards (IASs). The processing of accounting affairs of the departments of the Company are subject to the requirements of the accounting system, and are reviewed by the responsible executive. 2. Internal control system: (1) Establish an effective internal control system The Company has established its internal control handbook, which serves as a basis for relevant departments and employees of the Company in executing the internal control system after being passed by the Board. The self-evaluation is conducted in October each year. Departments at various levels and subsidiaries shall implement the evaluation on business managed by themselves based on the "Internal Control Self-evaluation Form," and the Audit Office shall carry out the review. (2) Assist the Board and manages in examining and reviewing the internal control system and deficiencies of ethical behaviors, measuring the effect and efficiency of operations, and providing improvement recommendations and establishing relevant audit plans in due course to ensure the continual effect of the internal control system and serve as the basis for examining and amending the internal control system.	with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
(V) Has the Company regularly held internal and external educational training on ethical management?	Yes		(V) The Company's Ethical Norms for Employees and Ethical Management Principles have stipulated the ethical standards; furthermore, the CSR report published each year also clearly disclosed its ethical management policies. The Company communicates its corporate ethical management concept and requirements through employees' educational training and internal meetings to allow employees to fully understand and duly observe.	(V) In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies

Item	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
III. Operations of the Company's whistleblowing system				
(I) Has the Company established concrete whistleblowing and incentive system, established convenient whistleblowing channels, and appointed appropriate dedicated handling personnel for the targets being reported?	Yes		(I) The Company has established its "Regulations for Whistleblowing, Complaints, and Punishments for Violations of Ethics" that set out the whistleblowing channels and the complete handling process, including establishing the information for whistleblowing and information to be provided by the whistleblowers, and requirements on handling process by the dedicated department, and the appropriate incentives provided to whistleblowers.	(I) In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
(II) Has the Company established standard operating procedures for investigating the matters being reported and relevant confidentiality systems?	Yes		(II) The Company has established its "Regulations for Whistleblowing, Complaints, and Punishments for Violations of Ethics." The provisions stipulate the internal and external whistleblowing handling procedures, investigation operating procedures, and stipulated that the Audit Office shall keep secret the identity of the whistleblowers and the content of the report; verification shall be done through independent channels.	(II) In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(III) Has the Company adopted measures to protect whistleblowers from being mistreated due to whistleblowing?	Yes		(III) "Regulations for Whistleblowing, Complaints, and Punishments for Violations of Ethics" stated that the Audit Office shall keep secret the identity of the whistleblowers and the content of the report, and the Company shall protect whistleblowers from being mistreated due to whistleblowing.	(III) In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
IV. Improve information disclosure				
(I) Has the Company disclosed the content of its Ethical Management Principles and the results of its implementation on the Company's website and MOPS?	Yes		(I) The Company disclosed its "Ethical Management Principles," "Procedures and Behavioral Guidelines for Ethical Management," and execution of ethical management on its website (www.cscc.com.tw) and MOPS.	(I) In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
V. Where the Company has established its Ethical Management Principles according to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," please describe its operations and the deviation from the Principles The Company has established its "Ethical Management Principles" and "Procedures and Behavioral Guidelines for Ethical Management," and the operations of the organization have complied with the requirements under the Code of Ethical Management.				

Item	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
VI. Other important information to facilitate a better understanding of the Company's ethical management operations (such as review on and amendments to the Ethical Management Principles) Adhering to the business philosophy of honesty and integrity with a responsible and accountable attitude, the Company's information on ethical management is listed as follows: (I) Suppliers: The Company and its suppliers have entered into contracts to carry out business activities in a fair and transparent manner, and the Company stipulates clauses related to ethical behaviors in the contracts. (II) Employees: Organize educational training and promotion to allow employees to fully understand the Company's determination and policies on ethical management and results of violating ethical behaviors. (III) Investors: The Company has set up its corporate website to disclose its corporate profiles, basic data, and financial information, and disclose corporate information regularly at the MOPS in a timely, open, and transparent manner according to the requirements. (IV) Consumers: The Company and its customers have entered into contracts to carry out business activities in a fair and transparent manner. The Company also established dedicated personnel and a mailbox to handle relevant issues for complaints related to customers' interests of the Company and handle the complaints from consumers in a fair and instant manner. (V) The Company: All operations shall comply with laws and regulations in principle in the hope of establishing its positive business image. (VI) The Company reviews and amends or formulates regulations related to ethical management from time to time in order to meet the actual operating requirements.				

Note 5

China Steel Chemical Corporation

Codes of Ethics & Practice for Practitioners

Established on 8 January 2009

1. The "CSCC Codes of Ethics & Practitioners" was formulated in order to promote the culture of probity, allowing employees to self-request and be spontaneous in executing their duties, so as to realize the CSC Group's four major spirits of the team, corporate, pragmatism, and innovation and pass down the premium corporate culture.

2. Practitioners shall be cautious with their words and behaviors with probity in their conduct. They shall not seek improper benefits for themselves or any third party by using its identity, relationship, or news due to their power or duty.

3. Practitioners shall not request, agree on, or receive gifts, social engagements, or other benefits from stakeholders related to their duties. Gifts, social engagement, or other benefits based on social activities shall comply with etiquette.

4. When Practitioners invite guests on social engagement for the purpose of performing their duties and developing external business relationships, the social engagement shall be organized in accordance with the principles of etiquette and simplicity instead of being extravagant and wasteful.

5. Practitioners who encounter any incident involving themselves or their relatives' stakes when performing their duties shall recuse themselves based on the principles of the recusal for conflicts of interests.

6. Practitioners shall not accept social engagement invitations or other entertainment activities from stakeholders that are not necessary for executing their duties without the consent of any executives. Practitioners shall avoid accepting invitations to banquets and entertainment from non-interested parties but are not suitable for their identity or position.

7. Practitioners shall not accept illegal requests or lobbying and shall not treat any particular individual or group differently

8. Practitioners shall avoid loaning money, inviting or participating in unions, or act as a guarantor of properties or identities to the extent possible.

   All levels of executives shall strengthen the review on employees' ethical conducts, and shall immediately report or deal with any financial abnormalities and abnormal conditions in daily lives discovered.

9. Practitioners shall keep their marriage, funeral, event, and celebration simple, and shall not take the opportunity to abuse their positions or business relationships to send out excessive wedding invitations or obituary notices. The same shall apply for moving into a new house or relocation.
10. Practitioners are strictly forbidden on illegal requesting or speaking to seek promotion or job rotation.
11. Practitioners shall describe material evidence in a proper way when reporting illegal activities, with no anonymous whistleblowing or intentionally punish others by false reports and facts.
12. During their tenure of office, practitioners shall keep classified the secrets on account of performing business and commercial secrets or other personal data in accordance with the confidentiality regulations. The same shall apply after resignation.
13. Practitioners shall be devoted, pragmatic, and diligent, and take the initiative at work, abide by the rules for employee attendance and leave, and shall not leave their work without authorization and neglect their duties.
14. Practitioners shall respect administrative ethics in performing their duties. The superiors shall exercise due care in guiding, care, and cultivating subordinates, while the subordinates shall respect, obey, and support the guidance of their superiors, and honestly express opinions as reference for their superiors; harmonious cooperation shall be achieved among colleagues.
15. Practitioners shall have team spirit and focus on the overall and long-term interests of the Company and the group companies to improve horizontal connections, deepen vertical communications, cooperate with each other, and avoid being self-centered or selfish.
16. Practitioners shall adhere to a pragmatism spirit when engaging in business transactions with companies within the CSC Group, and shall not accept or offer gifts for festive events unless necessary.
17. Practitioners who follow this code and have achieved evident and outstanding performance shall be rewarded. Violations of this code that are proven to be true after investigation shall be punished depending on the severity of the situation, and those liable to criminal sanctions will be reported to related law enforcement agencies.
18. The Code shall be enacted and publicized after being approved by the Chairman. The same shall apply upon any amendment.

Note 6

CSCC Ethical Management Principles

Established on 5 August 2015

1st amendment inon 20 March 2019

Article 1. The Principles are established to set up the corporate culture of ethical management and its healthy development and to provide a reference to build a healthy structure for business operations with reference to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.

The Principles are applicable to the Company's subsidiaries, business conglomerate and organizations that are corporates in which the Company directly or indirectly donated an aggregate of overall 50% of their funds or other institutions or corporate under the Company' substantial control (the "Business Conglomerate and Organizations").

Article 2. During the course of business conduct performed by the Company's Directors, managers, employees, trustees, or other parties with substantial control (the "Substantial Controllers"), they shall not directly or indirectly provide, promise, request, or receive any unjust benefits or have any unethical behavior that violates ethics, laws, or the trustee's obligations to gain or maintain their benefits (the "Unethical Behaviors").

Parties referred to in the preceding paragraph include public servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or Substantial Controllers, or other stakeholders.

Article 3. The term "benefits" used in the Principles refers to any matter or article of value, including cash, gift, commission, positions, services, discounts, and rebates in any form or under any name. Benefits occasionally received or given in accordance with accepted social customs that do not affect particular rights and obligations shall be excluded.

Article 4. The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, rules and regulations related to TWSE and TPEx, or other laws and regulations related to business conducts as an essential precondition to realizing ethical management.

Article 5. The Company shall adhere to honesty, transparency, and responsibility, establish its operating policies based on ethics, and establish a healthy corporate governance and risk control system to create an operating environment for sustainable development.

Article 6. Based on the operating policies in the preceding article, the Company otherwise established its unethical behavior preventive plan (the "Preventive Plan"), including operating procedures, behavior guidelines, and educational training.

The Preventive Plan in the preceding article shall comply with relevant local laws and regulations where the Company and Business Conglomerate and Organizations operate.

During the course of establishing the Preventive Plan, the Company shall communicate with its employees, labor union, significant business counterparties, or other stakeholders.

Article 7. When establishing the Preventive Plan, the Company shall analyze business activities with a higher risk of involving unethical behaviors and reinforce relevant preventive measures.

The Preventive Plan established by the Company shall at least include preventive measures against the following behaviors:

1. Offering and accepting bribes.
2. Providing illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or accepting unreasonable presents, social engagement, or other unjust benefits .
5. Infringement of trade secrets, trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive conduct.
7. Direct or indirect harm to interest, health, and safety of consumers or other stakeholders arising from the R&D, procurement, manufacturing, provision, or sales of its products and services.

Article 8. The Company and the Business Conglomerate and Organizations shall expressively set out its ethical management policies and the Board and management's commitments in actively implementing the ethical management policies in its rules and regulations and documents for external parties, and duly execute such policies in its internal management and external business activities.

Article 9. The Company shall carry out business activities based on the principles of ethical management in a fair and transparent manner.

Before any business dealings, the Company shall consider the legality of distributors, suppliers, customers, or other business counterparties, and whether they have records of unethical behaviors, and avoid conducting transactions with those having records of unethical behaviors.

When entering into contracts with distributors, suppliers, customers, or other business counterparties, the Company shall include clauses related to the observation of ethical management policies and termination or cancelation of contract at any time upon any unethical behavior of the business counterparties.

Article 10. The Company, its Directors, managers, employees, trustees, and Substantial Controllers shall not directly or indirectly offer, promise, request, or receive any unjust benefits in any form to or from customers, distributors, contractors, suppliers, public servants, or other stakeholders when executing businesses. However, those complying with the local laws shall be excluded.

Article 11. The direct or indirect organizational of personal donations made by the Company's Directors, managers, employees, trustees, and Substantial Controllers to political parties and political events shall comply with the Political Donations Act and the Company's internal relevant operating procedures without seeking business benefits or trading advantages.

Article 12. Charitable donations or sponsorship made by the Company, its Directors, managers, employees, trustees, and Substantial Controllers shall comply with relevant laws and regulations and internal operating procedures without involving in disguised bribery.

Article 13. The Company, its Directors, managers, employees, trustees, and Substantial Controllers shall not directly or indirectly provide or accept any unjust gift, social engagement, or other unjust benefits to establish business relationships or affect business transactions.

Article 14. The Company, its Directors, managers, employees, trustees, and Substantial Controllers shall comply with requirements under regulations related to intellectual properties, the Company's internal operating procedures and contracts. Without consent from the owner of the intellectual property rights, there shall not be any use, leakage, disposal, harm, or other behaviors infringing the intellectual property rights.

Article 15. The Company shall engage in business activities according to the relevant competition regulations and shall not fixate prices, manipulate tenders, restrict production volume and quota, or share or divide markets by way of allocating customers, suppliers, operating regions, or business categories.

Article 16. The Company, its Directors, managers, employees, trustees, and Substantial Controllers shall comply with relevant regulations and international standards in the course of R&D, procurement, manufacturing, provision, or sales of products and services, ensure the information transparency and safety of products and services, establish and publish policies for the protection of consumers or other stakeholders, and implement such policies in the business activities to prevent products or services from directly or indirectly harming the interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts proving that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall the batch of products or suspend the services immediately.

Article 17. The Company's Directors, managers, employees, trustees, and Substantial Controllers shall exercise the due care of good administrators, supervise the Company in preventing unethical behaviors, and examine the implementation effects and continue to improve at any time to ensure the implementation of ethical management policies.

To achieve sound ethical management, the Company's internal departments shall be in charge of the following matters, and the auditor shall supervise its execution, and report to the Board on a regular basis:

1. Administrative Department

(1) Assist in incorporating ethics and moral values into the Company's business strategy.

(2) Plan for the internal organization, structure, and allocation of

responsibilities and set up a mutual supervision and counterbalance mechanisms of the business activities within the business scope which are possibly at a higher risk for involving unethical behaviors.

(3) Establish the Preventive Plan for ensuring ethical management according to laws and regulations and establish standard Procedures and Behavioral Guidelines related to work and businesses in the plan.

(4) Promote and coordinate communications and training with respect to ethics policies.

2. Auditor

(1) Organize a whistleblowing system and ensure its execution effectiveness.

(2) Assist the Board in reviewing and evaluating whether the preventive measures established for realizing ethical management are in operation effectively, and regularly evaluate the compliance on relevant business procedures to prepare reports.

Article 18. The Company's Directors, managers, employees, trustees, and Substantial Controllers shall comply with laws and regulations and the Preventive Plan when executing businesses.

Article 19. The Company shall establish policies for preventing conflicts of interest, to identify, supervise, and manage risks of unethical conduct resulting from conflicts of interest, and shall provide appropriate channels for Directors, managers, and other stakeholders attending or presenting at the Board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company.

Where the Directors, managers, and other stakeholders attending or presenting at the Board meeting themselves or corporate they represent are at stake in any proposal in the meeting, they shall explain the major content of such stakes on the Board meeting. When there may be harm to the Company's interests, they shall declare their opinions and answer to inquiries; shall not participate in the discussion and voting, and they shall abstain from the discussion and voting, and shall not represent other Directors in exercising their voting rights. The Directors shall practice self-discipline and shall not support one another in improper dealings.

The Company's Directors, managers, employees, trustees, and

Substantial Controllers shall not take advantage of their positions or influence in the Company to gain improper benefits for themselves, their spouses, parents, children, or any other parties.

Article 20. The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of involving unethical behaviors, shall not have external accounts or keep secret accounts, and shall conduct reviews at any time so as to ensure that the design and execution of the systems are continuously in effect.

The internal auditors of the Company shall carry out audits the compliance with the above systems on a regular basis, and prepare audit reports to submit to the Board; CPAs may be engaged to execute the audit; when necessary, engage professionals for assistance.

Article 21. The Company shall establish operational procedures and behavioral guidelines in accordance with Article 6 specify matters that require attention when Directors, managers, employees, and Substantial Controllers are executing businesses; the content shall at least cover the following matters:

1. Standards for recognizing offering or accepting unjust benefits.
2. Requirements that prohibit political donations.
3. Procedures and standards for the amount in terms of providing proper charitable donations or sponsorship.
4. Declaration and handling procedures for avoiding conflicts of interests related to relevant interests.
5. Confidentiality requirements for confidential and business-sensitive data acknowledged during the course of business.
6. Regulations and procedures for dealing with suppliers, customers, and business counterparties involved in unethical behaviors.
7. Procedures for violations of the corporate's Ethical Management Principles.
8. Punishments and disposals on those who conducted violations.

Article 22. The Company's Chairman, President, or senior management shall communicate the importance of ethics to its Directors, employees, and trustees on a regular basis.

The Company shall periodically organize educational training and communication for Directors, managers, employees, trustees, and Substantial Controllers and invite the Companies' business counterparties to participate in such training and communication for them to fully understand the Companies' determination, policies, Preventive Plan, and results of violating ethical behaviors.

The Company shall integrate its ethical management policies with its policies on employee performance evaluation and human resources and establish an explicit and effective incentive and punishment system.

Article 23. The Company shall establish a concrete whistleblowing system and duly execute the system; the content shall at least covering the following matters:

1. Establish and announce the internal independent whistleblowing mailbox and line, or engage other external independent institutions to provide the whistleblowing mailbox and line for internal and external parties of the Company to use.
2. Appoint dedicated personnel or department in charge of whistleblowing; where the reported matter involves any Director or senior executives, such matter shall be reported to the Independent Directors; establish categories for the reported matters and their investigation standard operating procedures.
3. The records and preservation of the acceptance of the reported cases, investigation process, investigation results, and the preparation of relevant documents.
4. Confidentiality regarding the identity of whistleblowers and the reported content.
5. Measures to protect whistleblowers from being mistreated due to whistleblowing.
6. Whistleblowing incentive measures.

For material misconduct or likelihood of material impairment to the Company found during investigations, the dedicated personnel or department handling the whistleblowing shall immediately prepare a report and notify Independent Directors in writing.

Article 24. The Company shall establish the punishment and complaint system for the violations of ethical management requirements and immediately disclose the date of violation, the content of violation, and the handling status in the internal website of the Company.

Article 25. The Company shall establish quantitative data for promoting ethical management, continue analyzing and evaluating the effects of promoting ethical management, and disclose measures adopted for ethical management, performance status, the above quantitative data, and the promoting effects on the Company's website and in its annual report and prospectus, and disclose the content of its Ethical Management Principles on the MOPS.

Article 26. The Company shall at all times monitor the development of relevant domestic and foreign regulations concerning ethical management and encourage Directors, managers, and employees to propose recommendations, and the Company shall examine and improve the ethical management policies and promoting measures established based on such recommendations to improve the implementation effects of the Company's ethical management.

Article 27. The Principles are implemented after being passed by the Board and submitted to the shareholders' meeting. The same shall apply upon any amendment. However, the amendment made in March 2019 shall be implemented when the 11th Board of Directors takes office.

When submitting the Ethical Management Principles to the meeting of the Board for discussion according to the requirements in the preceding paragraph, the Company shall fully consider the opinions from Independent Directors and set out their opposing or qualified opinions in the meeting minutes of the Board meeting. Where Independent Directors are unable to attend the meeting of the Board in person to express their opposing or qualified opinions, except for having justifiable reasons, they shall issue their written opinions, and such opinions shall be set out in the meeting minutes of the Board meeting.

Note 6

China Steel Chemical Corporation

Procedures and Behavioral Guidelines for Ethical Management

Established on 30 December 2015
1st amendment on 8 August 2019

Article 1. The Company engages in business activities based on the principles of fairness, honesty, faithfulness, and transparency. To fully implement ethical management policies and actively prevent unethical behaviors, the Procedures and Behavioral Guidelines are established pursuant to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies and Article 6 and Article 18 of the Company's Ethical Management Principles, specifying matters to be noticed when personnel of the Company is executing their businesses.

The application scope of the Procedures and Behavioral Guidelines includes the Company's subsidiaries.

Except for otherwise stated in other rules and regulations, the Company shall comply with matters stated in the Procedures and Behavioral Guidelines.

Article 2. The term "personnel of the Company" mentioned in the Procedures and Behavioral Guidelines refers to the Directors, managers, employees, staff, trustees, and persons with substantial control of the Company and the business conglomerate and organizations.

The Company presume the conduct of the personnel of the Company based on any unjust interests provided, promised, requested, or received from a third party by the personnel of the Company.

Article 3. The term "unethical behaviors" mentioned in the Procedures and Behavioral Guidelines refers to the personnel of the Company directly or indirectly providing, receiving, promising, or requesting any unjust benefits to gain or maintain its interests during the course of executing its businesses or engaging in other behaviors that violate ethics, laws, or the trustee's obligations.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and its directors, supervisors, managers, employees, or persons with substantial control or other stakeholders.

Article 4. The term "benefits" mentioned in the Procedures and Behavioral Guidelines refers to money, presents, gifts, commissions, positions, services, discounts, rebates, “facilitation payment, social engagement, entertainment, and other valuable matters and subjects in any form or under and name.

Article 5. The Auditing Office is responsible for the relevant operations such as registration and archiving of the execution of the Procedures and Behavioral Guidelines and the reported content and the execution supervision, and shall regularly report to the Board.

The Administration Department is responsible for the amendment, interpretation, and consultation services of the Operating Procedures.

Article 6. Personnel of the Company directly or indirectly providing, receiving, promising, or requesting any benefits stated in Article 4 shall be subject to the "Guidelines for Handling Gifts and Social Engagements."

Article 7. Personnel of the Company encountering direct or indirect provision or promises of any benefits stated in Article 4 from other parties shall be subject to the "Guidelines for Handling Gifts and Social Engagements."

Article 8. The Company shall neither provide nor promise any facilitation payment.

Personnel of the Company providing or promising facilitation payment due to threats or blackmailing shall be subject to the "Guidelines for Handling Gifts and Social Engagements."

Article 9. No political contributions shall be made by the Company.

Article 10. Charitable donations or sponsorship provided by the Company shall be subject to the following matters and shall take place after being reported to and approved by the responsible executives. Donations to related parties or significant donations to non-related parties shall be discussed or ratified by the Board according to subparagraph 7, paragraph 1 under Article 7 of the Rules of Procedure for the Meeting of the Board of Directors Meetings"; the Audit Office shall perform audits on the abovementioned donations or sponsorships and prepare the audit reports:

1. Comply with requirements under local laws and regulations where the Company operates.
2. Prepare written records of the decisions.
3. Charitable donations shall be made to charitable institutions without being disguised bribery.
4. Sponsorships shall be provided to relevant persons who are not business counterparties of the Company or share interests with personnel of the Company as the returns on the sponsorship are explicit and reasonable.
5. After making charitable donations or sponsorships, the Company shall confirm that the flow of the funds and usage is consistent with the purpose of the donations.

Article 11. Personnel of the Company shall observe the requirements under the "Code of Ethics for Directors" and "Code of Ethics for Senior Managers" according to their titles.

Article 12. The management, preservation, and procedures for confidentiality of the Company's confidential information shall be subject to the requirements under the "Regulations for the Management of Business Secrets."

Article 13. Personnel of the Company shall duly observe the requirements related to confidentiality under the "Code of Ethics for Directors," "Code of Ethics for Senior Managers," and "Regulations for the Management of Business Secrets," and shall not disclose or deliver the confidential information of the Company it acknowledged to other parties, and shall not inquire or collect the confidential information of the Company not related to its duties.

Article 14. Personnel of the Company shall comply with the requirements under the Securities and Exchange Act, "Code of Ethics for Directors," "Code of Ethics for Senior Managers," and "Regulations for the Management of Business Secrets," and shall not use the undisclosed information it acknowledged to engage in insider trading, and shall not disclose such information to other, so as to prevent others from using the undisclosed information to engage in insider trading.

Article 15. Other institutions or personnel involving in the Company's merger, split, acquisition, and transfer of shares, significant memorandum, strategic alliances, other business projects, or significant contracts shall sign non-disclosure agreements with the Company to promise that they will not disclose the Company's confidential information or other significant information they acknowledged to others, and will not use such information without the Company's consent.

Article 16. The Company shall disclose its ethical management policies in its internal rules and regulations, annual report, on its corporate website, or in other printed literature, and declare in activities for external parties such as product launch presentation or investors conference in due course, allowing its suppliers, customer, or other institutions and personnel related to its businesses to explicitly understand the Company's concepts and specification of ethical management.

Article 17. During the course of engaging in business conduct, personnel of the Company shall explain to business counterparties the Company's ethical management policies and relevant requirements and explicitly refuse to directly or indirectly provide, promise, request, or receive unjust benefits in any form or under any name.

Article 18. Personnel of the Company shall avoid engaging in business transactions with distributors, suppliers, customers, or other business counterparties involved in unethical behaviors. When discovering any unethical behavior of business counterparties or cooperative partners, personnel of the Company shall immediately stop the business dealings and include such counterparties or partners on the blacklist to duly implement the Company's ethical management.

Article 19. When entering into contracts with others, the Company shall include observing the Company's ethical management policies into the contract clauses, and shall at least state the following matters in the contracts:

1. When any party acknowledged personnel violating the contract

clause related to the prohibition on receiving commissions, rebates, or other unjust benefits, the party shall immediately inform the other party regarding the personnel's identity, the method of providing, promising, requesting, or receiving the amount or other unjust benefits, and provide relevant evidence and cooperate with the investigation of the other party. When damages occurred to one party due to such violations, the party may request damage compensation from the other party, and such compensation may be deducted accordingly from the contracted consideration.

2. When any party is involved in unethical behavior during its business activities, the other party may unconditionally terminate or cancel the contract at any time.

3. Specify explicit and reasonable payment content, including payment venue, method, and relevant tax regulations to be observed.

Article 20. When the discovering or receiving reports on personnel of the Company involving in unethical behaviors, the Company shall immediately investigate relevant facts. Where it is verified that such personnel violated relevant laws or regulations or the requirements of the Company's ethical management policies, the Company shall immediately request such personnel to stop relevant behaviors and make proper disposals. When necessary, the Company may request damage compensation via legal procedures to protect the Company's reputation and interests.

Regarding unethical behavior that occurred, the Company shall procure relevant departments to examine relevant internal control systems and operating procedures and propose improvement measures to avoid the recurrence of such behaviors.

The Audit Office shall report to the Board regarding the unethical behaviors, handling methods, and subsequent examination and improvement measures.

Article 21. When personnel of the Company encountered others engaging in unethical behaviors against the Company, where its behavior involves illegal conduct, the Company shall notify juristic and prosecuting authorities of the relevant facts; where any public agency or public servant is involved, the Company shall notify the government's anti-corruption authority.

Article 22. The Company shall include ethical management in policies of employee performance evaluation and human resources and establish an explicit and effective incentive and punishment system.

For severe violations of ethics conducted by personnel of the Company, the Company shall dismiss or layoff such personnel according to relevant laws and regulations or the Company's human affairs regulations.

The Company shall disclose the title and name of personnel who violated ethics, the date of violation, the content of violation, and handling status on its internal website.

Article 23. The Procedures and Behavioral Guidelines were implemented after being passed by the Director as a resolution, submitted to Independent Directors, and reported to the shareholders' meeting. The same shall apply upon any amendment.

When submitting the Procedures and Behavioral Guidelines to the meeting of the Board for discussion according to the requirements in the preceding paragraph, the Company shall fully consider the opinions from Independent Directors and set out their opposing or qualified opinions in the meeting minutes of the Board meeting. Where Independent Directors are unable to attend the meeting of the Board in person to express their opposing or qualified opinions, except for having justifiable reasons, they shall issue their written opinions, and such opinions shall be set out in the meeting minutes of the Board meeting.

Note 7

China Steel Chemical Corporation
Regulations for the Whistleblowing, Complaints, and Punishment of Violations of Ethics

Established on 6 January 2016

1st amendment on 9 March 2020

Article 1. The Regulations were established to duly implement the Company's Ethical Management Principles and establish the Company's internal and external whistleblowing channels and handling procedures.

Article 2. The Company's Audit Office is the department handling whistleblowing. The whistleblowing line and mailbox are the phone number and mailbox of the Company's chief auditor.

Article 3. When the reported matter involves Directors or managers, the Audit Office shall report to Independent Directors. When the reported matter involves the chief auditor, the acting audit executive shall be the handling personnel responsible for relevant operations such as the investigation and the report.

Article 4. Categories of whistleblowing matters:

1. Offering and accepting bribes.
2. Providing illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or accepting unreasonable presents, social engagement, or other unjust benefits.
5. Infringement of trade secrets, trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive conduct.
7. Direct or indirect harm to interest, health, and safety of consumers or other stakeholders arising from the R&D, procurement, manufacturing, provision, or sales of its products and services.
8. Others

Article 5. Handling procedures:

1. Anonymous whistleblowing: The whistleblower shall provide its name and actual fact for whistleblowing. Anonymous whistleblowing will not be processed in principle; however, where the content claimed requires investigation, it may be processed by dividing it as a separate case, and it shall serve as a reference for internal examination.
2. Named whistleblowing: The Audit Office shall clarify the purpose and specific evidence of whistleblowing, and fill out the whistleblowing/complaint registration form (see Attachment 1), and submit the form to the Chairman for approval.
3. The Audit Office shall keep confidential the identity of whistleblowers and the content reported, and adopt an independent channel for investigation.
4. In order to protect the rights of the counterparties of the reported cases to avoid retaliation due to resentment, the Company shall offer opportunities of complaints for such counterparties.

Article 6. The Audit Office shall record and preserve the acceptance of the reported cases, investigation process, investigation results, and relevant documents, which shall be preserved for at least five years, and it may be preserved in electronic means. Where and litigation incurred related to the content reported before the expiry of the preservation period, relevant data shall be kept until the litigation had ended.

Article 7. The Company shall protect whistleblowers from being mistreated due to whistleblowing. However, where the reported case is verified as falsification, false accusation, report abuse, or slander on others after investigation, the Company shall discuss the disposal based on the circumstances.

Article 8. Where the whistleblower is the Company's employee, the whistleblower may be granted appropriate incentives based on the severity of the circumstances of the reported case verified as true after investigation.

Article 9. For handling whistleblowing cases, for any likelihood of significant violations or significant impairment to the Company is discovered after investigation; a report shall be immediately made. After submitting the report to managers who are concurrently Directors and the Chairman, written notices shall be sent to Independent Directors.

Article 10. For complaint cases related to the violations of ethical management requirements that are verified as true after investigation, the Company shall disclose information such as the date of violations, the content of violations, and handling status on its internal website.

Article 11. For whistleblowing cases related to the violations of ethics that are verified as true after investigation, the Company shall impose punishment based on the severity of the circumstances.

Article 12. The Regulations were implemented after being approved by the President. The same shall apply upon any amendment.

(VII) Rules and Regulations for Corporate Governance and Its Inquiry Method

1. Rules and Regulations for Corporate Governance

(1) According to relevant regulations established by the Financial Supervisory Commission under the Executive Yuan, the Company established its internal control system, Procedures for the Acquisition or Disposal of Assets, Procedures for Endorsement and Guarantee, Procedures for Loans to Others, Rules of Procedure for the Meeting of the Board of Directors, Organizational Regulations of Remuneration Committee, and Organizational Regulations of Audit Committee.

(2) According to relevant regulations and samples established by Taiwan Stock Exchange, the Company established its Rules of Procedure for the Shareholders' Meeting, Code of Ethics for Directors, Code of Ethics for Senior Managers, Regulations of Directors' Election, Procedures for Transactions with Related Parties, Particular Companies, and Conglomerates, Ethical Management Principles, Procedures and Behavioral Guidelines for Ethical Management, Corporate Governance Best Practice Principles, Corporate Social Responsibility Best Principles, Regulations for the Performance Evaluation of the Board of Directors, and Regulations for the Report of Internal Significant Events."

2. Inquiry methods

(1) MOPS (new version: http://mops.twse.com.tw/mops/web/index; old version: http://newmopsov.twse.com.tw): Documents are available for download at "Establishment of Relevant Regulations and Rules of Corporate Governance" under "Corporate Governance."

(2) Corporate website of the Company (http://www.cscc.com.tw/Govern.htm#Reg): Documents are available for download at "Articles of Association and Relevant Significant Procedures" under "Corporate Governance."

(VIII) Other information enabling a better understanding of the Company's corporate governance operations shall be disclosed

1. Personnel related to the transparency of financial information obtaining relevant certificates designated by competent authorities: None.

2. Establishment and promotion of procedures for significant internal information: The Company has established its Regulations for the Report of Internal Significant Events (for details, please see the corporate website of the Company).

(IX) Execution of the Internal Control System

1. Statement of Internal Control System

China Steel Chemical Corporation

Statement of Internal Control System

Date: 23 February 2021

Based on the results of the self-evaluation on the internal control system for 2020, the Company hereby stated as follows:

1. The Company acknowledges that establishing, implementing, and maintaining the internal control system is the responsibility of the Company's Board and managers. The Company had established the system. The purpose of which is to provide reasonable assurance on the achievements of objectives such as effects and efficiency of operations (including profits, performance, and protection of assets' safety), credibility, timeliness, and transparency of reports, compliance with relevant regulations and relevant laws, regulations, and rules.

2. An internal control system has inherent limitations. Regardless of the comprehensive design, an effective internal control system may merely provide reasonable assurance on achieving the three objectives mentioned above. Moreover, the effectiveness of an internal control system is subject to changes in the environment and circumstances. Nevertheless, the Company's internal control system contains self-monitoring mechanisms, and the Company adopts immediate remedial actions in response to any identified deficiencies.

3. The Company established the determination items for the effectiveness of its internal control system based on the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (the "Regulations") to determine whether the design and execution of its internal control system is effective. The determination items for the internal control system adopted by the "Regulations" divide the internal control system into five key components based on the course of management and control: 1. control environment; 2. risk evaluation; 3. control operations; 4. information and communications; and 5. supervisory operations. Each key component includes certain items. Please refer to the requirements of the "Regulations" for the aforementioned items.

4. The Company adopted the abovementioned determination items for the internal control system to evaluate the effectiveness of the internal control system's design and execution.

5. Based on the evaluation results above, the Company considered that the design and execution of the internal control system (including supervision and management of subsidiaries) as at 31 December 2020 are effective (including the understanding of the level of achievement regarding the objectives of operations' effects and efficiency, credibility, timeliness, and transparency of reports, compliance with relevant regulations and relevant laws, regulations, and rules), and the internal control system is able to provide reasonable assurance on the achievement of the above objectives.

6. The Statement is a major part of the Company's annual report and prospectus that is disclosed to the public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.

7. The Statement was passed at the meeting of the Board on 23 February 2021. It is hereby stated that among eight attending Directors, none of them held opposing opinions, and the remaining Directors have agreed on the content of the Statement.

China Steel Chemical Corporation

Chairman: Wen-Ge Lo

President: Ming-Dar Fang

2.Where CPAs were engaged to conduct a project audit on the internal control system, the audit report shall be disclosed: None.

(X) Penalties Imposed upon the Company And Its Internal Personnel According to Law, Penalties Imposed by Company on Its Internal Personnel for the Violation of the Internal Control System, Principal Deficiencies, and Improvement During the Latest Year and as of the Date of Publishing the Annual Report: None.

(XII)Major Resolutions of Shareholders' Meeting and Board Meetings During the Latest Year and as of the Date of Publishing the Annual Report:

1.Major resolutions of the 2020 shareholders' meeting and their execution

(1) Ratification for the Company's 2019 business report, 2020 business plan, and 2019 consolidated financial report and individual financial report: Passed as proposed.

(2) Ratification for the proposal of the Company's 2019 earning distribution: Passed as proposed and had been duly executed. The ex-dividend date was 21 July 2020, and the distribution date was 24 14 August 2020.

(a cash dividend of NT$4.8 per share was distributed)

(3) Discussion on the proposal of the Company's 2019 cash distribution from the statutory surplus reserve: Passed as proposed and had been duly executed. (a cash dividend of NT$0.2 per share was distribution)

(4) Discussion on the proposal of amendments to the Company's Articles of Association: Passed as proposed and has been operating according to the amended Articles of Association.

(5) Discussion on the proposal of amendment to partial provisions of the Company's "Rules of Procedure for the Shareholders' Meeting": Passed as proposed and has been operating according to the amended requirements.

2. Material resolution of the Board meeting

Date	Meeting of the Board	Material Resolution
109.03.19	Meeting of the Board	1. Passed proposal of the 2019 business report, 2020 business plan, and 2019 consolidated financial report and individual financial report 2. Passed the proposal of the 2019 earning distribution 3. Passed the proposal of intended cash distribution from the statutory surplus reserve for 2019 earning distribution of the Company. 4. Passed the proposal of 2019 remuneration distribution for employees, Directors, and supervisors. 5. Passed the proposal of the date, venue, and agenda of the 2020 annual shareholders' meeting and setting the period for accepting shareholders' proposals. 6. Passed the proposal of the statement of the internal control system of the Company. 7. Passed the proposal of the amendments to partial provisions of the Company's "Organizational Regulations of Audit Committee." 8. Passed the proposal of amendments to partial provisions of the Company's "Code of Ethics for Directors and Senior Managers." 9. Passed the proposal of intended dissolution and liquidation of the Company's investee overseas subsidiary Yung Jia International Co., Ltd. 10. Passed the proposal of intended changes in the Company's CPAs due to the rotation of the CPA's firm. 11. Passed the proposal of donations to CSC Group Education Foundation amounted to NT$0.6 million as its 2020 operating funding.
109.04.29	Meeting of the Board	1. Passed the proposal of performance evaluation results for the performance of the Company's managers for 2019 and the distribution of the surplus as year-end bonuses for 2019. 2. Passed the proposal of establishing the 2019 performance evaluation items for the Company's President and Vice President 3. Passed the proposal of the Company's principles for allocating the remuneration of Directors 4. Passed the proposal of amendments to the Company's Articles of Association 5. Passed the proposal of amendment to partial provisions of the Company's "Rules of Procedure for the Shareholders' Meeting." 6. Passed the proposal of amendment to partial provisions of the Company's "Corporate Governance Best Practice Principles." 7. Passed the proposal of venue and agenda of the Comapny's 2020 annual shareholders' meeting. 8. Passed the proposal of amendment to partial provisions of the Company's "Procedures for the Processing of Internal Significant Events." 9. Passed the proposal of amendment to partial provisions of the Company's "Procedures for Halt and Resumption Applications."
109.06.24	Meeting of the Board	1. Passed the proposal of the base dates for the cash dividends under the Company's 2019 earning distribution. 2. Passed the proposal of the establishment of the regulations for the remuneration of the Company's Chairman. 3. Passed the proposal of contract renewal regarding the mid-to-long-term borrowing amounted to NT$500 million between the Company and KGI Bank. 4. Passed the proposal of amendment to partial provisions of the Company's "Regulations for Budget Management."

Date	Meeting of the Board	Material Resolution
109.07.29	Meeting of the Board	1. Passed the proposal of establishing a chief of corporate governance 2. Passed the proposal of amendment to partial provisions of the Company's "Standard Operating Procedures for Processing Directors' Requirements." 3. Passed the proposal of amendment to partial provisions of the Company's "Corporate Governance Best Practice Principles." 4. Passed the proposal of amendment to partial content of the Company's "Table of Power and Responsibility Division."
109.09.22	Meeting of the Board	1. Passed the proposal of the updated budget of the Company. 2. Passed the proposal of amendment to partial provisions of the Company's "Regulations Governing the Treatment of Salary and Wages." 3. Passed the proposal of establishing the Regulations for Concurrently Holding the Position as Chairman.
109.11.03	Meeting of the Board	1. Passed the proposal of the Company in adjusting the average basic salary of employees below the level of Vice President of the Company (excluding the Vice President) to 2.9%. 2. Passed the proposal of contract signing for mid-to-long-term borrowings with limits with Taipei Fubon Bank and MUFG Bank.
109.12.30	Meeting of the Board	1. Passed the proposal of the Company's 2021 budget. 2. Passed the proposal of the Company's 2021 internal audit plans. 3. Passed the proposal of salary adjustments of the Company's President, Vice President, and chief of corporate governance for 2020 4. Passed the proposal of contract signing for mid-to-long-term borrowings with limits with Bank of Taiwan and Cathay United Bank. 5. Passed the proposal of intended renewal of lease due to the expiry of the lease between the Company and China Steel Corporation regarding land, plant, and equipment of the fine coke plant. 6. Passed the proposal of intended renewal of lease due to the expiry of the lease between the Company and China Steel Corporation regarding the land of the coke chemical production plant at Xiaogang District, Kaohsiung City 7. Passed the proposal of establishing the Company's "Policies and Procedures for Risk Management."

(XII) Directors or Independent Directors' Opposing Opinions on Major Resolutions Passed at the Board Meetings with Records or Written Declarations During the Latest Year as of the Date of Publishing the Annual Report: None.

(XIII) Summary of the Resignation and Dismissal of Personnel Related to the Financial Report (Including the Chairman, President, Chief Accountant, Chief of Finance, Chief Internal Auditor, Chief of Corporate Governance, and Chief of R&D) During the Latest Year as of the Date of Publishing the Annual Report: None.

V. Information on Audit Fees

(I) Range of Audit Fees

Name of CPA's Firm	Name of CPAs		Audit Period	Remarks
Deloitte & Touche	Yu-Hsiang Liu	Hong-Ru Liao	2020.01~2020.12	None

Unit: NT$1,000

Range \ Items		Audit fees	Non-audit fees	Total
1	Under NT$2,000		√	
2	NT$2,000 (inclusive) to NT$4,000			
3	NT$4,000 (inclusive) to NT$6,000	√		√
4	NT$6,000 (inclusive) to NT$8,000			
5	NT$8,000 (inclusive) to NT$10,000			
6	NT$10,000 (inclusive) and above			

(II) Where the non-audit fees paid to the CPAs, CPA's firm, and its affiliates accounted for one-fourth of the audit fees and above, the audit and non-audit fees and the content of the non-audit services shall be disclosed.

Unit: NT$1,000

Name of CPA's Firm	Name of CPAs	Audit fees	Non-audit fees					Audit Period	Remarks
			System Design	Company Registration	Human Resources	Others (Note 2)	Subtotal		
Deloitte & Touche	Yu-Hsiang Liu Hong-Ru Liao	4,630				840	840	2020.01.01~2020.12.31	Others refer to the fees for the preparation services for local files amounted to NT$350, fees for the preparation of English report of NT$310, and advances amounted to NT$180.

Note 1:For any changes in the CPAs or CPA's firm, the audit period shall be stated, and explanations for such changes shall be set forth in the remarks column, and the information such as the audit fees and non-audit fees paid shall be disclosed in order.

Note 2: Non-audit fits shall be set out separately based on the service items. For "Others" that are not non-audit fees reaching 25% of the non-audit fees in aggregate, the content of services shall be set forth in the remarks column.

(III) Regarding changes in the CPA's firm, the audit fees paid during the year in which such changes occurred are lower than the audit fees during the year before the changes: Not applicable.

(IV) Audit fees reduced by 10% and above as compared with the previous year: Not applicable.

(VI) Information on the Change of CPAs

(1) Former CPA

<table>
<tr><td>Date of Change</td><td colspan="4">Passed by the Board 23 February 2021</td></tr>
<tr><td>Reasons and explanations for the change</td><td colspan="4">Due to the internal rotation of the CPA's firm, the CPAs for the certification of the Company's financial statements changed from CPAsYu-Hsiang Liu and Hong-Ru Liao to CPAs Chao-Chun Wang and Hong-Ru Liao from the first quarter of 2021.</td></tr>
<tr><td rowspan="3">Explain whether the consignor or the CPA made the termination pr the CPA refused to accept the appointment</td><td colspan="2">Parties involved
Condition</td><td>CPA</td><td>Consignor</td></tr>
<tr><td colspan="2">Voluntarily terminate the appointment</td><td colspan="2" rowspan="2">N/A</td></tr>
<tr><td colspan="2">No longer accept (continue) the appointment</td></tr>
<tr><td>Issuance of the report audit opinions other than unqualified opinions in the latest two years and the reasons thereof</td><td colspan="4">N/A</td></tr>
<tr><td rowspan="6">Opposing opinions with the issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosures in the financial report</td></tr>
<tr><td></td><td colspan="2">Audit scope or process</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>None</td><td colspan="3"></td></tr>
<tr><td>Remarks</td><td colspan="3">N/A</td></tr>
<tr><td>Other disclosures (disclosures to be made as specified in Article 10.6.1.4 to 10.6.1.7 of the Standards)</td><td colspan="4">None</td></tr>
</table>

(2) Successor CPAs

Name of the Firm	Deloitte & Touche
Name of CPAs	Chao-Chun Wang and Hong-Ru Liao
Date of appointment	Passed by the Board 23 February 2021
Inquiries on the accounting method or accounting principles for particular transactions, and opinions that may be issued on the financial report before the appointment and the results thereof	N/A
Succeeding CPA's written opinion of disagreement toward the former CPA	N/A

VII. Information on the Chairman, General Manager, Managers Responsible for Financial or Accounting Affairs of the Company Taking Office in the Accounting Firm of the CPAs or its Affiliates: None

VIII. Changes in Equity Transfer and Pledge of Equity by Directors, Managers, and Shareholders with Shareholdings Over 10% for the Latest Year and as of the Date of Publishing the Annual Report

(I) Changes in the equity of Directors, managers, and major shareholders: Share

Title	Name	2020		As of 31 March 2021	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Director	China Steel Corporation	0	0	0	0
Director	International CSRC Investment Holdings Co., Ltd.	0	0	0	0
Independent Director	Hsing-Shu Hsieh	0	0	0	0
Independent Director	Yuan-Hung Wang	0	0	0	0
Independent Director	Tsun-Tsi Hsu	0	0	0	0
Director and President	Ming-Dar Fang	0	0	0	0
Vice President	Chu-Kai Huang	0	0	0	0
Assistant Vice President	Wen-Liang Tseng	0	0	0	0
Chief Auditor	Ming-Wei Wu	0	0	0	0
Director	Chien-Kuang Tung	0	0	0	0
Director	Yi-Hung Chen	0	0	0	0
Project Director	Chi-Yung Kou	0	0	0	0
Deputy Director	Tong-A Lin	0	0	0	0
Project Director	Yung-Hsun Huang	0	0	0	0
General Superintendent	Wen-Bin Chiang	0	0	0	0
Assistant General Superintendent	Hsing-Yao Chang	0	0	0	0
Assistant General Superintendent	Cheng-He Li	0	0	0	0
Director	Jui-Bin Yen	0	0	0	0
Director	Li-Li Kuo	0	0	0	0
Director	Yung-Chuan Chen	(11,000)	0	0	0
General Superintendent	Shun-Chi Hsu	0	0	0	0
Assistant General Superintendent	Yung-Hung Tseng	0	0	0	0

(II) Information on equity transfer: The equity transfer of the Directors, managers, and major shareholder holding 10% of interests in the Company are performed within the market, and the counterparties for the equity transfers are non-related parties.

