

NON-CONFIDENTIAL

Exhibit 15

NON-CONFIDENTIAL

Stock code: 2023

**YIEH PHUI ENTERPRISE CO., LTD.
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
AND
INDEPENDENT AUDITORS' REPORT**

Yieh Phui Enterprise Co., Ltd.

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Table of Contents

Item	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Income	6
7. Consolidated Statements of Changes in Stockholder' Equity	7
8. Consolidated Statements of Cash Flows