(III) Information on equity pledge: None.

IX. Relationships between Shareholders with Top Ten Shareholdings

Relationships between shareholders with top ten shareholdings

31 December 2020

Name (Note 1)	Current Shareholding		Shareholding of Spouses and Minor		Shareholding in the Name of Others		Title or name and relations among top ten major shareholders who are related parties to one another, or spouse, or relatives within the second degree of kinship		Remarks
	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Title (or Name)	Relation	
China Steel Corporation	68,787,183	29.04%	-	-	-	-	Ever Wealthy International Co., Ltd.	Groups and Enterprises	
China Steel Corporation Representative: Wen-Ge Lo	0	0%	-	-	-	-	None	None	
China Steel Corporation Representative: Chao-Tung Weng	4,000	0.002%	2,000	-	-	-	None	None	
China Steel Corporation Representative: Hsi-Chin Wang	0	0%	-	-	-	-	None	None	
China Steel Corporation Representative: Ming-Dar Fang	4,907	0.002%	-	-	-	-	None	None	
Fubon Life Insurance Co., Ltd.	15,053,000	6.35%	-	-	-	-	None	None	
Fubon Life Insurance Co., Ltd. Representative: Ming-Hsing Tsai	0	0%	-	-	-	-	None	None	
International CSRC Investment Holdings Co., Ltd.	11,759,096	4.96%	-	-	-	-	None	None	
International CSRC Investment Holdings Co., Ltd. Representative: Kung-Yi Ku	0	0%	-	-	-	-	None	None	
International CSRC Investment Holdings Co., Ltd. Representative: Tien-Fu Chao	0	0%	-	-	-	-	None	None	
Ever Wealthy International Co., Ltd.	4,753,537	2.01%	-	-	-	-	China Steel Corporation	Groups and Enterprises	
Ever Wealthy International Co., Ltd. Representative: Ming-Dar Fang	4,907	0.002%	-	-	-	-	None	None	
HSBC in custody for Matthews Asia Funds - Asia ex Japan Dividend Fund	3,828,000	1.62%	-	-	-	-	None	None	

Name (Note 1)	Current Shareholding		Shareholding of Spouses and Minor		Shareholding in the Name of Others		Title or name and relations among top ten major shareholders who are related parties to one another, or spouse, or relatives within the second degree of kinship		Remarks
	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Title (or Name)	Relation	
Cathay Life Insurance Co., Ltd.	3,475,880	1.47%	-	-	-	-	None	None	
Cathay Life Insurance Co., Ltd. Representative: Diao-Kuei Huang	0	0%	-	-	-	-	None	None	
Chichengte Investment Co., Ltd.	3,448,867	1.46%	-	-	-	-	None	None	
Chichengte Investment Co., Ltd. Representative: Kunag-Cheng Wang	0	0%	-	-	-	-	None	None	
Xin Yang Investment Co., Ltd. (昕揚投資(股)公司)	2,898,089	1.22%	-	-	-	-	None	None	
Xin Yang Investment Co., Ltd. (昕揚投資(股)公司) Representative: Mu-Liang Chang	52,000	0.02%	-	-	-	-	None	None	
Nan Shan Life Insurance Co., Ltd.	2,661,000	1.12%	-	-	-	-	None	None	
Nan Shan Life Insurance Co., Ltd. Representative: Tang Chen	0	0%	-	-	-	-	None	None	
Jin Hong Investment Insurance Co., Ltd. (晉宏投資保險(股)公司)	2,516,689	1.06%	-	-	-	-	None	None	
Jin Hong Investment Insurance Co., Ltd. (晉宏投資保險(股)公司) Representative: Mu-Liang Chang	52,000	0.02%	-	-	-	-	None	None	

Note 1: Shareholders with top ten shareholdings shall be fully stated, and the title of the corporate shareholder and the name of the representative for the corporate shareholders shall be separately stated.

Note 2: The calculation of shareholdings refers to the ratio of shares held by the shareholders themselves, their spouses, minors, and in the name of others.

Note 3: The relations between the shareholders set out above (including corporates and natural persons) shall be disclosed.

X. Shareholdings of the Company, the Company's Directors, Managers, and Companies Directly or Indirectly Controlled by the Company in the Same Investee Companies

December 31, 2020

Total Shareholding Unit: Share; %

Investee Company (Note)	Investment of the Company		Investments in companies directly or indirectly controlled by Directors, Independent Directors, and managers		Total Investments	
	Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding
Ever Wealthy International Co., Ltd.	104,574,982	100.00%	0	-	104,574,982	100.00%
Formosa Ha Tinh CSCC (Cayman) Limited	10,000,000	50.00%	0	-	10,000,000	50.00%
Himag Magnetic Co.	2,161,203	7.83%	22,032,286	79.81%	24,193,489	87.64%
Lichinglung Investment Co., Ltd.	700,000	35.00%	1,300,000	65.00%	2,000,000	100.00%
Kao Jui Investment Co., Ltd.	1,196,000	40.00%	1,794,000	60.00%	2,990,000	100.00%
Shangyang VC Corporation	84,672	6.42%	423,360	32.08%	508,032	38.50%
CHC Resources Corporation	15,019,341	6.04%	73,497,555	29.57%	88,516,896	35.61%
TaiAn Technologies Corporation	499,998	5.00%	1,666,700	16.67%	2,166,698	21.67%
Yunhung Investment Co., Ltd.	69,000,960	9.20%	680,962,827	90.80%	749,963,787	100.00%
Eminent VC Corporation	1,350,000	5.00%	13,500,000	50.00%	14,850,000	55.00%
Steel Union International Development Corporation	2,450,000	5.00%	36,320,000	74.12%	38,770,000	79.12%
China Steel Structure Corporation	600,069	0.30%	70,655,636	38.74%	71,255,705	39.04%
CSC Solar Corporation	26,160,000	15.00%	148,240,000	85.00%	174,400,000	100.00%
Eminent III VC Corporation	16,000,000	8.83%	59,000,000	32.57%	75,000,000	41.40%

Note: The Company's long-term investment through the equity method.

Chapter 4. Fund Raising

I. Capital and Shares of the Company

(I) Source of Capital

Unit: Share; NT$

Year/month	Issue price (NT$)	Authorized capital		Paid-up capital	
		Number of shares	Amount	Number of shares	Amount
February 1989	10	53,000,000	530,000,000	15,000,000	150,000,000
September 1990	10	53,000,000	530,000,000	53,000,000	530,000,000
September 1991	10	83,200,000	832,000,000	83,200,000	832,000,000
August 1994	10	150,000,000	1,500,000,000	106,200,000	1,062,000,000
June 1997	10	150,000,000	1,500,000,000	118,944,000	1,189,440,000
September 1998	10	150,000,000	1,500,000,000	143,536,566	1,435,365,660
October 2000	10	210,000,000	2,100,000,000	158,335,480	1,583,354,800
May 2001	10	210,000,000	2,100,000,000	175,540,180	1,755,401,800
August 2002	10	210,000,000	2,100,000,000	185,728,749	1,857,287,490
August 2003	10	210,000,000	2,100,000,000	190,936,813	1,909,368,130
June 2004	10	210,000,000	2,100,000,000	197,022,924	1,970,229,240
June 2005	10	210,000,000	2,100,000,000	203,473,438	2,034,734,380
July 2006	10	300,000,000	3,000,000,000	211,008,314	2,110,083,140
July 2007	10	300,000,000	3,000,000,000	223,444,336	2,234,443,360
July 2008	10	300,000,000	3,000,000,000	236,904,480	2,369,044,800

31 March 2021; Unit: Share

Category of shares	Authorized capital			Remark
	Outstanding Shares (Note 1)	Unissued Shares	Total	
Registered ordinary shares	236,904,480	63,095,520	300,000,000	-

Note 1: TWSE listed shares.

(I) Source of Capital

Unit: Share; NT$

Remark		
Source of capital	Capital Increase by Assets Other than cash	Others
The capital was NT$150,000,000 upon establishment	None	None
In August 1990, the Company had its capital increase in cash of NT$380,000,000 and a supplemented public issuance were performed under Letter (79) Tai-cai-zheng-(yi) No. 01973 approved by the Securities and Exchange Commission.	None	None
A capital increase in cash of NT$302,000,000 was performed under Letter (80) Tai-cai-zheng-(yi) No. 02034 approved by the Securities and Exchange Commission on 27 July 1991; the capital increase was declared and became effective on 26 July 1991.	None	None
A capital increase in cash of NT$230,000,000 was performed under Letter (83) Tai-cai-zheng-(yi) No. 29045 approved by the Securities and Exchange Commission on 27 June 1994.	None	None
In 1997, issuance of 12,744,000 ordinary shares due to a capital increase from earnings was performed under Letter (86) Tai-cai-zheng-(yi) No. 45654 approved by the Securities and Exchange Commission and became effective on 6 June 1997.	None	None
In 1998, issuance of 24,592,566 ordinary shares due to a capital increase from earnings was performed under Letter (87) Tai-cai-zheng-(yi) No. 58853 approved by the Securities and Exchange Commission and became effective on 7 September 1998.	None	None
In 2000, issuance of 14,798,914 ordinary shares due to a capital increase from earnings was performed under Letter (89) Tai-cai-zheng-(yi) No. 59076 approved by the	None	None

Securities and Exchange Commission and became effective on 21 July 2000.		
In 2001, issuance of 17,204,700 ordinary shares due to a capital increase from earnings was performed under Letter (90) Tai-cai-zheng-(yi) No. 133649 approved by the Securities and Exchange Commission and became effective on 31 May 2001.	None	None
In 2002, issuance of 10,188,569 ordinary shares due to a capital increase from earnings was performed under Letter Tai-cai-zheng-yi-zi No. 0910137959 approved by the Securities and Exchange Commission and became effective on 10 July 2002.	None	None
In 2003, issuance of 5,208,064 ordinary shares due to a capital increase from earnings was performed under Letter Tai-cai-zheng-yi-zi No. 0920128722 approved by the Securities and Exchange Commission and became effective on 27 June 2003.	None	None
In 2004, issuance of 6,086,111 ordinary shares due to a capital increase from earnings was performed under Letter Tai-cai-zheng-yi-zi No. 0930124614 approved by the Securities and Exchange Commission and became effective on 3 June 2004.	None	None
In 2005, issuance of 6,450,514 ordinary shares due to a capital increase from earnings was performed under Letter Jin-guan-zheng-yi-zi No. 0940125946 approved by the Securities and Exchange Commission and became effective on 29 June 2005.	None	None
In 2006, issuance of 7,534,876 ordinary shares due to a capital increase from earnings was performed under Letter Jin-guan-zheng-yi-zi No. 0950129671 approved by the Securities and Exchange Commission and became effective on 11 July 2006.	None	None
In 2007, issuance of 12,436,022 ordinary shares due to a capital increase from earnings was performed under Letter Jin-guan-zheng-yi-zi No. 0960035231 approved by the Securities and Exchange Commission and became effective on 10 July 2007.	None	None
In 2008, issuance of 13,460,144 ordinary shares due to a capital increase from earnings was performed under Letter Jin-guan-zheng-yi-zi No. 0970032539 approved by the Securities and Exchange Commission and became effective on 1 July 2008.	None	None

(II) Shareholder structure

31 December 2020

Shareholder structure / Quantity	Government Agencies	Financial Institutions	Other Corporate	Individuals	Foreign Institutions and Individuals	Total
Number of shareholders	0	13	225	33,120	145	33,503
Number of shares held	0	22,969,671	110,911,484	82,798,309	20,225,016	236,904,480
Shareholding	0%	9.70%	46.82%	34.95%	8.53%	100.00%
Note: The shareholding of investors in Mainland as foreign corporate shareholders is 0.						

(III) Equity Dispersion

31 December 2020

Range of Shareholdings	Number of Shareholders	Number of Shares Held	Shareholding
1 to 999	13,960	1,121,005	0.47%
1,000 to 5,000	16,141	30,772,950	12.99%
5,001 to 10,000	1,838	14,094,261	5.95%
10,001 to 15,000	589	7,383,806	3.12%
15,001 to 20,000	318	5,761,723	2.43%
20,001 to 30,000	246	6,230,738	2.63%
30,001 to 50,000	201	7,819,541	3.31%
50,001 to 100,000	112	7,634,084	3.22%
100,001 to 200,000	43	5,890,637	2.49%
200,001 to 400,000	19	5,568,950	2.35%
400,001 to 600,000	10	4,606,881	1.95%
600,001 to 800,000	4	2,909,998	1.22%
800,001 to 1,000,000	1	884,554	0.37%
1,000,001 and above	21	136,225,352	57.50%
Total	33,503	236,904,480	100.00%

(IV) List of Major Shareholders

31 December 2020

Name of Major Shareholders \ Shares	Number of Shares Held	Shareholding
China Steel Corporation	68,787,183	29.04%
Fubon Life Insurance Co., Ltd.	15,053,000	6.35%
International CSRC Investment Holdings Co., Ltd.	11,759,096	4.96%
Ever Wealthy International Corporation	4,753,537	2.01%
HSBC in custody for Matthews Asia Funds - Asia ex Japan Dividend Fund	3,828,000	1.62%
Cathay Life Insurance Co., Ltd.	3,475,000	1.47%
Chichengte Investment Co., Ltd.	3,448,867	1.46%
Hsinyang Investment Co., Ltd.	2,898,089	1.22%
Nanshan Life Insurance Co., Ltd.	2,661,000	1.12%
Jin Hong Investment Insurance Co., Ltd.	2,516,689	1.06%

(V) Market Price Per Share, Net Value, Earning, Dividend, and Relevant Information for the Latest Two Years

Item \ Year		2020	2019	Financial information as of 31 March 2021
Market Price Per Share	Highest	125.5	139.5	113.0
	Lowest	86.4	120.0	100.0
	Average	102.04	130.04	105.59
Net Value per Share	Before Distribution	28.15	30.12	29.35
	After Distribution	Undistributed	25.02	Undistributed
Earnings Per Share	Weighted Average Number of Shares	232,150 thousand shares	232,150 thousand shares	232,150 thousand shares
	Earnings Per Share	3.09	5.57	1.01

Dividends Per Share	Cash Dividends		(Note 4)	5	-
	Right Issue	Share Dividends Made from Earnings	0	0	-
		Stock Dividends Made from Capital Reserve	0	0	-
	Accumulated Unpaid Dividends		0	0	-
Analysis on Investment Return	Price-to-earnings (P/E) Ratio (Note 1)		33.02	23.35	-
	Price-to-dividend Ratio (Note 2)		36.44	26.01	-
	Cash Dividend Yield (Note 3)		2.74%	3.84%	-

Note 1: P/E ratio = average closing price per share for the current year/earnings per share.

Note 2: Price-to-dividend ratio= average closing price per share for the current year /cash dividends per share.

Note 3: Cash dividend yield= cash dividends per share/average closing price per share for the current year.

Note 4: Pending for the resolution at the shareholders' meeting.

(VI) The Company's Dividend Policy and the Execution Status

1. Where the Company recorded earnings after the final annual account, the Company shall pay tax according to the law, make compensation for accumulated losses, and appropriate 10% as the statutory surplus reserve; however, when the statutory surplus reserve has reached the paid-up capital of the Company, provision is no longer required. The Company shall appropriate or reverse special surplus reserve according to the requirements of the laws and regulations regarding the remaining earnings. The remaining balance shall be combined with the undistributed earnings for the preceding year as the earnings available for distribution, and the Board shall prepare the distribution proposal and submit the proposal to the shareholders' meeting to determine for the distribution of dividends or retaining the earnings.
2. Given the potential growth in the operational environment, the Company would keep abreast of the economic environment for its sustainable operations. Regarding the Company's dividend policy, the Company refers to the future and actual operations and focuses on the stability and growth of dividends. When there are accumulated earnings available for distribution, the distribution amount shall be no less than 50% of such earnings. For the dividend distributed, the part in cash shall be not less than 50%.
3. Distribution of Dividends Discussed at the Shareholders' Meeting

Unit: NT$

Undistributed earnings at the beginning of 2020	$	68,739,876
Actuarial gains and losses included in retained earnings		938,714
Net (losses) gains from the disposals of financial assets under IFRS 9 included in retained earnings		1,149,676
Net profit after tax for 2020		716,891,247
Less: Statutory surplus reserve	(	71,897,964)
Less: Special surplus reserve	(	16,317,229)
Earnings available for distribution		699,504,320
Distribution items:		
Shareholders' cash dividend: NT$2.6 per share	(	615,951,648)
Undistributed earnings at the end of 2020	$	83,552,672

Note: Shareholders' dividends of NT$2.6 per share were passed at the annual shareholders' meeting, and the Board was authorized to otherwise determine the ex-dividend day for distribution.

In addition, the proposal of a distribution of cash dividends of NT$0.2 per share made from the statutory surplus reserve was passed at the meeting of the Board on 23 February 2021, with a total amount of NT$47,380,896.

(VII) The Effect of the Right Issue Discussed at the Shareholders' Meeting on the Company's Operating Performance and Earnings Per Share: Not applicable.

(VIII) Remuneration of Employees and Directors

1. Information related to remuneration of employees and Directors est out in the Articles of Associations

   Where the Company recorded profits for the year, the Board shall determine to appropriate no less than 1‰ as remuneration of employees and no more than 1% as remuneration for Directors; the distribution targets for the remuneration of employees include employees of subsidiaries fulfilling certain conditions. However, when the Company has accumulated losses, it shall preserve the amount for compensation and appropriate the remuneration of employees and Directors according to the above ratios.

2. The estimation basis for the amount of the remuneration of employees and Directors, the basis for the calculation of the number of shares regarding the remuneration of employees made in shares, and the accounting for differences between the actual distribution amount and the estimated amount

   The remuneration of employees and Directors for 2020 was calculated based on the Company's profit before tax and before deducting remuneration of employees and Directors for 2020 amounted to NT$898,856,545. The Company appropriated 3.760649926% as remuneration of employees (NT$33,802,848) and 0.752130029% as remuneration of Directors (NT$6,760,570). After the end of the year, when there are any significant changes in the distribution amount determined by the Board, the annual expenses appropriated initially shall be adjusted according to such changes. Where there are any significant changes in the amount after the date publishing the annual financial report, such amount shall be accounted for as changes in accounting estimation be adjusted and accounted for in the following year.

3. Remuneration distribution passed by the Board

   (1) On 23 February 2021, the Board intended to distribute remuneration of employees amounted to NT$33,802,848 and remuneration of Directors amounted to NT$6,760,570 for 2020. The above remuneration of employees and Directors for

2020 was NT$40,563,418 in aggregate; the estimation amount in the 2020 financial statements was NT$37,821,768 in aggregate; the differences of NT$2,741,650 was recognized as the expense adjustments for 2021.

(2) The ratio of the intended amount of remuneration of employees in shares distributed to the net profit after tax in the individual or standalone financial reports for the period and the total remuneration of employees: Not applicable; the Company had not distributed remuneration of employees in shares.

(3) Imputed earnings per share after considering appropriating the remuneration of employees and Directors: Not applicable; the remuneration of employees and Directors distributed above had been accounted for as expenses in 2020.

4. Actual distribution of remuneration of employees and Directors distributed from the earnings of the preceding year

(Unit: NT$)

	Actual distribution amount determined by the Board
(1) Distribution	
Remuneration of Directors and supervisors:	NT$11,973,335
Remuneration of employees:	NT$59,866,676

(2) The actual distribution remuneration of employees and Directors determined by the Board for 2020 was NT$71,840,011; the expenses recognized in 2019 was NT$70,092,805; the differences arising from the accounting estimation were NT$1,747,206, which was accounted for as adjustments in expenses for 2020.

(IX) Repurchase of the Company's Shares by the Company: None.

II Corporate Bond: None.

III. Preferential Shares: None.

IV. Global Depository Receipt: None.

V. Employee Stock Warrant: None.

VI. Restricted Stock Awards: None.

VII. Mergers with or Transfers of Other Companies' Shares for the Issuance: None.

VIII. Execution of the Capital Utilization Plan

There is no previous incomplete issuance or private offering of securities or those completed during the latest three years with no effect of such plans showed.

Chapter 5. Business Overview

I. Scope of Business

(I) Scope of Business

1. Primary scope of business and its business proportion

The main businesses include the production, processing, and sales of coal tar distillation products, light oil series, coke series products, and mesophase carbonphere series products, and trading of upstream and downstream products. The business proportion for 2020 is as follows:

Product	Ratio to sales (%)	
	Individual	Consolidated
Coal tar and chemical series products	47.15	46.16
Light oil and oil series product	28.19	27.60
Coke series products	10.33	10.12
Mesophase carbonphere series products	4.25	5.38
Others	10.08	10.74
Total	100.00	100.00

2.Current products (services)

Current products (services)	
Coal tar series products	Soft pitch
	Creosote oil, carbon black feed oil
	Wash oil
	Refined naphthalene
	Special pitch paint
	Wood preservative oil
	Refined tar
	Naphthalene residul
Light oil series products	Benzene
	Methylbenzene, non-aromatic oils, mixed xylene
Coke series products	Anhydrous coke powder
	Nut coke, CDQ, refined fine powder
Carbon materials series products	Mesophase carbonphere, mesophase graphite carbonspheres, high-proportioned advanced surface area carbon materials, refined pitch, binding carbon powder, high softening point pitch, and OEM for graphitization
Other trade products	Sulfur, iron oxide powder, carburant

3.New products (services) to be developed: high-capacity and low-resistance anode material for lithium-ion batteries, fast-charging soft carbon anode material, high-capacity silicon-graphite anode material, isotropic graphite block and advanced carbon for supercapacitors and lead-carbon batteries.

(II) Industry Overview

1. Industry status and development

The development of the coal chemical industry had a long history in Europe, the US, Japan, and other developed countries. With the change of the industry, the output focus of the coke, coal tar, and light oil worldwide has gradually moved to Asia; in particular, China has accounted for over 60% of the global output. In the Europe and North America region, restricted by environmental regulations and requirements affected by PCI, the supply of coal tar has been decreasing on a yearly basis, while the focus of the coal chemical industry has gradually moved to Asia. In addition, due to the high transportation cost of coal tar-related products and region-oriented supply, the Company's primary market is, and competitors are in Asia.

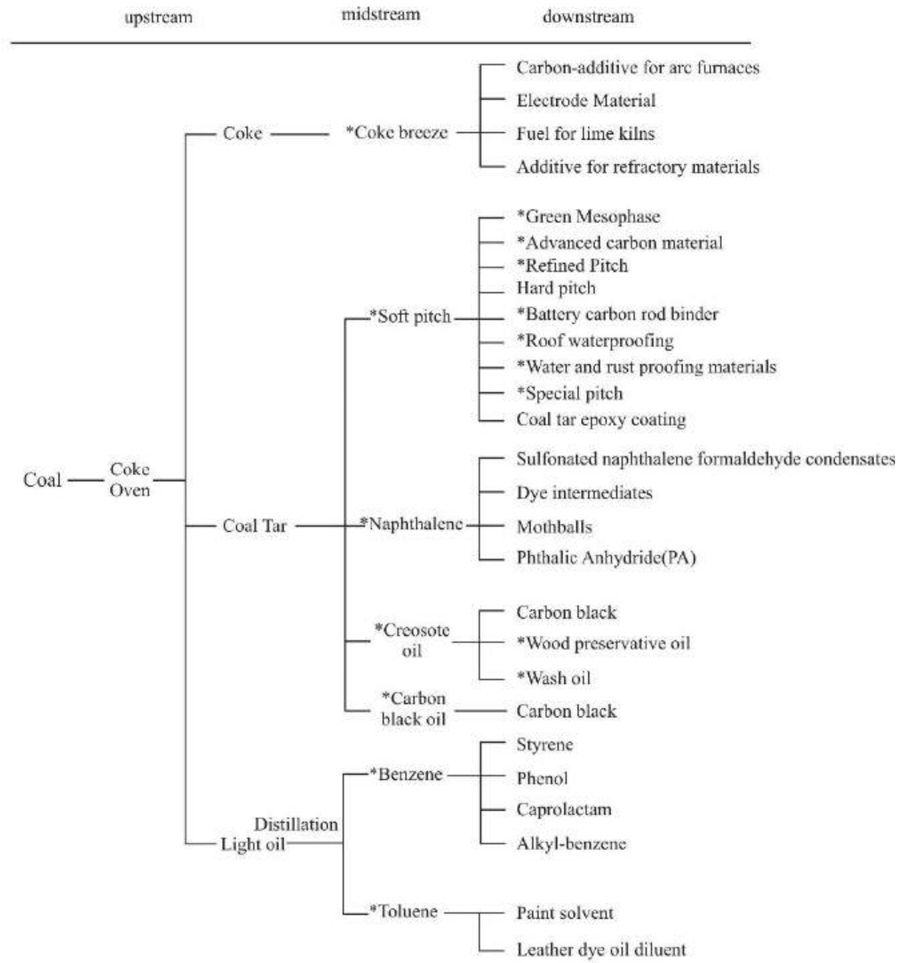
Coal tar and light oil are by-products of the coking process, and their output accounts for approximately 3% to 4% of the coke output, and their compositions are extremely complex. Various high added-value products may be obtained after distillation and purification by coal tar and light oil processing plants, primarily including soft pitch, creosote oil, carbon black oil, refined naphthalene, benzene, and methylbenzene. With the continuous expansion of the iron and steel industry in recent years, additional coal tar and light oil have been produced. The stable and sufficient supply of raw materials provides the foundation for the development of the coal tar processing industry.

Under the effect of environmental protection issues in the Mainland region, the coking industry recently recorded a reduction in its output, causing the decrease in coal tar supply and the high fluctuation in prices.

Apart from securing the primary products' market by means of long-term contracts, the Company also maintains steady quality and prompt delivery to ensure its market competitiveness. In addition, the Company generates its best interests via its flexible product portfolio.

2. Connection between upstream, midstream, and downstream within the industry

The connection between upstream, midstream, and downstream within the industry in the coal chemical industry is shown in the figure below. The upstream shall be the coke, coal tar, and light oil produced by coke ovens of steel plant consistent operations or independent coke plants; the midstream shall be fine coke processing plants, coal tar distillation plants, and light oil distillation plants. The fine coke-related products processed by CSCC can be used in steel-making carburants, electrode materials, lime industry fuels, and refractory additives. The main products after coal tar processing are soft pitch, creosote, and carbon black oil, of which soft pitch can be used in producing mesophase carbonphere, high-proportioned advanced surface area carbon materials for supercapacitors and lead-carbon batteries, impregnated pitch, hard pitch (as binders for aluminum smelting anodes and graphite electrodes), battery carbon core binder, waterproof and anti-corrosion materials, special pitch, and coal tar epoxy resin. Relevant products can be used in producing sulfonated formaldehyde condensate (a water reducer for concrete), dye intermediates, and phthalic anhydride. Creosote oil can be used in producing carbon black, scrubbing oil, and wood preservative oil. Carbon black oil is used in producing carbon black. The main products from the processing of light oil include benzene and methylbenzene; benzene can be used in producing styrene, phenol, caprolactam, and alkylbenzene, and methylbenzene is used as paint solvents and thinner for leather dye and surface finishing.



*The asterisk refers to CSCC's products

3.Development trend of products and competition

(1) Development trend of products

①Pitch is mainly used as the adhesives for aluminum smelting anodes (accounted for approximately 75% to 80%) and used in graphite electrodes (accounted for 10% to 15%) and special carbon materials. The amount of carbon black oil used for blending has been increasing in recent years, and there is no substitute at present.

The major competitors of the Company are from Korea and China. As China accounted for a higher portion of output and sales, the prices in China affect the international market.

②Creosote oil is mainly used in producing high-quality carbon black (mainly used as wood preservatives in the North American market). Upholding the low-cost strategy, customers adopt low-cost raw materials as the substitution, reducing the demand for creosote oil.

③Carbon black oil is mainly used in producing carbon black of general quality. Upholding the low-cost strategy, customers tend to use low-cost raw materials. The demand for carbon black oil is expected to increase in the future.

④The major market of fine naphthalene is naphthalene ball and dye intermediates. Currently, there is no evident substitute for dye intermediates; a partial market for naphthalene ball is replaced by PDCB and other fragrances. Currently, the major competitors of the Company are from Belgium, Spain, Czech Republic, and China.

⑤Mesophase carbonphere series products are mainly used in lithium-ion battery anode materials. Competing products include petroleum coke series artificial graphite and natural graphite. Artificial graphite is the mainstream in the current market. With features of high magnification and long useful lives; therefore, mesophase carbonphere products remain their competitive advantages in power lithium-ion battery applications.

(2) Product competition

Taiwan locates at the center of Asia. The Company locates at the neighbor of Kaohsiung port and possesses its exclusive shipping terminal, rendering a transportation advantage. The competition of the Company's major products is analyzed as follows:

①Soft pitch: The Company has signed a long-term sales contract with its Australian customer. Currently, 50% of the soft pitch raw material required by the company each year is provided by the Company. The Company has maintained smooth cooperation with its Australian customer for a long time, coupled with stable quality and supply volume. The two parties signed a long-term supply contract for ten years to set a stable foundation for the cooperation.

②Creosote/carbon black oil: Creosote/carbon black oil is the main raw material for producing carbon black. The annual output of the Company's creosote/carbon black oil is approximately 150,000 tons. Our supplies to the domestic, Japanese, and Southeast Asian markets are made through smooth distribution channels.

③Fine naphthalene: The market of the fine chemical naphthalene mainly concentrated in Mainland China and India, with customers mainly in the dye intermediate industry.

The market of the fine naphthalene ball mainly spreads across the Asia region, including Korea, Japan, Hong Kong, Vietnam, Myanmar, Malaysia, Philippines, Indonesia, Thailand, Pakistan, India, and Sri Lanka, which are the largest production and consumption markets for naphthalene balls. The market share of the Company in the naphthalene ball market in such region represent amounted to over 80%.

④Benzene: The domestic demand gap of benzene is approximately 900,000 tons. The current output of the Company is approximately 89,000 tons per year, accounting for an insignificant ratio of the demand gap in Taiwan.

⑤Methylbenzene: The Company produces approximately 1,000 tons of methylbenzene each month, which is mainly for export sales, while a small portion is sold to domestic solvent suppliers via distributors.

⑥ Mesophase carbonphere series products: The annual output is approximately 7,500 tons of mesophase carbonphere series products. The products are sold to relevant lithium-ion battery manufacturers in Taiwan, Mainland China, Japan, the US, and Europe. The Company also expanded into the new application of such products in graphite block materials; block materials are mainly used in manufacturing 3D glasses for smartphones.

(III) Technology and R&D Overview

1. R&D expenses invested: NT$130,979 thousand and NT$33,592 thousand for the years ended 31 December 2020 and 31 December 2021, respectively.

2. Technologies or products successfully developed during the latest year and as of the date of publishing the annual report

(1) Successfully developed the UF1 series products with ultra-small particle size and high magnification. The products possess a particle size of 3um and capacitance of 335mAh/g, fit for use in application fields of rapid-charging, low temperature, and high magnification. A certain portion of the series products has been sold to renowned battery suppliers in Japan and Mainland China.

(2) Developed the isotropic graphite for high-end molded glass, which has been provided to customers for trials. Developed the graphite for practical size mandrel shaping and completed supplier's quality certification. Installed trial production equipment for isocratic graphite to develop the technologies for shaping, baking, graphitization, and molding.

(3) Completed the basic design for the advanced carbon material mass-production plants and assisted the carbon material production plant in establishing its advanced carbon material mass-production plant and installing crucial equipment for activation and crushing.

3. Future R&D development projects

(1) Development of fast-charging coke-based artificial graphite anode.

(2)Development of high-capacity and low-resistance anode materials.

(3) Development of high-capacity silicon-graphite anode materials.

(4) Development of advanced carbon materials for supercapacitors with high voltage and low gas expansion.

(5) Development of fine grain isotropic graphite for electrical discharge machining.

(6) Development of high-quality isotropic graphite for crucible.

(IV) Long-term and short-term business development plan

1. Short-term

(1) Full and timely sales of all the products of the coal tar plant, light oil plant, coke plant, and carbon material plant.

(2) Responding to the rise of the global green energy industry, the Company is committed to maximizing the benefits arising from business opportunities related to green energy, in order to open up a new era for energy storage and new energy vehicles. Upon the completion of Pingnan's autonomous graphitization plant, the Company restructured the sales mix of raw and cured spheroidal

graphite and has been actively acquiring customers outside of the Mainland region to improve the brand quality and value of carbon materials and reinforce customer satisfaction.

(3) Exert the sales function of Changzhou CSNMT. CO, strengthen the market competitiveness of refined pitch, mesophase graphite carbonspheres, and activated carbon, and the advantage of providing local services to customers in Mainland.

2. Long-term

(1) As the electric vehicle has become the future development trend of countries worldwide, the Company will continue to develop high-capacity silicon-carbon anode materials for lithium batteries and organize sales planning of related products.

(2) Actively develop new products and markets of advanced carbon materials for supercapacitors and lead-carbon batteries with our advantages of raw materials and capacity for optimizing manufacturing process, together with cooperating with domestic and foreign research institutions and suppliers.

II. Market, Production, and Marketing Overview

(I) Market analysis

1. Sales (supply) regions of primary products (services)

(1) Coal tar series products: Taiwan, Australia, Mainland China, Japan, Korea, Vietnam, Myanmar, Thailand, Malaysia, Philippines, Indonesia, Pakistan, Sri Lanka, India, Bangladesh, and Germany.

(2) Light oil series products: Taiwan, Singapore, Mainland China, and Korea.

(3) Coke: Taiwan and Indonesia.

2. Market share: The Company possesses the sole domestic coal tar distillation plant in Taiwan and is the sole domestic supplier for products such as coal pitch, coal-based carbon black feed oil, and fine naphthalene. The Company's benzene products and petroleum benzene are substitutes for one another, and the domestic market share of the Company amounted to approximately 4%.

3. Future supply and demand in the market and its growth

(1) Approximately 60,000 tons to 65,000 tons of soft pitch is sold to the Australian customer each year. In addition, given the market demand for the production of lithium battery anode materials and

impregnated pitch, the soft pitch market is expected to remain stable in the future.

(2) The output of creosote/carbon black oil (carbon black feed) is approximately 150,000 tons each year. Approximately 95,000t tons to 96,000 tons are sold to domestic customers, and the remaining is exported and sold to carbon black plants in Japan, Korea, and Southeast Asia.

(3) The output of fine naphthalene is a[[rpximately 16,000 tons each year. Approximately 40% of the total output is sold to the naphthalene ball market in Asia, and the remaining is sold to dye markets in Mainland China and India. The Company received well recognitions from customers due to the premium quality of fine naphthalene and the steady and fast delivery; the monthly output may be fully sold.

(4) The output of benzene is fully sold to the domestic sales market; however, the output remains insufficient to meet customers' demands.

(5) Coke is mostly for domestic sales; export sales are made when there is any surplus.

(6) The mesophase carbonspheres are mainly sold to China. For the sales of mesophase graphite carbonspheres, the competition in the Chinese market becomes increasingly intense due to the decrease in the subsidies provided to the new energy vehicles in China. Primary battery suppliers are shifting their focus to the European market. In addition to maintaining its existing customers, the Company actively facilitates the exchange and cooperation with customers in Japan, Korea, Europe, and the US with a global market layout, in the hope of increasing the sales ratio of carbon materials step by step.

4. Competitive niche, favorable and unfavorable factors for development prospects, and countermeasures

(1) Favorable factors

①Raw material coal tar and crude light oil are stably supplied by CSC, DSC, and Formosa Ha Tinh Steel Corporation, benefiting the Company's stable production and sales.

②The Company possesses the sole domestic coal tar series product production plant. Except for benzene, methylbenzene, and mixed xylene in the light oil series products compete with petrochemical series products, other products are unlikely to be replaced, and the sales channels remain stable.

③The Company recorded achievements in the R&D of new products and continued to expand the production of carbon material products, benefiting the Company's business growth.

④CSCC has stable operations, healthy credit, premium employees, and has been actively developing new products.

(2) Unfavorable factors

①The Company's export sales ratio of products is approximately 44%; the changes in exchange rates have significant impacts on its operating income.

②The excess production capacity for coal tar deep processing in China will cause adverse effects on the global downstream coal tar industry.

③The Company's export sales ratio of products is high. Given the continuous production under consistent operations and limited storage tank equipment, the delay in the sailing schedule for export sales easily affects our normal operations and production.

④The Company's soft pitch would face market competition upon the decrease in the demand of downstream customers.

(3) Countermeasures

①The Company shall adopt flexible financial arrangements and duly carry out the currency management.

②Keep abreast of market dynamics, gather information on customers' demand, and make spontaneous response and handling.

③The sales channels shall be flexible to prevent affecting the normal operations and production.

④Create brands and acquire internationally renowned customers.

⑤Improve product quality to meet customers' requirements.

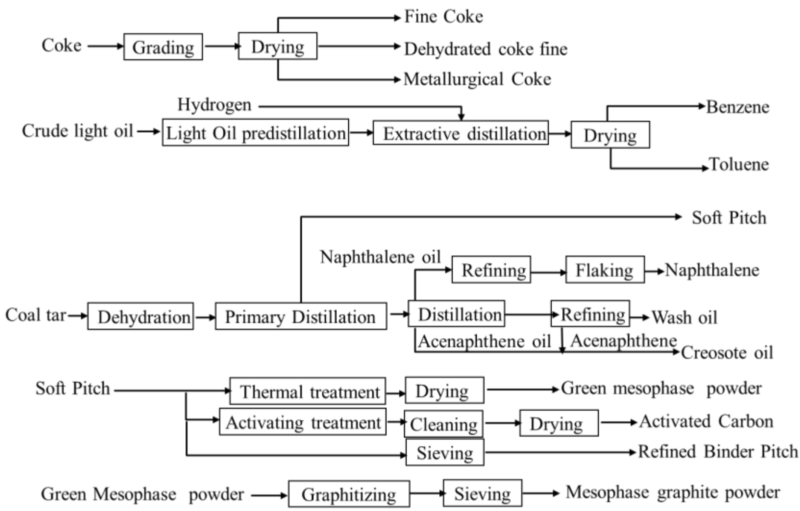
(II) Primary products' important usage and production process

1. Primary products' important usage

Primary products of services	Primary usage or function
Coal tar series products	1. Aluminum electrode rod binder 2. Impregnated pitch 3. Tar epoxy anti-corrosive paint filler 4. Tar PU runway bottom material filler

	5. Dry-cell battery carbon rod binder 6. Synthetic raw materials for sulfonic acid series water reducers or dye intermediates 7. Anti-corrosion and anti-insect naphthalene balls 8. Carbon black raw materials 9. Wash oil 10. Wood preservative oil
Light oil series products	1. Styrene, caprolactam, phenol, alkylbenzene, and other raw materials 2. Solvent for paint
Coke series products	Lime kiln fuel or recarburizer for electric furnace steelmaking
Mesophase carbonphere series products	Lithium-ion battery anode materials
High-proportioned advanced surface area carbon materials	Supercapacitors and lead-carbon batteries

2. Production process of primary products



(III) Supply of primary raw materials

Raw material supply for 2020

1. Coal tar: Coal tar is delivered to CSCC via pipeline from CSC and by tank trucks from DSC; the total amount was 260,216 tons in 2020.
2. Crude light oil: Crude light oil is delivered to CSCC via pipeline from CSC and by tank trucks from DSC; partial of the crude light oil is imported from foreign countries; the total amount was 116,302 tons in 2020.
3. Fine coke: Fine coke is delivered from CSC's fine coke area to the screening area for processing, screening, and drying; the total amount used was 230,458 tons in 2020.

(IV) List of customers accounting for more than 10% of the total purchases (sales) during the latest two years

1. Information on major suppliers during the latest two years

	2020				2019				As of Q1 in 2021			
Item	Name	Amount (NT$1,000)	Ratio to net purchases throughout the year (%)	Relationship with issuers	Name	Amount (NT$1,000)	Ratio to net purchases throughout the year (%)	Relationship with issuers	Name	Amount (NT$1,000)	Ratio to net purchases as of Q1 of the year (%)	Relationship with issuers
1	CSC	1,447,865	54	Parent company and subsidiary	CSC	2,111,712	50	Parent company and subsidiary	CSC	502,866	52	Parent company and subsidiary
2	Formosa Ha Tinh Steel Corporation	605,995	23	Other related parties	Formosa Ha Tinh Steel Corporation	1,121,549	27	Other related parties	Formosa Ha Tinh Steel Corporation	239,517	25	Other related parties
3	Dragon Steel Corporation (DSC)	515,258	19	Fellow subsidiary	Dragon Steel Corporation (DSC)	815,758	20	Fellow subsidiary	Dragon Steel Corporation (DSC)	194,194	20	Fellow subsidiary
4	Others	93,372	4		Others	134,565	3		Others	27,149	3	
	Net purchases	2,662,490	100		Net purchases	4,183,584	100		Net purchases	963,726	100	

2. Information on major customers of sales for the latest two years

	2020				2019				As of Q1 in 2021			
Item	Name	Amount (NT$1,000)	Annual net sales (%)	Relationship with issuers	Name	Amount (NT$1,000)	Annual net sales (%)	Relationship with issuers	Name	Amount (NT$1,000)	Annual net sales up to the most recent quarter (%)	Relationship with issuers
1	Linyuan Advanced	845,761	16	Note:	DALIAN	1,229,727	17		DALIAN	278,413	17	
2	DALIAN	831,292	15		Linyuan Advanced	1,140,278	15	Note:	Linyuan Advanced	272,600	16	Note:
3	KCMC	652,193	12		KCMC	838,523	11		KCMC	161,717	10	
4	Others	3,034,528	57		Others	4,333,462	57		Others	956,126	57	
	Net sales	5,363,774	100		Net sales	7,541,990	100		Net sales	1,668,856	100	

Note: A subsidiary of the major management of the Company.

(V) Table of production volume and value of during the latest two years

Unit: Production capacity and output - Tons

Output value－NT$1,000

Year / Production volume and value / Primary products (or department)	2020			2019		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Coal tar and chemical series products	200,000~ 260,000	262,500	2,554,648	200,000~ 260,000	256,670	3,658,464
Light oil and oil series product	100,000~ 120,000	108,868	1,471,564	100,000~ 120,000	114,457	2,151,600
Coke series products	333,300	65,731	457,279	333,300	64,104	496,740
Total		437,099	4,483,491		435,231	6,306,804

(VI) Table of sales volume and value during the latest two years

Unit: Sales volume - Tons

Sales value - NT$1,000

Year / Sales volume/value / Primary products (or department)	2020				2019			
	Domestic sales		Foreign sales		Domestic sales		Foreign sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Coal tar and chemical series products	111,472	961,446	147,025	1,514,609	104,390	1,275,653	136,207	2,112,053
Light oil and oil series product	97,960	1,345,688	12,148	134,907	103,704	1,958,918	12,295	221,456
Coke series products	65,706	456,988	25	291	63,970	494,982	134	1,758
Total	275,138	2,764,122	159,198	1,649,807	272,064	3,729,553	148,636	2,335,267

(VII) Key performance indicators (KPIs) for the particularity of the coal chemical industry

The Company possesses the sole domestic coal tar distillation plant, and there is no similar company in Taiwan with the industrial particularity to be used as references. Therefore, a sound financial structure and stable profitability are the KPIs particular to the industry. For 2020 and 2019, the Company's debt ratio was 42% and 39%, respectively, and the ratio of long-term capital to property, plant and equipment amounted to 214% and 192%, respectively. For 2020 and 2019, the Company's return on assets was 6% and 11%, respectively, the return on equity was 11% and 18%, and the net profit margin was 13% and 18%, respectively. The Company continues its efforts in achieving its objective of maintaining its outstanding long-term profitability and a sound financial structure. In the future, the Company will continue to develop technologies and products complying with the market demand, in the hope of establishing a supply center focusing on coal chemicals and carbon materials.

III. Employees

31 March 2021

Information on employees of CSCC and subsidiaries

Year		2020	2019	As of 31 March 2021
Number of employees	Total	316	316	315
Average age		39.17	38.48	39.45
Average length of service		11.99	10.85	12.00
Academic distribution ratio	PhD	2.5%	2.5%	2.9%
	Master	26.9%	27.4%	26.3%
	University and college	57.0%	55.2%	56.9%
	High school and vocational school	13.6%	14.9%	13.9%
	Below high school	0%	0%	0%

Information on employees of CSCC

Year		2020	2019	As of 31 March 2021
Number of employees	Total	306	303	305
Average age		39.43	38.83	39.69
Average length of service		12.24	11.61	12.50
Academic distribution ratio	PhD	2.6%	2.6%	3.0%
	Master	27.5%	28.1%	26.9%
	University and college	56.5%	55.8%	56.7%
	High school and vocational school	13.4%	13.50%	13.4%
	Below high school	0%	0%	0%

Directors outside of the CSC Group

Year		2020	2019	As of 31 March 2021
Number of Directors	Total	5	5	5
Average age		56	55	56
Average length of service		3.3	2.3	3.6
Academic distribution ratio	PhD	0.0%	0.0%	0.0%
	Master	80.0%	80.0%	80.0%
	University and college	20.0%	20.0%	20.0%
	High school and vocational school	0.0%	0.0%	0%

IV. Information on Environmental Expenses

The Company adheres to the spirit of continual improvement and establishes an annual plan to reduce the generation of pollutants and reduce the use of energy, in order to gradually improve the performance of environmental management.

1. To reduce the use of energy and resources (including electricity, steam, fuel oil, and gas), the Company resets new consumption standards each year, which not only reduces the emission of greenhouse gases (GHG) but also enhances our business management effectiveness.

2. Air pollution control

(1) Apart from ensuring the normal operation of multiple monitoring equipment and completing the test and declaration for all chimney particulate pollutants, sulfur oxides, nitrogen oxides, and volatile organic compounds, the Company also applies for the establishment and operations of permits in accordance with the laws.

(2) Reduction of volatile organic pollutants: The Company reduces the pollutant emissions by minimizing the number of equipment components. For the parts required, the Company regularly tests their fugitive concentration to ensure that it is below the control concentration. For pollutants discharged by equipment, the Company selects equipment with the highest processing efficiency to reduce the impact on the environment.

3. Waste treatment

(1) Legal processing suppliers are engaged to recycle and process waste refractories so as to reuse such wastes as raw materials.

(2) When the coal chemical production plant cleared out a small amount of slag due to annual repair, regular repair, or the abnormal operations of equipment resulting from the accumulation of slag, the Company enters into a reuse contract with CSC according to the Regulations of Waste Reuse to deliver the slag to CSC for reuse, reducing the load of waster treatment.

(3) For the treatment of business wastes, apart from the removal and disposal of wastes in accordance with the Waste Disposal Act, the Company also formulates its internal management plans for waste reduction.

4. Effluent sewage treatment

(1) The Company has implemented its plan of water pollution prevention measures in accordance with laws and improved the manufacturing process from the source to reduce the generation of wastewater.

(2) Steam condensates are collected and recycled to be used in the manufacturing process in order to reduce the use of water.

(3)All generated wastewater is properly treated without any exceptional discharge.

5.In response to GHG reduction, the Company organized the establishment of its GHG inventory inspection management system, provided training courses were for internal inspection personnel, and formulated strategies and action plans related to GHG management were. In October 2013, CSCC also passed the external certification of GHG inventory inspection.

In 2020, the total GHG emission was 95,297.29 tons. Direct (scope 1) and indirect (scope 2) GHG emissions were 24,930.36 tons and 70,366.96 tons, respectively, accounting for 26.16% and 73.84% of the total emissions.

(I)Losses incurred due to environmental pollution during the latest two years and as of the date of publishing the annual report

1.No fine was imposed due to the violation of the Air Pollution Control Act in 2020.

2.On 20 February 2019, the Environmental Protection Bureau of Kaohsiung City Government visited the Xiaogang Plant to perform the equipment component VOC test. For the VOC sample test on the equipment component of M02 and M05, 11,147 ppm, 2,638 ppm, and 4,489 ppm of VOC were detected in V4304F01, V4209BV01, and A06-V01. The net test value exceeded 2,000 ppm as stipulated in the Standards for Volatile Organic Compounds of Equipment Components and Emissions issued by the Kaohsiung City Government and violated the requirements under paragraph 1, Article 20 of the Air Pollution Control Act. On 7 March 2019, the Environmental Protection Bureau of Kaohsiung City wrote to Xiaogang Plant (Kao-shi-huan-ju-kong-zi No. 10832608900) and issued tickets (Kao-shi-huan-ju-kong-chu-zi No. 20-108-030030 and Kao-shi-huan-ju-kong-chu-zi No. 20-108-030031) subsequently to impose a fine of NT$300,000 only.

(II) Countermeasures

1. Improvement measures to be adopted

(1) Improvement plan

①Process adjustments shall be immediately requested upon the onsite test in order to avoid the continuous leakage of the breathing valve. Subsequently, commence work and repair the place of leakage.

②Amend the Procedures for Responding to the External Audit and Inspection on Equipment Component VOC, including the requirements for loading and unloading of tank trucks and the SOP for VOC leakage to be performed by on-site employees.

(2) Estimated environmental protection expenses in the following two years

①For 2021, the estimated expenses related to environmental protection shall be NT$27,480,000.

②For 2022, the estimated expenses related to environmental protection shall be NT$21,480,000.

(3) Effects after improvements

①Effects on net profit: No significant effect.

②Effects on competitive status: None.

2. No countermeasures adopted

(1) Reasons for not adopting any countermeasure: None.

(2) Status of pollution: None.

(3) Amount of possible losses and compensation: None.

V. Work Environment and Protective Measures for the Personal Safety of Employees

(I) Substantial measures for safety and health management

1.Evaluation of the safety hazard of the manufacturing process and the countermeasures

Risk evaluation is regularly performed for the existing manufacturing process of the Company. Risk evaluation commences for the new manufacturing process unit during the design stage. Where the level of risk evaluated through the systematic methods is not acceptable, the Company modify the manufacturing method or equipment to reduce the risk to an acceptable level.

2. Healthcare and management

The Company implements health inspections for employees engaging in general operations and particular hazard operations based on the "Rules for Health Protection of Labor" and professional medical institutions are engaged to perform employees' annual health inspections. In addition to the hierarchical management of particular health inspection results, the Company also engaged physicians to provide medical and healthcare consultancy for employees on a monthly basis. When necessary, the Company urges employees to receive professional treatment. Regarding the common domestic diseases such as high blood pressure, high blood lipids, and abnormalities in blood glucose, the Company communicates with employees on different occasions to encourages them to cultivate healthy diet and exercise habits. The Company further encourages employees to participate in club activities (such as mountain-climbing and cycling) to achieve the purpose of exercising and relieve stress.

3. Assessment of the operating environment

The Company engages qualified institutions for operating environment assessment every half year to perform the operating environment assessment regarding chemical factors according to the "Regulations for the Implementation of Operating Environment Assessment for Labors," (chemical factors are carbon dioxide, dust, organic solvent, and particular chemical substances) and determine whether the assessment results comply with the requirements under laws and regulations. For any anomaly in the assessment result, the Company would immediately improve and make corrections to protect the health of our fellow colleagues.

4. Safety and health management system certification

From passing the SGS "OHSAS18001" safety and health management system in 2002 up to now, the Company conducts hazard analysis, management plan, safety and health training, correction and prevention, consultancy and communication according to a systematic management method, and achieve the purpose of continual improvement under the PDCA cycle. The Company passed the re-certification in 2005, 2008, 2011, 2014, and 2017 and completed the certification of version transition for ISO45001 in March 2020.

5. Health hazard prevention educational training

To allow our employees to accurately understand the hazard of health hazard factors and its prevention countermeasures, the Company arranges our fellow employees to participate in programs organized by external professional training institutions from time to time to carry out the educational training related to safety, health, and health hazard, improving employees' professional knowledge.

(II)Implementation of operational safety management

1. The Company carries out risk evaluation and engineering practices according to laws and regulations related to safety and health, implements particular operational control and work permit for hazardous operations such as elevated work, outage, fire operations, and limited space, and established procedures for the safety of work required for construction personnel to observe during operations, so as to ensure the safety of personnel and equipment during the construction.

2. Employees are encouraged to report all events of injury, non-injury, and false alarms, allowing other personnel to learn from their experiences to eliminate potential hazards and prevent the recurrence of similar accidents. In addition, emergency response training (including leakage, fire, and personnel injuries) is conducted on a regular basis. The Company simulates the handling and

responding abilities of employees upon the occurrence of any emergency by way of pre-planning and training, so as to minimize the losses upon the real occurrence of disasters.

3.Inspections are regularly performed on all hazardous equipment and pipelines. Apart from internal and external inspections performed on hazardous machinery and equipment according to the law, we also arrange annual cleanup and inspections on equipment with high operating pressure, with content that is easily corroded, blocked, or has damaged holes annually. The Company would perform inspection and repair or use the spare part for any anomaly found to ensure operational safety.

4.For audits and patrol inspections by superiors, the senior executives perform monthly or weekly plant inspections from time to time when focusing on contractor management, improvements on non-conformities in safety and health, execution and implementation of procedures for the safety of work, and the reorganization of environment based on the 5S methodology. After the patrol inspection, deficiencies discovered shall be followed up by the responsible department until the completion of improvements.

5.Superiors and safety and health personnel conduct daily patrol inspections, and the superiors of departments perform the daily inspections within their scope of responsibilities to ensure the normal operations and safety and health conditions within their scope of responsibilities. The safety and health personnel are responsible for a comprehensive plant inspection. Cross-audit is adopted to ensure the plant operations are under normal and safe conditions.

6.Strengthen contract management: Contractors were engaged for partial operations of the plant. In the past, many accidents are related to the content of construction by contractors. Therefore, unlike other plants, the Company's contractors reside in the plant, and the fixed contractors are responsible for the maintenance and repair. By way of long-term residence and training provided by the Company, contractors are able to accumulate their engineering experiences, reduce the staff mobility, and in turn understand the hazardous operations of the business department and take the initiative to observe its relevant requirements, rendering positive support to engineering safety.

VI. Labor-capital Relationship

(I)Employee welfare measures, continuing education, training, retirement systems and their implementation, labor-capital agreement, and measures to protect employees' interests

1. Employee welfare measures and their implementation

The Company established its Employee Welfare Committee in January 1990 to be responsible for the welfare of all our fellow colleagues. The measures include group insurance, travel subsidies, consolation money for new year and festivals, consolation money for the passed, consolation money for injury and disability, consolation money for hospitalization, offspring educational subsidies for employees who passed away or became physically impaired due to corporate business, medical subsidies for hospitalization for employees and their family members, marriage subsidies, offspring educational subsidies for employees, subsidies for recreational club activities, and emergency borrowings for employees. The annual budgets, expenditure, and arrangement for employee benefits are discussed and monitored by members of the Employee Welfare Committee, which plays an effective part in stabilizing employees' emotions at the workplace.

The Company purchased the employee group insurance policy on 31 December 1990. The insurance coverage includes the employees themselves, their spouses, and their offspring. The insurance benefits include life insurance, accident insurance, hospitalization insurance, critical disease insurance, cancer insurance, and occupational disaster insurance.

Other benefits: Parental leave, stock ownership trust, birthday and festive gift money, labor day gift money, consumer loans, and special offers at merchants and hotels.

2. Continuing education and training for employees and the implementation

The Company has established the Regulations for the Management of Educational Training to encourage employees to improve their academic knowledge and skills and their working quality and efficiency, so as to maintain the foundation of the Company's sustainable operations and development. The Company's educational training system is divided into internal training, external training, and domestic and overseas on-the-job training.

The Company's fees and expenses related to educational training during 2020 were NT$1,500 thousand, and the average number of training hours was 28.8 hours. The content of the program includes training programs related to quality management, management programs, internal control and internal audit practice programs, cell seminars, training programs for product R&D, programs related to information, programs related to international trade practices, fire-fighting and extinguishing training, programs for emergency management practices, training programs for superiors related to specialization, organic, and dust operations, forklift training programs, first-aid personnel training programs, programs of energy-saving and carbon emission reduction, programs related to maintenance, programs related to occupational safety and environmental protection, and training programs related to finance and accounting.

3. The retirement system and its implementation

To provide incentives for employees' professional services and settle their on-the-job or post-retirement livings, the Company has established the Regulations for Retirement, Indemnities, and Severance according to the requirements under the Labor Standard Act and relevant laws and regulations. In terms of retirement regulations, those who have worked for more than 15 years with an age of 55 or above or those who have worked for more than 25 years may apply for retirement. Regarding the granting standards for pension, two bases were provided for a year of service and one base is provided for a year of service for those who have worked for more than 15 years; the maximum total shall be up to 45 bases. The Company also established a Labor Pension Allowance Supervisory Committee to appropriate the labor pension allowance on a monthly basis. In term of indemnities, any employees who passed away due to diseases or accidents on the job shall receive compensation equivalent to two months of their salaries and funeral subsidies equivalent to three months of their salaries, and indemnities shall be made according to the requirements related to the granting of pension based on their term of services; the maximum amount shall be equivalent to 45 months of their salaries. Five years shall be adopted as the basis for those who assumed their posts for less than five years. In addition, for employees who passed away due to their courageous conducts for disaster relief, accidents during the execution of their duties at the workplace, or those who passed away during transportation for work, the Company would provide funeral expenses equivalent to five months of their average salaries, a lump-sum death compensation to their family members equivalent to 45 months of their average salaries, and distribute special indemnities amounted to NT$2.2 million, NT$1,4 million, and NT$0.8 million, accordingly. In terms of severance regulations and the granting of severance pay, a severance pay equivalent to one month of average salaries shall be granted for a year of service; for those who worked for less than one year, the severance pay shall be calculated proportionally.

In response to the implementation of the Labor Pension Act on 1 July 2005, certain employees of the Company opted to apply the Labor Pension Act from 1 July 2005; the Company appropriate labor pension to employees' personal account on a monthly basis.

4. Stock ownership trust

To integrate the employees' personal wealth and the Company's growth for the better protection of employees' lives after retirement and call upon the centripetal force for the Company and improving the labor-capital harmony, the Company implemented its employees' stock ownership trust system in January 1999. Employees participating in the trust may flexibly select the appropriation base (up to 12 bases) within the cap of 10% of their basic salaries, and each base shall be NT$1,000. The Company also appropriate a fixed proportion to the monthly appropriation amount of participating employees as incentives. A financial institution is engaged to use all the funds to purchase the Company's shares in the name of an exclusive account and utilize and manage such funds on behalf of the Company. The participating employees may collect the shares under the trust upon severance or retirement.

5. Measures to protect employees' interests

In order to promote honesty at the workplace, so that employees have self-discipline, would spontaneously perform their duties, and adhere to the four major spirits of teamwork, enterprise, steadiness, and innovation, the Company established the "CSCC Ethical Norms for Employees" on 8 January 2009. In addition, the Company formulated the "Ethical Management Principles," "Procedures and Behavioral Guidelines for Ethical Management," and "Regulations for the Whistleblowing, Complaints, and Punishment of Violations of Ethics" on 5 August 2013, 30 December 2015, and 6 January 2016, respectively for all our fellow colleagues to duly observe.

6. Labor-capital agreement

In order to achieve harmonious labor-management relationships, ensure labor and management rights, cooperate in business development, and show mutual respect regarding the legitimate exercise of employees and employer's rights, the Company and the Labor Union of CSC Group have been negotiating the collective bargaining agreement in accordance with the Collective Agreement Act since 2015.

7. Convene labor-capital meeting

After elected the 1st session of representatives for the labor-capital meeting on 10 April 2017, the Company regularly convenes the labor-capital meetings according to the labor-capital agreements. A total of four labor-capital meetings were convened during 2020. The convening of labor-capital meetings is beneficial to the facilitation of labor-capital harmony.

(II) The estimated amount of losses incurred to the Company due to labor-capital disputes and the potential occurrence in the future and countermeasures during the latest two years and as of the date of publishing the annual report

The Company values the labor-capital harmony and the communications between our fellow colleagues. In general, the smooth communication channels between superiors and employees allow the joint cultivation of capital and labor as a whole to share joys and sorrows and invest in the creation of a harmonious CSCC family. Also, the management rules, regulations, and systems comply with the requirements under the Labor Standard Act; therefore, a harmonious labor-capital relationship is recorded for the Company, and there had been no labor-capital dispute or losses. Under the circumstances where the Company continues to actively promote and realize its employee welfare measures in the future, it is estimated that there shall be no losses incurred due to labor-capital disputes.

VII. Significant Contracts

Contract nature	Parties involved	Contract term	Primary content	Restrictive terms
1. Sales contract	KCMC, Australia	From 1 January 2018 to 31 December 2027	85C soft asphalt sales contract°	None
2. Sales contract	TPCC(4725TT)	From 1 January 2020 to 31 December 2020 From 1 January 2021 to 31 December 2021	Benzene sales contract	None
3. Sales contract	FUCC(1709TT)	From 1 January 2020 to 31 December 2020 From 1 January 2021 to 31 December 2021	Benzene sales contract	None
4. Sales contract	SMCT(1310TT)	From 1 January 2020 to 31 December 2020 From 1 January 2021 to 31 December 2021	Benzene sales contract	None
5. Sales contract	GPPC(1312TT)	From 1 January 2020 to 31 December 2020 From 1 January 2021 to 31 December 2021	Benzene sales contract	None
6. Sales contract	TOKAI CARBON	From 1 January 2020 to 31 December 2020 From 1 January 2021 to 31 December 2021	Creosote oil sales contract	None
7. Sales contract	Dalian Shengyuan Chemical Co., Ltd.	From 1 January 2020 to 31 December 2020 From 1 January 2021 to 31 December 2021	Creosote oil sales contract	None
8. Sales contract	Carbon Asia Continental	From 1 January 2020 to 31 December 2020 From 1 January 2021 to 31 December 2021	Creosote oil sales contract	None
9. Purchase contract	CSC	From 1 March 2018 to 28 February 2023	Crude light oil purchase contract	None
10.Purchase contract	CSC	From 1 April 2019 to 31 March 2024	Coal tar purchase contract	None
11.Purchase contract	CSC	From 1 January 2018 to 31 December 2022	Nut coke purchase contract	None
12.Purchase contract	CSC	From 1 January 2018 to 31 December 2022	Anhydrous coke powder purchase contract	None
13.Purchase contract	CSC	From 1 January 2018 to 31 December 2022	Hydrated coke breeze purchase contract	None
14.Purchase contract	CSC	From 1 January 2018 to 31 December 2022	CDQ purchase contract	None
15.Purchase contract	CSC	From 1 January 2018 to 31 December 2022	Fine powder dust collector purchase contract	None
16.Purchase contract	CPC	From 1 January 2020 to 31 December 2020 From 1 January 2021 to 31 December 2021	Hydrogen purchase contract	None
17.Commissioned processing contract	CSC	From 1 January 2018 to 31 December 2022	Fine powder coke processing contract	None
18.Purchase contract	CPC	From 31 May 2019 to 30 May 2022	Natural gas purchase contract	None

Chapter 6. Financial Overview

I. Condensed Balance Sheet and Statements of Profit or Loss and CPAs' Audit Opinions for the Latest Five Years

(I) Condensed Balance Sheet - IFRS - Consolidated

Unit: NT$1,000

Item \ Year		Financial information for the latest five years (Note 1)				
		At the end of 2020 (Note 4)	At the end of 2019	At the end of 2018	At the end of 2017	At the end of 2016
Current assets		3,750,561	3,971,549	4,486,105	4,613,437	3,942,290
Property, plant and equipment (Note 2)		4,148,025	4,438,535	3,982,399	3,200,754	2,576,874
Intangible assets		-	-	-	-	-
Other assets (Note 2)		3,744,287	3,681,721	3,248,242	3,421,346	3,042,598
Total assets		11,642,873	12,091,805	11,716,746	11,235,537	9,561,762
Current liabilities	Before distribution	2,755,348	3,255,046	3,533,944	4,178,494	2,561,945
	After distribution	(Note 3)	4,439,569	4,789,538	5,268,254	3,628,015
Non-current liabilities		2,077,099	1,478,041	827,260	183,853	169,157
Total liabilities	Before distribution	4,832,447	4,733,087	4,361,204	4,362,347	2,731,102
	After distribution	(Note 3)	5,917,610	5,616,798	5,425,107	3,797,172
Interests attributable to the owner of the parent company		6,534,169	6,992,245	6,985,203	6,521,537	6,500,105
Share capital		2,369,044	2,369,044	2,369,044	2,369,044	2,369,044
Capital reserve		869,637	845,852	820,648	755,849	732,977
Retained earnings	Before distribution	3,606,276	4,071,819	4,047,059	3,684,283	3,602,424
	After distribution	(Note 3)	2,887,296	2,791,465	2,594,523	2,536,354
Other equity		(193,150)	(176,832)	(133,910)	(161,983)	(78,684)
Treasury shares		(117,638)	(117,638)	(117,638)	(125,656)	(125,656)
Non-controlling interest		276,257	366,473	370,339	351,653	330,555
Total equity	Before distribution	6,810,426	7,358,718	7,355,542	6,873,190	6,830,660
	After distribution	(Note 3)	6,174,195	6,099,948	5,783,430	5,764,590

Note 1: The financial information from 2016 to 2020 had been audited and certified by CPAs.

Note 2: The Company had not performed asset re-valuation.

Note 3: The proposal of earning distribution for 2020 is pending for determination at the annual shareholders' meeting.

Note 4: The date of publishing the annual report of the Company is 31 March 2021; therefore, the latest financial information certified or reviewed by CPAs shall be the information at the end of 2020.

Condensed Balance Sheet - IFRS - Individual

Unit: NT$1,000

Item		Financial information for the latest five years (Note 1)				
Year		At the end of 2020 (Note 4)	At the end of 2019	At the end of 2018	At the end of 2017	At the end of 2016
Current assets		2,567,440	2,642,162	2,774,028	2,992,087	2,472,819
Property, plant and equipment (Note 2)		4,099,878	4,387,111	3,944,735	3,161,609	2,542,737
Intangible assets		-	-	-	-	-
Other assets (Note 2)		4,321,753	4,352,291	4,337,552	4,332,754	3,900,079
Total assets		10,989,071	11,381,564	11,056,315	10,486,450	8,915,635
Current liabilities	Before distribution	2,427,133	2,960,370	3,243,852	3,783,368	2,246,373
	After distribution	(Note 3)	4,144,893	4,499,446	4,873,128	3,312,443
Non-current liabilities		2,027,769	1,428,949	827,260	181,545	169,157
Total liabilities	Before distribution	4,454,902	4,389,319	4,071,112	3,964,913	2,415,530
	After distribution	(Note 3)	5,573,842	5,326,706	5,054,673	3,481,600
Interests attributable to the owner of the parent company		6,534,169	6,992,245	6,985,203	6,521,537	6,500,105
Share capital		2,369,044	2,369,044	2,369,044	2,369,044	2,369,044
Capital reserve		869,637	845,852	820,648	755,849	732,977
Retained earnings	Before distribution	3,606,276	4,071,819	4,047,059	3,684,283	3,602,424
	After distribution	(Note 3)	2,887,296	2,791,465	2,594,523	2,536,354
Other equity		(193,150)	(176,832)	(133,910)	(161,983)	(78,684)
Treasury shares		(117,638)	(117,638)	(117,638)	(125,656)	(125,656)
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	6,534,169	6,992,245	6,985,203	6,521,537	6,500,105
	After distribution	(Note 3)	5,807,722	5,729,609	5,431,777	5,434,035

Note 1: The financial information from 2016 to 2020 had been audited and certified by CPAs.

Note 2: The Company had not performed asset re-valuation.

Note 3: The proposal of earning distribution for 2020 is pending for determination at the annual shareholders' meeting.

Note 4: The date of publishing the annual report of the Company is 31 March 2021; therefore, the latest financial information certified or reviewed by CPAs shall be the information at the end of 2020.

(II) Condensed Statements of Comprehensive Income - IFRS - Consolidated

Unit: NT$1,000 (except for the unit of earnings per share being NT$)

Item \ Year	Financial information for the latest five years (Note 1)				
	2020 (Note 3)	2019	2018	2017	2016
Revenue	5,363,774	7,541,990	8,559,743	6,241,824	5,143,740
Gross profit	1,119,893	1,845,947	2,156,512	1,590,112	1,466,267
Operating profit or loss	769,899	1,442,393	1,776,255	1,249,264	1,103,246
Non-operating income and expenses	81,120	152,932	109,412	115,902	107,421
Net profit before tax	851,019	1,595,325	1,885,667	1,365,166	1,210,667
Net profit for the period	708,027	1,297,989	1,515,710	1,207,511	1,038,960
Other comprehensive income (net value after tax)	(29,687)	(64,423)	4,653	(121,783)	(8,217)
Total comprehensive income for the period	678,340	1,233,566	1,520,363	1,085,728	1,030,743
Net profits attributable to the owner of the parent company	716,891	1,292,839	1,508,446	1,159,836	1,030,904
Net profits attributable to non-controlling Interest	(8,864)	5,150	7,264	47,675	8,056
Total comprehensive income attributable to the owner of the parent company	702,662	1,237,432	1,501,677	1,064,630	1,034,588
Total comprehensive income attributable to non-controlling interest	(24,322)	(3,866)	18,686	21,098	(3,845)
Earnings per share (Note 2)	3.09	5.57	6.50	5.00	4.45

Note 1: The financial information from 2016 to 2020 had been audited and certified by CPAs.

Note 2: Calculated based on the weighted average number of outstanding shares.

Note 3: The date of publishing the annual report of the Company is 31 March 2021; therefore, the latest financial information certified or reviewed by CPAs shall be the information at the end of 2020.

Condensed Statements of Comprehensive Income - IFRS – Individual

Unit: NT$1,000 (except for the unit of earnings per share being NT$)

Year / Item	Financial information for the latest five years (Note 1)				
	2020 (Note 3)	2019	2018	2017	2016
Revenue	5,251,341	7,379,595	8,192,713	5,813,537	4,894,859
Gross profit	1,078,660	1,786,352	2,018,912	1,347,065	1,282,844
Operating profit or loss	738,859	1,398,571	1,652,744	1,018,499	938,239
Non-operating income and expenses	119,434	191,514	216,456	297,195	255,485
Net profit before tax	858,293	1,590,085	1,869,200	1,315,694	1,193,724
Net profit for the period	716,891	1,292,839	1,508,446	1,159,836	1,030,904
Other comprehensive income (net value after tax)	(14,229)	(55,407)	(6,769)	(95,206)	3,684
Total comprehensive income for the period	702,662	1,237,432	1,501,677	1,064,630	1,034,588
Earnings per share (Note 2)	3.09	5.57	6.5	5.00	4.45

Note 1: The financial information from 2016 to 2020 had been audited and certified by CPAs.

Note 2: Calculated based on the weighted average number of outstanding shares.

Note 3: The date of publishing the annual report of the Company is 31 March 2021; therefore, the latest financial information certified or reviewed by CPAs shall be the information at the end of 2020.

(III) The names of CPAs and the audit opinions for the latest five years

Year of certification	Name of CPAs	Audit opinions
2016	Jui-Hsuan Hsu and Yu-Hsiang Liu	Unqualified opinion
2017	Jui-Hsuan Hsu and Yu-Hsiang Liu	Unqualified opinion
2018	Jui-Hsuan Hsu and Yu-Hsiang Liu	Unqualified opinion
2019	Jui-Hsuan Hsu and Yu-Hsiang Liu	Unqualified opinion
2020	Yu-Hsiang Liu and Hung-Ju Liao	Unqualified opinion

Note: The changes in CPA were due to the business restructuring of the CPA's firm.

II. Financial Analysis for the Latest Five Years

IFRS - Consolidated

Analysis item (Note 3)		Year: 2020 (Note 3)	2019	2018	2017	2016	Ratio of variation (%) Comparison of 2020 and 2019	Variation analysis
		Financial analysis for the latest five years (Note 1)						
Financial structure (%)	Debt ratio	41.5	39.1	37.2	38.8	28.6	6	
	Ratio of long-term capital to property, plant and equipment	214.3	199.1	205.5	220.5	271.6	8	
Solvency (%)	Current ratio	136.1	122.0	126.9	110.4	153.9	12	
	Quick ratio	91.5	85.5	89.3	88.0	120.3	7	
	Interest coverage ratio	29.6	61.9	226.2	100.4	179.0	(52)	1
Operating capacity	Turnover rate for receivables (time)	11.2	13.5	14.5	11.8	11.2	(17)	
	Average number of days for cash collection	32.6	27.0	25.2	31.0	32.6	21	2
	Turnover rate for inventories (time)	4.7	7.8	11.0	9.1	8.4	(40)	3
	Turnover rate for payable (time)	20.0	22.4	23.5	19.4	18.9	(11)	
	Average number of days for sales	78.0	46.7	33.3	39.9	43.6	67	3
	Turnover rate for property, plant and equipment (times)	1.2	1.8	2.4	2.2	2.0	(33)	4
	Turnover rate for total assets (times)	0.5	0.6	0.7	0.6	0.6	(17)	
Profitability	Return on assets (%)	6.2	11.0	13.3	11.7	11.9	(44)	5
	Return on equity (%)	10.0	17.6	21.3	17.6	15.7	(43)	6
	Ratio of net profit before tax to paid-up capital (%)	35.9	67.3	79.6	57.6	51.1	(47)	7
	Profit margin (%)	13.2	17.2	17.7	19.4	20.2	(23)	8
	Earnings per share (NT$) (Note 2)	3.09	5.57	6.50	5.00	4.45	(45)	9
Cash flows	Cash flow ratio (%)	37.0	47.4	50.9	22.2	31.1	(22)	10
	Cash flow adequacy ratio (%)	63.5	57.8	61.0	67.1	78.1	10	
	Cash reinvestment ratio (%)	(1.04)	2.4	6.13	-	-	(143)	11
Leverage	Operating leverage	1.66	1.33	1.18	1.24	1.31	25	12
	Financial leverage	1.04	1.01	1.00	1.01	1.01	3	

Reason of variation in financial ratios for the latest two years (comparison between 2020 and 2019):

1. The interest coverage ratio decreased by 52%m primarily due to the decrease in net profit before tax as compared to 2019.
2. Average number of days for cash collection increased by 21%, primarily due to the increase in receivables in 2019.
3. Turnover rate for inventories decreased by 40% and average number of days for sales increase by 67%, primarily due to the significant drop in the Company's product prices under the effect of COVID-19 and the steep drop of international oil price in 2020 that the demand decreased sharply and causing poor intention of customers for the delivery of goods, and in turn gave rise to the increase in inventories.
4. Turnover rate for property, plant and equipment decreased by 33%, primarily due to the decrease in sales and the increase in property, plant and equipment.
5. Return on assets decreased by 44%, primarily due to the decrease in net profit after tax as compared to that of 2019.
6. Return on equity decreased by 43%, primarily due to the decrease in net profit after tax as compared to that of 2019.
7. Ratio of net profit before tax to paid-up capital decreased by 47%, primarily due to the decrease in net profit before tax as compared to that of 2019.
8. Profit margin decreased by 23%, primarily due to the decrease in net profit after tax as compared to that of 2019.
9. Earnings per share decreased by 45%, primarily due to the decrease in net profit after tax as compared to that of 2019.
10. Cash flow ratio decreased by 22%, primarily due to the decrease in net cash inflow from operating activities as compared to that of 2019.
11. Cash reinvestment ratio decreased by 143%, primarily due to the decrease in cash flow from operating activities resulting from the decrease in sales and the increase in property, plant and equipment, and non-current assets.
12. Operating leverage increased by 25%, primarily due to the decrease in operating profits as compared to that of 2019.

Note 1: The financial information from 2016 to 2020 had been audited and certified by CPAs.

Note 2: Calculated based on the weighted average number of outstanding shares.

Note 3: The date of publishing the annual report of the Company is 31 March 2021; therefore, the latest financial information certified or reviewed by CPAs shall be the information at the end of 2020.

Financial Analysis - IFRS - Individual

Analysis item (Note 3)	Year	Financial analysis for the latest five years (Note 1)					Ratio of variation (%) Comparison of 2020 and 2019	Variation analysis
		2020 (Note 3)	2019	2018	2017	2016		
Financial structure (%)	Debt ratio	40.5	38.6	36.8	37.8	27.1	5	
	Ratio of long-term capital to property, plant and equipment	208.8	192.0	198.0	212.0	262.3	9	
Solvency (%)	Current ratio	105.8	89.3	85.5	79.1	110.1	18	
	Quick ratio	67.2	59.4	61.1	63.6	88.2	13	
	Interest coverage ratio	31.4	65.5	229.5	97.4	175.7	(52)	1
Operating capacity	Turnover rate for receivables (time)	12.3	12.3	12.1	10.4	10.0	0	
	Average number of days for cash collection	29.7	29.8	30.1	35.2	36.5	0	
	Turnover rate for inventories (time)	5.2	9.4	13.5	10.3	9.5	(45)	2
	Turnover rate for payable (time)	19.0	18.6	19.1	17.4	17.5	2	
	Average number of days for sales	70.7	38.8	27.1	35.6	38.4	82	2
	Turnover rate for property, plant and equipment (times)	1.2	1.8	2.3	2.0	2.0	(33)	3
	Turnover rate for total assets (times)	0.5	0.7	0.76	0.6	0.6	(29)	4
Profitability	Return on assets (%)	6.6	11.7	14.1	12.1	12.3	(44)	5
	Return on equity (%)	10.6	18.5	22.33	17.8	15.9	(43)	6
	Ratio of net profit before tax to paid-up capital (%)	36.2	67.1	78.9	55.5	50.4	(46)	7
	Profit margin (%)	13.7	17.5	18.4	20.0	21.1	(22)	8
	Earnings per share (NT$) (Note 2)	3.09	5.57	6.50	5.00	4.45	(45)	9
Cash flows	Cash flow ratio (%)	40.5	47.7	81.2	27.3	41.2	(15)	
	Cash flow adequacy ratio (%)	72.9	64.5	69.5	68.4	78.7	13	
	Cash reinvestment ratio (%)	(1.54)	1.25	13.45	-	-	(223)	10
Leverage	Operating leverage	1.68	1.33	1.18	1.29	1.35	26	11
	Financial leverage	1.03	1.01	1.00	1.01	1.01	2	

Reason of variation in financial ratios for the latest two years (comparison between 2020 and 2019):

1. The interest coverage ratio decreased by 52%, primarily due to the decrease in net profit before tax as compared to that of 2019.
2. Turnover rate for inventories decreased by 45% and the average number of days for sales increased by 82%, primarily due to the significant drop in the Company's product prices under the effect of COVID-19 and the steep drop of international oil price in 2020 that the demand decreased sharply, and in turn gave rise to the increase in inventories.
3. Turnover rate for property, plant and equipment decreased by 33%, primarily due to the decrease in sales and the increase in property, plant and equipment.
4. Turnover rate for total assets decreased by 29%, primarily due to the decrease in sales as compared to that of 2019.
5. Return on assets decreased by 44%, primarily due to the decrease in net profit after tax as compared to that of 2019.
6. Return on equity decreased by 43%, primarily due to the decrease in net profit after tax as compared to that of 2019.
7. Ratio of net profit before tax to paid-up capital decreased by 46%, primarily due to the decrease in net profit brefor tax as compared to that of 2019.
8. Profit margin decreased by 22%, primarily due to the decrease in net profit after tax as compared to that of 2019.
9. Earnings per share decreased by 45%, primarily due to the decrease in net profit after tax as compared to that of 2019.
10. Cash reinvestment ratio decreased by 223%, primarily due to the decrease in cash flow from operating activities resulting from the decrease in sales and the increase in property, plant and equipment, and non-current assets.
11. Operating leverage increased by 26%, primarily due to the decrease in operating profits as compared to that of 2019.

Note 1: The financial information from 2016 to 2020 had been audited and certified by CPAs.
Note 2: Calculated based on the weighted average number of outstanding shares.
Note 3: The date of publishing the annual report of the Company is 31 March 2021; therefore, the latest financial information certified or reviewed by CPAs shall be the information at the end of 2020.

The calculation formulas for the financial analysis are as follows:

1. Financial structure
   (1) Debt ratio = Total liabilities/Total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (Total equity + Non-current liabilities)/Net property, plant and equipment
2. Solvency
   (1) Current ratio = Current assets/Current Liabilities.
   (2) Quick ratio = (Current assets - Inventories - Prepayment)/Current liabilities.
   (3) Interest coverage ratio = Earnings before income tax and interest/Interest expenses for the period.
3. Operating capacity
   (1) Turnover rate for receivables (including account receivable and notes receivable arising from operations) = Net sales/Average balance of receivables (including account receivable and notes receivable arising from operations) for each period.
   (2) Average number of days for cash collection = 365/Turnover rate for receivables.
   (3) Turnover rate for inventories = Cost of sales/Average Inventories
   (4) Turnover rate for payable (including account payable and notes payable arising from operations) = Cost of sales/Average balance of payables (including account payable and notes payable arising from operations) for each period.
   (5) Average number of days for sales = 365/Turnover rate for inventories.
   (6) Turnover rate for property, plant and equipment = Net sales/Average net property, plant, and equipment.
   (7) Turnover rate for total assets = Net sales/Average total assets.
4. Profitability
   (1) Return on assets = [Gains or losses after tax + Interest expenses x (1 - Tax rate)]/Average total assets.
   (2) Return on equity = Gains or losses after tax/Average total equity.
   (3) Profit margin = Gains or losses after tax/Net sales..
   (4) Earnings per share = (Gains or losses attributable to the owner of the parent company - Preferential share dividends)/Weighted average number of shares issued. (Note 4)
5. Cash flow
   (1) Cash flow ratio = Cash flow from operating activities/Current liabilities.
   (2) Net cash flow adequacy ratio = Cash generated from operating activities for the latest five years/(Capital expenditure + Increase in inventories + cash dividends) for the latest five years.
   (3) Cash reinvestment ratio = (Net cash flows from operating activities - Cash dividends)/(Gross

amount of property, plant and equipment + Long-term investment + Other non-current assets + Working capital). (Note 5)

6. Leverage

(1) Operating leverage = (Net operating income - Variable operating costs and expenses)/Operating gains. (Note 6)

(2) Financial leverage = Operating gains/(Operating gains - interest expenses)

Note 4: Attention shall be attached to the following matters during the measurement for the calculation of earnings per share above:

1. Base on the weighted average number of ordinary shares, rather than the number of shares issued at the end of the year.
2. Where there is capital increase by share or treasury share transactions, the weighted average number of shares shall be calculated with reference to the period of circulation.
3. Where there is a surplus to capital increase or capital surplus to capital increase, the calculation of the earnings per share for the previous year and half year should be adjusted by the proportion of capital increase, rather than the period the capital increase is issued.
4. Where preferential shares are non-convertible cumulative preferential shares, the dividends for the year (whether distributed or not) shall be deductible from the net profit after tax or increased to net losses after tax. Where preferential shares are non-cumulative, and in the case of having net profits after tax, the preferential share dividends shall be deducted from the net profits after tax; in the case of losses, no adjustment is required.

Note 5: Attention shall be attached to the following matters during the measurement for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statements of cash flow.
2. Capital expenditures refer to the cash outflow from capital investment each year.
3. The increase in inventories shall only be included when the closing balance is greater than the opening balance. Where the inventories decreased at the end of the year, zero shall be used for the calculation.
4. Cash dividends include cash dividends for ordinary shares and preferential shares.
5. Gross amount of plant, property and equipment refers to the total amount of property, plant and equipment before deducting accumulated depreciation.

Note 6: The issuer shall divide operating costs and operating expenses into fixed or variable based on their natures. When involving the estimation or subjective judgments, it shall be aware of the fairness and consistency.

Note 7: The calculation of the foreign companies' ratio to paid-up capital shall be calculated based on the ratio to net value.

III. Audit Committee’s Review Report on the Financial Report

China Steel Chemical Corp.

Audit Committee’s Review Report

The Board has prepared and submitted the business report, financial statements, and the proposal of earning distribution for 2019. The financial statements had been duly audited by CPAs Jui-Hsuan Hsu and Yu-Hsiang Liu from Deloitte & Touche appointed by the Board of Directors, and they have issued an audit report. The said business report, financial statements, and the proposal of earning distribution had been reviewed by the Audit Committee and it considered that they are in compliance with the Company Act and relevant laws and regulations. Therefore, the Audit Committee's report is hereby prepared in accordance with Article 14-4 and Article 219 of the Company Act.

Submitted for your review.

Sincerely,

2021 Annual Shareholders' Meeting of China Steel Chemical Corporation

China Steel Chemical Corp.

Convener of the Audit Committee: Hsing-Shu Hsieh

19 March 2021

6.4 2020 Financial statement

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
11073 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 11073, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
China Steel Chemical Corporation

Opinion

We have audited the accompanying consolidated financial statements of China Steel Chemical 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 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 its consolidated financial performance and its 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 matter of the Corporation and its subsidiaries' consolidated financial statements for the year ended December 31, 2020 is stated as follows:

<u>Revenue recognition</u>

The Corporation and its subsidiaries' specific operating revenue from export sales amounted to NT$652,193 thousand, representing 12% of the total operating revenue, and its contribution to the gross profit is significant. The Corporation and its subsidiaries' export transaction procedure is complicated, and the management is under pressure to achieve the expected target and market expectations, which may be achieved by manipulating the operating revenue. We are concerned whether the sales revenue of the Corporation and its subsidiaries actually occurred; as a result, we considered operating revenue from export sales as a key audit matter.

Refer to Notes 4 and 24 to the consolidated financial statements for the accounting policies and the related disclosures of revenue.

The audit procedures that we performed included the following:

1. **We obtained an understanding and tested the effectiveness of the design and implementation of internal control of sales.**
2. **We verified the related documents to confirm that the products were actually transferred and fulfilled the obligation, and tested cash collection to confirm the existence of sales revenue.**
3. **We performed the confirmation to make sure that the amount of sales revenue can be measured reliably.**

Other Matters

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

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 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 of the Republic of China, 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, 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 audit of the Corporation and its subsidiaries. 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 Yu-Hsiang Liu and Hung-Ju Liao.

Deloitte & Touche

Taipei, Taiwan

Republic of China

February 23, 2021

<u>Notice to Readers</u>

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 CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$994,321	9	$1,156,667	10
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	701,915	6	772,422	6
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	209,453	2	174,599	1
Financial assets for hedging - current (Notes 4 and 10)	-	-	119,920	1
Notes receivable (Notes 4 and 11)	60,429	1	92,563	1
Accounts receivable, net (Notes 4 and 11)	271,865	2	317,863	3
Accounts receivable - related parties (Notes 4, 11 and 30)	113,885	1	100,837	1
Other receivables (Note 30)	221,455	2	250,119	2
Current tax assets	495	-	-	-
Inventories (Notes 4 and 12)	970,561	8	842,603	7
Other financial assets - current (Notes 4, 13 and 19)	168,533	1	49,000	-
Other current assets	37,649	-	94,956	1
Total current assets	3,750,561	32	3,971,549	33
NON-CURRENT ASSETS				
Financial assets at fair value through profit of loss - non-current (Notes 4 and 7)	76,042	1	71,910	1
Financial assets at amortized cost - non-current (Notes 4 and 9)	3,939	-	3,875	-
Investments accounted for using the equity method (Notes 4 and 15)	1,664,220	14	1,594,136	13
Property, plant and equipment (Notes 4, 16 and 30)	4,148,025	36	4,438,535	37
Right-of-use assets (Notes 4, 17 and 30)	674,799	6	703,489	6
Investment properties (Notes 4 and 18)	552,988	5	552,988	4
Deferred tax assets (Notes 4 and 26)	85,121	1	73,038	1
Prepaid equipment	54,784	-	64,467	-
Refundable deposits	5,050	-	8,654	-
Other non-current assets (Notes 14 and 19)	627,344	5	609,164	5
Total non-current assets	7,892,312	68	8,120,256	67
TOTAL	$11,642,873	100	$12,091,805	100

LIABILITIES AND EQUITY

CURRENT LIABILITIES				
Short-term borrowings (Note 20)	$1,093,251	10	$1,992,505	17
Contract liabilities (Notes 4 and 24)	12,088	-	12,872	-
Accounts payable	29,175	-	50,394	-
Accounts payable - related parties (Note 30)	158,044	2	186,149	2
Other payables (Notes 14, 21, 22 and 30)	760,717	7	871,969	7
Current tax liabilities (Note 26)	154,914	1	98,586	1
Lease liabilities - current (Notes 4, 17 and 30)	40,321	-	37,013	-
Current portion of long-term borrowings (Note 20)	500,000	4	-	-
Other current liabilities	6,838	-	5,558	-
Total current liabilities	2,755,348	24	3,255,046	27
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 20)	1,300,000	11	650,000	5
Deferred tax liabilities (Notes 4 and 26)	1,545	-	7,936	-
Lease liabilities - non-current (Notes 4, 17 and 30)	618,829	6	647,905	5
Net defined benefit liabilities (Notes 4 and 22)	151,868	1	168,670	2
Guarantee deposit received	4,857	-	3,530	-
Total non-current liabilities	2,077,099	18	1,478,041	12
Total liabilities	4,832,447	42	4,733,087	39
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4 and 23)				
Ordinary share capital	2,369,044	20	2,369,044	20
Capital surplus	869,637	8	845,852	7
Retained earnings				
Legal reserve	2,641,723	23	2,561,069	21
Special reserve	176,833	1	161,983	2
Unappropriated earnings	787,720	7	1,348,767	11
Total retained earnings	3,606,276	31	4,071,819	34
Other equity	(193,150)	(2)	(176,832)	(2)
Treasury shares	(117,638)	(1)	(117,638)	(1)
Total equity attributable to owners of the Corporation	6,534,169	56	6,992,245	58
NON-CONTROLLING INTERESTS (Note 23)	276,257	2	366,473	3
Total equity	6,810,426	58	7,358,718	61
TOTAL	$11,642,873	100	$12,091,805	100

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

CHINA STEEL CHEMICAL 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 and 30)				
Revenue from sales of goods	$ 5,231,184	98	$ 7,404,103	98
Other operating revenue	132,590	2	137,887	2
Total operating revenue	5,363,774	100	7,541,990	100
OPERATING COSTS (Notes 12, 22, 25 and 30)	4,243,881	79	5,696,043	76
GROSS PROFIT	1,119,893	21	1,845,947	24
OPERATING EXPENSES (Notes 22, 25 and 30)				
Selling and marketing expenses	117,580	2	134,099	2
General and administrative expenses	101,435	2	147,370	2
Research and development expenses	130,979	3	121,968	1
Expected credit loss	-	-	117	-
Total operating expenses	349,994	7	403,554	5
PROFIT FROM OPERATIONS	769,899	14	1,442,393	19
NON-OPERATING INCOME AND EXPENSES (Notes 25 and 30)				
Interest income	14,611	-	32,852	-
Other income	79,281	2	74,076	1
Other gains and losses	(60,917)	(1)	(18,702)	-
Share of profit of associates	77,946	2	90,897	1
Interest expenses	(29,801)	(1)	(26,191)	-
Total non-operating income and expenses	81,120	2	152,932	2
PROFIT BEFORE INCOME TAX	851,019	16	1,595,325	21
INCOME TAX EXPENSES (Notes 4 and 26)	142,992	3	297,336	4
NET PROFIT FOR THE YEAR	708,027	13	1,297,989	17
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	1,199	-	(13,996)	-

(Continued)

CHINA STEEL CHEMICAL 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	%
Unrealized gains and losses on financial assets at fair value through other comprehensive income	$ 4,169	-	$ 168	-
Gains and losses on hedging instruments	2,080	-	(2,080)	-
Share of other comprehensive loss of associates accounted for using the equity method	(7,515)	-	(16,210)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(656)	-	3,215	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(25,742)	-	(31,228)	(1)
Share of other comprehensive loss of associates accounted for using the equity method	(3,222)	-	(4,292)	-
Other comprehensive loss for the year, net of income tax	(29,687)	-	(64,423)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 678,340	13	$ 1,233,566	16
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	$ 716,891	13	$ 1,292,839	17
Non-controlling interests	(8,864)	-	5,150	-
	$ 708,027	13	$ 1,297,989	17
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	$ 702,662	13	$ 1,237,432	16
Non-controlling interests	(24,322)	-	(3,866)	-
	$ 678,340	13	$ 1,233,566	16
EARNINGS PER SHARE (Note 27)				
Basic	$ 3.09		$ 5.57	
Diluted	$ 3.08		$ 5.56	

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

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation													
			Retained Earnings				Other Equity							
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Gain and Loss on Hedging Instruments	Total Other Equity	Treasury Shares	Total Equity Attributable to Owners of the Corporation	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2019	$2,369,044	$820,648	$2,413,957	$161,983	$1,471,119	$4,047,059	$(44,737)	$ (89,173)	$ -	$(133,910)	$(117,638)	$6,985,203	$ 370,339	$ 7,355,542
Appropriation of 2018 earnings (Note 23)														
Legal reserve	-	-	147,112	-	(147,112)	-	-	-	-	-	-	-	-	-

Cash dividends	-	-	-	-	(1,255,594)	(1,255,594)	-	-	-	-	-	(1,255,594)	-	(1,255,594)
	-	-	147,112	-	(1,402,706)	(1,255,594)	-	-	-	-	-	(1,255,594)	-	(1,255,594)
Changes in capital surplus from investments in associates accounted for using the equity method	-	10	-	-	-	-	-	-	-	-	-	10	-	10
Net profit for the year ended December 31, 2019	-	-	-	-	1,292,839	1,292,839	-	-	-	-	-	1,292,839	5,150	1,297,989
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(11,846)	(11,846)	(26,504)	(15,393)	(1,664)	(43,561)	-	(55,407)	(9,016)	(64,423)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,280,993	1,280,993	(26,504)	(15,393)	(1,664)	(43,561)	-	1,237,432	(3,866)	1,233,566
Adjustments to capital surplus arising from dividends paid to subsidiaries	-	25,194	-	-	-	-	-	-	-	-	-	25,194	-	25,194

Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(639)	(639)	-	639	-	639	-	-	-	-
BALANCE AT DECEMBER 31, 2019	2,369,044	845,852	2,561,069	161,983	1,348,767	4,071,819	(71,241)	(103,927)	(1,664)	(176,832)	(117,638)	6,992,245	366,473	7,358,718
Appropriation of 2019 earnings (Note 23)														
Legal reserve	-	-	128,035	-	(128,035)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	14,850	(14,850)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,137,142)	(1,137,142)	-	-	-	-	-	(1,137,142)	-	(1,137,142)
Cash dividends distributed by legal reserve	-	-	(47,381)	-	-	(47,381)	-	-	-	-	-	(47,381)	-	(47,381)
	-	-	80,654	14,850	(1,280,027)	(1,184,523)	-	-	-	-	-	(1,184,523)	-	(1,184,523)
Changes in capital surplus from investments in associates accounted for using the equity method	-	17	-	-	-	-	-	-	-	-	-	17	-	17
Net profit for the year ended December 31, 2020	-	-	-	-	716,891	716,891	-	-	-	-	-	716,891	(8,864)	708,027

Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	939	939	(13,506)	(3,330)	1,668	(15,168)	-	(14,229)	(15,458)	(29,687)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	717,830	717,830	(13,506)	(3,330)	1,668	(15,168)	-	702,662	(24,322)	678,340
Adjustments to capital surplus arising from dividends paid to subsidiaries	-	23,768	-	-	-	-	-	-	-	-	-	23,768	-	23,768
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(65,894)	(65,894)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,150	1,150	-	(1,150)	-	(1,150)	-	-	-	-
BALANCE AT DECEMBER 31, 2020	$2,369,044	$869,637	$2,641,723	$176,833	$ 787,720	$ 3,606,276	$(84,747)	$(108,407)	$ 4	$(193,150)	$(117,638)	$6,534,169	$ 276,257	$6,810,426

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

CHINA STEEL CHEMICAL 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	$ 851,019	$ 1,595,325
Adjustments for:		
Depreciation expense	463,019	425,352
Amortization expense	12,959	10,330
Expected credit loss	-	117
Net gain on financial assets at fair value through profit or loss	(15,724)	(17,642)
Interest expense	29,801	26,191
Interest income	(14,611)	(32,852)
Dividend income	(7,164)	(13,776)
Share of profit of associates	(84,511)	(105,667)
Loss on disposal of property, plant and equipment	66	593
Impairment loss on non-financial assets	38,515	2,538
Loss on disposal of subsidiaries	2,524	-
Gain on disposal of non-current assets held for sale	-	(407)
Gain on lease modification	(15)	(10)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	28,616	52,382
Notes receivable	32,134	(71,996)
Accounts receivable	45,999	205,859
Accounts receivable - related parties	(13,048)	(41,859)
Other receivables	40,981	297,273
Inventories	(166,696)	(229,127)
Other current assets	57,307	71,367
Contract liabilities	(784)	(56,945)
Accounts payable	(21,219)	13,953
Accounts payable - related parties	(28,105)	(49,756)
Other payables	(110,897)	(26,698)
Other current liabilities	1,280	(2,019)
Net defined benefit liabilities	(15,603)	(13,927)
Cash generated from operations	1,125,843	2,038,599
Income taxes paid	(106,306)	(496,364)
Net cash generated from operating activities	1,019,537	1,542,235
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(48,079)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	17,394	-
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	(415,711)	(979,415)

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CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31	
	2020	**2019**
Proceeds from disposal of financial assets at fair value through profit or loss	$ 455,050	$ 961,622
Acquisition of investment accounted for using the equity method	(80,000)	(81,600)
Proceeds from capital return on investment accounted for using the equity method	25,087	4,233
Proceeds from disposal of non-current assets held for sale	-	10,932
Acquisition of property, plant and equipment	(109,035)	(510,086)
Proceeds from disposal of property, plant and equipment	100	12
Decrease (increase) in refundable deposits	3,604	(333)
Decrease in other financial assets	2,467	137,561
Increase in other non-current assets	(59,008)	(11,175)
Interest received	15,897	34,698
Dividends received from associates	7,164	13,776
Dividends received from others	58,999	49,233
Net cash used in investing activities	(126,071)	(366,562)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	3,000,241	4,114,506
Repayments of short-term borrowings	(3,899,495)	(4,104,215)
Increase in short-term bills payable	550,000	30,000
Decrease in short-term bills payable	(550,000)	(30,000)
Increase in long-term borrowings	1,250,000	250,000
Repayments of long-term borrowings	(100,000)	(250,000)
Increase in guarantee deposit received	1,327	1,127
Repayment of principal of lease liabilities	(32,937)	(26,804)
Dividends paid	(1,159,226)	(1,230,894)
Interest paid	(33,145)	(34,186)
Decrease in non-controlling interests	(65,894)	-
Net cash used in financing activities	(1,039,129)	(1,280,466)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(16,683)	(15,796)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(162,346)	(120,589)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,156,667	1,277,256
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 994,321	$ 1,156,667

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

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

1. GENERAL INFORMATION

China Steel Chemical Corporation (the "Corporation") was incorporated by China Steel Corporation (CSC) and other shareholders in February 1989. The Corporation started operations in May 1993, and CSC is the parent company that has substantive control over the Corporation. As of December 31, 2020 and 2019, CSC owned 29.04% of the Corporation's voting shares. The Corporation mainly engages in the production, processing and sales of coal tar distillation products, Naphtha products and coke products; in addition, it also trades related upstream and downstream products.

The shares of the Corporation have been listed and have been traded on the Taiwan Stock Exchange since November 1998.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation's board of directors and authorized for issue on February 23, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED 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)

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Corporation and its subsidiaries' accounting policies.

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

As of the date the consolidated financial statements were reported to the board of directors for issue, the Corporation and its subsidiary are in the process of assessing the impact of the impending initial application of the aforementioned and other standards and the amendments to interpretations on their financial position and results of operations. Disclosures will be provided after a detailed review of the impact has been completed.

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 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
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.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 "Inventories". Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of 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. The Corporation and its subsidiary will restate their comparative information when they initially applies the aforementioned amendments.

As of the date the consolidated financial statements were reported to the board of directors for issue, the Corporation and its subsidiary are in the process of assessing the impact of the impending initial application of the aforementioned and other standards and the amendments to interpretations on their 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

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 the financial instruments which 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 the 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 non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets are realized within 12 months after the balance sheet date; 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 balance sheet date.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities expected to be settled within 12 months after the balance sheet date; and

3) Liabilities without an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (its subsidiaries).

Income and expenses of subsidiaries disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates 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.

2) Subsidiaries included in consolidated financial statements

Refer to Note 14, Table 6 and 7 for the detail information of subsidiaries (including the percentage of ownership and main business).

e. 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 each balance sheet date, monetary items denominated in foreign currencies are retranslated at the closing rates. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year.

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

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

For the purpose of presenting consolidated financial statements, the financial statements of foreign subsidiaries 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 balance sheet date; 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 accumulated in equity attributed to the owners of the Corporation and non-controlling interests as appropriate.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Corporation and its subsidiaries are reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, work-in-progress and finished goods. 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 weighted-average cost.

g. Investments 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, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Corporation and its subsidiaries' share of 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.

When the Corporation and its subsidiaries subscribe for additional new shares of an associate at a percentage different from their existing ownership percentage, the resulting carrying amount of the investment will differs from the existing 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 share of equity of associates. If the Corporation and its subsidiaries' ownership interest is reduced due to the additional 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 is a deduction to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is deducted from to retained earnings.

When the Corporation and its subsidiaries' share of losses of an associate equals or exceeds 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 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.

The Corporation and its subsidiaries discontinue the use of the equity method from the date on which their investment ceases to be an associate. 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 amount 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 or losses on the 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.

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 assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use and depreciated.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of 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 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.

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. , plant and equipment and right-of-use assets

j. Impairment of property

At each balance sheet date, the Corporation and its subsidiaries review the carrying amounts of their property, plant and equipment and right-of-use 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. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the 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 is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit 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 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 FVTPL) 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 FVTPL 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, financial assets at amortized cost, debt instruments at FVTOCI and investments in equity instruments at FVTOCI.

i Financial asset at FVTPL

Financial asset classified as at FVTPL is financial asset mandatorily classified as at FVTPL.

Financial assets mandatorily classified as at FVTPL included investments in equity instruments which are not designated at FVTOCI and debt investments 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. Fair value is determined in the manner described in Note 29.

ii 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, 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.

Except for the following two conditions, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and

ii) Financial asset that has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

Cash equivalents include time deposits and short-term bills 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.

iii Investments in debt instruments at FVTOCI

Debt instruments that meet the following two conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to interest income calculated using the effective interest method are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv 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 are established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Corporation and its subsidiaries recognize a loss allowance for expected credit losses on financial assets at amortized cost (including notes and accounts receivables and debt investments at FVTOCI) and debt instruments at FVTOCI at each balance sheet date.

The Corporation and its subsidiaries always recognizes lifetime Expected Credit Loss (ECL) for notes and accounts receivables. For all other financial instruments, the Corporation and its subsidiaries recognizes 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 measures 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 instruments.

For internal credit risk management purposes, the Corporation and its subsidiaries determine that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Corporation and its subsidiaries):

i Internal or external information show that the debtor is unlikely to pay its creditors.

ii When a financial asset is more than 90 days past due unless the Corporation and its subsidiaries has reasonable and corroborative information to support a more lagged default criterion.

The Corporation and its subsidiaries recognize 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, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

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. However, 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 that had been recognized in other comprehensive income is transferred directly to retained earnings, without reclassified to through profit or loss.

2) Equity instruments

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

Repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

The Corporation and its subsidiaries' all financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of 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.

l. 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. The Corporation distributes dividends to its subsidiaries, it will write-off investment income in its accounts and also adjust additional paid-in capital treasury shares.

m. Hedging instruments

The Corporation and its subsidiaries designate certain hedging instruments, which is non-derivatives in respect of foreign currency risk, as cash flow hedges.

<u>Cash flow hedges</u>

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income. 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.

n. 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.

For contract where the period between the date the Corporation and its subsidiaries transfers a promised good or service to a customer and the date the customer pays for that good or service is within twelve months, the Corporation and its subsidiaries does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Revenue from sale of goods

Sales of goods are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods and bears the risks of obsolescence. Accounts receivable is recognized concurrently. Advance received from customers is recognized as a contract liability.

The Corporation and its subsidiaries do not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from rendering of services

Service income is recognized when services are provided.

o. 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.

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 adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation 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, which comprise fixed payments and variable lease payments which depend on an index or a rate. 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 a lease term or a change in future lease payments resulting from a change in 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 asset. If the carrying amount of the right-of-use asset 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; making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

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 that 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 stated above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Corporation and its subsidiaries will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs on a systematic basis over the periods in which the Corporation and its subsidiaries recognize as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Corporation and its subsidiaries with no future related costs are recognized in profit or loss in the period in which they are received.

r. 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), 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, 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 and its subsidiaries' defined benefit plan.

s. Taxation

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

1) Current tax

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, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

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, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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 balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3) Current tax and deferred tax for the year

Current tax 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 tax and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

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 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 and its subsidiaries consider the economic implications of the COVID-19 when making their critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31 2020	December 31 2019
Cash on hand	$ 500	$ 500
Checking accounts and demand deposits	534,965	562,863
Cash equivalents (investment with original maturities less than 3 months)		
Time deposits	236,594	293,504
Short-term bills	222,262	299,800
	$ 994,321	$ 1,156,667

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at FVTPL - current

Financial assets mandatorily classified as at FVTPL	December 31 2020	December 31 2019
Non-derivative financial assets		
Mutual funds	$ 529,164	$ 697,652
Domestic listed shares	109,563	74,770
Convertible corporate bonds	63,188	-
	$ 701,915	$ 772,422

Financial assets at FVTPL - non-current

Financial assets mandatorily classified as at FVTPL	December 31 2020	December 31 2019
Non-derivative financial assets		
Emerging market shares	$ 24,996	$ 20,789
Domestic unlisted shares	51,046	51,121
	$ 76,042	$ 71,910

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT

	December 31	
	2020	**2019**
Foreign debt investments		
Corporate bonds	$ 29,890	$ -
Domestic equity investments - listed shares		
Ordinary shares	167,884	162,118
Preference shares	11,679	1 2,481
	$ 209,453	$ 174,599

These investments in equity instruments are held by the Corporation and its subsidiaries' strategy and are not for the purposes of trading and for short-term profit. Accordingly, management elected to designate these investments in equity instruments as at FVTOCI.

9. FINANCIAL ASSETS AT AMORTIZED COST - NON-CURRENT

	December 31	
	2020	**2019**
Corporate Bonds	$ 3,939	$ 3,875

10. FINANCIAL INSTRUMENTS FOR HEDGING

	December 31	
	2020	**2019**
Financial assets for hedging - current		
Cash flow hedges		
Foreign currency time deposits	$ -	$ 119,920

For the purpose of managing cash flow risk arising from exchange rate fluctuations, the Corporation designated foreign currency time deposits for the future increase in investment. The Corporation performed an assessment of effectiveness and it is expected that the value of the foreign currency time deposits and the value of the corresponding hedged items will systematically change in opposite directions in response to movements in the underlying exchange rates. However, the Corporation expected that there will be no increase in investment in the near future, and thus the corresponding cash outflows is no longer expected to occur. Accordingly, the Corporation has discontinued adopting cash flow hedges from December,2020.

Refer to Note 23 for information relating to profit (loss) arising from the change of fair value of financial instruments for hedging.

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

	December 31	
	2020	**2019**
Notes receivable		
Operating	$ 60,429	$ 92,563
Accounts receivable (including related parties)		
At amortized cost		
Gross carrying amount	$ 385,750	$ 418,812
Less: Allowance for impairment loss	-	112
	$ 385,750	$ 418,700

The average credit period of sales of goods was 30-90 days. No interest was charged on accounts receivable. The Corporation and its subsidiaries adopted a policy of only dealing with entities that are rated equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

In order to minimize credit risk, management of the Corporation and its subsidiaries has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Corporation and its subsidiaries reviews the recoverable amount of each individual trade debt at the end of the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes that the Corporation and its subsidiaries' credit risk was significantly reduced.

The expected credit losses on notes and accounts receivable are estimated using a provision matrix 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 direction of economic conditions at the reporting date. As the Corporation and its subsidiaries' historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Corporation and its subsidiaries' different customer base.

The following table details the loss allowance of notes and accounts receivable based on the Corporation and its subsidiaries' provision matrix.

December 31, 2020

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected credit loss rate (%)	-	-	-	-	100	-	
Gross carrying amount	$ 431,923	$ 13,720	$ -	$ 536	$ -	$ -	$ 446,179
Loss allowance (Lifetime ECL)	-	-	-	-	-	-	-
Amortized cost	$ 431,923	$ 13,720	$ -	$ 536	$ -	$ -	$ 446,179

December 31, 2019

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected credit loss rate (%)	-	-	-	-	100	-	
Gross carrying amount	$ 490,676	$ 7,306	$ 9,456	$ 3,825	$ 112	$ -	$ 511,375
Loss allowance (Lifetime ECL)	-	-	-	-	(112)	-	(112)
Amortized cost	$ 490,676	$ 7,306	$ 9,456	$ 3,825	$ -	$ -	$ 511,263

The movements of the loss allowance of notes and accounts receivable were as follow:

	For the Year Ended December 31	
	2020	2019
Balance, beginning of the year	$ 112	$ -
Recognition	-	117
Written off	(111)	-
Effect of foreign currency exchange differences	(1)	(5)
Balance, end of the year	$ -	$ 112

12. INVENTORIES

	December 31	
	2020	2019
Finished goods	$ 626,744	$ 500,392
Work in progress	119,581	142,950
Raw materials	100,753	87,483
Supplies	123,483	111,778
	$ 970,561	$ 842,603

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was NT$4,177,811 thousand and NT$5,624,254 thousand, respectively. The cost of goods sold included inventory write-downs of NT$38,515 thousand and NT$2,538 thousand, respectively.

13. OTHER FINANCIAL ASSETS

	December 31	
	2020	2019
Current		
Time deposits with original maturities more than 3 months	$ -	$ 49,000
Deposits for project		
Restricted deposits	168,533	-
	$ 168,533	$ 49,000

Since the Corporation applied The Management, Utilization, and Taxation of Repatriated Offshore Funds Act, the earnings remitted from overseas subsidiary were recognized as restricted deposits and determined whether they were current or non-current based on the expected time of use of funds.

14. SUBSIDIARIES

The consolidated entities were as follows:

Investor	Investee	Main Businesses	Percentage of Ownership (%) December 31, 2020	Percentage of Ownership (%) December 31, 2019	Description
China Steel Chemical Corporation (CSCC)	Ever Wealthy International Corporation (EWI)	General investment	100	100	
	Ever Glory International Co., Ltd. (EGI)	International trading and general investment	-	100	Liquidation in September 2020
	Formosa Ha Tinh CSCC (Cayman) International Limited (CSCCC)	General investment	50	50	
Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd. (CCSNM)	Processing and trading of asphalt mesocarbon microbeads product sorting	100	100	

In October 2015, the Corporation entered into a joint venture and collaboration agreement with Formosa Ha Tinh (Cayman) and Formosa Ha Tinh Steel Corporation (Formosa Ha Tinh). According to the agreement, CSCCC was to be established through a joint investment from the Corporation and Formosa Ha Tinh (Cayman) in which the Corporation would own 50% of the equity. CSCCC mainly engages in the processing and sale of the by-products produced by Formosa Ha Tinh such as coal tar products, naphtha products and coke. CSCCC was established in January 2016 with a paid-in capital of US$10,000 thousand from the Corporation. As of December 31, 2020, US$3,000 thousand has been paid to this account.

According to the joint venture and collaboration agreement, CSCCC should pay USD$18,580 thousand to Formosa Ha Tinh to acquire the underwriting premium from Formosa Ha Tinh for its produced coal tar products, naphtha products and coke (listed under other noncurrent assets). As of December 31, 2020, this account has not been paid and is listed under other payables.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Corporation and its subsidiaries' investments accounted for by equity method were as follows:

	December 31	
	2020	2019
Material associates		
CHC Resources Corporation (CHC)	$ 324,626	$ 312,239
Transglory Investment Corporation (TIC)	600,376	568,107
CSC Solar Corporation (CSCSC)	286,981	277,906
	1,211,983	1,158,252
Associates that are not individually material	452,237	435,884
	$1,664,220	$1,594,136

a. Material associates

Name of Associate	Proportion of Ownership and Voting Rights (%) December 31 2020	2019
CHC	6	6
TIC	9	9
CSCSC	15	15

Refer to Table 6 "Information on Investees" for the above investees' main business nature, principal places of business and countries of incorporation.

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

	December 31	
	2020	2019
CHC	$ 712,668	$ 755,473

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Corporation and its subsidiaries for equity accounting purposes.

CHC

	December 31	
	2020	2019
Current assets	$ 2,889,894	$ 2,478,713
Non-current assets	10,340,503	9,315,353
Current liabilities	(2,903,673)	(2,599,961)
Non-current liabilities	(4,742,185)	(3,857,542)
Equity	5,584,539	5,336,563
Non-controlling interests	(209,939)	(167,046)
	$ 5,374,600	$ 5,169,517
Proportion of the Corporation and its subsidiaries' ownership (%)	6	6
Equity attributable to the Corporation and its subsidiaries	$ 324,626	$ 312,239
Carrying amount	$ 324,626	$ 312,239

	For the Year Ended December 31	
	2020	2019
Operating revenue	$ 9,970,633	$ 9,506,160
Net profit for the year	$ 773,023	$ 827,973
Other comprehensive loss	(70,086)	(56,243)
Total comprehensive income	$ 702,937	$ 771,730

TIC

	December 31	
	2020	2019
Current assets	$ 2,469	$ 1,304
Non-current assets	6,598,420	6,373,776
Current liabilities	(75,063)	(200,008)
Equity	$ 6,525,826	$ 6,175,072

(Continued)

	December 31	
	2020	2019
Proportion of the Corporation and its subsidiaries' ownership (%)	9	9
Equity attributable to the Corporation and its subsidiaries	$ 600,376	$ 568,107
Carrying amount	$ 600,376	$ 568,107

(Concluded)

	For the Year Ended December 31	
	2020	2019
Operating revenue	$ 134,062	$ 268,506
Net profit for the year	$ 120,233	$ 249,976
Other comprehensive income (loss)	230,521	(93,524)
Total comprehensive income	$ 350,754	$ 156,452

CSCSC

	December 31	
	2020	2019
Current assets	$303,574	$335,707
Non-current assets	4,094,952	4,057,219
Current liabilities	(766,693)	(809,545)
Non-current liabilities	(1,718,627)	(1,730,669)
Equity	$ 1,913,206	$ 1,852,712
Proportion of the Corporation and its subsidiaries' ownership (%)	15	15
Equity attributable to the Corporation and its subsidiaries	$ 286,981	$ 277,906

	2020	2019
Carrying amount	$ 286,981	$ 277,906

	For the Year Ended December 31	
	2020	2019
Operating revenue	$ 480,149	$ 353,446
Net profit for the year	$ 153,194	$ 101,809
Other comprehensive loss	(268)	-
Total comprehensive income	$ 152,926	$ 101,809

b. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2020	2019
The Corporation and its subsidiaries' share of		
Net profit for the year	$ 4,432	$ 18,070
Other comprehensive loss	(27,935)	(8,244)
Total comprehensive income (loss)	$ (23,503)	$ 9,826

The Corporation and its subsidiaries held more than 20% of the shares with its parent company CSC and fellow subsidiaries and accounted for using the equity method.

The investments accounted for using the equity method and the Corporation and its subsidiaries' share of profit or loss and comprehensive income of those investments were based on the associates' financial statement audited by auditors for the same year.

16. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2020

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2020	$ 1,145,237	$ 1,513,589	$ 5,229,892	$ 153,602	$ 194,931	$ 277,506	$8,514,757
Additions	-	19,992	209,628	7,131	1,722	(118,295)	120,178
Disposals	-	-	(26,440)	(1,210)	(1,925)	-	(29,575)
Effect of foreign currency exchange differences	-	7,883	8,484	72	361	(1)	16,799
Balance at December 31, 2020	$ 1,145,237	$ 1,541,464	$ 5,421,564	$ 159,595	$ 195,089	$ 159,210	$8,622,159
Accumulated depreciation							
Balance at January 1, 2020	$ -	$ 366,182	$ 3,507,435	$ 90,665	$ 111,940	$ -	$4,076,222
Depreciation expense	-	78,140	313,331	17,437	17,871	-	426,779
Disposals	-	-	(26,375)	(1,110)	(1,924)	-	(29,409)
Effect of foreign currency exchange differences	-	-	193	52	297	-	542
Balance at December 31, 2020	$ -	$ 444,322	$ 3,794,584	$ 107,044	$ 128,184	$ -	$4,474,134
Carrying amount at December 31, 2020	$ 1,145,237	$1,097,142	$ 1,626,980	$ 52,551	$ 66,905	$ 159,210	$4,148,025

For the Year Ended December 31, 2019

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2019	$1,145,237	$ 1,073,763	$ 3,927,764	$ 115,852	$ 134,585	$ 1,297,552	$ 7,694,753
Additions	-	439,826	1,323,274	45,166	62,963	(1,020,041)	851,188
Disposals	-	-	(19,761)	(7,248)	(1,783)	-	(28,792)
Effect of foreign currency exchange differences	-	-	(1,385)	(168)	(834)	(5)	(2,392)
Balance at December 31, 2019	$1,145,237	$ 1,513,589	$ 5,229,892	$ 153,602	$ 194,931	$ 277,506	$ 8,514,757
Accumulated depreciation							
Balance at January 1, 2019	$ -	$ 297,540	$ 3,235,067	$ 82,140	$ 97,607	$ -	$ 3,712,354
Depreciation expense	-	68,642	291,886	15,847	16,621	-	392,996
Disposals	-	-	(19,187)	(7,230)	(1,770)	-	(28,187)
Effect of foreign currency exchange differences	-	-	(331)	(92)	(518)	-	(941)
Balance at December 31, 2019	$ -	$ 366,182	$ 3,507,435	$ 90,665	$ 111,940	$ -	$4,076,222
Carrying amount at December 31, 2019	$1,145,237	$1,147,407	$1,722,457	$ 62,937	$ 82,991	$ 277,506	$4,438,535

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

Buildings	
Main structure	2-50 years
Facility	5-25 years
Machinery and equipment	
Power equipment	3-20 years
Examination equipment	3-10 years
Computer equipment	3-10 years
Transportation equipment	
Transportation equipment	3-10 years
Telecommunication equipment	3-10 years
Other equipment	
Extinguishment equipment	5-10 years
Air condition and utilities equipment	3-10 years
Monitoring, office and other equipment	3-10 years

17. LEASE AGREEMENT

a. Right-of-use assets

	December 31	
	2020	**2019**
Carrying amounts		
Land	$ 348,618	$ 362,556
Machinery	239,596	258,361
Buildings	86,585	82,572
	$ 674,799	$ 703,489

	For the Year Ended December 31	
	2020	**2019**
Additions to right-of-use assets	$ 15,831	$ 3,018
Depreciation charge for right-of-use assets		
Land	$ 15,157	$ 15,107
Machinery	10,461	10,807
Buildings	10,622	6,442
	$ 36,240	$ 32,356

b. Lease liabilities

	December 31	
	2020	2019
Carrying amounts		
Current	$ 40,321	$ 37,013
Non-current	$ 618,829	$ 647,905

Range of discount rate for lease liabilities were as follows:

	December 31	
	2020	2019
Land (%)	1.4703	1.4703
Machinery (%)	1.4703	1.4703
Buildings (%)	0.8626-3.0000	1.1955-3.0000

c. Material lease activities and terms

The Corporation and its subsidiaries leased machineries used in manufacturing operations. The contracts were signed for periods from 23 to 25 years. These arrangements do not contain renewal or purchase options. Some lease arrangements allow rent adjustment according to Consumer Price Index every year.

The Corporation and its subsidiaries leased land and buildings used as factories. The contracts were signed for periods from 2 to 45 years. The rents were calculated according to 3% of the announced total present value or 6% of the announced total land value. The Corporation and its subsidiaries do not have renewal or purchase option to the right-of-use assets. The Corporation and its subsidiaries will not transfer or sublet all or part of the leased premises without lessors' approval.

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	$ 4,918	$ 6,852
Total cash outflow for all lease agreements (including short-term lease agreements)	$ (48,369)	$ (44,590)

Refer to Note 18 for the Corporation and its subsidiaries leasing their own investment properties in operating leases.

18. INVESTMENT PROPERTIES

For the Year Ended December 31, 2020 and 2019

	Land	Buildings	Total
Cost			
Balance at January 1 and December 31, 2020 and 2019	$ 561,813	$ 47,665	$ 609,478
Accumulated depreciation and impairment			
Balance at January 1 and December 31, 2020 and 2019	$ 8,825	$ 47,665	$ 56,490
Carrying amount at December 31, 2020 and 2019	$ 552,988	$ -	$ 552,988

The lease term of investment properties is 3 years. The rent was calculated according to 3% of the announced total present value. The leases do not have renewal or purchase option at the end of the lease period.

The total lease payment receivable in the future from leasing of investment properties in operating lease is as follows:

	December 31	
	2020	2019
Lease commitments	$ 65,235	$ 14,728

The Corporation participated in "Qianzhen Residential Building Project" conducted by its fellow subsidiary China Prosperity Development Corporation and signed the land purchase agreement in June 2015 with a cost of NT$10,525 thousand and recognized the amount as investment properties. The Corporation also signed the land purchase agreement with its employees. According to the purchase agreement, land prices received from employees were deposited in the Bank of Taiwan.

Since the project was completed and China Prosperity Development Corporation has obtained the building occupation permit and expected to complete the sale in one year. The Corporation transferred its investment property to non-current assets held for sale in December 2018. The transfer of land ownership is completed in June 2019.

The Corporation's investment properties of buildings are depreciated in 50 years by straight-line depreciation method.

As of December 31 2020 and 2019, the fair value of investment properties was both NT$895,837 thousand. The fair value was based on the Corporation's management have adopted the evaluation model used by market participants using Level 3 inputs and with reference to comparison of the similar transaction price in the market. The significant and unobservable inputs included the rate of capitalization of return and related fee rate.

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

Refer to Note 30 for the lease transactions conducted with related party.

19. OTHER NON-CURRENT ASSETS

	December 31	
	2020	**2019**
Product underwriting premium (Note 14)	$ 529,159	$ 557,028
Restricted deposits (Note 13)	58,269	-
Deferred charges	39,916	52,136
	$ 627,344	$ 609,164

20. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	**2019**
Bank loans	$1,084,000	$1,967,000
Letters of credit borrowings	9,251	25,505
	$1,093,251	$1,992,505
Range of interest rate (%)	0.72-1.02	0.72-1.118

b. Long-term bank borrowings

	December 31	
	2020	2019
Unsecured loans		
Due on various dates through November, 2023	$1,800,000	$650,000
Less: Current portion	500,000	-
	$ 1,300,000	$ 650,000
Range of interest rate (%)	0.8772-1.1955	1.046-1.1955

In May 2018, the Corporation entered into a credit facility agreement with KGI Bank for a NT$500,000 thousand credit line. The Corporation applied for the extension of the agreement period to 2023 in June, 2020. Under the agreement, based on the Corporation's quarterly reviewed consolidated financial statements and audited annual consolidated financial statements, which shall be verified quarterly, the consolidated profit from operations of the Corporation shall not be negative for two consecutive quarters. Otherwise, the credit line shall be cancelled until the quarter profit from operation becomes positive. The Corporation and its subsidiaries did not violate the provision.

21. OTHER PAYABLES

	December 31	
	2020	2019
Royalties (Note 14)	$ 527,250	$ 555,019
Salaries and incentive bonus	81,309	100,477
Outsourced repair and construction	39,632	50,833
Employees' compensation and remuneration of directors and supervisors	37,822	70,093
Soil remediation expense	32,986	45,466
Purchase of equipment	5,315	7,742
Others (freight, commission and insurance, etc.)	36,403	42,339
	$ 760,717	$ 871,969

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The employees of a subsidiary in China make contributions in accordance with the local regulations. The subsidiary is required to contribute a specified percentage of payroll costs to the government. The only obligation of the subsidiary in China with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Law (the "LSL") is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributes amounts a specific amounts of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. 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.

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	$ 382,165	$ 367,200
Fair value of plan assets	(228,279)	(196,592)
Net defined benefit liability	$ 153,886	$ 170,608
Current (recognized as other payables)	$ 2,018	$ 1,938
Non-current	151,868	168,670
	$ 153,886	$ 170,608

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability**
Balance at January 1, 2019	$ 347,580	$ (177,234)	$ 170,346
Service cost			
Current service cost	6,969	-	6,969

(Continued)

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability**
Interest expense (income)	$ 3,868	$ (2,066)	$ 1,802
Recognized in profit or loss	10,837	(2,066)	8,771
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,932)	(5,932)
Actuarial loss - changes in financial assumptions	15,290	-	15,290
Actuarial loss - experience adjustments	4,638	-	4,638
Recognized in other comprehensive income	19,928	(5,932)	13,996

Contributions from the employer	-	(22,505)	(22,505)
Benefits paid	(11,145)	11,145	-
	(11,145)	(11,360)	(22,505)
Balance at December 31, 2019	367,200	(196,592)	170,608
Service cost			
Current service cost	7,078	-	7,078
Interest expense (income)	2,754	(1,566)	,188
Recognized in profit or loss	9,832	(1,566)	8,266
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,332)	(6,332)
Actuarial loss - changes in financial assumptions	10,095	-	10,095
Actuarial gain - experience adjustments	(4,962)	-	(4,962)
Recognized in other comprehensive income	5,133	(6,332)	(1,199)
Contributions from the employer	-	(23,789)	(23,789)
Balance at December 31, 2020	$ 382,165	$ (228,279)	$ 153,886

(Concluded)

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	$ 5,970	$ 6,392
Selling and marketing expenses	761	789
General and administrative expenses	748	735
Research and development expenses	787	855
	$ 8,266	$ 8,771

Through the defined benefit plans under the LSL, the Corporation is exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau 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 significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2020	**2019**
Discount rate (%)	0.50	0.75
Expected rate of salary increase (%)	3	3

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	$ (10,095)	$ (10,288)
0.25% decrease	$ 10,460	$ 10,680
Expected rate of salary increase		
0.25% increase	$ 10,038	$ 10,269
0.25% decrease	$ (9,743)	$ (9,949)

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	$ 32,046	$ 24,322
The average duration of the defined benefit obligation	11.1 years	11.7 years

23. EQUITY

a. Ordinary share capital

	December 31	
	2020	**2019**
Number of shares authorized (in thousands)	300,000	300,000
Shares authorized	$3,000,000	$3,000,000
Number of shares issued and fully paid (in thousands)	236,904	236,904
Shares issued	$2,369,044	$2,369,044

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

b. Capital surplus

	December 31	
	2020	2019
May be used to offset deficits, distribute cash or transfer to share capital (see note below)		
Additional paid-in capital	$ 218	$ 218
Treasury share transactions	868,124	844,356
May be used to offset deficits only		
Share of changes in equity of associates	1,295	1,278
	$ 869,637	$ 845,852

Note: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital.

c. Retained earnings and dividend policy

Under the dividend policy, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders.

The Corporation is currently in a growing industry environment and the Corporation intends to take advantage of the economic environment to seek for a sustainable operation. The Corporation's dividend policy is to focus on dividend stability and growth by referring to future operating conditions; also, the Corporation should distribute not less than 50% of distributable earnings, and cash dividend may not be less than 50% of the amount distributed.

Appropriation of earnings to legal reserve shall 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 No. 1010012865, Rule No. 1010047490 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. For the subsequent decrease in the deduction amount to shareholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

The appropriation of earnings for 2019 and 2018 had been approved in the shareholder's meeting in June 2020 and 2019, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividend Per Share (NT$)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2019	**2018**	**2019**	**2018**
Legal reserve	$ 128,035	$ 147,112		
Special reserve	14,850	-		
Cash dividends	1,137,142	1,255,594	$4.8	$5.3

In addition, the Corporation's board of directors resolved to distribute cash from legal reserve of NT$47,381 thousand, NT$0.2 per share, total NT$5 per share for 2019

The appropriation of earnings for 2020 had been proposed by the Corporation's board of directors in February 2021. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 71,898	
Special reserve	16,317	
Cash dividends	615,952	$ 2.6

In addition, the Corporation's board of directors resolved to distribute cash from legal reserve of NT$47,381 thousand, NT$0.2 per share, total NT$2.8 per share.

The appropriations of earnings for 2020 are subject to the resolution in the shareholders' meeting to be held in June 2021.

d. Other equity items

1) Exchange differences on translating the financial statement of foreign operations

	For the Year Ended December 31	
	2020	**2019**
Balance, beginning of the year	$ (71,241)	$ (44,737)
Recognized during the year		
Exchange differences arising from translating foreign operations	(10,284)	(22,212)
Share of exchange difference of associates accounted for using the equity method	(3,222)	(4,292)
Balance, end of the year	$ (84,747)	$ (71,241)

2) Unrealized gains and losses on financial assets at FVTOCI

	For the Year Ended December 31	
	2020	**2019**
Balance, beginning of the year	$ (103,927)	$ (89,173)
Recognized during the year		
Unrealized gain and loss - debt instruments	(795)	-
Unrealized gain and loss - equity instruments	4,964	168
Share from associates accounted for using the equity method	(7,499)	(15,561)
Other comprehensive income recognized in the year	(107,257)	(104,566)
Cumulative unrealized gain and loss of equity instruments transferred to retained earnings due to disposal	(1,150)	639
Balance, end of the year	$ (108,407)	$ (103,927)

3) Gains and losses on hedge instruments (cash flow hedges)

	For the Year Ended December 31	
	2020	2019
Balance, beginning of the year	$ (1,664)	$-
Recognized during the year		
Foreign currency risk - changes in the fair value of hedging instruments	(10,900)	(2,080)
Share of fair value changes of hedging instruments of associates accounted for using the equity method	4	-
Tax effect	2,180	416
Reclassification adjustments		
Hedged item no longer expected to occur		
Foreign currency risk - changes in the fair value of hedging instruments	12,980	-
Tax effect	(2,596)	-
Balance, end the of year	$ 4	$ (1,664)

e. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Balance, beginning of the year	$ 366,473	$ 370,339
Net profit (loss) for the year	(8,864)	5,150
Other comprehensive income in the year		
Exchange difference arising from translating foreign operation	(15,458)	(9,016)
Distribution of cash dividends	(65,894)	-
Balance, end of the year	$ 276,257	$ 366,473

f. Treasury shares

The Corporation’s shares acquired and held by subsidiary - EWI for the purpose of investment accounted for as treasury shares were as follows (number of shares in thousands):

For the Year Ended December 31, 2020

Beginning of the Year		Decrease During the Year			End of the Year		
Number of Shares Held	Carrying Amount	Number of Shares Held	Carrying Amount	Selling Price	Number of Shares Held	Carrying Amount	Market Price
4,754	$ 117,638	-	$ -	$ -	4,754	$ 117,638	$ 515,759

For the Year Ended December 31, 2019

Beginning of the Year		Decrease During the Year			End of the Year		
Number of Shares Held	Carrying Amount	Number of Shares Held	Carrying Amount	Selling Price	Number of Shares Held	Carrying Amount	Market Price
4,754	$ 117,638	-	$ -	$ -	4,754	$ 117,638	$ 582,308

The Corporation's shares held by the subsidiaries are accounted for as treasury shares with all shareholders' rights, except the rights to participate in the Corporation's capital increase in cash and right to vote.

24. OPERATING REVENUE

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Revenue from chemical product production and sale	$ 4,661,008	$ 6,302,723
Revenue from trading	570,176	1,101,380
Revenue from the rendering of services	85,383	91,853
	5,316,567	7,495,956
Revenue from investment		
Gain on fair value change of financial assets at FVTPL	35,077	22,399
Share of profit of associates	6,565	14,770
Dividend income	5,565	8,865
	47,207	46,034
	$ 5,363,774	$ 7,541,990

a. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes and accounts receivable (including related parties)	$ 446,179	$ 511,263	$ 603,379
Contract liabilities			
Sale of goods	$ 12,088	$ 12,872	$ 68,707
Other contract liabilities	-	-	1,110
	$ 12,088	$ 12,872	$ 69,817

The changes in the contract liability balances primarily result from the timing difference between the Corporations and its subsidiaries' satisfaction of performance obligation and the respective customer's payment.

Revenue in the current year that was recognized from the balance at the beginning of the year contract liability was summarized as follows:

	For the Year Ended December 31	
	2020	2019
From contract liabilities at the start of the year		
Sale of goods	$ 13,368	$ 68,693

b. Disaggregation of revenue

For the year ended December 31, 2020

	Chemicals Segment - Production and Sales	Chemicals Segment - Trading	Investment Segment	Total
Type of goods or services				
Sale of goods	$4,661,008	$570,176	$-	$5,231,184
Rendering of services	85,383	-	-	85,383
Others	-	-	47,207	47,207
	$4,746,391	$570,176	$47,207	$5,363,774

For the year ended December 31, 2019

	Chemicals Segment - Production and Sales	Chemicals Segment - Trading	Investment Segment	Total
Type of goods or services				
Sale of goods	$6,302,723	$1,101,380	$-	$7,404,103
Rendering of services	91,853	-	-	91,853
Others	-	-	46,034	46,034
	$6,394,576	$1,101,380	$46,034	$7,541,990

25. PROFIT BEFORE INCOME TAX

Profit before income tax consisted of following items:

a. Interest income

	For the Year Ended December 31 2020	2019
Bank deposits	$ 8,339	$ 25,235
Financial assets at amortized cost	4,861	7,604
Investments in debt instruments at FVTOCI	1,398	-
Others	13	13
	$ 14,611	$ 32,852

b. Other income

	For the Year Ended December 31 2020	2019
Subsidy income	$ 20,598	$ -
Income from sale of prototype trail products	20,448	14,210
Rental income (Note 30)	16,610	16,537
Reversal of accrued payables	11,213	8,910
Income from sale of scarp and wastes	4,142	4,189
Dividend income	1,599	4,911
Insurance claim income	-	19,792
Others	4,671	5,527
	$ 79,281	$ 74,076

c. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Net foreign exchange loss	$ (38,705)	$ (13,289)
Loss on fair value change of financial assets mandatorily at FVTPL	(19,353)	(4,757)
Loss on disposal of subsidiaries	(2,524)	-
Loss on disposal of property, plant and equipment	(66)	(593)
Gain on disposal of non-current assets held for sale	-	407
Others	(269)	(470)
	$ (60,917)	$ (18,702)

The components of net foreign exchange loss were as follows:

	For the Year Ended December 31	
	2020	2019
Foreign exchange gain	$ 28,019	$ 31,071
Foreign exchange loss	(66,724)	(44,360)
Net foreign exchange loss	$ (38,705)	$ (13,289)

d. Interest expenses

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	$ 23,014	$ 23,022
Interest on lease liabilities	10,514	10,934
Interest on issuing short-term bills	152	54
Others	8	-
	33,688	34,010
Less: Amounts included in the cost of qualifying assets	3,887	7,819
	$ 29,801	$ 26,191

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2020	2019
Capitalized interest	$ 3,887	$ 7,819
Capitalization rate (%)	1.1955	0.8-1.1955

e. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	$ 426,779	$ 392,996
Right-of-use asset	36,240	32,356
Other non-current assets	12,959	10,330
	$ 475,978	$ 435,682
An analysis of depreciation by function		
Operating costs	$ 428,493	$ 397,743
Operating expenses	34,526	27,609
	$ 463,019	$ 425,352
An analysis of amortization by function		
Operating costs	$ 12,959	$ 10,330

f. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits		
Salaries	$ 381,980	$ 426,181
Labor and health insurance	25,304	24,853
Others	19,683	19,084
	426,967	470,118

Post-employment benefits		
Defined contribution plans	8,060	7,694
Defined benefit plans (Note 22)	8,266	8,771
	16,326	16,465
	$ 443,293	$ 486,583
An analysis by function		
Operating costs	$ 291,965	$ 310,285
Operating expenses	151,328	176,298
	$ 443,293	$ 486,583

g. Employees' compensation and remuneration of directors and supervisors

The Articles of Incorporation of the Corporation stipulated the Corporation to distribute employees' compensation and remuneration of directors and supervisors at the rates no less than 0.1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The Corporation accrued compensation of employees and remuneration of directors for NT$31,518 thousand and NT$6,304 thousand, respectively for the year ended December 31, 2020.

The employees' compensation and remuneration of directors and supervisors 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:

	Cash	
	For the Year Ended December 31	
	2020	**2019**
Compensation of employees	$ 33,803	$ 59,867
Remuneration of directors and supervisors	6,761	11,973

Material differences between such estimated amounts and the amounts resolved by the board of directors on or before the date the annual consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The appropriations of employees' compensation and remuneration of directors and supervisors have been resolved by the board of directors in March 2020 and 2019 and consolidated financial statements for 2019 and 2018 as follows:

	For the Year Ended December 31, 2019		**For the Year Ended December 31, 2018**	
	Compensation of Employees	**Remuneration of Directors and Supervisors**	**Compensation of Employees**	**Remuneration of Directors and Supervisors**
Amounts approved in the board of directors' meeting	$ 59,867	$ 11,973	$ 68,067	$ 13,613
Amounts recognized in the annual financial statements	$ 58,411	$ 12,040	$ 67,249	$ 13,450

The difference amounts above were recognized in profit and loss in 2020 and 2019.

Information on employees' compensation and remuneration of directors and supervisors resolved by the Corporation's 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

The major components of income tax expense were as follows:

	For the Year Ended December 31	
	2020	**2019**
Current tax		
In respect of the current year	$ 160,963	$ 282,186
Adjustments for prior year	1,143	9,099
Adjustments under the Alternative Minimum Tax Act	-	1,107
Income tax on unappropriated earnings	16	-
Land value increment tax	-	44
	162,122	292,436
Deferred tax		
In respect of the current year	(19,130)	(2,796)
Adjustments for prior year	-	7,696
	(19,130)	4,900
	$ 142,992	$ 297,336

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

	For the Year Ended December 31	
	2020	**2019**
Profit before income tax	$851,019	$1,595,325
Income tax expense at the statutory rate	$181,187	$320,215
Deductible income in determining taxable income	(39,354)	(34,825)
Investment Credits	-	(6,000)
Additional income tax under the Alternative Minimum Tax Act	-	1,107
Income tax on unappropriated earnings	16	-
Adjustments for prior years	1,143	16,795

Land value increment tax	-	44
	$142,992	$297,336

The subsidiaries in China are subject to income tax rate of 25%. Tax rates applied by other subsidiaries operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax (benefit) recognized in other comprehensive income (loss)

	For the Year Ended December 31	
	2020	**2019**
Recognized in other comprehensive income		
Cash flow hedges	$ 416	$ (416)
Remeasurement on defined benefit plan	240	(2,799)
	$ 656	$ (3,215)

c. Current tax liabilities

	December 31	
	2020	**2019**
Current tax liabilities		
Income tax payable	$ 154,914	$ 98,586

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 the Year	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Balance, End of the Year**
Deferred tax assets				
Temporary differences				
Defined benefit plan	$ 34,121	$ (3,104)	$ (240)	$ 30,777
Unrealized losses on inventories	22,705	8,267	-	30,972

Difference between tax reporting and financial reporting - depreciation methods	6,702	(324)	-	6,378
Foreign investment loss	-	9,593	-	9,593
Others	9,510	(1,693)	(416)	7,401
	$ 73,038	$ 12,739	$ (656)	$ 85,121
Deferred tax liabilities				
Temporary differences				
Unrealized exchange gains, net	$ 395	$ 1,150	$ -	$ 1,545
Foreign investment gain	7,541	(7,541)	-	-
	$ 7,936	$ (6,391)	$ -	$ 1,545

For the Year Ended December 31, 2019

	Balance, Beginning of the Year	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Balance, End of the Year**
Deferred tax assets				
Temporary differences				
Defined benefit plan	$ 34,069	$ (2,747)	$ 2,799	$ 34,121
Unrealized losses on inventories	24,415	(1,710)	-	22,705
Difference between tax reporting and financial reporting - depreciation methods	7,026	(324)	-	6,702

(Continued)

	Balance, Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End the of Year
Others	$ 7,533	$ 1,561	$ 416	$ 9,510
	$ 73,043	$ (3,220)	$ 3,215	$ 73,038
Deferred tax liabilities				
Temporary differences				
Unrealized exchange gains, net	$ 1,256	$ (861)	$ -	$ 395
Foreign investment gain	5,000	2,541	-	7,541
	$ 6,256	$ 1,680	$ -	$ 7,936

(Concluded)

e. Income tax assessments

The Corporation's and the subsidiary EWI income tax returns through 2018 have been assessed by the tax authorities.

27. EARNINGS PER SHARE

The net profit and weighted average number of ordinary shares outstanding used 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 attributable to owners of the Corporation	$716,891	$1,292,839

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

	For the Year Ended December 31	
	2020	**2019**
Weighted average number of ordinary shares outstanding	236,904	236,904
Less: Number of treasury shares acquired by subsidiaries	4,754	4,754
Weighted average number of ordinary shares used in computation of basic earnings per share	232,150	232,150
Plus: Effect of dilutive potential ordinary shares - employees' compensation	428	584
Weighted average number of ordinary shares used in the computation of diluted earnings per share	232,578	232,734

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

28. CAPITAL MANAGEMENT

The capital management of the Corporation and its subsidiaries is aimed at ensuring effective use of capital and ensuring a smooth operation and ensuring optimized debt and equity balance. The overall strategy of the Corporation and its subsidiaries has not significantly changed for the year ended December 31, 2019. The capital structure of the Corporation and its subsidiaries consist of net liabilities and equity. Except for description of Note 20, without any need for complying with other external capital requirements. The Corporation and its subsidiaries review capital structure on a quarterly basis, including the consideration of capital costs and related risks. Currently, the equity in the capital structure is greater than liabilities and it will be used to pay for dividends or debts; also, the Corporation and its subsidiaries have invested in financial instruments as part of capital and fund management.

29. FINANCIAL INSTRUMENTS

a. 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
December 31, 2020				
Financial assets measured at FVTPL				
Mutual funds	$ 529,164	$ -	$ -	$ 529,164
Domestic listed shares	109,563	-	-	109,563
Emerging market shares	-	-	24,996	24,996
Domestic unlisted shares	-	-	51,046	51,046
Convertible corporate bonds	63,188	-	-	63,188
	$ 701,915	$ -	$ 76,042	$ 777,957
Financial assets at FVTOCI				
Domestic listed shares	$ 179,563	$ -	$ -	$ 179,563
Foreign corporate bonds	29,890	-	-	29,890
	$ 209,453	$ -	$ -	$ 209,453
December 31, 2019				
Financial assets measured at FVTPL				
Mutual funds	$ 697,652	$ -	$ -	$ 697,652
Domestic listed shares	74,770	-	-	74,770
Emerging market share	-	-	20,789	20,789
Domestic unlisted shares	-	-	51,121	51,121
	$ 772,422	$ -	$ 71,910	$ 844,332
Financial assets at FVTOCI				
Domestic listed shares	$ 174,599	$ -	$ -	$ 174,599

There were no transfers 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

	Financial Assets at FVTPL For the Year Ended December 31	
	2020	2019
Balance, beginning of the year	$ 71,910	$ 71,135
Recognized in profit or loss	5,422	3,363
Purchases	-	482
Capital reduction	(1,290)	(3,070)
Balance, end of the year	$ 76,042	$ 71,910

3) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

a) The fair value of emerging market shares was based on the closing price adjusted for liquidity risk premium or the external expert accreditation report.

b) The fair value of unlisted shares was based on the current net value or trading price.

b. Categories of financial instruments

	December 31	
	2020	2019
Financial assets		
Financial assets at FVTPL		
Mandatorily at FVTPL (including non-current)	$777,957	$844,332
Financial assets for hedging	-	119,920
Financial assets at FVTOCI		
Investments in equity instruments	179,563	174,599
Investments in debt instruments	29,890	-
Financial assets at amortized cost 1)	1,897,746	1,979,578
Financial liabilities		
Financial liabilities at amortized cost 2)	3,846,044	3,754,547

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, other financial assets - current, financial assets at amortized cost - noncurrent, notes and accounts receivable (including related parties), restricted deposits, other receivables and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, accounts payable (including related parties), other payables, long-term borrowings (including current portion of long-term borrowings) and guarantee deposit received.

c. Financial risk management objectives and policies

The Corporation and its subsidiaries' major financial instruments include equity and debt investments accounts receivable, accounts payable, short-term and long-term borrowings. The Corporation and its subsidiaries' treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Corporation and its subsidiaries through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Corporation and its subsidiaries sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Corporation and its subsidiaries' policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Corporation and its subsidiaries did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Corporation and its subsidiaries' activities exposed them primarily to the financial risks of changes in foreign currency exchange rates and interest rates. There had been no change to the Corporation and its subsidiaries' exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Corporation and its subsidiaries had sales in foreign currencies, which were exposed to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts or were mitigated by future receivables and payables denominated in the same foreign currency.

The carrying amounts of the Corporation and its subsidiaries' foreign currency denominated monetary assets and monetary liabilities at the balance sheet date are set out in Note 32.

Sensitivity analysis

The Corporation and its subsidiaries were mainly exposed to the currencies USD and RMB. The following table details the Corporation and its subsidiaries' sensitivity to a 3% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity rate of 3% represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only the outstanding foreign monetary items at each balance sheet date. Scenario 1 in the following table indicates the profit and loss of the Corporation and its subsidiaries when the functional currency against the USD or RMB appreciated by 3%. Scenario 2 in the following table indicates the profit or loss of the Corporation and its subsidiaries when the functional currency against the USD or RMB depreciated by 3%.

	USD Effect (Note)		**RMB Effect (Note)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2020	**2019**	**2020**	**2019**
Profit or loss in Scenario 1	$ (13,344)	$ (14,545)	$ (2,000)	$ (2,971)
Profit or loss in Scenario 2	13,344	14,545	2,000	2,971

Note: It was mainly derived from the cash and cash equivalents, receivables, restricted deposits (including noncurrent), financial assets at amortized cost - noncurrent, payables, and other payables denominated in foreign currency without cash flow hedging arranged at each balance sheet date by the Corporation and its subsidiaries.

Changes in the exchange rate sensitivity of the Corporation and its subsidiaries in 2020 mainly due to the decrease of USD and RMB assets. The management believes that the sensitivity analysis is not representative of the inherent risk of exchange rate since the foreign currency risk exposure at balance sheet date does not reflect the interim risk exposure; also, the sales denominated in USD and RMB will be affected by customer orders and shipping schedules.

b) Interest rate risk

The carrying amounts of the Corporation and its subsidiaries financial assets and 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	$1,159,150	$1,184,918
Cash flow interest rate risk		
Financial assets	492,274	418,521
Financial liabilities	1,300,000	150,000

Because of held financial liabilities, if interest rates had been 1% higher/lower and all other variables were held constant, the Corporation and its subsidiaries' cash in the next year for the years ended December 31, 2020 and 2019 would have decreased/increased by NT$13,000 thousand and NT$1,500 thousand, respectively.

c) Other price risk

The Corporation and its subsidiaries are exposed to equity price risk through their investments in listed shares and mutual funds; the risk is managed by maintaining a portfolio of investments with different risks. The equity price risk of the Corporation and its subsidiaries was primarily concentrated on the share and fund market in Taiwan and it was evaluated by the closing price of the equity securities and net value of the mutual funds on a monthly basis.

Sensitivity analysis

The sensitivity analysis measures the exposure to equity price risk at the balance sheet date. Considering the market price fluctuation of the Corporation and its subsidiaries' main investment targets, the fluctuation of 6% was used for the sensitivity analysis of equity securities.

If equity prices had been 6% higher/lower for the years ended December 31, 2020 and 2019, respectively, the pre-tax profit for the years ended December 31, 2020 and 2019 would have been higher/lower by NT$38,324 thousand and NT$46,345 thousand, respectively, as a result of the fair value changes of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2020 and 2019 would have been higher/lower by NT$10,774 thousand and NT$10,476 thousand, respectively, as a result of the changes in fair value of FVTOCI, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default 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 accounts receivables on the consolidated balance sheets. The main customers of the Corporation and its subsidiaries were creditworthy. Annual credit investigation of the credit status of the customers is conducted and a credit report is issued. The business unit uses the credit report as basis for the rating of the customers and the credit line granted. In addition, the credit rating and customer credit status are compiled in a weekly report for use as reference of the business department. If necessary, the customers will be requested to provide collaterals or to pay cash for each transaction. The business department also understands the credit status of customers through external credit investigation and industry reports. The credit risk was immaterial to Corporation and its subsidiaries.

The Corporation and its subsidiaries' concentrations of credit risk in total of notes and accounts receivable were as follows:

	December 31	
	2020	2019
Customer A	$ 90,911	$ 85,021
Customer B	49,059	69,989
Customer C	22,176	53,053
	$ 162,146	$ 208,063

3) Liquidity risk

The Corporation and its subsidiaries have supported business operation through management and by maintaining sufficient cash and cash equivalents or easily realizable financial instruments. In addition, the Corporation and its subsidiaries signed line of credit contracts with financial institutions for a ready source of funds to support the business operation of the Corporation and its subsidiaries.

The equity of the Corporation and its subsidiaries is far greater than its liabilities; also, the bank credit lines have available unused amount; therefore, there is no liquidity risk.

The Corporation and its subsidiaries rely on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Corporation and its subsidiaries had available unutilized short-term bank loan facilities in the amounts of NT$4.3 billion thousand and NT$5.0 billion thousand, respectively.

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Corporation and its subsidiaries' remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation and its subsidiaries can be required to pay. The table includes both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2020

	Less than 1 Year	1-5 Years	5+ Years	Total
Non-interest bearing	$ 947,936	$ 4,857	$ -	$ 952,793
Lease liabilities	42,318	135,718	614,231	792,267
Variable interest rate liabilities	1,106,071	1,313,245	-	2,419,316
Fixed interest rate liabilities	503,652	-	-	503,652
	$ 2,599,977	$ 1,453,820	$ 614,231	$ 4,668,028

December 31, 2019

	Less than 1 Year	1-5 Years	5+ Years	Total
Non-interest bearing	$ 1,108,512	$ 3,530	$ -	$ 1,112,042
Lease liabilities	37,722	135,004	622,853	795,579
Variable interest rate liabilities	1,945,043	150,597	-	2,095,640
Fixed interest rate liabilities	56,117	503,570	-	559,687
	$ 3,147,394	$ 792,701	$ 622,853	$ 4,562,948

30. TRANSACTIONS WITH RELATED PARTIES

Related Party Name	Relationship with the Corporation
China Steel Corporation (CSC)	The parent entity of the Corporation
International CSRC Investment Holding Co., Ltd.	The Corporation as key management personnel of other related parties
Linyuan Advanced Materials Technology Co. Ltd. (Linyuan Advanced)	The Corporation as key management personnel of subsidiaries
E-One Moli Energy Corporation	The Corporation as key management personnel of subsidiaries
China Steel Structure Corporation	Fellow subsidiary
Dragon Steel Corporation (DSC)	Fellow subsidiary
United Steel Engineering & Construction Corporation	Fellow subsidiary
China Ecotek Corporation	Fellow subsidiary
Chung Hung Steel Corporation (CHS)	Fellow subsidiary
China Steel Machinery Corporation	Fellow subsidiary
CHC Resources Corporation	Fellow subsidiary
Himag Magnetic Corporation	Fellow subsidiary
China Steel Global Trading Corporation	Fellow subsidiary
Steel Castle Technology Corporation	Fellow subsidiary
Union Steel Development Corporation	Fellow subsidiary
China Steel Security Corporation	Fellow subsidiary
China Steel Precision Materials Corporation (CSPM)	Fellow subsidiary

(Continued)

Related Party Name	Relationship with the Corporation
Betacera Inc.	Fellow subsidiary
Info Champ Systems Corporation	Fellow subsidiary
CSC Solar Corporation	Fellow subsidiary
Thintech Materials Technology Co., Ltd.	Fellow subsidiary
Formosa Ha Tinh (Cayman) Limited	Other related party
Formosa Ha Tinh Steel Corporation (Formosa Ha Tinh)	Other related party

(Concluded)

Details of transactions between the Corporation and its subsidiaries and related parties were as follows:

a. Operating revenue

Account Items	Related Party Category/Name	For the Year Ended December 31 2020	2019
Revenue from sales of goods	The Corporation as key management personnel of subsidiaries		
	Linyuan Advanced	$ 845,761	$ 1,140,278
	Others	49,071	29,237
		894,832	1,169,515
	Parent entity	10,584	14,375
	Fellow subsidiaries	7,734	11,685
		$ 913,150	$ 1,195,575
Revenue from the rendering of services	Parent entity	$ 84,595	$ 91,420
	Fellow subsidiaries	411	-
		$ 85,006	$ 91,420

Part of sales to the parent entity and fellow subsidiaries were charged at the cost plus additional percentage; sales to others were charged in accordance with the agreed pricing formula. Sales referred to above except for revenue from rendering of services from the parent entity, did not have similar transactions for comparison; but not significantly different from regular trading.

b. Purchase of goods

Related Party Category/Name	For the Year Ended December 31 2020	2019
Parent entity		
CSC	$ 1,447,865	$ 2,111,712
Fellow subsidiaries		
DSC	515,258	815,758
Others	1,220	1,020
	516,478	816,778
Other related parties		
Formosa Ha Tinh	605,995	1,121,549
	$ 2,570,338	$ 4,050,039

The Corporation entered into agreements for purchase of light oil products and coal tar with the parent entity in March 2013 and July 2010, respectively. Besides, the Corporation entered into agreements for purchase of light oil products and coal tar with DSC in May 2008. The terms of agreements were 5 years and the agreements would be extended automatically for 5 years each time upon maturity if there was no objection raised by either party. Prices were negotiated between both sides and paid with letters of credit at sight. If any price adjustments occurred due to market volatilities, it shall be settled separately.

In addition, the Corporation entered into agreement for fine coke processing with the parent company for 5 years in January 2008; the agreement would be extended automatically for 5 years each time upon maturity if there was no objection raised by either party.

The Corporation and its subsidiaries entered into agreements for purchase of light oil products and coal tar with Formosa Ha Tinh in November

2018 and May 2016. The term of agreement was 15 years and the agreement would be extended automatically according to the negotiation. Prices were negotiated between both sides and paid with telegraphic transfer before shipment or letters of credit at sight. If any price adjustments occurred due to market volatilities, it shall be settled separately.

c. Receivables from related parties

Account Items	Related Party Category/Name	December 31 2020	December 31 2019
Accounts receivable - related parties	Parent entity	$ 10,430	$ 10,702
	Fellow subsidiaries	1,997	1,192
	The Corporation as key management personnel of subsidiaries		
	Linyuan Advanced	90,911	85,021
	Others	10,547	3,922
		$ 113,885	$ 100,837
Other receivables	Parent entity		
	CSC	$ 1,601	$ 13,740
	Fellow subsidiaries	1,292	916
	Other related parties		
	Formosa Ha Tinh (Cayman)	199,360	209,860
	Others	-	23,981
		$ 202,253	$ 248,497

No guarantee had been received for receivables from related parties. For the years ended December 31, 2020 and 2019, no impairment loss was recognized on receivables from related parties.

d. Payables to related parties

Account Items	Related Party Category/Name	December 31 2020	December 31 2019
Accounts payable - related parties	Parent entity		
	CSC	$ 151,092	$ 186,149
	Other related parties	6,952	-
		$ 158,044	$ 186,149
Other payables	Parent entity	$ 8,820	$ 11,272
	Fellow subsidiaries	82	247
	The Corporation as key management personnel of other related parties	2,101	3,279
	Supervisors of the Corporation	-	1,846
	Other related parties		
	Formosa Ha Tinh	527,250	555,019
		$ 538,253	$ 571,663

The outstanding accounts payable to related parties were unsecured.

e. Acquisitions of property, plant and equipment

Related Party Category/Name	Purchase Price For the Year Ended December 31 2020	Purchase Price For the Year Ended December 31 2019
Parent entity	$ 23,990	$ -
Fellow subsidiaries	1,470	19,451
	$ 25,460	$ 19,451

f. Lease arrangements - the Corporation and its subsidiaries are lessee

Related Party Category/Name	For the Year Ended December 31	
	2020	**2019**
Acquisition of right-of-use assets		
Parent entity-CSC	$ 14,118	$ -

Account Items	Related Party Category/Name	December 31	
		2020	**2019**
Lease liabilities	Parent entity-CSC	$ 604,985	$ 625,674
	Fellow subsidiaries		
	CCSNM	50,625	50,366
	CHS	1,166	3,469
		51,791	53,835
		$ 656,776	$ 679,509

Account Items	Related Party Category/Name	For the Year Ended December 31	
		2020	**2019**
Interest expenses	Parent entity-CSC	$ 8,988	$ 9,280
	Fellow subsidiary		
	CCSNM	1,456	1,521
	CHS	31	56
		1,487	1,577
		$ 10,475	$ 10,857

Leases of land and plants

The Corporation leased land and plants from its parent entity with total of 3 arrangements. The rental was calculated by an annual rate of 3% based on the current land value and an annual rate of 6% based on the announced land value, respectively. The lease term of the contracts was all 1-5 years, which was ended December, 2021 and 2024, respectively. The rental was paid every half year.

The Corporation also leased the coke plant from its parent entity. The lease term of the contract was 1 year, which was ended December, 2021. The rental was paid every half year.

The Corporation leased land and plants from its fellow subsidiary. The lease term was ended August, 2021. The rental was paid quarterly.

Leases from related parties were without similar transactions with other non-related parties.

Leases of office buildings

The Corporation leased office buildings from its parent entity. The lease term of the contract was ended December, 2022. The rental was paid quarterly. Prices were negotiated between both sides and rental was paid according to the contract. Prices were same as local rental and there was no material difference in the term of contract between related parties and non-related parties.

g. Lease arrangements - the Corporation and its subsidiaries are lessor under operating leases

As described in Note 18, the Corporation leased out land, which was located in the Xiaogang District, Kaohsiung City to its parent entity. The rental was calculated by an annual rate of 3% based on the current land value. The rental was paid every half year. The lease term of the contract was ended December, 2025. As of December 31, 2020 and 2019, the gross lease payments to be received were NT$61,585 thousand and NT$12,315 thousand, respectively. The amounts of lease income recognized for the years ended December 31, 2020 and 2019 were both NT$12,317 thousand.

h. Other related party transactions

1) Public fluid and reservoir

The Corporation’s factory was located inside the parent entity’s plant; the primary energy needed for production was supplied by the parent entity. The Corporation paid on a monthly basis for expenses on public fluid and reservoir, including electricity, wastewater treatment, waste gas treatment, consumption of steam, and coke ovens, based on market prices or cost plus percentage. The expenses mentioned above amounted to NT$304,280 thousand and NT$390,173 thousand for the years ended December 31, 2020 and

2019, respectively. The Corporation and other non-related parties had no similar transactions available for comparison.

2) Technical service fees

The Corporation commissioned the parent entity to provide technical services, including activated carbon like Isotropic graphite block material analysis and the applied technological development in graphitizing mass production. The fees for technical services amounted to NT$6,340 thousand and NT$8,980 thousand for the years ended December 31, 2020 and 2019, respectively.

i. Compensation of key management personnel

	For the Year Ended December 31	
	2020	**2019**
Short-term employee benefits	$ 38,397	$ 43,218
Post-employment benefits	1,374	1,005
	$ 39,771	$ 44,223

The compensation of the directors and the other management was determined by the Remuneration Committee in accordance with the personal performance evaluation and market trends.

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

The Corporation and its subsidiaries' significant commitments and contingencies as of December 31, 2020 were as follows:

a. Guarantee notes provided to sellers for purchase of goods and performance amounted to NT$91,693 thousand.

b. Unused balance of the letter of credit issued by the Corporation for the purchase of raw materials and commodities in the amount of NT$562,884 thousand.

c. Property, plant and equipment construction contract signed for total amount of NT$27,131 thousand, within which about NT$13,938 thousand were not yet completed.

32. EXCHANGE RATE OF FINANCIAL 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 financial 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 financial assets			
USD	$ 27,183	28.48 (USD:NTD)	$ 774,184
RMB	15,234	4.377 (RMB:NTD)	66,680
Non-monetary financial assets			
Financial assets mandatorily designated as at FVTPL			
USD	9,444	28.48 (USD:NTD)	268,976
Financial assets at FVTOCI			
USD	1,050	28.48 (USD:NTD)	29,890
Monetary financial liabilities			
USD	7,758	28.48 (USD:NTD)	220,950
USD	3,807	6.507 (USD:RMB)	108,420

December 31, 2019

Monetary financial assets				
USD	28,678	29.98	(USD:NTD)	859,757
RMB	23,001	4.305	(RMB:NTD)	99,021
Non-monetary financial assets				
Financial assets mandatorily designated as at FVTPL				
USD	7,940	29.98	(USD:NTD)	238,047
RMB	5,184	4.305	(RMB:NTD)	22,317
Monetary financial liabilities				
USD	9,683	29.98	(USD:NTD)	290,302
USD	2,822	6.964	(USD:RMB)	84,606

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange gains and losses were loss of NT$38,705 thousand and NT$13,289 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transaction and functional currencies of the Corporation and its subsidiaries.

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (None)

3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 2)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

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 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

9) Trading in derivative instruments: The Corporation entered into non-designated hedged foreign exchange forward contracts amounted to NT$77,727 thousand which generated realized exchange gain NT$753 thousand for the year ended December 31, 2020. As of December 31, 2020, the Corporation and its subsidiaries did not hold any derivative instruments.

10) Intercompany relationships and significant intercompany transactions (Table 5)

11) Information on investees (Table 6)

b. 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 investees, 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 7)

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 5, the amount of payable was not significant)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 5)

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 (None)

e) The highest balance, the end of period balance and the interest rate range 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)

c. Information of major shareholders: List all shareholders with a stake of 5 percent or greater in shareholding percentage and the number of shares. (Table 8)

34. 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:

a. CSCC/CCSNM - Production and marketing of chemical products.

b. EGI (liquidation in September 2020)/CSCCC - Trade of chemical products.

c. EWI - Investments.

d. Department income and operating results

The Corporation and its subsidiaries have the reporting segments analyzed as follows:

For the year ended December 31, 2020	CSCC/CCSCM	EGI /CSCCC	EWI	Adjustment and Write-off	Consolidated
Revenue from external customers	$ 5,316,567	$ -	$ 47,207	$ -	$ 5,363,774
Inter segment revenue	61,346	-	11,805	(73,151)	-
Segment revenue	$ 5,377,913	$ -	$ 59,012	$ (73,151)	$ 5,363,774
Segment income (loss)	$ 725,032	$ (20,349)	$ 56,918	$ 8,298	$ 769,899
Interest income	11,883	2,346	1,978	(1,596)	14,611
Share of profits of associates	97,565	-	-	(19,619)	77,946
Other income	98,234	-	1,150	(20,103)	79,281
Interest expense	(31,397)	-	-	1,596	(29,801)
Other gains and losses	(53,973)	(2,197)	(4,747)	-	(60,917)
Profit (loss) before income tax	847,344	(20,200)	55,299	(31,424)	851,019
Income tax expense	142,415	-	577	-	142,992
Net profit for the year	$ 704,929	$ (20,200)	$ 54,722	$ (31,424)	$ 708,027

	CSCC/CCSCM	EGI /CSCCC	EWI	Adjustment and Write-off	Consolidated
For the year ended December 31, 2020					
For the year ended December 31, 2019					
Revenue from external customers	$ 7,473,072	$ 22,884	$ 46,034	$ -	$ 7,541,990
Inter segment revenue	196,899	14,250	16,788	(227,937)	-
Segment revenue	$ 7,669,971	$ 37,134	$ 62,822	$ (227,937)	$ 7,541,990
Segment income	$ 1,391,694	$ 2,306	$ 55,325	$ (6,932)	$ 1,442,393
Interest income	21,324	11,260	448	(180)	32,852
Share of profits of associates	145,490	-	-	(54,593)	90,897
Other income	59,257	22,006	2,669	(9,856)	74,076
Interest expense	(26,371)	-	-	180	(26,191)
Other gains and losses	(9,353)	(8,086)	(1,263)	-	(18,702)
Profit before income tax	1,582,041	27,486	57,179	(71,381)	1,595,325
Income tax expense (benefit)	297,608	-	(272)	-	297,336
Net profit for the year	$ 1,284,433	$ 27,486	$ 57,451	$ (71,381)	$ 1,297,989

Department interests refers to the profits earned by each department, excluding the administrative cost of the headquarters to be amortized and remuneration of directors and supervisors, rent income, interest income, loss from disposal of property, plant, and equipment, profit from disposal of non-current assets held for sale, net foreign currency exchange gains and losses, financial instruments valuation gains and losses, interest expense and income tax expense, etc. These measurements and amount are provided to the chief operating decision-maker for allocating resources to each segment and for assessing their performance.

e. Segment total assets and liabilities

	December 31	
	2020	2019
Segment assets		
Chemicals segment		
Production and sales	$ 11,344,052	$ 11,770,674
Trading	1,079,762	1,349,916
Investment segment	1,688,085	1,745,781
Adjustments and write-off	(2,469,026)	(2,774,566)
	$ 11,642,873	$ 12,091,805

Segment liabilities		
Chemicals segment		
Production and sales	$ 4,657,055	$ 4,616,087
Trading	527,250	577,486
Investment segment	135	1,805
Adjustments and write-off	(351,993)	(462,291)
	$ 4,832,447	$ 4,733,087

f. Revenue from major products and services

The main products and services revenue of the Corporation and its subsidiaries are analyzed as follows:

	For the Year Ended December 31	
	2020	**2019**
Revenue from contracts with customers		
Chemical product production and sale revenue	$ 4,661,008	$ 6,302,723
Trading revenue	570,176	1,101,380
Service revenue	85,383	91,853
Investment income	47,207	46,034
	$ 5,363,774	$ 7,541,990

g. Geographical information

The Corporation and its subsidiaries are operating business mainly in Taiwan and mainland China.

The revenue of the Corporation and its subsidiaries generated from external customers classified by the country and non-current assets classified by country were as follows:

	Revenue from External Customers			
	For the Year Ended December 31		**Non-current Assets December 31**	
	2020	**2019**	**2020**	**2019**
Taiwan	$ 2,955,946	$ 3,979,840	$ 5,414,647	$ 5,691,613
China	1,122,965	1,762,231	114,135	120,002
Australia	652,193	838,523	-	-

Others	632,670	961,396	529,158	557,028
	$ 5,363,774	$ 7,541,990	$ 6,057,940	$ 6,368,643

Non-current assets exclude financial instruments, investments accounted for using the equity method, deferred income tax assets and refundable deposits.

h. Information about major customers

The external customers that accounted for more than 10% of the consolidated operating revenue of the Corporation and its subsidiaries in 2020 and 2019 were customers of the Corporation. The main customers were as follows:

	For the Year Ended December 31			
	2020		2019	
	Amount	**Percentage of Operating Revenue (%)**	**Amount**	**Percentage of Operating Revenue (%)**
Company A	$ 845,761	16	$ 1,140,278	15
Company B	826,569	15	1,224,121	16
Company C	652,193	12	838,523	11
	$ 2,324,523	43	$ 3,202,922	42

TABLE 1

CHINA STEEL CHEMICAL 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			
1	Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Other receivables	Yes	$192,060	$108,224	$108,224	1%-2.5%	Note 1	$-	Operating capital	$-	-	$-	$337,590	$506,385	Note 2

Note 1: The need for short-term financing.

Note 2: 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 3: The transaction had been eliminated when preparing consolidated financial statement.

TABLE 2

CHINA CHEMICAL 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 Chemical Corporation	Mutual fund	Taishin Global Disruptive Innovation Fund USD	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	Cathay US Multi-Income Balanced Fund A USD	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	JPMorgan Funds - Income Fund - JPM Income A (mth) - USD	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	FSITC Global Wealthy Nations Bond 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	Mutual fund	Taishin US Enhanced High	No relation	Financial assets mandatorily classified as	91,262	26,689	-	26,689	

Corporation		Yield Bond Fund		at fair value through profit or loss - current (including measurement)					
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	

(Continued)

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	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 at fair value through other comprehensive income – current	5,000	15,792	-	15,792	

China Steel Chemical Corporation	Corporate bond	AT & 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	
China Steel Chemical Corporation	Preferred stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income – current	229,000	11,679	-	11,679	
China Steel Chemical Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income – current	2,556,915	63,284	-	63,284	
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 Glbl Artificl Intlignc Fd 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	

Ever Wealthy International Corporation	Mutual fund	FSITC Global Video Gaming & eSports Fund-TWD-N	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	400,000	4,268	-	4,268	
Ever Wealthy International Corporation	Mutual fund	UPAMC Global AIoT Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	218,182	3,419	-	3,419	
Ever Wealthy International Corporation	Mutual fund	FSITC Global Health & Weight Loss Fund-TWD-N	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	300,000	3,216	-	3,216	
Ever Wealthy International Corporation	Mutual fund	FSITC Global Pet Care Fund-TWD-N	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	300,000	3,150	-	3,150	
Ever Wealthy International Corporation	Mutual fund	KGI Cloud Force Fund USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	3,228	2,960	-	2,960	
Ever Wealthy International Corporation	Mutual fund	FSITC Global Utilities and Infrastructure Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	207,641	2,417	-	2,417	
Ever Wealthy International Corporation	Mutual fund	JPMorgan (Taiwan) Multi Income Fund of Fund TWD Acc	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	3,058,938	37,251	-	37,251	

(Continued)

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	UPAMC James Bond Money Market	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	620,086	$ 10,443	-	$ 10,443	
Ever Wealthy International Corporation	Mutual fund	Shin Kong Emerging Wealthy Nations Bond Fund A TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	964,153	9,806	-	9,806	
Ever Wealthy International Corporation	Mutual fund	Jih Sun Upstream Fund A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	107,181	5,510	-	5,510	
Ever Wealthy International Corporation	Mutual fund	SinoPac TWD Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	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	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,500,000	15,275	-	15,275	
Ever Wealthy International Corporation	Mutual fund	PineBridge Global ESG Quantitative Bond Fund A TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,000,000	10,356	-	10,356	
Ever Wealthy International Corporation	Mutual fund	FSITC US Top 100 Bond Fund (TWD)	No relation	Financial assets mandatorily classified as at fair value through	959,813	9,787	-	9,787	

				profit or loss - current (including measurement)					
Ever Wealthy International Corporation	Mutual fund	Prudential Financial US Investment Grade Corporate Bond Fund Acc TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	500,000	5,051	-	5,051	
Ever Wealthy International Corporation	Mutual fund	PineBridge ESG Quant Multi-Asset Fund A USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	99,951	28,824	-	28,824	
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	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	688,428	7,048	-	7,048	

				profit or loss - current (including measurement)					
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	

(Continued)

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	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	7,380	-	7,380	

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	5,865	-	5,865	
Ever Wealthy International Corporation	Mutual fund	MFS Meridian Funds - Prudent Capital Fund A1 USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	14,981	5,861	-	5,861	
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	
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	Note 1
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	Note 1
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	Note 1

(Continued)

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	Riselink 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	Note 1
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 -	1,000	20	1	20	Note 1

				noncurrent (including measurement)					
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	-	Impairment loss has been recognized fully
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	Common stock	China Steel Chemical Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	4,753,537	515,759	-	515,759	Note 2
Ever Wealthy International Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - current	4,226,265	104,600	-	104,600	
Ever Wealthy International Corporation	Preferred stock	TAISHIN FINANCIAL HOLDING CO., LTD. Class E Preferred Shares	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	Corporate bond	CNH Bond Offering by ITNL Offshore Pte Limited	No relation	Financial assets at amortized cost - noncurrent	30,000	3,939	-	3,939	

Note 1: The basis of fair value is net assets value which had not been audited by independent accountants.
Note 2: Listed as treasury shares when preparing consolidated financial statement.

TABLE 3

CHINA STEEL CHEMICAL 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 (Seller)	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	
China Steel Chemical Corporation	Linyuan Advanced Materials Technology Co., Ltd.	Subsidiary of director of the board	Sales	$ (845,761)	(16)	Receivables are collected as the end of every month of when invoice is issued	Note	Note	$ 90,911	23	
China Steel Chemical Corporation	China Steel Corporation	Parent company	Purchases	1,447,865	55	Letter of credit at sight	Note	Note	(151,092)	(81)	
China Steel Chemical Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	605,995	23	T/T before shipment date/letter of credit at sight	Note	Note	-	-	
China Steel Chemical Corporation	Dragon Steel Corporation	Fellow subsidiary	Purchases	515,258	19	Letter of credit at sight	Note	Note	-	-	

Note: Refer to Note 30.

TABLE 4

CHINA STEEL CHEMICAL 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
					Amount	Actions Taken		
Formosa Ha Tinh CSCC (Cayman) International Limited	China Steel Chemical Corporation	Parent company	$199,360 (Note 1 and 3)	Note 1	$-		$-	$-
Formosa Ha Tinh CSCC (Cayman) International Limited	Formosa Ha Tinh (Cayman) Limited	Other related parties	199,360 (Note 1)	Note 1	-		-	-
Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Subsidiary	108,420 (Note 2 and 3)	Note 2	-		-	-

Note 1: Dividends receivable.

Note 2: Receivables including financing provided to others and interests and not applicable to turnover rate.

Note 3: The transaction had been eliminated when preparing consolidated financial statement.

TABLE 5

CHINA STEEL CHEMICAL 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	Transaction Details			% of Total Operating Revenues or Assets
				Financial Statement Accounts	Amount	Payment Terms	
0	China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Parent to subsidiaries	Sales	$71,315(Note)	Charged at the cost plus additional percentage, and net 150 days from end of the month of when invoice is issued	1.00
0	China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Parent to subsidiaries	Purchases	6,261	Net 30 days from end of the month of when invoice is issued	-
0	China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Parent to subsidiaries	Accounts receivable	39,754		-
0	China Steel Chemical Corporation	Formosa Ha Tinh CSCC (Cayman) International Limited	Parent to subsidiaries	Other payables	199,360		2.00
1	Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Subsidiaries to subsidiaries	Other receivables	108,420		1.00

Note : Sales amount includes sales of product trial NT$16,230 thousand, the Corporation recognizes as deduction of Construction in Progress.

TABLE 6

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
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	%	Carrying Amount			
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	$46,039	
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	1,942	
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	30,954	Subsidiary (Note 1)

China Steel Chemical Corporation	Formosa Ha Tinh CSCC (Cayman) International Limited	Cayman Island	General investment	100,320	100,320	10,000,000	50	276,256	(17,729)	(8,864)	Subsidiary (Note 1)
China Steel Chemical Corporation	Ever Glory International Co., Ltd.	Cayman Island	International trading and general investment	-	39,920	-	-	-	(2,471)	(2,471)	Subsidiary (Notes 1 and 2)
China Steel Chemical Corporation	Transglory Investment Corporation	Republic of China	General investment	450,000	450,000	69,000,960	9	600,376	120,233	11,061	
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	22,979	
China Steel Chemical Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	160,000	80,000	16,000,000	9	121,645	36,808	3,250	
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	1,395	
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)	(10,387)	
China Steel Chemical Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	15,070	15,070	1,196,000	40	26,095	(1,659)	(663)	
China Steel Chemical Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	7,000	7,000	700,000	35	14,035	794	278	

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	1,305	
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	924	
China Steel Chemical Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	847	16,934	84,672	6	6,218	(2,756)	(177)	
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	3,940	
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	1,023	
Ever Wealthy International Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	9,000	9,000	900,000	45	17,994	793	357	
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	809	
Ever Wealthy International Corporation	Ding Da Investment Corporation	Republic of China	General investment	10,495	10,495	897,000	30	15,786	1,455	436	

Note 1: The transaction had been eliminated when preparing consolidated financial statement.
Note 2: The Company has liquidated in September 2020.

TABLE 7

CHINA STEEL CHEMICAL 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	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019 (Note 1)	Remittance of Funds (Note 1)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020 (Note 1)	Net Loss of the Investee	% Ownership of Direct or Indirect Investment	Investment Loss (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outward	Inward							
Ningbo Huayang Aluminium-Tech Co., Ltd.	Production of aluminum products	$ 1,395,520	Investments through a holding company registered in a third region	$ 69,776	$ -	$ -	$ 69,776	$ (207,359)	5	$ (10,368)	$ 31,347	$ 5,439	
Changzhou China Steel New Materials Technology Co., Ltd.	Mesophase sales and trading	174,861	Direct investment	185,291	-	-	185,291	(11,962)	100	(11,962)	152,827	-	Note 4

Investor 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 3)
China Steel Chemical Corporation	$ 255,067	$ 255,067	$ 3,920,501

Note 1: The amounts were calculated based on the foreign exchange rate as of December 31, 2020.

Note 2: The basis for recognition of investment income (loss) is based on the financial statements reviewed and attested by R.O.C. parent company's CPA.

Note 3: The limit on investment in Mainland China pursuant to "Principle of investment or Technical Cooperation in Mainland China" is applicable; investments shall not exceed 60% of their net worth.

Note 4: The transaction had been eliminated when preparing consolidated financial statement.

TABLE 8

CHINA STEEL CHEMICAL CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of The Shareholder	Shares	
	Number of Shares Owned	Percentage of Ownership
CHINA STEEL CORPORATION	68,787,183	29.04
FUBON LIFE ASSURANCE CO., LTD	15,053,000	6.35

Note 1: Major shareholders in the Table above are shareholders owning 5% or more of the Corporation’s common (include treasury stocks) 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.

6.5 2020 individual financial statement certified by a CPA

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
11073 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 11073, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
China Steel Chemical Corporation

Opinion

We have audited the accompanying standalone financial statements of China Steel Chemical 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 standalone 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 Matter

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 matter of the Corporation's standalone financial statements for the year ended December 31, 2020 is stated as follows:

Revenue recognition

The Corporation's specific operating revenue from export sales amounted to NT$652,193 thousand, representing 13% of the total operating revenue, and its contribution to the gross profit is significant. The Corporation's export transaction procedure is complicated, and the management is under pressure to achieve the expected target and market expectations, which may be achieved by manipulating the operating revenue. We are concerned whether the sales revenue of the Corporation actually occurred; as a result, we considered operating revenue from export sales as a key audit matter.

Refer to Notes 4 and 22 to the standalone financial statements for the accounting policies and the related disclosures of revenue.

The audit procedures that we performed included the following:

1. **We obtained an understanding and tested the effectiveness of the design and implementation of internal control of sales.**

2. **We verified the related documents to confirm that the products were actually transferred and fulfilled the obligation, and tested cash collection to confirm the existence of sales revenue.**

3. **We performed the confirmation to make sure that the amount of sales revenue can be measured reliably.**

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 standalone 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, 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 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 Yu-Hsiang Liu and Hung-Ju Liao.

Deloitte & Touche

Taipei, Taiwan

Republic of China

February 23, 2021

<u>Notice to Readers</u>

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 CHEMICAL CORPORATION

STANDALONE BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2020 Amount	%	December 31, 2019 Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 734,809	7	$ 833,897	7
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	234,399	2	264,495	2
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	104,853	1	73,591	1
Financial assets for hedging - current (Notes 4 and 10)	-	-	119,920	1
Notes receivable (Notes 4 and 9)	2,211	-	2,777	-
Accounts receivable, net (Notes 4 and 9)	233,529	2	275,573	2
Accounts receivable - related parties (Notes 4, 9 and 28)	153,639	1	186,765	2
Other receivables (Note 28)	18,114	-	65,929	1
Inventories (Notes 4 and 11)	883,423	8	731,374	6
Other financial assets - current (Notes 4 and 12)	168,533	2	-	-
Other current assets	33,930	-	87,841	1
Total current assets	2,567,440	23	2,642,162	23
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 13)	2,933,043	27	2,980,120	26
Property, plant and equipment (Notes 4, 14 and 28)	4,099,878	37	4,387,111	39
Right-of-use assets (Notes 4, 15 and 28)	601,633	5	630,252	5
Investment properties (Notes 4 and 16)	552,988	5	552,988	5
Deferred tax assets (Notes 4 and 24)	85,121	1	73,038	1
Prepaid equipment	54,784	1	64,467	1
Refundable deposits	5,050	-	8,654	-
Other non-current assets (Note 17)	89,134	1	42,772	-
Total non-current assets	8,421,631	77	8,739,402	77
TOTAL	$ 10,989,071	100	$ 11,381,564	100

LIABILITIES AND EQUITY

CURRENT LIABILITIES				
Short-term borrowings (Note 18)	$ 1,093,251	10	$ 1,992,505	18
Contract liabilities (Notes 4 and 22)	12,084	-	12,868	-
Accounts payable	28,819	-	50,807	-
Accounts payable - related parties (Note 28)	158,400	2	202,295	2
Other payables (Notes 19, 20 and 28)	433,801	4	563,379	5
Current tax liabilities (Note 24)	154,914	1	97,219	1
Lease liabilities - current (Notes 4, 15 and 28)	39,026	-	35,740	-
Current portion of long-term borrowings (Note 18)	500,000	5	-	-
Other current liabilities	6,838	-	5,557	-
Total current liabilities	2,427,133	22	2,960,370	26
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	1,300,000	12	650,000	6
Deferred tax liabilities (Notes 4 and 24)	1,545	-	7,936	-
Lease liabilities -noncurrent (Notes 4, 15 and 28)	569,499	5	598,813	5
Net defined benefit liabilities (Notes 4 and 20)	151,868	2	168,670	2
Guarantee deposit received	4,857	-	3,530	-
Total non-current liabilities	2,027,769	19	1,428,949	13
Total liabilities	4,454,902	41	4,389,319	39
EQUITY (Notes 4 and 21)				
Ordinary share capital	2,369,044	21	2,369,044	21
Capital surplus	869,637	8	845,852	7
Retained earnings				
Legal reserve	2,641,723	24	2,561,069	23
Special reserve	176,833	2	161,983	1
Unappropriated earnings	787,720	7	1,348,767	12
Total retained earnings	3,606,276	33	4,071,819	36
Other equity	(193,150)	(2)	(176,832)	(2)
Treasury shares	(117,638)	(1)	(117,638)	(1)
Total equity	6,534,169	59	6,992,245	61
TOTAL	$ 10,989,071	100	$ 11,381,564	100

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

(With Deloitte & Touche auditors' report dated February 23, 2021)

CHINA STEEL CHEMICAL 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, 22 and 28)				
Revenue from sale of goods	$ 5,165,958	98	$ 7,285,794	99
Other operating revenue	85,383	2	93,801	1
Total operating revenue	5,251,341	100	7,379,595	100
OPERATING COSTS (Notes 11, 20, 23 and 28)	4,172,681	79	5,593,243	76
GROSS PROFIT	1,078,660	21	1,786,352	24
OPERATING EXPENSES (Notes 20, 23 and 28)				
Selling and marketing expenses	114,570	2	129,707	2
General and administrative expenses	94,252	2	136,106	2
Research and development expenses	130,979	3	121,968	1
Total operating expenses	339,801	7	387,781	5
PROFIT FROM OPERATIONS	738,859	14	1,398,571	19
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 28)				
Interest income	11,760	-	20,833	-
Other income	98,099	2	59,042	1
Other gains and losses	(59,735)	(1)	(9,184)	-
Share of profit of subsidiaries and associates	97,565	2	145,490	2
Interest expense	(28,255)	(1)	(24,667)	-
Total non-operating income and expenses	119,434	2	191,514	3
PROFIT BEFORE INCOME TAX	858,293	16	1,590,085	22
INCOME TAX EXPENSE (Notes 4 and 24)	141,402	3	297,246	4
NET PROFIT FOR THE YEAR	716,891	13	1,292,839	18
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 20, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	1,199	-	(13,996)	-

(Continued)

CHINA STEEL CHEMICAL 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 financial assets at fair value through other comprehensive income	$ 197	-	$ 1,647	-
Gains and losses on hedging instruments	2,080	-	(2,080)	-
Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method	(3,543)	-	(17,689)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss	(656)	-	3,215	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on the financial statement of translating foreign operations	(10,410)	-	(22,796)	-
Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method	(3,096)	-	(3,708)	-
Other comprehensive loss for the year, net of income tax	(14,229)	-	(55,407)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 702,662	13	$ 1,237,432	17
EARNINGS PER SHARE (Note 25)				
Basic	$ 3.09		$ 5.57	
Diluted	$ 3.08		$ 5.56	

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

(With Deloitte & Touche auditors' report dated February 23, 2021)

CHINA STEEL CHEMICAL CORPORATION

STANDALONE STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

			Retained Earnings				Other Equity					
	Ordinary Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings	Exchange Differences on Translating the Financial Statement of Foreign Operations	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Gains and Losses on Hedging Instruments	Total Other Equity	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2019	$2,369,044	$ 820,648	$ 2,413,957	$ 161,983	$ 1,471,119	$ 4,047,059	$ (44,737)	$ (89,173)	$ -	$ (133,910)	$ (117,638)	$ 6,985,203
Appropriation of 2018 earnings (Note 21)												

Legal reserve	-	-	147,112	-	(147,112)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,255,594)	(1,255,594)	-	-	-	-	-	(1,255,594)
	-	-	147,112	-	(1,402,706)	(1,255,594)	-	-	-	-	-	(1,255,594)
Changes in capital surplus from investments in subsidiaries and associates accounted for using the equity method	-	10	-	-	-	-	-	-	-	-	-	10
Net profit for the year ended December 31, 2019	-	-	-	-	1,292,839	1,292,839	-	-	-	-	-	1,292,839
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(11,846)	(11,846)	(26,504)	(15,393)	(1,664)	(43,561)	-	(55,407)

Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,280,993	1,280,993	(26,504)	(15,393)	(1,664)	(43,561)	-	1,237,432
Adjustments to capital surplus arising from dividends paid to subsidiaries	-	25,194	-	-	-	-	-	-	-	-	-	25,194
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(639)	(639)	-	639	-	639	-	-
BALANCE AT DECEMBER 31, 2019	2,369,044	845,852	2,561,069	161,983	1,348,767	4,071,819	(71,241)	(103,927)	(1,664)	(176,832)	(117,638)	6,992,245
Appropriation of 2019 earnings (Note 21)												

Legal reserve	-	-	128,035	-	(128,035)	-	-	-	-	-	-	-
Special reserve	-	-	-	14,850	(14,850)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,137,142)	(1,137,142)	-	-	-	-	-	(1,137,142)
Cash dividends distributed by legal reserve	-	-	(47,381)	-	-	(47,381)	-	-	-	-	-	(47,381)
	-	-	80,654	14,850	(1,280,027)	(1,184,523)	-	-	-	-	-	(1,184,523)
Changes in capital surplus from investments in subsidiaries and associates accounted for using the equity method	-	17	-	-	-	-	-	-	-	-	-	17
Net profit for the year ended December 31, 2020	-	-	-	-	716,891	716,891	-	-	-	-	-	716,891

Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	939	939	(13,506)	(3,330)	1,668	(15,168)	-	(14,229)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	717,830	717,830	(13,506)	(3,330)	1,668	(15,168)	-	702,662
Adjustments to capital surplus arising from dividends paid to subsidiaries	-	23,768	-	-	-	-	-	-	-	-	-	23,768
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,150	1,150	-	(1,150)	-	(1,150)	-	-

BALANCE AT DECEMBER 31, 2020	$2,369,044	$ 869,637	$ 2,641,723	$ 176,833	$ 787,720	$ 3,606,276	$ (84,747)	$ (108,407)	$ 4	$ (193,150)	$ (117,638)	$ 6,534,169

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

(With Deloitte & Touche audit report dated February 23, 2021)

CHINA STEEL CHEMICAL 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	$ 858,293	$ 1,590,085
Adjustments for:		
Depreciation expense	455,663	417,320
Amortization expense	11,907	9,353
Net loss (gain) on financial assets at fair value through profit or loss	17,156	(2,931)
Interest expense	28,255	24,667
Interest income	(11,760)	(20,833)
Dividend income	(1,599)	(2,878)
Share of profit of subsidiaries and associates	(97,565)	(145,490)
Loss on disposal of property, plant and equipment	66	593
Impairment loss (gain) on non-financial assets	41,336	(8,553)
Loss on disposal of subsidiaries	2,524	-
Gain on disposal of non-current assets held for sale	-	(407)
Gain on lease modification	(15)	(10)
Changes in operating assets and liabilities		
Notes receivable	566	3,781
Accounts receivable	42,044	148,446
Accounts receivable - related parties	33,126	122,007
Other receivables	55,057	175,949
Inventories	(193,385)	(266,645)
Other current assets	53,911	2,941
Contract liabilities	(784)	(56,949)
Accounts payable	(21,988)	14,487
Accounts payable - related parties	(43,895)	(109,840)
Other payables	(127,694)	22,436
Other current liabilities	1,281	(1,723)
Net defined benefit liabilities	(15,603)	(13,927)
Cash generated from operations	1,086,897	1,901,879
Income taxes paid	(102,837)	(489,461)
Net cash generated from operating activities	984,060	1,412,418
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(48,079)	-
Proceeds from disposal of financial assets at fair value through other comprehensive	17,394	-
Acquisition of financial assets at fair value through profit or loss	(399,910)	(757,548)
Proceeds from disposal of financial assets at fair value through profit or loss	404,285	601,446
Acquisition of investments accounted for using the equity method	(80,000)	(81,600)
Disposal of subsidiaries	36,836	-

(Continued)

CHINA STEEL CHEMICAL CORPORATION

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

	For the Year Ended December 31	
	2020	**2019**
Proceeds from capital reduction on investment accounted for using the equity method	$ 25,087	$ 4,233
Proceeds from disposal of non-current assets held for sale	-	10,932
Acquisition of property, plant and equipment	(122,480)	(488,225)
Proceeds from disposal of property, plant and equipment	100	-
Decrease (increase) in refundable deposits	3,604	(333)
Decrease (increase) in other financial assets	(46,533)	125,131
Increase in other non-current assets	(58,269)	(10,580)
Interest received	13,083	22,679
Dividends received from subsidiaries and associates	166,551	487,586
Other dividends received	1,599	2,878
Net cash used in investing activities	(86,732)	(83,401)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	3,000,241	4,114,506
Repayments of short-term borrowings	(3,899,495)	(4,104,215)
Increase in short-term bills payable	550,000	30,000
Decrease in short-term bills payable	(550,000)	(30,000)
Increase in long-term borrowings	1,250,000	250,000
Decrease in long-term borrowings	(100,000)	(250,000)
Increase in guarantee deposit received	1,327	1,127
Repayment of principal of lease liabilities	(32,367)	(26,208)
Cash dividends paid	(1,184,523)	(1,256,088)
Interest paid	(31,599)	(32,662)
Net cash used in financing activities	(996,416)	(1,303,540)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(99,088)	25,477
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	833,897	808,420
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 734,809	$ 833,897

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

(With Deloitte & Touche auditors' report dated February 23, 2021)

CHINA STEEL CHEMICAL 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 Chemical Corporation (the “Corporation”) was incorporated by China Steel Corporation (CSC) and other shareholders in February 1989. The Corporation started operations in May 1993, and CSC is the parent company that has substantive control over the Corporation. As of December 31, 2020 and 2019, CSC owned 29.04% of the Corporation’s voting shares. The Corporation mainly engages in the production, processing and sales of coal tar distillation products, Naphtha products and coke products; in addition, it also trades related upstream and downstream products.

The shares of the Corporation have been listed and traded on the Taiwan Stock Exchange since November 1998.

The standalone financial statements are presented in the Corporation’s function currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were approved by the Corporation’s board of directors and authorized for issue on February 23, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED 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)

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.

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

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.

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 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
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.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 "Inventories". Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of 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. The Corporation will restate its comparative information when it initially applies the aforementioned amendments.

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

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 the financial instruments which 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 the 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 the 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 non-current 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 balance sheet date; 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 balance sheet date.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;
2) Liabilities due to be settled within 12 months after the balance sheet date; and
3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the 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 balance sheet date, monetary items denominated in foreign currencies are retranslated at the closing rates. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise expect for exchange difference 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 year except for exchange difference arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are stated at the reporting currency as originally translated from the foreign currency.

For the purpose 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 - New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the balance sheet date; 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, all of the exchange difference accumulated in equity in respect of that operation are reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, supplies, work-in-progress and finished goods. 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 the weighted-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 interest in a subsidiary that do not result in the Corporation losing control over the subsidiary are accounted for as equity transaction. Any difference between the carrying amount of the investment and the fair value of consideration paid or received is directly recognized in equity.

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. 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) 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.

Profit or loss resulting from downstream transactions is eliminated in full only in the standalone financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized in standalone financial statements only to the extent of interests in the subsidiaries that are not related to the Corporation.

g. Investments 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 the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Corporation's share of profit or loss and other comprehensive income of the associate. The Corporation also recognizes the changes in the share of equity of associates.

When the Corporation subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differs from the existing 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 - changes in the share of equity of associates. If the Corporation's ownership interest is reduced due to the additional 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 is a deduction to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is deducted from to retained earnings.

When the Corporation's share of losses of an associate equals or exceeds 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'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.

The Corporation discontinues the use of the equity method from the date on which its investment ceases to be an associate. 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 account for all amount 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 the 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 assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use and depreciated accordingly.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of 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 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.

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 and right-of-use assets

At each balance sheet date, the Corporation reviews the carrying amounts of its property, plant and equipment and right-of-use 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 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 is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit (net of depreciation) 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.

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 FVTPL) 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 FVTPL 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, financial assets at amortized cost, debt instruments at FVTOCI and investments in equity instruments at FVTOCI.

i Financial asset at FVTPL

Financial assets classified as at FVTPL are financial assets mandatorily classified as at FVTPL.

Financial assets mandatorily classified as at FVTPL included investments in equity instruments which are not designated at FVTOCI and debt investments 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. Fair value is determined in the manner described in Note 27.

ii 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, 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.

Except for the following two conditions, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

i) The financial assets bought or created at credit loss, which interest income amount is determined by effective interest rate after credit adjustment multiplied amortized cost of financial assets.

ii) The financial assets not bought or created at credit loss, but became financial assets at credit loss later, which interest income amount in determined by effective interest rate multiplied by amortized cost of financial assets.

Cash equivalents include time deposits and short-term bills 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.

iii Investments in debt instruments at FVTOCI

Debt instruments that meet the following two conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to interest income calculated using the effective interest method are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv 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 Corporations' right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including notes and accounts receivables) and debt instruments at FVTOCI.

The Corporation always recognizes lifetime Expected Credit Loss (ECL) for notes and accounts receivables. For all other financial instruments, the Corporation recognizes 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 measures 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 instruments.

For internal credit risk management purposes, the Corporation determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Corporation):

i Internal or external information show that the debtor is unlikely to pay its creditors.

ii When a financial asset is more than 90 days past due unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

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, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

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. However, 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 that had been recognized in other comprehensive income is transferred directly to retained earnings, without reclassified to profit or loss.

2) Equity instruments

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

Repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of 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.

l. 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. When the Corporation distributes dividends to its subsidiaries, it will write off investment income in its account and also adjust additional paid-in capital - treasury shares.

m. Hedging instruments

The Corporation designates certain hedging instruments, which is non-derivatives in respect of foreign currency risk, as cash flow hedges.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income. 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 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.

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.

For 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 the effects of a significant financing component.

1) Revenue from sale of goods

Sales of goods are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods and bears the risks of obsolescence. Accounts receivable is recognized concurrently. Advance received from customers is recognized as a contract liability.

The Corporation does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from rendering of services

Service revenue is recognized when services are provided.

o. Leasing

At the inception of a contract, the Corporation assess 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.

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 are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation 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, which comprise fixed payments and variable lease payments which depend on an index or a rate. 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 a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Corporation remeasure the lease liabilities with a corresponding adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset 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 (a) 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; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the standalone balance sheets.

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 that 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 stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Corporation will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs on a systematic basis over the periods in which the Corporation recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Corporation with no future related costs are recognized in profit or loss in the period in which they are received.

r. 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), 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, 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.

s. Taxation

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

1) Current tax

Income tax payable is based on taxable profit for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

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, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

3) Current tax and deferred tax for the year

Current tax 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 tax and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

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 onhistorical 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. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31 2020	December 31 2019
Cash on hand	$ 500	$ 500
Checking accounts and demand deposits	389,373	503,617
Cash equivalents (investment with original maturities less than 3 months)		
Time deposits	122,674	29,980
Short-term bills	222,262	299,800
	$ 734,809	$ 833,897

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

Financial assets mandatorily classified as at FVTPL	December 31 2020	December 31 2019
Non-derivative financial assets		
Mutual funds	$ 171,211	$ 261,820
Convertible corporate bonds	63,188	-
Domestic listed shares	-	2,675
	$ 234,399	$ 264,495

8. FINANCIAL ASSETS AT FAIR VALUE THOUGH OTHER COMPREHENSIVE INCOME - CURRENT

	December 31 2020	December 31 2019
Domestic equity investments - listed shares		
Ordinary shares	$ 63,284	$ 61,110
Preference shares	11,679	12,481
Foreign debt investments		
Corporate bonds	29,890	-
	$ 104,853	$ 73,591

These investments in equity instruments are held with the Corporation's strategy and are not for the purpose of trading and for short-term profit. Accordingly, management elected to designate these investments in equity instruments as at FVTOCI.

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

	December 31 2020	December 31 2019
Notes receivable		
Operating	$ 2,211	$ 2,777
Accounts receivable (including related parties)		
At amortized cost		
Gross carrying amount	$ 387,168	$ 462,338
Less: Allowance for impairment loss	-	-
	$ 387,168	$ 462,338

The average credit period of sales of goods was 30-90 days. No interest was charged on accounts receivable. The Corporation adopted a policy of only dealing with entities that are rated equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

In order to minimize credit risk, management of the Corporation has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, management believes that the Corporation's credit risk was significantly reduced.

The expected credit losses on notes and accounts receivable are estimated using a provision matrix 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 direction of economic conditions at the reporting date. As the Corporation's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Corporation's different customer base.

The following table details the loss allowance of notes and accounts receivables based on the Corporation's provision matrix.

December 31, 2020

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected credit loss rate (%)	-	-	-	-	-	-	
Gross carrying amount	$388,142	$ 1,237	$ -	$ -	$ -	$ -	$389,379
Loss allowance (Lifetime ECL)	-	-	-	-	-	-	-
Amortized cost	$388,142	$ 1,237	$ -	$ -	$ -	$ -	$389,379

December 31, 2019

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected credit loss rate (%)	-	-	-	-	-	-	
Gross carrying amount	$464,698	$ 417	$ -	$ -	$ -	$ -	$465,115
Loss allowance (Lifetime ECL)	-	-	-	-	-	-	-
Amortized cost	$464,698	$ 417	$ -	$ -	$ -	$ -	$465,115

10. FINANCIAL INSTRUMENTS FOR HEDGING

	December 31	
	2020	2019
Financial assets for hedging - current		
Cash flow hedges		
Foreign currency time deposits	$ -	$ 119,920

For the purpose of managing cash flow risk arising from exchange rate fluctuations, the Corporation designated foreign currency time deposits for the future increase in investment. The Corporation performed an assessment of effectiveness and it is expected that the value of the foreign currency time deposits and the value of the corresponding hedged items will systematically change in opposite directions in response to movements in the underlying exchange rates. However, the Corporation expected that there will be no increase in investment in the near future, and thus the corresponding cash outflows is no longer expected to occur. Accordingly, the Corporation has discontinued adopting cash flow hedges from December,2020.

Refer to Note 21 for information relating to profit (loss) arising from the change of fair value of financial instruments for hedging.

11. INVENTORIES

	December 31	
	2020	2019
Finished goods	$ 603,081	$ 480,923
Work in progress	78,896	77,460
Supplies	119,153	111,044
Raw materials	82,293	61,947
	$ 883,423	$ 731,374

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was NT$4,106,612 thousand and NT$5,521,454 thousand, respectively. The cost of goods sold included write-downs of NT$41,336 thousand and inventory reversal of NT$8,553 thousand, respectively.

The reversal of inventory write-downs occurred as a result of stock clearance for the year ended December 31, 2019.

12. OTHER FINANCIAL ASSETS

	December 31	
	2020	2019
Restricted deposits	$ 168,533	$ -

Since the Corporation applied The Management, Utilization, and Taxation of Repatriated Offshore Funds Act, the earnings remitted from overseas subsidiary were recognized as restricted deposits and determined whether they were current or non-current based on the expected time of use of funds.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2020	2019
Investments in subsidiaries	$ 1,448,448	$ 1,567,626
Investments in associates	1,484,595	1,412,494
	$ 2,933,043	$ 2,980,120

a. Investments in subsidiaries

	December 31	
Name of subsidiary	2020	2019
Ever Wealthy Investment Corporation (EWI)	$ 1,289,830	$ 1,279,306
Ever Glory International Co., Ltd. (EGI)	-	39,485
Formosa Ha Tinh CSCC (Cayman) International Limited (CSCCC)	276,256	366,473
	1,566,086	1,685,264
Less: Shares held by subsidiaries accounted for as treasury shares	117,638	117,638
	$ 1,448,448	$ 1,567,626

	Proportion of Ownership and Voting Rights (%)	
	December 31	
	2020	2019
EWI	100	100
EGI	-	100
CSCCC	50	50

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

The Corporation liquidated its subsidiary EGI in September, 2020 and acquired NT$36,836 thousand as proceeds from liquidation.

In October 2015, the Corporation entered into a joint venture and collaboration agreement with Formosa Ha Tinh (Cayman) and Formosa Ha Tinh Steel Corporation (Formosa Ha Tinh). According to the agreement, CSCCC was to be established through a joint investment from the Corporation and Formosa Ha Tinh (Cayman) in which the Corporation would own 50% of the equity. CSCCC mainly engages in the processing and sale of the by-products produced by Formosa Ha Tinh such as coal tar products, naphtha products and coke. CSCCC was established in January 2016 with a paid-in capital of US$10,000 thousand from the Corporation. As of December 31, 2020, US$3,000 thousand has been paid to this account.

b. Investments in associates

	December 31	
	2020	2019
Material associates		
CHC Resources Corporation (CHC)	$ 324,626	$ 312,239
Transglory Investment Corporation (TIC)	600,376	568,107
CSC Solar Corporation (CSCSC)	286,981	277,906
	1,211,983	1,158,252
Associates that are not individually material	272,612	254,242
	$ 1,484,595	$ 1,412,494

1) Material associates

	Proportion of Ownership and Voting Rights (%)	
	December 31	
Name of Associate	2020	2019
CHC	6	6
TIC	9	9
CSCSC	15	15

Refer to Table 5 "Information on Investees" for the above investees' main business nature, principal places of business and countries of incorporation.

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

	December 31	
	2020	2019
CHC	$ 712,668	$ 755,473

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Corporation for equity accounting purposes.

CHC

	December 31	
	2020	2019
Current assets	$ 2,889,894	$ 2,478,713
Non-current assets	10,340,503	9,315,353
Current liabilities	(2,903,673)	(2,599,961)
Non-current liabilities	(4,742,185)	(3,857,542)
Equity	5,584,539	5,336,563
Non-controlling interests	(209,939)	(167,046)
	$ 5,374,600	$ 5,169,517
Proportion of the Corporation's ownership (%)	6	6
Equity attributable to the Corporation	$ 324,626	$ 312,239
Carrying amount	$ 324,626	$ 312,239

	For the Year Ended December 31	
	2020	2019
Operating revenue	$ 9,970,633	$ 9,506,160
Net profit for the year	$ 773,023	$ 827,973
Other comprehensive loss	(70,086)	(56,243)
Total comprehensive income	$ 702,937	$ 771,730

TIC

	December 31	
	2020	2019
Current assets	$ 2,469	$ 1,304
Non-current assets	6,598,420	6,373,776
Current liabilities	(75,063)	(200,008)
Equity	$ 6,525,826	$ 6,175,072
Proportion of the Corporation's ownership (%)	9	9
Equity attributable to the Corporation	$ 600,376	$ 568,107
Carrying amount	$ 600,376	$ 568,107

	For the Year Ended December 31	
	2020	2019
Operating income	$ 134,062	$ 268,506
Net profit for the year	$ 120,233	$ 249,976
Other comprehensive income (loss)	230,521	(93,524)
Total comprehensive income	$ 350,754	$ 156,452

CSCSC

	December 31	
	2020	2019
Current assets	$ 303,574	$ 335,707
Non-current assets	4,094,952	4,057,219
Current liabilities	(766,693)	(809,545)
Non-current liabilities	(1,718,627)	(1,730,669)
Equity	$ 1,913,206	$ 1,852,712
Proportion of the Corporation's ownership (%)	15	15
Equity attributable to the Corporation	$ 286,981	$ 277,906
Carrying amount	$ 286,981	$ 277,906

	For the Year Ended December 31	
	2020	2019
Operating revenue	$ 480,149	$ 353,446
Net profit for the year	$ 153,194	$ 101,809
Other comprehensive loss	(268)	-
Total comprehensive income	$ 152,926	$ 101,809

2) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2020	2019
The Corporation's share of		
Net profit (loss) for the year	$ (2,133)	$ 3,300
Other comprehensive loss	(29,462)	(7,022)
Total comprehensive loss	$ (31,595)	$ (3,722)

The Corporation held more than 20% of the shares with its parent company CSC and fellow subsidiaries and accounted for using the equity method.

The investments accounted for using the equity method and the Corporation's share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2020 and 2019 were based on the associates' financial statements audited by auditors for the same years.

14. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2020

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2020	$1,145,237	$1,506,578	$5,187,163	$ 149,277	$ 173,421	$ 277,386	$8,439,062
Additions	-	26,771	216,260	7,131	1,637	(118,176)	133,623
Disposals	-	-	(26,440)	(1,210)	(1,925)	-	(29,575)
Balance at December 31, 2020	$1,145,237	$1,533,349	$5,376,983	$ 155,198	$ 173,133	$ 159,210	$8,543,110
Accumulated depreciation							
Balance at January 1, 2020	$ -	$ 366,182	$3,498,885	$ 88,284	$ 98,600	$ -	$4,051,951
Depreciation expense	-	78,140	311,079	16,901	14,570	-	420,690
Disposals	-	-	(26,375)	(1,110)	(1,924)	-	(29,409)
Balance at December 31, 2020	$ -	$ 444,322	$3,783,589	$ 104,075	$ 111,246	$ -	$4,443,232
Carrying amount at December 31, 2020	$1,145,237	$1,089,027	$1,593,394	$ 51,123	$ 61,887	$ 159,210	$4,099,878

For the year ended December 31, 2019

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2019	$1,145,237	$1,073,763	$3,893,354	$ 111,359	$ 117,313	$1,297,552	$7,638,578
Additions	-	432,815	1,313,570	45,166	57,870	(1,020,166)	829,255
Disposals	-	-	(19,761)	(7,248)	(1,762)	-	(28,771)
Balance at December 31, 2019	$1,145,237	$1,506,578	$5,187,163	$ 149,277	$ 173,421	$ 277,386	$8,439,062
Accumulated depreciation							
Balance at January 1, 2019	$ -	$ 297,540	$3,228,516	$ 80,403	$ 87,384	$ -	$3,693,843
Depreciation expense	-	68,642	289,556	15,110	12,978	-	386,286
Disposals	-	-	(19,187)	(7,229)	(1,762)	-	(28,178)
Balance at December 31, 2019	$ -	$ 366,182	$3,498,885	$ 88,284	$ 98,600	$ -	$4,051,951
Carrying amount at December 31, 2019	$1,145,237	$1,140,396	$1,688,278	$ 60,993	$ 74,821	$ 277,386	$4,387,111

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

Buildings	
Main structure	2-50 years
Facility	5-25 years
Machinery and equipment	
Power equipment	3-20 years
Examination equipment	3-10 years
Computer equipment	3-10 years
Transportation equipment	
Transportation equipment	3-5 years
Telecommunication equipment	3-10 years
Other equipment	
Extinguishment equipment	5-10 years
Air condition and utilities equipment	3-10 years
Monitoring, office and other equipment	3-10 years

15. LEASE AGREEMENT

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amounts		
Land	$ 348,618	$ 362,556
Machinery	239,596	258,361
Buildings	13,419	9,335
	$ 601,633	$ 630,252

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 15,831	$ 3,018
Depreciation charge for right-of-use assets		
Land	$ 15,157	$ 15,107
Machinery	10,461	10,807
Buildings	9,355	5,120
	$ 34,973	$ 31,034

b. Lease liabilities

Carrying amounts	December 31 2020	December 31 2019
Current	$ 39,026	$ 35,740
Non-current	$ 569,499	$ 598,813

Range of discount rate for lease liabilities were as follows:

	December 31 2020	December 31 2019
Land (%)	1.4703	1.4703
Machinery (%)	1.4703	1.4703
Buildings (%)	0.8626-1.1955	1.1955

c. Material lease activities and terms

The Corporation leased machineries used in manufacturing operations. The contracts were signed for periods from 23 to 25 years. These arrangements do not contain renewal or purchase options. Some lease arrangements allow rent adjustment according to Consumer Price Index every year.

The Corporation leased land and buildings used as factories. The contracts were signed for periods from 2 to 5 years. The rents were calculated according to 3% of the announced total present value or 6% of the announced total land value. The Corporation does not have renewal or purchase option to the right-of-use assets. The Corporation will not transfer or sublet all or part of the leased premises without lessors' approval.

d. Other lease information

	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Expenses relating to short-term leases	$ 3,795	$ 6,802
Total cash outflow for all lease agreements (including short-term lease agreements)	$ (45,220)	$ (42,423)

Refer to Note 16 for the Corporation leasing their own investment properties in operating leases.

16. INVESTMENT PROPERTIES

For the year ended December 31, 2020 and 2019

	Land	Buildings	Total
Cost			
Balance at January 1 and December 31, 2020 and 2019	$ 561,813	$ 47,665	$ 609,478
Accumulated depreciation and impairment			
Balance at January 1 and December 31, 2020 and 2019	$ 8,825	$ 47,665	$ 56,490
Carrying amount at December 31, 2020 and 2019	$ 552,988	$ -	$ 552,988

The lease term of investment properties is 3 years. The rent was calculated according to 3% of the announced total present value. The leases do not have renewal or purchase option at the end of the lease period.

All lease commitments (the Corporation as a lessee) with lease terms commencing after the balance sheet dates are as follow:

	December 31	
	2020	2019
Lease commitments	$ 65,235	$ 14,728

The Corporation participated in "Qianzhen Residential Building Project" conducted by its fellow subsidiary China Prosperity Development Corporation and signed the land purchase agreement in June 2015 with a cost of NT$10,525 thousand and recognized the amount as investment properties. The Corporation also signed the land purchase agreement with its employees. According to the purchase agreement, land prices received from employees were deposited in the Bank of Taiwan.

Since the project was completed and China Prosperity Development Corporation has obtained the building occupation permit and expected to complete the sale in one year. The Corporation transferred its investment property to non-current assets held for sale in December, 2018. The transfer of land ownership is completed in June, 2019.

The Corporation's investment properties of buildings are depreciated in 50 years by straight-line depreciation method.

As of December 31, 2020 and 2019, the fair value of investment properties was both NT$895,837 thousand. The fair value was based on the adoption of the Corporation's management the evaluation model used by market participants using Level 3 inputs and with reference to comparison of the similar transaction price in the market. The significant and unobservable inputs included the rate of capitalization of return and related fee rates.

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

Refer to Note 28 for the lease transactions conducted with related party.

17. OTHER NON-CURRENT ASSETS

	December 31	
	2020	2019
Restricted deposits (Note 12)	$ 58,269	$ -
Deferred expenses	30,865	42,772
	$ 89,134	$ 42,772

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
Bank loans	$ 1,084,000	$ 1,967,000
Letters of credit borrowings	9,251	25,505
	$ 1,093,251	$ 1,992,505
Range of interest rate (%)	0.72-1.02	0.72-1.118

b. Long-term bank borrowings

	December 31	
	2020	2019
Unsecured loans		
Due on various dates through November, 2023	$ 1,800,000	$ 650,000
Less: Current portion	500,000	-
	$ 1,300,000	$ 650,000
Range of interest rate (%)	0.8772-1.1955	1.046-1.1955

In May 2018, the Corporation entered into a credit facility agreement with KGI Bank for a NT$500,000 thousand credit line and extended the duration to 2023 in June, 2020. Under the agreement, based on the Corporation's quarterly reviewed consolidated financial statements and audited annual consolidated financial statements, which shall be verified quarterly, the consolidated profit from operations of the Corporation shall not be negative for two consecutive quarters. Otherwise, the credit line shall be cancelled until the quarter profit from operation becomes positive. The Corporation did not violate the provision.

19. OTHER PAYABLES

	December 31	
	2020	**2019**
Investments payable (Note 13)	$ 199,360	$ 209,860
Salaries and incentive bonus	80,672	99,783
Outsourced repair and construction	39,632	50,833
Employees' compensation and remuneration of directors and supervisors	37,822	70,093
Soil remediation expense	32,986	45,466
Purchase of equipment	5,315	7,742
Others (dividends, freight, commission and insurance, etc.)	38,014	79,602
	$ 433,801	$ 563,379

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Law (the "LSL") is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributes a specific amounts of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. 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.

The amounts included in the standalone balance sheets in respect of the Corporation's defined benefit plans were as follows:

	December 31	
	2020	**2019**
Present value of defined benefit obligation	$ 382,165	$ 367,200
Fair value of plan assets	(228,279)	(196,592)
Net defined benefit liability	$ 153,886	$ 170,608

(Continued)

	December 31	
	2020	**2019**
Current (recognized as other payables)	$ 2,018	$ 1,938
Non-current	151,868	168,670
	$ 153,886	$ 170,608

(Concluded)

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2019	$ 347,580	$ (177,234)	$ 170,346
Service cost			
Current service cost	6,969	-	6,969
Interest expense (income)	3,868	(2,066)	1,802
Recognized in profit or loss	10,837	(2,066)	8,771
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,932)	(5,932)
Actuarial loss - changes in financial assumptions	15,290	-	15,290
Actuarial loss - experience adjustments	4,638	-	4,638
Recognized in other comprehensive income	19,928	(5,932)	13,996
Contributions from the employer	-	(22,505)	(22,505)
Benefits paid	(11,145)	11,145	-
	(11,145)	(11,360)	(22,505)
Balance at December 31, 2019	367,200	(196,592)	170,608
Service cost			
Current service cost	7,078	-	7,078
Interest expense (income)	2,754	(1,566)	1,188
Recognized in profit or loss	9,832	(1,566)	8,266
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,332)	(6,332)
Actuarial loss - changes in financial assumptions	10,095	-	10,095
Actuarial gain - experience adjustments	(4,962)	-	(4,962)
Recognized in other comprehensive income	5,133	(6,332)	(1,199)
Contributions from the employer	-	(23,789)	(23,789)
Balance at December 31, 2020	$ 382,165	$ (228,279)	$ 153,886

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	$ 5,970	$ 6,392
Selling and marketing expenses	761	789
General and administrative expenses	748	735
Research and development expenses	787	855
	$ 8,266	$ 8,771

Through the defined benefit plans under the LSL, the Corporation is exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau 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 significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2020	**2019**
Discount rate (%)	0.50	0.75
Expected rate of salary increase (%)	3	3

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	$ (10,095)	$ (10,288)
0.25% decrease	$ 10,460	$ 10,680

(Continued)

	December 31	
	2020	**2019**
Expected rate of salary increase		
0.25% increase	$ 10,038	$ 10,269
0.25% decrease	$ (9,743)	$ (9,949)

(Concluded)

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	$ 32,046	$ 24,322
The average duration of the defined benefit obligation	11.1 years	11.7 years

21. EQUITY

a. Ordinary share capital

	December 31	
	2020	**2019**
Number of shares authorized (in thousands)	300,000	300,000
Shares authorized	$ 3,000,000	$ 3,000,000
Number of shares issued and fully paid (in thousands)	236,904	236,904
Shares issued	$ 2,369,044	$ 2,369,044

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

b. Capital surplus

	December 31	
	2020	2019
May be used to offset deficits, distribute cash or transfer to share capital (see note below)		
Additional paid-in capital	$ 218	$ 218
Treasury share transactions	868,124	844,356
May be used to offset deficits only		
Share of changes in equity of associates	1,295	1,278
	$ 869,637	$ 845,852

Note: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividend policy, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders.

The Corporation is currently in a growing industry environment and the Corporation intends to take advantage of the economic environment to seek for a sustainable operation. The Corporation's dividend policy is to focus on dividend stability and growth by referring to future operating conditions; also, the Corporation should distribute not less than 50% of distributable earnings, and cash dividend may not be less than 50% of the amount distributed.

Appropriation of earnings to legal reserve shall 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 No. 1010012865, Rule No. 1010047490 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. For the subsequent decrease in the deduction amount to shareholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

The appropriation of earnings for 2019 and 2018 had been approved in the shareholder's meeting in June 2020 and 2019, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividend Per Share (NT$) For the Year Ended December 31	
	2019	2018	2019	2018
Legal reserve	$ 128,035	$ 147,112		
Special reserve	14,850	-		
Cash dividends	1,137,142	1,255,594	$ 4.8	$ 5.3

In addition, the Corporation's board of directors resolved to distribute cash from legal reserve of NT$47,381 thousand, with NT$0.2 per share, total NT$5 per share for 2019.

The appropriation of earnings for 2020 had been proposed by the Corporation's board of directors in February 2021. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 71,898	
Special reserve	16,317	
Cash dividends	615,952	$ 2.6

In addition, the Corporation's board of directors resolved to distribute cash from legal reserve of NT$47,381 thousand, with NT$0.2 per share, total NT$2.8 per share.

The appropriations of earnings for 2020 are subject to the resolution in the shareholders' meeting to be held in June 2021.

d. Other equity items

1) Exchange differences on translating the financial statement of foreign operations

	For the Year Ended December 31	
	2020	2019
Balance, beginning of the year	$ (71,241)	$ (44,737)
Recognized during the year		
Exchange differences arising from translating the net assets of foreign operations	(14,232)	(22,796)
Share of exchange difference of subsidiaries and associates accounted for using the equity method	(3,096)	(3,708)
Disposal of interests in subsidiaries	3,822	-
Balance, end of the year	$ (84,747)	$ (71,241)

2) Unrealized gains and losses on financial assets at FVTOCI

	For the Year Ended December 31	
	2020	2019
Balance, beginning of the year	$ (103,927)	$ (89,173)
Recognized during the year		
Unrealized gain and loss - debt instruments	(795)	-
Unrealized gain and loss - equity instruments	1,372	1,647
Share from associates accounted for using the equity method	(3,527)	(17,040)
Disposal of interests in subsidiaries	(380)	-
Other comprehensive income recognized in the year	(107,257)	(104,566)
Cumulative unrealized gain and loss of equity instruments transferred to retained earnings due to disposal	(1,150)	639
Balance, end of the year	$ (108,407)	$ (103,927)

3) Gains and losses on hedge instruments (cash flow hedges)

	For the Year Ended December 31	
	2020	2019
Balance, beginning of the year	$ (1,664)	$ -
Recognized during the year		
Foreign currency risk - changes in the fair value of hedging instruments	(10,900)	(2,080)
Share from associates accounted for using the equity method	4	-
Tax effect	2,180	416
Reclassification adjustments		
Hedged item no longer expected to occur		
Foreign currency risk - changes in the fair value of hedging instruments	12,980	-
Tax effect	(2,596)	-
Balance, end of the year	$ 4	$ (1,664)

e. Treasury shares

The Corporation's shares acquired and held by subsidiary - EWI for the purpose of investment accounted for as treasury shares were as follows (number of shares in thousands):

For the Year Ended December 31, 2020

Beginning of the Year		Decrease During the Year			End of the Year		
Number of Shares Held	Carrying Amount	Number of Shares Held	Carrying Amount	Selling Price	Number of Shares Held	Carrying Amount	Market Price
4,754	$ 117,638	-	$ -	$ -	4,754	$ 117,638	$ 515,759

For the Year Ended December 31, 2019

Beginning of the Year		Decrease During the Year			End of the Year		
Number of Shares Held	**Carrying Amount**	**Number of Shares Held**	**Carrying Amount**	**Selling Price**	**Number of Shares Held**	**Carrying Amount**	**Market Price**
4,754	$ 117,638	-	$ -	$ -	4,754	$ 117,638	$ 582,308

The Corporation's shares held by the subsidiaries are accounted for as treasury shares with all shareholders' rights, except the rights to participate in the Corporation's capital increase in cash and right to vote.

22. OPERATING REVENUE

	For the Year Ended December 31	
	2020	**2019**
Revenue from contracts with customers		
Revenue from the sale of goods	$ 5,165,958	$ 7,285,794
Other revenue	85,383	93,801
	$ 5,251,341	$ 7,379,595

a. Contract balances

	December 31, 2020	**December 31, 2019**	**January 1, 2019**
Notes and accounts receivable (including related parties)	$ 389,379	$ 465,115	$ 739,349
Contract liabilities			
Sale of goods	$ 12,084	$ 12,868	$ 68,707
Other contract liabilities	-	-	1,110
	$ 12,084	$ 12,868	$ 69,817

The changes in the balance of contract liabilities primarily result from the timing difference between the Corporation's satisfaction of performance obligations and the respective customer's payment.

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year was summarized as follows:

	For the Year Ended December 31	
	2020	**2019**
From contract liabilities at the start of the year		
Sale of goods	$ 12,868	$ 68,693

b. Disaggregation of revenue

For the year ended December 31, 2020

Type of goods or services	**Chemicals Segment - Production and Sales**	**Chemicals Segment - Trading**	**Total**
Sale of goods	$ 4,637,095	$ 528,863	$ 5,165,958
Rendering of services	85,383	-	85,383
	$ 4,722,478	$ 528,863	$ 5,251,341

For the year ended December 31, 2019

Type of goods or services	Chemicals Segment - Production and Sales	Chemicals Segment - Trading	Total
Sale of goods	$ 6,227,018	$ 1,058,776	$ 7,285,794
Rendering of services	91,853	-	91,853
Others	1,948	-	1,948
	$ 6,320,819	$ 1,058,776	$ 7,379,595

23. PROFIT BEFORE INCOME TAX

Profit before income tax consisted of following items:

a. Interest income

	For the Year Ended December 31	
	2020	2019
Bank deposits	$ 5,488	$ 13,216
Financial assets at amortized cost	4,861	7,604
Investments in debt instruments at FVTOCI	1,398	-
Others	13	13
	$ 11,760	$ 20,833

b. Other income

	For the Year Ended December 31	
	2020	2019
Subsidy income	$ 20,598	$ -
Income from sale of prototype trial products	20,448	14,210
Rental income (Note 28)	16,661	16,587
Technical service income (Note 28)	16,568	5,670
Reversal of accrued payables	11,213	8,910
Income from sale of scarp and wastes	4,142	4,189
Dividend income	1,599	2,878
Others	6,870	6,598
	$ 98,099	$ 59,042

c. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Gain (loss) on fair value change of financial assets mandatorily at FVTPL	$ (17,156)	$ 2,931
Net foreign exchange loss	(40,003)	(11,939)
Loss on disposal of subsidiaries	(2,524)	-
Loss on disposal of property, plant and equipment	(66)	(593)
Others	14	417
	$ (59,735)	$ (9,184)

The components of net foreign exchange loss were as follows:

	For the Year Ended December 31	
	2020	2019
Foreign exchange gain	$ 25,416	$ 29,554
Foreign exchange loss	(65,419)	(41,493)
Net foreign exchange loss	$ (40,003)	$ (11,939)

d. Interest expenses

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	$ 22,924	$ 23,019
Interest on lease liabilities	9,058	9,413
Interest on issuing short-term bills	152	54
Others	8	-
	32,142	32,486
Less: Amounts included in the cost of qualifying assets	3,887	7,819
	$ 28,255	$ 24,667

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2020	2019
Capitalized interest	$ 3,887	$ 7,819
Capitalization rate (%)	1.1955	0.8-1.1955

e. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	$ 420,690	$ 386,286
Right-of-use asset	34,973	31,034
Other non-current assets	11,907	9,353
	$ 467,570	$ 426,673
An analysis of depreciation by function		
Operating costs	$ 422,531	$ 391,340
Operating expenses	33,132	25,980
	$ 455,663	$ 417,320
An analysis of amortization by function		
Operating costs	$ 11,907	$ 9,353

f. Employee benefits

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits		
Salaries	$ 374,855	$ 417,797
Labor and health insurance	25,146	24,632
Others	17,343	16,307
	417,344	458,736
Post-employment benefits		
Defined contribution plans	8,027	7,285
Defined benefit plans (Note 20)	8,266	8,771

	2020	2019
	16,293	16,056
	$ 433,637	$ 474,792
An analysis by function		
Operating costs	$ 286,810	$ 303,406
Operating expenses	146,827	171,386
	$ 433,637	$ 474,792

g. Employees' compensation and remuneration of directors and supervisors

The Articles of Incorporation of the Corporation stipulated the Corporation to distribute compensation of employees and remuneration of directors and supervisors at the rates no less than 0.1% and no higher than 1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The Corporation accrued compensation of employees and remuneration of directors for NT$31,518 thousand and NT$6,304 thousand, respectively for the year ended December 31, 2020.

The compensation of employees and remuneration of directors and supervisors for the year 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:

	Cash	
	For the Year Ended December 31	
	2020	2019
Compensation of employees	$ 33,803	$ 59,867
Remuneration of directors and supervisors	6,761	11,973

Material differences between such estimated amounts and the amounts resolved by the board of directors on or before the date the annual standalone financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the annual standalone financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The appropriations of employees' compensation and remuneration of directors and supervisors have been resolved by the board of directors in March 2020 and 2019 and standalone financial statements for 2019 and 2018 as follows:

	For the Year Ended December 31, 2019		For the Year Ended December 31, 2018	
	Compensation of Employees	Remuneration of Directors and Supervisors	Compensation of Employees	Remuneration of Directors and Supervisors
Amounts approved in the board of directors' meeting	$ 59,867	$ 11,973	$ 68,067	$ 13,613
Amounts recognized in the annual financial statements	$ 58,411	$ 12,040	$ 67,249	$ 13,450

The differences were adjusted to profit and loss in 2020 and 2019.

Information on compensation of employees and remuneration of directors and supervisors resolved by the Corporation's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

24. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ 160,761	$ 281,613
Adjustments for prior years	(245)	10,689
Income tax on unappropriated earrings	16	-
Land value increment tax	-	44

	2020	2019
	160,532	292,346
Deferred tax		
In respect of the current year	(19,130)	(2,796)
Adjustments for prior period	-	7,696
	(19,130)	4,900
	$ 141,402	$ 297,246

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

	For the Year Ended December 31	
	2020	**2019**
Profit before income tax	$ 858,293	$ 1,590,085
Income tax expense calculated at the statutory rate	$ 171,659	$ 318,017
Deductible income in determining taxable income	(30,028)	(33,200)
Investment credits	-	(6,000)
Income tax on unappropriated earnings	16	-
Adjustments for prior years	(245)	18,385
Land value increment tax	-	44
	$ 141,402	$ 297,246

b. Income tax expense (benefit) recognized in other comprehensive income

	For the Year Ended December 31	
	2020	**2019**
Recognized in other comprehensive income		
Cash flow hedges	$ 416	$ (416)
Remeasurement on defined benefit plans	240	(2,799)
	$ 656	$ (3,215)

c. Current tax liabilities

	December 31	
	2020	**2019**
Current tax liabilities		
Income tax payable	$ 154,914	$ 97,219

d. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2020

Deferred tax assets	**Balance, Beginning of the Year**	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Balance, End of the Year**
Temporary differences				
Defined benefit plans	$ 34,121	$ (3,104)	$ (240)	$ 30,777
Unrealized losses on inventories	22,705	8,267	-	30,972
Difference between tax reporting and financial reporting - depreciation methods	6,702	(324)	-	6,378
Foreign investment loss	-	9,593	-	9,593
Others	9,510	(1,693)	(416)	7,401
	$ 73,038	$ 12,739	$ (656)	$ 85,121

Deferred tax liabilities				
Temporary differences				
Unrealized exchange gains, net	$ 395	$ 1,150	$ -	$ 1,545
Foreign investment gain	7,541	(7,541)	-	-
	$ 7,936	$ (6,391)	$ -	$ 1,545

For the year ended December 31, 2019

	Balance, Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of the Year
Deferred tax assets				
Temporary differences				
Defined benefit plans	$ 34,069	$ (2,747)	$ 2,799	$ 34,121
Unrealized losses on inventories	24,415	(1,710)	-	22,705
Difference between tax reporting and financial reporting - depreciation methods	7,026	(324)	-	6,702
Others	7,533	1,561	416	9,510
	$ 73,043	$ (3,220)	$ 3,215	$ 73,038
Deferred tax liabilities				
Temporary differences				
Unrealized exchange gains, net	$ 1,256	$ (861)	$ -	$ 395
Foreign investment gain	5,000	2,541	-	7,541
	$ 6,256	$ 1,680	$ -	$ 7,936

e. Income tax assessments

The Corporation's income tax returns through 2018 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

The net profit and weighted average number of ordinary shares outstanding used 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	$ 716,891	$ 1,292,839

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

	For the Year Ended December 31	
	2020	2019
Weighted average number of ordinary shares outstanding	236,904	236,904
Less: Number of treasury shares acquired by subsidiaries	4,754	4,754
Weighted average number of ordinary shares used in computation of basic earnings per share	232,150	232,150
Plus: Effect of dilutive potential ordinary shares - compensation of employees	428	584
Weighted average number of ordinary shares used in the computation of diluted earnings per share	232,578	232,734

The Corporation may settle the compensation of employees in cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, 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.

26. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure that it will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Corporation overall strategy remains unchanged from 2020.

The capital structure of the Corporation consists of net debt and equity of the Corporation, except described in Note 18, the Corporation is not subject to any externally imposed capital requirements. The Corporation reviews the capital structure on a quarterly basis. As part of this review, the Corporation considers the cost of capital and the risks associated with each class of capital. Currently, the equity in the capital structure is greater than debt and it will be used to pay for dividends or debts; also, the Corporation has invested in financial instruments as part of capital and fund management.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are measured at fair value on a recurring basis

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Financial assets measured at FVTPL				
Mutual funds	$ 171,211	$ -	$ -	$ 171,211
Domestic listed shares	63,188	-	-	63,188
	$ 234,399	$ -	$ -	$ 234,399
Financial assets at FVTOCI				
Domestic listed shares	$ 74,963	$ -	$ -	$ 74,963
Foreign corporate bonds	29,890	-	-	29,890
	$ 104,853	$ -	$ -	$ 104,853
December 31, 2019				
Financial assets measured at FVTPL				
Mutual funds	$ 261,820	$ -	$ -	$ 261,820
Domestic listed shares	2,675	-	-	2,675
	$ 264,495	$ -	$ -	$ 264,495
Financial assets of FVTOCI				
Domestic listed shares	$ 73,591	$ -	$ -	$ 73,591

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2020 and 2019.

b. Categories of financial instruments

	December 31	
	2020	2019
Financial assets		
Financial assets at FVTPL		
Mandatorily at FVTPL	$ 234,399	$ 264,495
Financial assets for hedging	-	119,920
Financial assets at FVTOCI		
Investments in equity instruments	74,963	73,591
Investments in debt instruments	29,890	-
Financial assets at amortized cost 1)	1,374,154	1,373,595
Financial liabilities		
Financial liabilities at amortized cost 2)	3,519,128	3,462,516

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, other financial assets - current, notes receivable, accounts receivable (including related parties), restricted deposits, other receivables and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, accounts payable (including related parties), other payables, long-term borrowings (including current portion of long-term borrowings) and guarantee deposit received.

c. Financial risk management objectives and policies

The Corporation's major financial instruments include equity and debt investments, accounts receivable, accounts payable and short-term and long-term borrowings. The Corporation's treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Corporation through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Corporation sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Corporation's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Corporation did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. There had been no change to the Corporation's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Corporation had sales in foreign currencies, which were exposed to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts or were mitigated by future receivables and payables denominated in the same foreign currency.

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the balance sheet date are set out in Note 30.

Sensitivity analysis

The Corporation was mainly exposed to the currency USD and RMB. The following table details the Corporation's sensitivity to a 3% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate of 3% represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only the outstanding foreign monetary items at each balance sheet date. Scenario 1 in the following table indicates the profit or loss of the Corporation when the functional currency against the USD and RMB appreciated by 3%. Scenario 2 in the following table indicates the profit or loss of the Corporation when the functional currency against the USD and RMB depreciated by 3%.

	USD Impact		**RMB Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2020	**2019**	**2020**	**2019**
Profit or loss in Scenario 1	$ (12,278)	$ (14,562)	$ (1,868)	$ (2,819)
Profit or loss in Scenario 2	12,278	14,562	1,868	2,819

Note: The result was mainly attributable to the exposure on outstanding cash and cash equivalents, receivables, restricted deposits (including non-current), payables, and other payables denominated in foreign currencies that were not hedged at each balance sheet date.

The Corporation's sensitivity to foreign currency changed during the current year mainly due to the reduction in USD and RMB denominated assets. In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk because the exposure at the balance sheet date did not reflect the exposure during the year. USD and RMB denominated sales was seasonally affected by customer orders and shipping schedules

b) Interest rate risk

The carrying amounts of the Corporation's financial assets and 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	$ 1,108,525	$ 1,134,553
Cash flow interest rate risk		
Financial assets	346,682	418,521
Financial liabilities	1,300,000	150,000

Because of held financial liabilities, if interest rates had been 1% higher/lower and all other variables were held constant, the Corporation's cash in the next year for the years ended December 31, 2020 and 2019 would have decreased/increased by NT$13,000 thousand and NT$1,500 thousand, respectively.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in listed shares and mutual funds. The Corporation manages this exposure by maintaining a portfolio of investments with different risks. The Corporation's equity price risk was primarily concentrated in the share and fund market in Taiwan and they were evaluated by the closing price of the equity securities and net value of mutual funds, respectively on a monthly basis.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the balance sheet date. For the purposes of sensitivity analysis, the sensitivity rate was adjusted from - 6% to 6% as a result of the volatile financial markets.

If equity prices had been 6% higher/lower, pre-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by NT$10,273 thousand and NT$15,870 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2020 and 2019 would have increased/decreased by NT$4,498 thousand and NT$4,415 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Corporation. As at the balance sheet date, the Corporation's maximum exposure to credit risk could be the carrying amount of accounts receivable on the standalone balance sheets. The main customers of the Corporation were creditworthy. Annual investigation of the credit status of the customers is conducted and a credit report is issued. The sales department uses the credit report as a basis for rating customers and granting them credit. In addition, the credit rating and customer credit status are compiled in a weekly report for use as reference of the sales department. If necessary, the customers will be requested to provide collaterals or to pay cash for each transaction. The sales department also understands the credit status of customers through external credit investigation and industry reports. The credit risk was immaterial to the Corporation.

The Corporation's concentration of credit risk in notes and accounts receivable were as follows:

	December 31	
	2020	2019
Customer A	$ 90,911	$ 85,021
Customer B	49,059	69,989
Customer C	39,754	85,928
Customer D	24,090	46,879
Customer E	22,176	53,053
	$ 225,990	$ 340,870

3) Liquidity risk

The Corporation managed liquidity risk by monitoring and maintaining a level of cash and cash equivalents and financial instruments, which are readily convertible to a known amount of cash deemed adequate to finance the Corporation's operations. In addition, the Corporation entered into credit agreements with financial institutions and maintained at a level of credit deemed adequate to finance the Corporation's operations.

The Corporation relied on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Corporation had available unutilized long-term and short-term bank loan facilities amounted to NT$4.2 billion and NT$4.7 billion, respectively.

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Corporation's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The table includes both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2020

	Less than 1 Year	1-5 Years	5+ Years	Total
Non-interest bearing	$ 621,020	$ 4,857	$ -	$ 625,877
Lease liabilities	40,200	127,246	544,332	711,778
Variable interest rate liabilities	1,106,071	1,313,245	-	2,419,316
Fixed interest rate liabilities	503,652	-	-	503,652
	$ 2,270,943	$ 1,445,348	$ 544,332	$ 4,260,623

December 31, 2019

	Less than 1 Year	1-5 Years	5+ Years	Total
Non-interest bearing	$ 816,481	$ 3,530	$ -	$ 820,011
Lease liabilities	35,636	126,659	551,980	714,275
Variable interest rate liabilities	1,945,043	150,597	-	2,095,640
Fixed interest rate liabilities	56,117	503,570	-	559,687
	$ 2,853,277	$ 784,356	$ 551,980	$ 4,189,613

28. TRANSACTIONS WITH RELATED PARTIES

Related Party Name	Relationship with the Corporation
China Steel Corporation (CSC)	The parent entity of the Corporation
International CSRC Investment Holding Co., Ltd.	The Corporation as key management personnel of other related parties
Linyuan Advanced Materials Technology Co., Ltd. (Linyuan Advanced)	The Corporation as key management personnel of subsidiary
E-One Moli Energy Corporation	The Corporation as key management personnel of subsidiary
Ever Wealthy International Corporation	Subsidiary
Ever Glory International Co., Ltd.	Subsidiary
Formosa Ha Tinh CSCC (Cayman) International Limited (CSCCC)	Subsidiary
Changzhou China Steel New Materials Technology Co., Ltd. (CCSNM)	Subsidiary
China Steel Structure Corporation	Fellow subsidiary
Dragon Steel Corporation (DSC)	Fellow subsidiary
United Steel Engineering & Construction Corporation	Fellow subsidiary
China Ecotek Corporation	Fellow subsidiary
Chung Hung Steel Corporation (CHS)	Fellow subsidiary
China Steel Machinery Corporation	Fellow subsidiary
CHC Resources Corporation	Fellow subsidiary
Himag Magnetic Corporation	Fellow subsidiary
China Steel Global Trading Corporation	Fellow subsidiary
Steel Castle Technology Corporation	Fellow subsidiary
InfoChamp Systems Corporation	Fellow subsidiary

(Continued)

Related Party Name	Relationship with the Corporation
Union Steel Development Corporation	Fellow subsidiary
China Steel Security Corporation	Fellow subsidiary
CSC Solar Corporation	Fellow subsidiary
Thintech Materials Technology Corporation	Fellow subsidiary
Betacera Inc.	Fellow subsidiary
Formosa Ha Tinh (Cayman) Limited	Other related party
Formosa Ha Tinh Steel Corporation (Formosa Ha Tinh)	Other related party

(Concluded)

Details of transactions between the Corporation and other related parties were as follows:

a. Operating revenue

Account Items	Related Party Category/Name	For the Year Ended December 31 2020	2019
Revenue from sale of goods	The Corporation as key management personnel of subsidiary		
	Linyuan Advanced	$ 845,761	$ 1,140,278
	Others	49,071	29,237

		894,832	1,169,515
	Subsidiaries	55,085	154,011
	Parent entity	10,584	14,375
	Fellow subsidiaries	7,734	11,685
		$ 968,235	$ 1,349,586
Revenue from the rendering of services	Parent entity	$ 84,595	$ 91,420
	Fellow subsidiaries	411	-
		$ 85,066	$ 91,420

Part of sales to the parent entity, subsidiaries and fellow subsidiaries were charged at the cost plus additional percentage; sales to others were charged in accordance with the agreed pricing formula. Sales referred to above except for revenue from rendering of services from the parent entity did not have similar transactions for comparison, but was not significantly different from regular trading. The credit term have no significant difference except for to CCSNM was 150 days.

b. Purchase of goods

Related Party Category/Name	For the Year Ended December 31 2020	2019
Parent entity		
CSC	$ 1,447,865	$ 2,111,712
Subsidiaries	6,261	48,983

(Continued)

Related Party Category/Name	For the Year Ended December 31 2020	2019
Fellow subsidiaries		
DSC	$ 515,258	$ 815,758
Others	1,220	1,020
	516,478	816,778
Other related parties		
Formosa Ha Tinh	605,995	1,094,469
	$ 2,576,599	$ 4,071,942

(Concluded)

The Corporation entered into agreements for purchase of light oil products and coal tar with the parent entity in March 2013 and July 2010, respectively. Besides, the Corporation entered into agreements for purchase of light oil products and coal tar with DSC in May 2008. The terms of agreements were 5 years and the agreements would be extended automatically for 5 years each time upon maturity if there was no objection raised by either party. Prices were negotiated between both sides and paid with letters of credit at sight. If any price adjustments occurred due to market volatilities, it shall be settled separately. Purchase of goods from subsidiaries was calculated at cost plus an additional percentage. The terms of agreements were paid after inspection and acceptance or 30 days from the end of the month.

In addition, the Corporation entered into agreement for fine coke processing with the parent company for 5 years in January 2008; the agreement would be extended automatically for 5 years each time upon maturity if there was no objection raised by either party.

The Corporation entered into agreements for purchase of light oil products and coal tar with Formosa Ha Tinh in November 2018. The term of agreement was 15 years and the agreement would be extended automatically for 5 years each time upon maturity if there was no objection raised by either party. Prices were negotiated between both sides and paid with telegraphic transfer before shipment or letters of credit at sight. If any price adjustments occurred due to market volatilities, it shall be settled separately.

c. Receivables from related parties

Account Items	Related Party Category/Name	December 31 2020	December 31 2019
Accounts receivable - related parties	Parent entity	$ 10,430	$ 10,702
	Subsidiary		
	CCSNM	39,754	85,928
	The Corporation as key management personnel of subsidiaries		
	Linyuan Advanced	90,911	85,021
	Others	10,547	3,922
		101,458	88,943
	Fellow subsidiaries	1,997	1,192
		$ 153,639	$ 186,765

(Continued)

Account Items	Related Party Category/Name	December 31 2020	December 31 2019
Other receivables	Parent entity		
	CSC	$ 1,601	$ 12,265
	Subsidiaries	1,444	25,717
	Fellow subsidiaries	1,292	742
	Other related parties		
	Formosa Ha Tinh	-	23,981
		$ 4,337	$ 62,705

(Concluded)

The outstanding accounts receivable from related parties were unsecured. For the years ended December 31, 2020 and 2019, no impairment loss was recognized for accounts receivable from related parties.

d. Payables to related parties

Account Items	Related Party Category/Name	December 31 2020	December 31 2019
Accounts payable - related parties	Parent entity		
	CSC	$ 151,092	$ 186,149
	Subsidiaries		
	CSCCC	-	16,146
	Others	356	-
		356	16,146
	Other related parties	6,952	-
		$ 158,400	$ 202,295
Other payables	Parent entity	$ 8,820	$ 11,272
	Subsidiaries		
	CSCCC	199,360	248,314
	Others	3,014	2,066
		202,374	250,380

The Corporation as key management personnel of other related parties	2,101	3,279
Supervisors of the Corporation	-	1,846
Fellow subsidiaries	-	157
	$ 213,295	$ 266,934

The outstanding accounts payable to related parties were unsecured.

e. Acquisition of property, plant and equipment

Related Party Category/Name	Purchase Price For the Year Ended December 31 2020	 2019
Parent entity	$ 23,990	$ -
Fellow subsidiaries	1,470	19,451
	$ 25,460	$ 19,451

f. Lease arrangements - the Corporation is lessee

Related Party Category/Name	For the Year Ended December 31 2020	 2019
Acquisition of right-of-use assets		
Parent entity-CSC	$ 14,118	$ -

Account Items	Related Party Category/Name	December 31 2020	 2019
Lease liabilities	Parent entity-CSC	$ 604,985	$ 625,674
	Fellow subsidiary CHS	1,166	3,469
		$ 606,151	$ 629,143

Related Party Category/Name	For the Year Ended December 31 2020	 2019
Interest expenses		
Parent entity-CSC	$ 8,988	$ 9,280
Fellow subsidiary CHS	31	56
	$ 9,019	$ 9,336

Leases of land and plants

The Corporation leased land and plants from its parent entity with total of 3 arrangements. The rental was calculated by an annual rate of 3% based on the current land value and an annual rate of 6% based on the announced land value, respectively. The lease term of the contracts was all 1-5 years, which was ended December, 2021 and 2024, respectively. The rental was paid every half year.

The Corporation also leased the coke plant from its parent entity. The lease term of the contract was 1 year, which was ended December, 2021. The rental was paid every half year.

The Corporation leased land and plants from its fellow subsidiary. The lease term was ended August, 2021. The rental was paid quarterly.

Leases from related parties were without similar transactions with other non-related parties.

Leases of office buildings

The Corporation leased office buildings from its parent entity. The lease term of the contract was ended December, 2022. The rental was paid quarterly. Prices were negotiated between both sides and rental was paid according to the contract. Prices were same as local rental and there was no material difference in the term of contract between related parties and non-related parties.

g. Lease arrangements - the Corporation is lessor under operating leases

As descirbed in Note 16, the Corporation leased out land, which was located in the Xiaogang District, Kaohsiung City to its parent entity. The rental was calculated by an annual rate of 3% based on the current land value. The rental was paid every half year. The lease term of the contract was ended December, 2025. As of December 31, 2020 and 2019, the gross lease payments to be received were NT$61,585 thousand and NT$12,315 thousand, respectively. The amounts of lease income recognized for the years ended December 31, 2020 and 2019 were both NT$12,317 thousand.

h. Other transactions with related parties

1) Public fluid and reservoir

The Corporation's factory was located inside the parent entity's plant; the primary energy needed for production was supplied by the parent entity. The Corporation paid on a monthly basis for expenses on public fluid and reservoir, including electricity, wastewater treatment, waste gas treatment, consumption of steam, and coke ovens, based on market prices or cost plus percentage. The expenses mentioned above amounted to NT$304,280 thousand and NT$390,173 thousand for the years ended December 31, 2020 and 2019, respectively. The Corporation and other non-related parties had no similar transactions available for comparison.

2) Technical service fees

The Corporation commissioned the parent entity to provide technical services, including activated carbon like Isotropic graphite block material analysis and the applied technological development in graphitizing mass production. The fees for technical services amounted to NT$6,340 thousand and NT$8,980 thousand for the years ended December 31, 2020 and 2019, respectively.

3) Technical service revenue

The Corporation signed technical service contract with its subsidiaries. Technical service revenue amounted to NT$16,586 thousand and NT$5,670 thousand for the years ended December 31, 2020 and 2019, respectively.

4) Revenue from sale of prototype trial products

The Corporation's revenue from sale of trial produce to its subsidiary - CCSNM was NT$16,230 thousand and NT$6,208 thousand for the years ended December 31, 2020 and 2019, respectively. Amount was recognized as the deduction of construction in progress. The selling price of Corporation to its subsidiaries had no similar transaction available for comparison. The credit terms were 150 days after shipment.

i. Compensation of key management personnel

	For the Year Ended December 31	
	2020	**2019**
Short-term employee benefits	$ 38,397	$ 43,218
Post-employment benefits	1,374	1,005
	$ 39,771	$ 44,223

The compensation of directors and other key management personnel was determined by the Remuneration Committee based on the personal performance evaluation and market trends.

29. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The Corporation's significant commitments and contingencies as of December 31, 2020 were as follows:

a. Guarantee notes provided to sellers for purchase of goods and performance amounted to NT$91,693 thousand.

b. Unused balance of the letter of credit issued by the Corporation for the purchase of raw materials and commodities in the amount of NT$562,884 thousand.

c. Property, plant and equipment construction contract signed for total amount of NT$24,494 thousand; within which about NT$13,803 thousand were not yet completed.

30. SIGNIFICANT RATE OF FINANCIAL ASSETS AND FINANCIAL 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 financial 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 financial assets				
USD	$ 22,129	28.48	(USD:NTD)	$ 630,227
RMB	14,222	4.377	(RMB:NTD)	62,250
Non-monetary financial assets				
Financial assets mandatorily designated as at FVTPL				
USD	7,703	28.48	(USD:NTD)	219,376
Investment accounted for using the equity method				
USD	9,700	28.48	(USD:NTD)	276,256

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
Financial assets at FVTOCI				
USD	$ 1,050	28.48	(USD:NTD)	$ 29,890
Monetary financial liabilities				
USD	7,758	28.48	(USD:NTD)	220,950
December 31, 2019				
Monetary financial assets				
USD	25,874	29.98	(USD:NTD)	775,691
RMB	22,890	4.305	(RMB:NTD)	98,540
Non-monetary financial assets				
Financial assets mandatorily designated as at FVTPL				
USD	7,940	29.98	(USD:NTD)	238,047
RMB	4,284	4.305	(RMB:NTD)	18,442
Investment accounted for using the equity method				
USD	13,541	29.98	(USD:NTD)	405,958
Monetary financial liabilities				
USD	9,683	29.98	(USD:NTD)	290,302
RMB	1,055	4.305	(RMB:NTD)	4,544

(Concluded)

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange gains and losses were loss NT$40,003 thousand and NT$11,939 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transaction and functional currencies of the Corporation.

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (None)

3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 2)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

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 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

9) Trading in derivative instruments: The Corporation entered into non-designated hedged foreign exchange forward contracts amounted to NT$77,727 thousand which generated realized exchange gain NT$753 thousand for the year ended December 31, 2020. As of December 31, 2020, the Corporation and its subsidiaries did not hold any derivative instruments.

10) Information on investees (Table 5)

b. 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 investees, investment gain (loss), carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 6)

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 (None)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (None)

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 (None)

e) The highest balance, the end of period balance and the interest rate range 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)

c. Information of major shareholders: List all shareholders with a stake of 5 percent or greater in shareholding percentage and the number of shares. (Table 7)

32. SEGMENT INFORMATION

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

TABLE 1

CHINA STEEL CHEMICAL 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			
1	Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Other receivables	Yes	$ 192,060	$ 108,224	$ 108,224	1%-2.5%	Note 1	$ -	Operating capital	$ -	-	$ -	$ 337,590	$ 506,385	Note 2

Note 1: The need for short-term financing.

Note 2: 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.

CHINA CHEMICAL 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 Chemical Corporation	Mutual fund	Taishin Global Disruptive Innovation Fund USD	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	Cathay US Multi-Income Balanced Fund A USD	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	JPMorgan Funds - Income Fund - JPM Income A (mth) - USD	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	FSITC Global Wealthy Nations Bond 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	Taishin US Enhanced High Yield Bond Fund	No relation	Financial assets mandatorily classified as at fair value through	91,262	26,689	-	26,689	

				profit or loss - current (including measurement)					
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	5,000	14,128	-	14,128	

China Steel Chemical Corporation	Convertible bond	CS 4 1/2 PERP	No relation	profit or loss - current (including measurement) Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	3,000	8,664	-	8,664	

(Continued)

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	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 at fair value through other comprehensive income - current	5,000	15,792	-	15,792	
China Steel Chemical Corporation	Corporate bond	AT & 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	
China Steel Chemical Corporation	Preferred stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	229,000	11,679	-	11,679	
China Steel Chemical Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	2,556,915	63,284	-	63,284	

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 Glbl Artificl Intlignc Fd 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	
Ever Wealthy International Corporation	Mutual fund	FSITC Global Video Gaming & eSports Fund-TWD-N	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	400,000	4,268	-	4,268	
Ever Wealthy International Corporation	Mutual fund	UPAMC Global AIoT Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	218,182	3,419	-	3,419	
Ever Wealthy International Corporation	Mutual fund	FSITC Global Health & Weight Loss Fund-TWD-N	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	300,000	3,216	-	3,216	
Ever Wealthy International Corporation	Mutual fund	FSITC Global Pet Care Fund-TWD-N	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	300,000	3,150	-	3,150	

Ever Wealthy International Corporation	Mutual fund	KGI Cloud Force Fund USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	3,228	2,960	-	2,960	
Ever Wealthy International Corporation	Mutual fund	FSITC Global Utilities and Infrastructure Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	207,641	2,417	-	2,417	
Ever Wealthy International Corporation	Mutual fund	JPMorgan (Taiwan) Multi Income Fund of Fund TWD Acc	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	3,058,938	37,251	-	37,251	

(Continued)

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	UPAMC James Bond Money Market	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	620,086	$10,443	-	$ 10,443	
Ever Wealthy International Corporation	Mutual fund	Shin Kong Emerging Wealthy Nations Bond Fund A TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	964,153	9,806	-	9,806	
Ever Wealthy International Corporation	Mutual fund	Jih Sun Upstream Fund A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	107,181	5,510	-	5,510	
Ever Wealthy International Corporation	Mutual fund	SinoPac TWD Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through	194,009	2,721	-	2,721	

				profit or loss - current (including measurement)				
Ever Wealthy International Corporation	Mutual fund	Taishin Strategy Senior Total Return High Yield Bond Fund Acc TWD A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,500,000	15,275	-	15,275
Ever Wealthy International Corporation	Mutual fund	PineBridge Global ESG Quantitative Bond Fund A TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,000,000	10,356	-	10,356
Ever Wealthy International Corporation	Mutual fund	FSITC US Top 100 Bond Fund (TWD)	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	959,813	9,787	-	9,787
Ever Wealthy International Corporation	Mutual fund	Prudential Financial US Investment Grade Corporate Bond Fund Acc TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	500,000	5,051	-	5,051
Ever Wealthy International Corporation	Mutual fund	PineBridge ESG Quant Multi-Asset Fund A USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	99,951	28,824	-	28,824
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	PineBridge Taiwan Money Market Securities Investment	No relation	Financial assets mandatorily classified as at fair value through	1,424,472	19,608	-	19,608

		Trust Fund		profit or loss - current (including measurement)					
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	

(Continued)

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	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	7,380	-	7,380	
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	5,865	-	5,865	
Ever Wealthy International Corporation	Mutual fund	MFS Meridian Funds - Prudent Capital Fund A1 USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	14,981	5,861	-	5,861	
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	
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	Note
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	Note
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	Note

(Continued)

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	Riselink 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	Note
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	Note
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	-	Impairment loss has been recognized fully
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	Common stock	China Steel Chemical Corporation	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	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - current	4,226,265	104,600	-	104,600	
Ever Wealthy International Corporation	Preferred stock	TAISHIN FINANCIAL HOLDING CO., LTD. Class E Preferred Shares	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	Preferred	Cathay Financial	No relation	Financial assets	12,540	789	-	789	

International Corporation	stock	Holding Co., Ltd.(B)		mandatorily classified as at fair value through profit or loss - current (including measurement)					
Ever Wealthy International Corporation	Corporate bond	CNH Bond Offering by ITNL Offshore Pte Limited	No relation	Financial assets at amortized cost - noncurrent	30,000	3,939	-	3,939	

Note: The basis of fair value is net assets value which had not been audited by independent accountants.

TABLE 3

CHINA STEEL CHEMICAL 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 (Seller)	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	
China Steel Chemical Corporation	Linyuan Advanced Materials Technology Co., Ltd.	Subsidiary of director of the board	Sales	$ (845,761)	(16)	Receivables are collected as the end of every month of when invoice is issued	Note	Note	$ 90,911	23	
China Steel Chemical Corporation	China Steel Corporation	Parent company	Purchases	1,447,865	55	Letter of credit at sight	Note	Note	(151,092)	(81)	
China Steel Chemical Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	605,995	23	T/T before shipment date/letter of credit at sight	Note	Note	-	-	
China Steel Chemical Corporation	Dragon Steel Corporation	Fellow subsidiary	Purchases	515,258	19	Letter of credit at sight	Note	Note	-	-	

Note: Refer to Note 28.

CHINA STEEL CHEMICAL 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
					Amount	Actions Taken		
Formosa Ha Tinh CSCC (Cayman) International Limited	China Steel Chemical Corporation	Parent company	$ 199,360	Note 1	$ -		$ -	$ -
Formosa Ha Tinh CSCC (Cayman) International Limited	Formosa Ha Tinh (Cayman) Limited	Other related parties	199,360	Note 1	-		-	-
Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Subsidiary	108,420	Note 2	-		-	-

Note 1: Dividends receivable.
Note 2: Receivables including financing provided to others and interests and not applicable to turnover rate.

TABLE 5

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
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	%	Carrying Amount			
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	$ 46,039	
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	1,942	
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	30,954	Subsidiary
China Steel Chemical Corporation	Formosa Ha Tinh CSCC (Cayman) International Limited	Cayman Island	General investment	100,320	100,320	10,000,000	50	276,256	(17,729)	(8,864)	Subsidiary
China Steel Chemical Corporation	Ever Glory International Co., Ltd.	Cayman Island	International trading and general investment	-	39,920	-	-	-	(2,471)	(2,471)	Subsidiary (Note)
China Steel Chemical Corporation	Transglory Investment Corporation	Republic of China	General investment	450,000	450,000	69,000,960	9	600,376	120,233	11,061	

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	22,979	
China Steel Chemical Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	160,000	80,000	16,000,000	9	121,645	36,808	3,250	
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	1,395	
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)	(10,387)	
China Steel Chemical Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	15,070	15,070	1,196,000	40	26,095	(1,659)	(663)	
China Steel Chemical Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	7,000	7,000	700,000	35	14,035	794	278	
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	1,305	
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	924	
China Steel Chemical Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	847	16,934	84,672	6	6,218	(2,756)	(177)	
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	3,940	
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	1,023	
Ever Wealthy International Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	9,000	9,000	900,000	45	17,994	793	357	

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	809	
Ever Wealthy International Corporation	Ding Da Investment Corporation	Republic of China	General investment	10,495	10,495	897,000	30	15,786	1,455	436	

Note: The Company has liquidated in September 2020.

TABLE 6

CHINA STEEL CHEMICAL 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	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019 (Note 1)	Remittance of Funds (Note 1)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020 (Note 1)	Net Loss of the Investee	% Ownership of Direct or Indirect Investment	Investment Loss (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outward	Inward							
Ningbo Huayang Aluminium-Tech Co., Ltd.	Production of aluminum products	$1,395,520	Investments through a holding company registered in a third region	$69,776	$-	$-	$69,776	$(207,359)	5	$(10,368)	$31,347	$5,439	
Changzhou China Steel New Materials Technology Co., Ltd.	Mesophase sales and trading	174,861	Direct investment	185,291	-	-	185,291	(11,962)	100	(11,962)	152,827	-	

Investor 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 3)
China Steel Chemical Corporation	$ 255,067	$ 255,067	$ 3,920,501

Note 1: The amounts were calculated based on the foreign exchange rate as of December 31, 2020.

Note 2: The basis for recognition of investment income (loss) is based on the financial statements reviewed and attested by R.O.C. parent company's CPA.

Note 3: The limit on investment in Mainland China pursuant to "Principle of investment or Technical Cooperation in Mainland China" is applicable; investments shall not exceed 60% of their net worth.

TABLE 7

CHINA STEEL CHEMICAL CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of The Shareholder	Shares	
	Number of Shares Owned	Percentage of Ownership
CHINA STEEL CORPORATION	68,787,183	29.04
FUBON LIFE ASSURANCE CO., LTD	15,053,000	6.35

Note 1: Major shareholders in the Table above are shareholders owning 5% or more of the Corporation's common stocks (include treasury stocks) 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 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.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

STATEMENT 1

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Maturity Date	Interest Rates (%)	Amount
Cash on hand			$ 500
Bank deposits			
Checking accounts			269,494
Demand deposits			85,343
Foreign currency deposits - including US$781 thousand and CNY2,810 thousand (Note)			34,536
Time deposits - including US$4,000 thousand and CNY2,000 thousand (Note)	2021.01.04-2021.01.22	0.23-2.45	122,674
Short-term bills - including US$7,804 thousand (Note)	2021.01.07-2021.02.18	0.5-1	222,262
			$ 734,809

Note: US$1=NT$28.48 and CNY1=NT$4.377.

STATEMENT 2

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Marketable Securities	Shares/Units	Par Value(NT$)	Carrying Value	Interest Rates (%)	Cost	Fair Value (Note)		Note
						Unit Price(NT$)	Total Amount	
Mutual funds								
Taishin Global Disruptive Innovation Fund USD	20,097	$ 429.92	$ 8,640		$ 8,640	$ 467.28	$ 9,391	
Cathay US Multi-Income Balanced Fund A USD	1,427,115	9.93	14,175		14,175	10.22	14,595	
JPMorgan Funds - Income Fund - JPM Income A (mth) - USD	10,055	3,859.26	38,805		38,805	3,716.95	37,374	
FSITC Global Wealthy Nations Bond Fund	96,119	306.85	29,495		29,495	302.23	29,051	
Taishin US Enhanced High Yield Bond Fund	91,262	294.97	26,920		26,920	292.44	26,689	
Taishin Senior Secured High Yield Bond Fund	51,562	310.78	16,025		16,025	299.93	15,465	
Taishin Short Duration Emerging High Yield Bond Fund	47,830	300.33	14,365		14,365	302.01	14,445	
JPMorgan Funds - Global Corporate Bond Fund - A (acc) - USD	15,806	569.87	9,008		9,008	580.72	9,179	
Prudential Financial Money Market Fund	626,975	15.94	10,000		10,000	15.95	10,003	
Jih Sun Money Market Fund	335,735	14.89	5,000		5,000	14.94	5,019	
Convertible bonds								
UBS 5 PERP	5,000	2,890.79	14,454	5	14,454	2,876.40	14,382	
BNP 4 1/2 PERP	5,000	2,873.94	14,370	4.5	14,370	2,872.00	14,360	

SOFTBK 6 PERP	5,000	2,829.46	14,147	6	14,147	2,825.60	14,128
CS 4 1/2 PERP	3,000	2,874.00	8,622	4.5	8,622	2,888.00	8,664
HSBC 4.6 PERP	2,000	2,841.00	5,682	4.6	5,682	2,922.00	5,844
STANLN 3.265 02/18/36	2,000	2,883.00	5,766	3.265	5,766	2,905.00	5,810
			$235,474		$235,474		$234,399

Note: The above fair value are calculated on the basis of the closing price of convertible bonds and net value of funds at the balance sheet date.

STATEMENT 3

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Marketable Securities	Shares/Units	Par Value(NT$)	Carrying Value	Interest Rates (%)	Cost	Accumulated Impairment	Fair Value (Note) Unit Price (NT$)	Fair Value (Note) Total Amount	Note
Domestic listed Common stock									
China Steel Corporation	2,556,915	$ 10	$ 25,569	-	$ 62,600	$ -	$ 24.75	$ 63,284	
Domestic listed Preferred stock									
China Steel Corporation	229,000	10	2,290	-	5,758	-	51.00	11,679	
Convertible bonds									
STANLN 4.3	5,000	3,218.20	16,091	4.3	16,091	-	3,158.40	15,792	
AT&T 3.5 02/01/61	5,000	2,926.80	14,634	3.5	14,634	-	2,819.60	14,098	
			$ 58,584		$ 99,083	$ -		$ 104,853	

Note: The above fair value are calculated on the basis of the closing price of stocks and net value of convertible bonds at the balance sheet date.

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF RECEIVABLES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Customer Name	Amount
Notes Receivable	
Non-Related Parties	
Chain Yin trade CO., LTD.	$ 1,102
Talent Sky Enerprise CO.	502
Liberty Organization CO., LTD.	462
RICH SHYAN CO., LTD.	145
	$ 2,211
Accounts Receivable	
Related Parties	
Linyuan Advanced Materials Technology CO., Ltd.	$ 90,911
Changzhou China Steel New Materials Technology CO., Ltd.	39,754
China Steel Corporation	10,430
E-One Moli Energy Corporation	10,547
Others (Note)	1,997
	$ 153,639
Non-Related Parties	
Taiwan Styrene Monomer CO.	$ 49,059
Pt Suryamas Mentari	27,276
Taiwan Prosperity Chemical CO.	24,090
Formosan Union Chemical CO.	22,176
RASAYANO	12,365
Others (Note)	98,563
	$ 233,529

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Carrying Amount (Note 1)	Net Realizable Value (Note 2)
Finished goods	$ 603,081	$ 639,590
Work in progress	78,896	80,905
Supplies	119,153	119,153
Raw materials	82,293	84,064
	$ 883,423	$ 923,712

Note 1: Carrying amount was net value of deduction of allowance for loss on inventory value decline and idleness amounted to NT$154,860 thousand.

Note 2: Refer to Note 4.

STATEMENT 6

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investees	Balance, January 1, 2020		Additions (Note 1)		Decrease (Note 1)		Gain and Loss from Investment	Balance, December 31, 2020			Market Value or Net Assets Value (Note 2)		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Amount	Shares	% of Ownership	Amount	Unit Price (NT$)	Total Amount		
Listed companies														

CHC Resources Corporation	15,019,341	$312,239	-	$-	-	$33,652	$46,039	15,019,341	6	$324,626	$47.5	$712,668	None
China Steel Structure Co., Ltd.	600,069	12,798	-	-	-	319	1,942	600,069	-	14,421	32.7	19,622	None
Unlisted companies													
Ever Wealthy International Corporation	104,574,982	1,279,306	-	-	-	20,430	30,954	104,574,982	100	1,289,830	16.14	1,687,950	None

Transglory Investment Corporation	66,931,030	568,107	2,069,930	21,208	-	-	11,061	69,000,960	9	600,376	8.70	600,376	None
Ever Glory International Co., Ltd.	1,300,000	39,485	-	-	1,300,000	37,014	(2,471)	-	-	-	-	-	None
United Steel International Development Corporation	2,450,000	41,769	-	459	-	-	(10,387)	2,450,000	5	31,841	13.0 0	31,841	None
Eminent Venture Capital Corporation	2,250,000	15,553	-	-	900,000	9,000	1,305	1,350,000	5	7,858	5.82	7,858	None
Gau Ruei Investment Corporation	1,196,000	26,309	-	449	-	-	(663)	1,196,000	40	26,095	21.8 2	26,095	None

Ascentek Venture Capital Corporation	1,693,440	23,050	-	-	1,608,768	16,655	(177)	84,672	6	6,218	73.43	6,217	None
HIMAG Magnetic Corporation	2,161,203	44,000	-	-	-	2,047	1,395	2,161,203	8	43,348	20.06	43,349	None
Li-Ching-Long Investment Corporation	700,000	13,781	-	-	-	24	278	700,000	35	14,035	20.05	14,035	None
TaiAn Technologies Corporation	249,999	7,375	249,999	-	-	1,148	924	499,998	5	7,151	14.30	7,151	None
Formosa Ha Tinh CSCC (Cayman) International Limited	10,000,000	366,473	-	-	-	81,353	(8,864)	10,000,000	50	276,256	27.63	276,256	None

CSC Solar Corporation	26,160,000	277,906	-	-	-	13,904	22,979	26,160,000	15	286,981	10.97	286,981	None
Eminent III Venture Capital Corporation	8,000,000	69,607	8,000,000	80,000	-	31,212	3,250	16,000,000	9	121,645	7.60	121,645	None
		3,097,758		102,116		246,758	97,565			3,050,681		$3,842,044	

Less: Shares held by subsidiaries accounted for as treasury shares	117,638	-	-	-	117,638
	$2,980,120	$102,116	$246,758	$97,565	$2,933,043

Note 1: Changes for the year ended December 31,2020 consisted of increase in investment amounted to NT$80,000 thousand, proceeds from capital reduction amounted to NT$25,087 thousand, disposal of subsidiaries amounted to NT$35,918 thousand, dividends received from investees amounted to NT$166,551 thousand, unrealized loss of financial instruments of investees amounted to 3,527 thousand, increase in additional paid-in capital amounted to NT$23,785 thousand, exchange differences on translation of the financial statements of foreign operation amounted to NT$17,328 thousand, remeasurement of defined benefit plans amounted to NT$20 thousand and gain on hedging instrument amounted to NT$4 thousand.

Note 2: Market value of listed companies is the closing price at the balance sheet date. Net asset value of unlisted companies is calculated based on the investees' financial statements and the Corporation's ownership percentage.

STATEMENT 7

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2020	Additions	Remeasurement of Lease Liabilities	Decrease (Note)	Balance, December 31, 2020
Cost					
Land	$ 377,663	$ -	$ 1,219	$ -	$ 378,882
Machinery	269,168	-	(8,304)	-	260,864
Buildings	13,753	15,831	-	3,017	26,567
Total	660,584	$ 15,831	$ (7,085)	$ 3,017	666,313
Accumulated depreciation					
Land	15,107	$ 15,157	$ -	$ -	30,264
Machinery	10,807	10,461	-	-	21,268
Buildings	4,418	9,355	-	625	13,148
Total	30,332	$ 34,973	$ -	$ 625	64,680
	$ 630,252				$ 601,633

Note: Decrease in right-of-use assets resulted from termination of lease agreements in advance.

STATEMENT 8

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars and US Dollars, Unless Stated Otherwise)

Type	Contract Period	Range of Interest Rates (%)	Balance, End of the Year	Loan Commitments	Collateral
Letters of credit					
Taiwan Cooperation Bank	2020.12.25-2021.06.23	1.02	$ 9,251	$ 700,000	None
Usecred loans					
Mizuho Bank	2020.07.31-2021.01.29	0.72	784,000	US$ 90,000	None
	2020.08.14-2021.02.09	0.72	300,000		
			$ 1,093,251		

STATEMENT 9

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Related Parties	
China Steel Corporation	$ 151,092
Formosa Ha Tinh CSCC (Cayman) International Limited	6,952
Others (Note)	356
	$ 158,400
Non-related Parties	
CPC Corporation	$ 6,012
NIPPON KETJEN CO., LTD.	4,558
HEBEI FENGYIN IMPORT AND EXPORT TRADING CO., LTD.	4,098
ASAHI FINE CARBON DALIAN CO., LTD.	3,792
Others (Note)	10,359
	$ 28,819

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

STATEMENT 10

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Bank Name	Contract Period and Repayment Method	Interest Rates (%)	Balance, December 31,2020 Current	Over 1 Year	Total	Collateral
KGI Bank	The amount of borrowings for circular use in NT$500,000 thousand, from August 2020 to August 2023, repaid on due.	0.9372-0.9377	$ -	$ 500,000	$ 500,000	None
Taipei Fubon Commercial Bank	The amount of borrowings for circular use in NT$500,000 thousand, from November 2020 to November 2023, repaid on due.	0.8772	-	200,000	200,000	None
MUFG Bank	The amount of borrowings for circular use in US$2,800 thousand, from November 2020 to June 2022, repaid on due.	0.95	-	600,000	600,000	None
Bank of Taiwan	From August 2018 to August 2021, repaid on due.	1.1955	500,000	-	500,000	None
			$ 500,000	$ 1,300,000	$ 1,800,000	

STATEMENT 11

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Object	Period	Discount Rates (%)	Amount
Land	Lease of land	2016.01.01-2025.12.31	1.4703	$ 353,430
Machinery	Lease of reservoir and relating facilities, etc	2018.01.01-2021.12.31	1.4703	243,465
Buildings	Lease of plants	2017.02.10-2022.12.31	0.8626-1.1955	11,630
				608,525
Less: Current portion				39,026
				$ 569,499

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Quantities (Metric Tons)	Amount
Sale of goods		
Pure benzene products	98,124	$ 1,401,532
Creosote oils products	172,853	1,385,129
Pitch products	71,763	733,193
Others (Note 1)		1,666,812
		5,186,666
Sales return and allowance	29	(20,708)
Revenue from the sale of goods		5,165,958
Rendering of services (Note 2)		85,383
		$ 5,251,341

Note 1: The amount of each item included in others does not exceed 10% of the account balance.

Note 2: Coke processing and technical service revenue.

STATEMENT 13

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials used	
Raw materials, beginning of the year	$ 61,947
Raw material purchased	2,091,043
Raw materials, end of the year	(82,293)
Others	(7,897)
	2,062,800
Direct labor	134,727
Manufacturing expenses	1,463,110
Manufacturing cost	3,660,637
Work in progress, beginning of the year	77,460
Work in progress purchased	60,672
Work in progress, end of the year	(78,896)
Others	(10,797)
	3,709,076
Finished goods, beginning of the year	480,923
Finished goods, end of the year	(603,081)
Others	14,097
	3,601,015
Merchandise purchased	497,805
	4,098,820
Others (Note)	73,861
Cost of goods sold	$4,172,681

Note: The amount include cost of processing, inventory loss on supplies and revenue from sale of scraps.

STATEMENT 14

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Payroll expense and pension	$ 37,349	$ 46,410	$ 50,849	$ 134,608
Packing and processing fee	45,160	31	484	45,675
Depreciation	41	6,158	26,933	33,132
Consumables	432	2,138	25,969	28,539
Import/export fee	13,560	1,898	20	15,478
Inspection fee	915	55	8,445	9,415
Remuneration of directors	-	6,594	-	6,594
Repair and maintenance expenses	237	1,896	9,236	11,369
Professional fee	379	9,275	2,721	12,375
Commission	6,245	-	-	6,245
Others	10,252	19,797	6,322	36,371
Total	$ 114,570	$ 94,252	$ 130,979	$ 339,801

STATEMENT 15

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Year Ended December 31, 2020			Year Ended December 31, 2019		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salaries	$ 245,471	$ 119,873	$ 365,344	$ 263,217	$ 142,198	$ 405,415
Labor and health insurance	17,197	7,949	25,146	16,916	7,716	24,632
Post-employment benefits	11,716	4,577	16,293	11,477	4,579	16,056
Remuneration of directors	-	9,511	9,511	-	12,382	12,382
Others	12,426	4,917	17,343	11,796	4,511	16,307
	$ 286,810	$ 146,827	$ 433,637	$ 303,406	$ 171,386	$ 474,792
Depreciation	$ 422,531	$ 33,132	$ 455,663	$ 391,340	$ 25,980	$ 417,320
Amortization	11,907	-	11,907	9,353	-	9,353

Note 1: As of December 31, 2020 and 2019, the Corporation had 311 and 299 employees, respectively. Both among them 7 directors did not serve concurrently as employees in 2020 and 2019.

Note 2: Additional disclosures are as follows:

1) Average employee benefits for the year ended December 31, 2020 was NT$ 1,395 thousand (Amounts of employee benefits for the year ended December 31, 2020 less amounts of remuneration of directors for the year ended December 31, 2020/number of employees for the year ended December 31, 2020 less number of directors not serving concurrently as employees for the year ended December 31, 2020)

   Average employee benefits for the year ended December 31, 2019 was NT$ 1,584 thousand (Amounts of employee benefits for the year ended December 31, 2019 less amounts of remuneration of directors for the year ended December 31, 2019/number of employees for the year ended December 31, 2019 less number of directors not serving concurrently as employees for the year ended December 31, 2019)

2) Average salaries for the year ended December 31, 2020 was NT$ 1,202 thousand (Amounts of salaries for the year ended December 31, 2020/number of employees for the year ended December 31, 2020 less number of directors not serving concurrently as employees for the year ended December 31, 2020)

Average salaries for the year ended December 31, 2019 was NT$ 1,388 thousand (Amounts of salaries for the year ended December 31, 2019/number of employees for the year ended December 31, 2019 less number of directors not serving concurrently as employees for the year ended December 31, 2019)

3) Changes of adjustments of average salaries was (13.40)% (Average salaries for the year ended December 31, 2020 less average salaries for the year ended December 31, 2019/average salaries for the year ended December 31, 2019)

Note 4: The Corporation did not have supervisors in 2020; the remuneration of supervisors was NT$1,976 thousand in 2019.

Note 5: The compensation policies were summarized as follows:

1) The policies of remuneration of directors and supervisors: The remuneration for directors and supervisors included the compensation and allowances (mainly transportation reimbursement) of directors and supervisors. The Corporation established regulation governing performance assessment of board of directors on December 24,2019 and assessed performance of board of directors for the year ended December 21, 2019. The result was presented to the board of directors and was in the use of evaluation of remuneration of individual director and nomination of continuance in board. The remuneration for directors and supervisors shall be distributed in accordance with Article 26 of the Corporatons' Articles of Incorporation: If the Corporation is profitable in the current fiscal year, no less than 0.1% shall be allocated as employee compensation to employees of controlling or subordinate company, and no more than 1% shall be allocated as the compensation for directors and supervisors by resolution of the board of directors. However, the Corporation's accumulated losses shall have been covered before the employee compensation and remuneration for directors and supervisors based on the aforementioned proportion. Directors of the Corporation acting as managers or employees shall be paid in accordance with the "Regulations Governing the Treatment of Salary and Wages". The Corporation set up audit committee to replace its supervisors on June 24,2019 and thus there was no remuneration for supervisors for the year ended December 21, 2020.

2) The policies of remuneration of managerial personnel: The remuneration of managerial personnel included salary, bonus, severance pay, and employee compensation. The salary and bonus were paid to managerial personnel based on their duties and the economic environment, with reference to the industrial level and the Corporation's operating performance in the past. Pension costs of 6% of a worker's monthly wages are deposited into the labor pension account managed by the Bureau of Labor Insurance. Employees' compensation shall be distributed in accordance with Article 26 of the Corporation's Articles of Incorporation. In addition, the Corporation's remuneration committee would also carry out the duties, which included review and evaluation of the salary and compensation of the managerial personnel on a regular basis, and submitting proposals to the board of directors for discussion, in order to balance between sustainability and risk management.

3) The policies of employees' compensation: The compensation included salary, bonus and employees' compensation. Salary took into account individual's obligation of their positions and was determined in reference to the general pay levels in the industry and financial position of the Corporation. Bonus and employees' compensation were related to the profit for the year of the Corporation and individual's performance. In every year, employees had opportunities of annual raise based on their level of position and individual's performance. Raise was highly correlated to individual's performance. Besides, the Corporation adjusted employees' salaries, which was approved by the board of directors, based on Consumer Price Index, general pay levels in the industry, operation and financial position of the Corporation and performance review annually.

(Concluded)

VI. Financial Difficulty for the Company and Its Affiliates for the Latest Year and as of the Date of Publishing the Annual Report

Chapter 7. Review and analysis of the Financial Position and Financial Results and Evaluation on Matters of Risk

I. Financial Position Analysis

(I) Consolidated financial position analysis

Unit: NT$1,000

Item \ Year	At the end of 2020	At the end of 2019	Differences	
			Amount	%
Current assets	3,750,561	3,971,549	(220,988)	(5.56)
Property, plant and equipment	4,148,025	4,438,535	(290,510)	(6.55)
Other assets	3,744,287	3,681,721	62,566	1.70
Total assets	11,642,873	12,091,805	(448,932)	(3.71)
Current liabilities	2,755,348	3,255,046	(499,698)	(15.35)
Non-current liabilities	2,077,099	1,478,041	599,058	40.53
Total liabilities	4,832,447	4,733,087	99,360	2.10
Share capital	2,369,044	2,369,044	-	-
Capital reserve	869,637	845,852	23,785	2.81
Retained earnings	3,606,276	4,071,819	(465,543)	(11.43)
Other equity	(193,150)	(176,832)	(16,318)	9.23
Treasury shares	(117,638)	(117,638)	-	-
Non-controlling interest	276,257	366,473	(90,216)	(24.62)
Total equity	6,810,426	7,358,718	(548,292)	(7.45)
Analysis and explanations for the changes in the increase or decrease ratios 1. The decrease in current liabilities was primarily due to the repayment of short-term borrowings. 2. The increase in non-current liabilities was primarily due to the increase in long-term borrowings. 3. The decrease in non-controlling interests was primarily due to the decrease in net profit attributable to the non-controlling interests and the issuance of cash dividends by a subsidiary.				

(II) Individual financial position analysis

Unit: NT$1,000

Item \ Year	At the end of 2020	At the end of 2019	Differences	
			Amount	%
Current assets	2,567,440	2,642,162	(74,722)	(2.83)
Property, plant and equipment	4,099,878	4,387,111	(287,233)	(6.55)
Other assets	4,321,753	4,352,291	(30,538)	(1.00)
Total assets	10,989,071	11,381,564	(392,493)	(3.45)
Current liabilities	2,427,133	2,960,370	(533,237)	(18.01)
Non-current liabilities	2,027,769	1,428,949	598,820	41.91
Total liabilities	4,454,902	4,389,319	65,583	1.49
Share capital	2,369,044	2,369,044	-	-
Capital reserve	869,637	845,852	23,785	2.81
Retained earnings	3,606,276	4,071,819	(465,543)	(11.43)
Other equity	(193,150)	(176,832)	(16,318)	9.23
Treasury shares	(117,638)	(117,638)	-	-
Total equity	6,534,169	6,992,245	(458,076)	(6.55)

Analysis and explanations for the changes in the increase or decrease ratios

1. The decrease in current liabilities was primarily due to the repayment of short-term borrowings.
2. The increase in non-current liabilities was primarily due to the increase in long-term borrowings.

II. Financial Performance

(II) Consolidated financial performance comparison and analysis

Unit: NT$1,000

Item \ Year	2020	2019	Increase (decrease) in amount	Change (%)
Net operating income	5,363,774	7,541,990	(2,178,216)	(28.88)
Operating costs	4,243,881	5,696,043	(1,452,162)	(25.49)
Operating gross profit	1,119,893	1,845,947	(726,054)	(39.33)
Operating expenses	349,994	403,554	(53,560)	(13.27)
Operating gains	769,899	1,442,393	(672,494)	(46.62)
Non-operating income and expenses	81,120	152,932	(71,812)	(46.96)
Net profit before tax	851,019	1,595,325	(744,306)	(46.66)
Income tax	142,992	297,336	(154,344)	(51.91)
Net profit for the period	708,027	1,297,989	(589,962)	(45.45)

Analysis and explanations for the changes in the increase or decrease ratios

1. The decrease in operating income, operating costs, operating gross profit, and operating gains was primarily due to the dropping trend of oil price, the decrease in the selling prices of primary products, and the reduction in demand under the effect of COVID-19.
2. The decrease in non-operating income and expenses was primarily due to the combined effect of the decrease in investment gains accounted for using the equity method, the increase in losses from the valuation of financial assets, and the exchange losses resulting from the appreciation of NTD.
3. According to the above, a decrease in net profit before tax and net profit after tax was recorded as compared to that of 2019.

(II) Individual financial performance comparison and analysis

Unit: NT$1,000

Item \ Year	2020	2019	Increase (decrease) in amount	Change (%)
Net operating income	5,251,341	7,379,595	(2,128,254)	(28.84)
Operating costs	4,172,681	5,593,243	(1,420,562)	(25.40)
Operating gross profit	1,078,660	1,786,352	(707,692)	(39.62)
Operating expenses	339,801	387,781	(47,980)	(12.37)
Operating gains	738,859	1,398,571	(659,712)	(47.17)
Non-operating income and expenses	119,434	191,514	(72,080)	(37.64)
Net profit before tax	858,293	1,590,085	(731,792)	(46.02)
Income tax	141,402	297,246	(155,844)	(52.43)
Net profit for the period	716,891	1,292,839	(575,948)	(44.55)

Analysis and explanations for the changes in the increase or decrease ratios

1. The decrease in operating income, operating costs, operating gross profit, and operating gains was primarily due to the dropping trend of oil price, the decrease in the selling prices of primary products, and the reduction in demand under the effect of COVID-19.
2. The decrease in non-operating income and expenses was primarily due to the combined effect of the decrease in investment gains accounted for using the equity method, the increase in losses from the valuation of financial assets, and the exchange losses resulting from the appreciation of NTD.
3. According to the above, a decrease in net profit before tax and net profit after tax was recorded as compared to that of 2019.

III. Cash Flows Analysis

1. Analysis of the changes in the cash flow during the year

The consolidated net cash outflow for 2020 was NT$162,346 thousand; the changes in the cash flow for the operating activities are as follows:

(1) Operating activities: A net cash inflow of NT$1,019,537 thousand was primarily due to the cash inflow arising from the net profit for the period and the net changes in items of operating assets and liabilities.

(2) Investment activities: A net cash outflow of NT$126,071 thousand was primarily due to the combined effect of the acquisition and purchase of fixed assets and the acquisition of investments accounted for using the equity method and financial products.

(3) Financing activities: A net cash outflow of NT$1,039,129 thousand was primarily due to the repayment of short-term borrowings and the issuance of cash dividends.

The individual net cash outflow of NT$99,088 thousand was recorded for 2020; the changes in the cash flow for operating activities are as follows:

(1) Operating activities: A net cash inflow of NT$984,060 thousand was primarily due to the cash inflow arising from the net profit for the period and the net changes in items of operating assets and liabilities.

(2) Investment activities: A net cash outflow of NT$86,732 thousand was primarily due to the combined effect of the acquisition and purchase of fixed assets and the receipt of dividends from investee companies.

(3) Financing activities: A net cash outflow of NT$996,416 thousand was primarily due to the repayment of short-term borrowings and the net effect arising from the issuance of cash dividends.

2. Cash flow analysis for the following year — Unit: NT$1,000

Opening cash balances	Estimated net cash flow from operating activities throughout the year	Estimated net cash outflow from throughout the year	Estimated amount of residual (deficient) cash	Measures for the estimated amount of deficient cash	
				Investment plan	Wealth management plan
$734,809	$1,276,046	$1,470,049	$540,806	-	-

(1) Analysis of the changes in the estimated cash flow in 2021:

- Operating activities: Primarily due to the net profit and the net cash flow arising from the changes in relevant assets and liabilities for the period.
- Investment activities: Primarily due to the net cash outflow arising from the purchase of fixed assets.
- Financing activities: Primarily due to the issuance of cash dividends.

(2) Measures for the estimated amount of deficient cash and liquidity analysis: Not applicable.

IV. Effects of Significant Capital Expenditures on the Financial Operations for the Latest Year

(I) Utilization of major capital expenditure and the source of funds

Unit: NT$1,000

Project	Actual or estimated source of funds	Actual or estimated completion date	Total funds required	Actual or estimated utilization of funds		
				2019	2020	2021
Exhaust gas treatment system improvement project	Self-owned funds	2020.12.31	130,000	121,100	10	8,890
Plant construction project for advanced carbon materials of 90 tons per year	Self-owned funds	2020.12.31	147,020	118,020	25,685	0
Second line of activation furnace	Self-owned funds	2020.12.31	30,000	0	2,840	27,160

(II) Revenue expected to be generated

1. The exhaust gas treatment system is under operation, which stabilizes the manufacturing process and improves the capacity for treating exhaust gas. Also, the system is capable of processing the exhaust gas emissions for additional production lines in the future, achieving the requirements for total volume control in the future
2. Regarding the plant expansion construction project for advanced carbon materials of 90 tons per year, relevant departments of CSC received documents notifying the temporary suspension on 25 February 2020.
3. For the additions of the activation furnace (spare), the Company had purchased nickel plates in 2020 and outsourced the manufacturing; the spare activation furnace is estimated to be completed and acquired in 2021.
4. Improve the production capacity of advanced carbon materials for the newly built advanced carbon material plant to respond to the increasing market demand.
5. Explanations on other benefits: None.

(III) Amount of investments made exceeding 5% of the paid-up capital during the recent years

1. Utilization of major capital expenditure and the source of funds

Unit: NT$1,000

Project	Actual or estimated source of funds	Actual or estimated completion date	Total funds required	Actual or estimated utilization of funds		
				2019	2020	2021
Exhaust gas treatment system improvement project	Self-owned funds	2020.12.31	130,000	121,100	10	8,890
Plant construction project for advanced carbon materials of 90 tons per year	Self-owned funds	2020.12.31	147,020	118,020	25,685	0

V. Investment Policy, Its Major Reasons of Profit or Loss, Improvement Plan for the Latest Year, and the Investment Plan for the Following Year

The Company's investment policy primarily aligns with the development of its core business of coal chemicals and the diversified operations, in the hope of improving shareholders' interests.

In 2020, the Company's investment gains recognized using the equity method was NT$97,565 thousand, representing a decrease as compared to that of the preceding year, primarily due to the decrease in investment gains arising from the investment in financial products by subsidiaries under the effect of the market.

The management will duly evaluate and prepare the Company's investment plan for the following year according to the overall development of the industry and the demands for the Company's businesses, and submit the plan to the Board for discussion.

VI. Evaluation on Matters of Risk

(I) Effect of changes in interest rate, currency rate, and inflation on the Company's profit or loss and countermeasures in the future

1. Analysis of the effect of interest income and expenses and gains or losses from foreign currency exchanges on the Company's profit or loss (consolidate)

Item	2020 (NT$1,000)
Net interest income and expenses (net interest expenses)	(15,190)
Net gains or losses from foreign currency exchanges (net losses from foreign currency exchanges)	(38,705)
Ratio of interest income and expenses to net operating income	0.28%
Ratio of interest income and expenses to net operating profit before tax	1.78%
Ratio of gains or losses from foreign currency exchanges to net operating income	0.72%
Ratio of gains or losses from foreign currency exchanges to net operating profit before tax	4.55%

2. Financial risk evaluation (consolidated)

Items of risk	Effect on the Company	Future countermeasures
Interest rate risk	At the end of 2020, financial assets with cash flow risk related to changes in interest rate amounted to NT$492,274 thousand.	The Company and its subsidiaries possess healthy financial structures. Changes in interest rate have no significant effect on the Company and its subsidiaries. The Company and its subsidiaries regularly evaluate the borrowing interest rate of banks and maintain close

Items of risk	Effect on the Company	Future countermeasures
		contact with banks to obtain preferential borrowing interest rates.
Currency risk	The Company and its subsidiaries are exposed to the risk of currency changes arising from transactions denominated in non-functional currencies.	The Company makes use of forward exchange contracts or receivables denominated in the same currencies in the future to minimize the risk exposure for currency.
Credit risk	Major customers of the Company and its subsidiaries possess healthy credibility. Furthermore, the Company keeps abreast of the credit status of customers with business dealings at all time through external credit investigation and visits to companies within the same industries each year; as evaluated, the credit risk remains insignificant.	None.
Liquidity risk	The Company and its subsidiaries manage and maintain sufficient cash equivalents or easily realizable financial products to support the operations of the Company. Credit loan contracts were otherwise entered into with financial institutions to maintain appropriate credit limits for the requirements of the Company's operations; therefore, there is no liquidity risk.	None.
Inflation	According to the Directorate-General of Budget, Accounting and Statistics, Executive Yuan,	None.

Items of risk	Effect on the Company	Future countermeasures
	the annual growth rate of CPI for 2020 was -0.23%, and a mild increase in inflation was recorded. The selling prices of production raw materials and products of the Company are based on the pricing stated in contracts, and inflation has a relatively less significant effect on the Company's operations.	

(II) Policies for engaging in high-risk or high-leverage investments, loans to others, endorsement and guarantee, and derivative transactions, primary reasons for gains or losses, and future countermeasures

1. The financial operations of the Company comply with the principle of stability; therefore, there are no high-risk or high-leverage investments.

2. As of 31 March 2021, the Company had not provided any loan to others.

3. As of 31 March 2021, the Company had not provided any endorsement or guarantee.

4. The purpose of engaging in derivative transactions of the Company is for foreign currency hedge according to the requirements. The Company primarily engages in transactions of financial products such as funds and shares. The Company regularly evaluates its risk and gains and losses, audits, performs regular reviews; therefore, there is no risk of derivative.

(III) Future R&D plans and R&D expenses estimated to be invested

Plans during the latest year	Current progress	R&D expenses to be invested (Unit: 10,000)	Completion time	Applications
Development of fast-charging coke-based artificial graphite anode	Coke-based raw materials and artificial graphite-related equipment are currently under evaluation.	6,000	Q4 2022	Demand for fast-charging batteries with high-magnification charging and discharging power.
Development of materials with high-capacity and low-impedance	Established the polygonization technology and surface treatment technology. Construction of mass production equipment has been completed. The equipment is currently under trial.	500	Q2 2021	Power battery used by electric vehicles and energy storage systems.
Development of high-capacity silicon-carbon anode materials	Silicon-carbon anode materials are jointly developed and promoted in collaboration with the cooperating partners; samples have been sent to customers for testing.	500	Q2 2021	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 optimized conditions between the carbon materials and other materials are	5,000	Q4 2021	The applications of wind energy storage, automobile start-stop system, electric bus, and light rail vehicle.

	currently being studied.			
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.	3,000	Q4 2022	High-end 3C product molds, electrical discharge machining electrodes, and graphite crucibles.

(IV) Effects of changes in domestic and foreign significant policies and laws on the Company's financial operations and countermeasures

There are no such circumstances during 2020 and as of the date of publishing the annual report.

(V) Effects of changes in technologies and industries on the Company's financial operations and countermeasures

Due to the advancement of technologies, better mobile devices' cell quality, longer useful lives, and higher safety are required. Furthermore, given the trending green energy, the application scope of the lithium-ion battery anode material and mesophase carbonsphere series products produced by the Company is becoming wider, and the demand is increasing. In the future, such circumstances will render positive benefits to the Company's operations. Regarding the energy storage application market, the demand for wind power and solar power remains stable; the demand for the application of smart utility meters gave rise to the increasing demand for supercapacitors, and the demand for its raw materials, activated carbon, increased, accordingly. The Company actively organizes the production expansion of its activated carbon production line to respond to the market demand, which is beneficial for its operating income in the future.

(VI) Effects of changes in the corporate image on the Company's crisis management and countermeasures

The Company has been adhering to the quality policies focusing on customers, integrity, quality, and smooth cooperation for years and is committed to maintaining its corporate image of ethical operations and compiling with laws and regulations. So far, no circumstance that may affect our corporate image had occurred.

(VII) Expected benefits and possible risks arising from mergers and acquisitions and countermeasure

There are no such circumstances during 2020 and as of the date of publishing the annual report.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken

The expansions of the Company's plants have gone through comprehensive, due, and professional evaluations. Significant capital expenditures are reported to the Board. The Company had comprehensively considered the investment benefits and possible risks.

(IX) Risks arising from concentrate sales or purchases and countermeasures

The two major customers of sales accounted for approximately 16% and 15% of the Company's turnover; therefore, there is no circumstance of concentrated sales. Meanwhile, long-term contracts and pricing formulas were established to mitigate risks. For purchases, the largest purchasing supplier is CSC, accounting for 54% of the purchases. Due to the parent company and subsidiary relationship and long-term contracts and pricing formulas established, the risk of concentrated purchases has been effectively reduced.

(X) Effects of significant transfers of or changes in equity by Directors or top ten major shareholders with over 10% shareholding on the Company, risks, and countermeasures

There are no such circumstances during 2020 and as of the date of publishing the annual report.

(XI) Effects of changes in the ownership on the Company, risks, and countermeasures

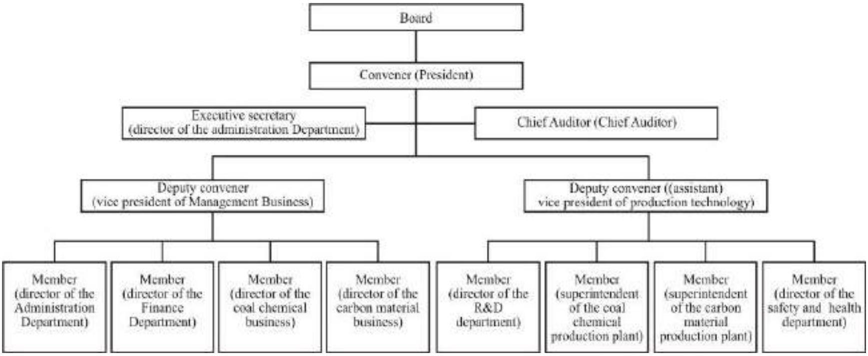
There are no such circumstances during 2020 and as of the date of publishing the annual report.

(XII) For significant litigation, non-litigation, or administrative disputes with confirmed judgment or in continuation of the Company, the Company's Directors, President, substantial representative, top ten major shareholders with over 10% shareholding with results that may have significant effects on shareholders' interests or equity prices, the details of disputes, target amount, commencement date of the litigation, primary parties involved in the litigation, and handling status as of the date of publishing the annual report

There are no such circumstances during 2020 and as of the date of publishing the annual report.

(XIII) Other significant risks and countermeasures

1. Organizational structure of risk management



2. The composition of the Company's risk management team and its work and tasks

Title	Director	Work and tasks
Convener	President	Responsible for supervising the departments in establishing the risk management systems and SOP of response, integrating relevant resources, and preventing and processing instantly to minimize the losses arising from the matters of risk.
Deputy convener	Vice President	Responsible for supervising the departments in establishing the risk management systems and SOP of response, integrating relevant resources, and preventing and processing instantly to minimize the losses arising from the matters of risk.
Chief Auditor	Chief Auditor	Ensure the appropriateness and effectiveness of the Company's risk management system, review the risk items and risk analysis table submitted by the departments of the Company, and evaluate the risk management effect of the departments.
Executive Secretary	Director of the Administration Department	Responsible for organizing and coordinating the establishment of risk management systems and the responding SOP of departments, establishing the Company's risk analysis table, evaluating risk hazards to establish risk countermeasures, and tracking the processing effects.
Member	Executive of plants and departments	Responsible for promoting the risk management work of departments, establishing risk management systems and SOP of response, submitting the risk items and analysis table of departments, discussing improvement countermeasures, and tracking the processing effects.

The Company has implemented its risk management policies and established crisis management systems required to cultivate employees' abilities in risk management and crisis management and the effects and minimize the level of crisis incurred, so as to achieve the operating objective of sustainable corporate operations. The Company has established its "Policies and Procedures for Risk Management" and "Operation Handbook for Risk Management and Crisis Processing" for employees to observe. The Company also established its internal risk management promoting team to regularly conduct overall examinations, discuss risk items of the Company, and prepares the response plans as preparations.

3. Risk management

The Company has established control measures for potential risks of its business activities to reduce the occurrence of risks and reasonably control the operating risks; the primary measures adopted are as follows:

(1) Financial risk - Finance Department

①The Company performed credit investigation and evaluation each year for customers with receivables and provided the results to operating departments as the reference for loans to reduce the insurance of bad debt.

②For the increase and decrease in currencies, the Company adopts flexible management. The Company would sell forward currency in advance when expecting a mid-to-long-term increase in currencies to reduce the losses arising from currency exchanges.

③Regarding the increase and decrease in interest rates, the Company seeks the lowest interest rate in the market for borrowings to achieve the minimum capital costs and utilizes the attributes of financial products to spread its investments and increase the return on capital.

(2) Raw material risk - Business Department

The Company and raw material suppliers CSC and DSC have entered into long-term supply contracts; there is no risk in the raw material supply. Raw materials supplied by CSC are delivered via pipelines, and the delivery condition is preferential, benefiting the long-term business development of the Company.

(3) Market risk - Business Department

①The Company's benzene may be successfully sold domestically. Where there is risk in sales arising from force majeure, export sales would be adopted. The Company possesses abundant experiences in export sales in the past.

②For soft pitch, creosote oil, carbon black oil, and refined naphthalene, the Company entered into long-term contracts with customers and realized smooth production and marketing.

③Improve the production flexibility of mesophase carbonsphere in different particle size and expand the scope of product supply according to the market demand.

④Regarding the concern of the Company's sales of products violating the Anti-trust Law and the Anti-dumping Law, the Company has engaged lawyers to organize training programs related to legal issues associated with the Anti-trust Law and the Anti-dumping Law, allowing employees to gain the general knowledge of laws and avoid the violation of laws due to the unfamiliarity with laws. Meanwhile, the Company has established its "Operating Standards for Anti-trust Law" and "Guidelines for Cases of Anti-dumping Investigation" for employees to observe in daily operations.

(4) Delivery risk - Business Department

①The production plant of the Company locates within the CSC's plant. Raw materials supplied by CSC are delivered via pipelines, and there is no safety risk. Raw materials from DSC are delivered from Taichung to our plant by way of land transportation using tank trucks. Our partial products are delivered to downstream customers with tank trucks.

②The Company engages premium delivery companies who passed our evaluation for the delivery of raw materials and products as the Company has no self-owned transport vehicles. Evaluation items include driver recruitment and training, operating procedures, safety equipment, crisis management and control, vehicle and device, and repair standards.

③The Company also participated in the "Toxic and Concerned Chemical Substances Mutual Aid Group" associated with the delivery support agreement initiated by Taiwan Responsible Care Association. Where anomaly occurred to tank trucks for the delivery of the Company's materials or products, the Company may seek instant assistance from local members of the Mutual Aid

Group to minimize the crisis arising from the delivery accidents of tank trucks.

(5) Human resource risk - Administration Department

Our fellow colleagues have signed the employee's guarantee, non-competition declaration, agreement, and non-disclosure agreement for businesses. The Company implements favorable employees' remuneration and welfare systems to improve employees' centripetal force and satisfaction. The Company has also established its "Code of Ethics for Senior Managers," "Ethical Norms for Employees," "Ethical Management Principles," and "Procedures and Behavioral Guidelines for Ethical Management" to achieve the hierarchical control based on the Table of Power and Responsibility Division. Furthermore, the Company has established, implements, and maintain an internal control system that is effectively operating to successfully minimize the human resource risk.

(6) Plant and equipment risk - coal chemical production plant

According to the analysis, the plant may be exposed to the following risks; preventive and improvement measures have been adopted:

①All risks insurance, business interruption insurance, and public liability insurance have been purchased for significant plant and equipment to mitigate operating risks.

②Earthquake: The Company engaged CTCI Corporation to evaluate potential crises that may incur upon earthquakes based on the design and construction data of its existing equipment.

③Tsunami: To prevent tsunami from invading the facilities in the plant from the port and riverway, the Company has analyzed the possibility of crucial equipment in the plant being affected by the tsunami and completed the improvement measures.

④Fire: Regarding the characteristics of inflammable and flammable substances widely used in the plant's operations, the Company has installed fire fighting equipment according to the requirements under laws and regulations and carried out the following preventive measures:

a. Add sufficient premium foam fire extinguishers to immediately put out the fire at the beginning.

b. Add the CCTV system in the plant to detect anomalies as early as possible.

c. Improve the existing fire extinguishers for the storage tank.

d. Assign personnel to participate in training at Fire and Ambulance Services Academy, the US.

⑤The plants have emergency response plans, and drills are performed every half year, so as to effectively minimize the crises brought by disasters.

(7) Engineering management risk - coal chemical production plant

①Except for complying with requirements related to environmental protection, safety, and heath, the Company stipulated that employer's liability insurance shall be purchased for all engineering projects.

②During the design stage of engineering projects, the Company requires that the design standards of the design companies shall be reviewed by the engineering department of the Company to ensure the safety of the engineering projects during the design stage. During the construction stage, the engineering department assigns personnel to monitor the construction on-site to ensure the on-site construction methods duly comply with the approved engineering design data.

③Before the on-site construction, safety and health training and hazard notification matters are provided to the construction personnel, and the suppliers are requested to assign resident safety and health management personnel at the construction site. The Company also assigns personnel to perform reviews on the construction site to ensure construction safety.

(8) Environmental protection, safety, and health risk - Safety and Health Department

①Ensure that all systems, equipment, and management of the Company comply with the requirements under laws and regulations related to environmental protection, labor, and fire fighting. The improvement of any non-conformity shall be prioritized.

②Promote management systems to allow environmental protection, safety, and health works to achieve the expected objectives under the healthy PDCA cycle. The management systems include PSM (process safety management), ISO14001 Environmental Management, and OHSAS18001 and CNS15506 Occupational Safety and Health Management Systems.

③Perform process recycling to minimize the production of pollutants (such as exhaust gas, wastewater, and wastes), energy-saving, emission reduction, and reduce the emissions of GHG.

④Continue to carry out process risk evaluation and improve based on the evaluation results to reduce the level of risk.

⑤Regularly perform fire fighting and emergency management training and drills to allow employees to gain better familiarities with the countermeasures for anomalies.

(9) Information security risk - Administration Department

①The Company has established a comprehensive network and computer security protection system to control or maintain the function of stable operations related to the manufacturing process, operations, accounting, and finance.

②For the information system structure, the high availability host backup and remote data backup systems have been established to ensure undisrupted services. The Company stores the backup media at a remote location and reinforces the simulation tests and access safety control for the machine room to ensure the normal operations of the information system and the safety of data, which could minimize the system disruption risk resulting from unsuspecting natural disasters and human errors and ensuring the compliance with the expected system recovery target time. To facilitate the resumption of business as soon as possible upon the occurrence of and damage to the information system and minimize the potential losses and risk, the Company minimizes the losses and resumes normal operations through regular drills performed according to the information system disaster recovery plan on a yearly basis.

③Regarding network attacks that invade the Company's internal network system, the Company has established firewalls, installed anti-virus software, and adopt control on USB to prevent illegal invasion, damage, or theft of data, in order to avoid the website being illegally used, protecting users' interests.

④The Company evaluates the transaction volume, the importance of business functions, the operating risks of and impacts on aspects of finance, laws and regulations, and customers according to the crucial business process and the corresponding supportive information system services identified by the using departments and calculates the value of risk, and formulates countermeasures such as organizing, designing, and improving appropriate software and hardware equipment and resources, and the operating process based on the level of risk.

(1) Customer privacy protection - Administration Department

①The Company is committed to providing the best products and services to customers and providing optimized protection for data provided by customers to ensure customers' privacy. The Company had not recorded any complaint cases related to the impairment to customer privacy and the loss of customer data in recent years.

②Methods to protect customer privacy and data:

a. Anti-virus software and network firewalls are installed for all computer equipment to prevent the leakage of customer information.

b. Connection account, password, and authorization are required for the inquiry and operation of ERP data; personnel not related to the operations are unable to acquire data related to customers.

4. Crisis management

The crisis management of the Company responds to crises in different natures. The Chairman would promptly convene and establishes an emergency management team until the crises are lifted to prepare emergency management plans for significant disasters and outbreaks. The content of the "emergency management plan" includes the responding organizational structure and process, action plans, tools preparation, and educational training for different types of disasters. Regular disaster prevention lectures, programs, and drills are organized each year according to the plan. All personnel in the plant are required to participate in the drills to allow them to possess emergency management abilities, ensuring their personal safety and the safety of the Company's equipment and properties, maintaining normal operations of the Company.

VII. Other Significant Matters: None.

Chapter 8. Additional Information

I. Information Related to Affiliates

(1) Consolidated Business Report of Affiliates

1. Brief Introduction of affiliates

(1) Organizational Chart of Affiliates:

The Company

Company Name	Ever Wealthy International Co., Ltd.	Formosa Ha Tinh CSCC (Cayman) Limited
Relation with the Company	Note 1	Note 1
Shareholding	100.00%	50.00%

Changzhou China Steel New Materials Technology Co., Ltd
Note 1
100.00%

(2) Basic Information on Affiliates:

Unit: NT$1,000 (except otherwise stated)

Company Name	Date of Establishment	Address	Paid-up Capital	Major Business or Products
China Steel Chemical Corporation	1989.02.03	No. 88, Cheng Gong 2nd Rd., Qian Zhen Dist., Kaohsiung City, Taiwan25F	2,369,044	Production of coal tar distillation series, light oil series and coke series products; processing and sales of carbon materials
Ever Wealthy International Co., Ltd.	1999.08.30	No. 88, Cheng Gong 2nd Rd., Qian Zhen Dist., Kaohsiung City, Taiwan25F	1,045,750	General investment
Changzhou China Steel New Materials Technology Co., Ltd	2013.12.19	No. 18, Changyang Road, Jingji Development Area, Wujin, Jiangsu Province, China	USD6,506,000	Production and sales of battery anode materials; sales of asphalt products, carbon materials and graphite materials
Formosa Ha Tinh CSCC (Cayman) Limited	2016.01.04	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052,Grand Cayman KY1-1208 Cayman Islands	USD20,000,000	General investment

(3)Presumed as having relationships of control and subordination under Article 369-3 of the Company Act: None.

(4)Overall industries covered by businesses operated by affiliates and connections among businesses operated by individual affiliates:

- Overall industries covered by businesses operated by affiliates: General investment, petrochemical manufacturing, wholesale and international trade.
- Connections among businesses operated by individual affiliates: Individual affiliates would contact other appropriate affiliates based on product type and delivery location.

(5)The names of directors, supervisors, and president of each affiliate and their shareholding in or capital contribution to such affiliate:

31 March 2021; Unit: thousand shares; %

Company Name	Title	Name or representative	Shareholding	
			Number of shares	Shareholding (%)
China Steel Chemical Corporation	Chairman	China Steel Corporation Representative: Wen-Ge Lo	68,787	29.04
	Director	China Steel Corporation Representative: Chao-Tung Weng	68,787	29.04
	Director	China Steel Corporation Representative: Hsi-Chin Wang	68,787	29.04
	Director (concurrently President)	China Steel Corporation Representative: Ming-Dar Fang	68,787	29.04
	Director	International CSRC Investment Holdings Co., Ltd. Representative: Kung-Yi Ku	11,759	4.96
	Director	International CSRC Investment Holdings Co., Ltd. Representative: Tien-Fu Chao	11,759	4.96
	Independent Director	Hsing-Shu Hsieh	0	0
	Independent Director	Yuan-Hung Wang	0	0
	Independent Director	Tsun-Tsi Hsu	0	0
Ever Wealthy International Co., Ltd.	Chairman	China Steel Chemical Corporation Representative: Ming-Dar Fang	104,575	100
	General Manager	Chu-Kai Huang		
Ever Glory International Co., Ltd.	Chairman	China Steel Chemical Corporation Representative: Ming-Dar Fang	1,300	100
Changzhou China Steel New Materials Technology Co., Ltd	Chairman	Ever Wealthy International Co., Ltd. Representative: Ming-Dar Fang	-	100
	Director	Ever Wealthy International Co., Ltd. Representative: Wen-Ge Lo	-	100
	Director	Ever Wealthy International Co., Ltd. Representative: Chien-Ping Chao	-	100
	Supervisor	Ever Wealthy International Co., Ltd. Representative: Chu-Kai Huang	-	
	General Manager	Chien-Ping Chao	-	100
Formosa Ha Tinh CSCC (Cayman) Limited	Director	China Steel Chemical Corporation Representative: Wen-Ge Lo	10,000	50
	Director	China Steel Chemical Corporation Representative: Ming-Dar Fang	10,000	50
	Director	China Steel Chemical Corporation Representative: Chu-Kai Huang	10,000	50
	Director	Formosa Ha Tinh(Cayman)Corporation Representative: Fu-Ning Chang	10,000	50
	Director	Formosa Ha Tinh(Cayman) Corporation Representative: Yao-Kang Lin	10,000	50
	Director	Formosa Ha Tinh(Cayman) Corporation Representative: Hung-Ming Lu	10,000	50

2. Operating Overview of Affiliates

Unit: NT$1,000

Company Name	Capital	Total assets	Total liabilities	Net value	Revenue	Operating gains (losses)	Current net profit (losses) (after tax)	Basic earnings (net loss) per share (NT$) (after tax)
Ever Wealthy International Co., Ltd.	1,045,750	1,688,085	135	1,687,950	59,012	56,918	54,722	0.52
Changzhou China Steel New Materials Technology Co., Ltd	197,448	354,981	202,153	152,828	126,572	(13,826)	(11,962)	-
Formosa Ha Tinh CSCC (Cayman) Limited	668,800	1,079,762	527,250	552,512	-	(20,057)	(17,729)	(0.89)

Note: 1. Formosa Ha Tinh CSCC (Cayman) Limited owns 20,000,000 shares.
2. Where the affiliate is a foreign company, relevant figures are translated into NT$ for presentation based on the following exchange rate.
Exchange rate for the balance sheet: US$1 : NT$28.48 and RMB1 : NT$4.377
Exchange rate for the statements of profit or loss: US$1 : NT$29.5493 and RMB1 : NT$4.2812
3. Ever Glory International Co., Ltd. was liquidated in September 2020.

(II) Consolidated Financial Statements of Affiliated Enterprises: Please refer to the consolidated financial statements of the parent company and subsidiaries.

(III) Affiliation Report

1. Relationship between the subsidiaries and the controlling company

Unit: Share; %

Name of the controlling company	Control reason	Shareholding and pledge of the controlling company			Directors, supervisors or managers appointed by the controlling company	
		Number of shares held	Shareholding	Number of shares pledged	Title	Name
China Steel Corporation	With substantial controlling relationship	68,787,183	29.04%	None	Chairman Director Director Director and concurrent President	Wen-Ge Lo Chao-Tung Weng Hsi-Chin Wang Ming-Dar Fang

2. The following matters shall be disclosed for the transactions

(1) Purchase and sales transactions:

Unit: NT$1,000;%

Transaction with the controlling company				Transaction conditions with the controlling company		General transaction conditions		Reasons for differences	Notes and accounts receivable (payable)		Overdue receivables			Remark
Purchases (sales)	Amount	Ratio to the total purchases (sales) (%)	Gross profit of sales	Unit price (NT$)	Credit period	Unit price (NT$)	Credit period		Balance	Ratio to total notes and account receivable (payable) (%)	Amount	Processing method	Allowance for bad debt	
Purchases	1,447,865	55	-	-	Issuance of current L/C	-	-	-	(151,092)	(81)	-	-	-	
Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	

(2) Property transaction: none.

(3) Accommodation of fund: none.

(4) Major lease of assets:

Unit: NT$1,000

Transaction type (rental or lease)		Target: Name	Target: Location	Lease period	Nature of lease	Basis for determining the rental	Collection (payment) method	Comparison with the general rental standards	Total rental for the period	Current payment/ collection for the period	Other agreements
Lessee	Land and plant	13 pieces of land at No. 1005, Yanshui Port Section	East side of CSC South Gate	2021.01.01~2025.12.31	Operating lease	3% of the present value announced	Once every half year	No comparable transactions with related parties	14,430	Settled	
		Land, plant and equipment of the coke tar plant	CSC plant	2021.01.01~2021.12.31		Fixed consideration as agreed in the contract			4,148		
		Land No. 1050, Dalinpu Section 650m^2	CSC plant	2021.01.01~2025.12.31		3% of the land price announced			238		
	Storage tank	Storage tank T1000/2/4/6	CSC plant	2018.01.01~2022.12.31		Taiwan Consumer Price Index (Housing Index)	Monthly payment		9,946		
		Storage tank 108/92F	CSC plant	2018.01.01~2022.12.31					1,824		
	Office	Office at headquarters of CSC Group	25F., No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City , Taiwan (R.O.C.)	2020.01.01~2022.12.31		Based on market conditions	Quarterly payment		4,900		
Rented	Land Land	Land No. 506, subsection 1, Dianzi end section 33,2021 m^2	No. 6, Jiaxing St., Xiaogang Dist.	2021.01.01~2025.12.31	Operating lease	3% of the present value announced	Once every half year	No comparable transactions with related parties	12,317	Settled	

(5) Other significant transactions

The Company's plant located at the CSC plant. The major power required for production is provided by CSC, and the Company makes monthly payments for utilities such as electricity, sewage processing, waste gas processing, consumption of steam and coke oven gas to CSC based on the market price or the cost-plus pricing. For 2020, the fees for utilities were NT$304,280 in aggregate. In addition, the Company received coke tar processing income from CSC amounted to NT$84,595 in aggregate.

3. Endorsement and guarantees: None.
4. Other matters having significant effects on the Company's finance and business: none.
5. Public statement of the affiliation report: None.

II. Private Offering for the Latest Year and as of the Date of Publishing the Annual Report: None.

III. Shares of the Company Held or Disposed of by Subsidiaries for the Latest Year and as of the Date of Publishing the Annual Report

31 March 2021; Unit: NT$1,000 (except for otherwise stated); share; %

Subsidiary name	Paid-up Capital	Source of capital	The Company's shareholding	Date of acquisition or disposal	Number of shares and amount acquired	Number of shares and amount disposed of	Gains or losses on investments	Number of shares held and amount as of the date of publishing the annual report	Pledge	Amount of endorsement or guarantee provided to subsidiaries by the Company	Amount of loans provided to subsidiaries by the Company
Ever Wealthy International Co., Ltd.	1,045,750	self-owned	100.00%	2020.01.01~ 2021.03.31	0 share 0 thousand	0 share 0 thousand	0	4,753,537 shares NT$117,638 thousand	None	0	0

IV. Other Matters of Supplements and Explanations Required: None.

Chapter 9. Matters Having Significant Effects on Shareholder's Interests or Securities' Price Stated in Subparagraph 2, Paragraph 3 under Article 36 of the Securities Exchange Act for the Latest Year and as of the Date of Publishing the Annual Report: None

China Steel Chemical Corporation

Chairman:

Wen-Ge Lo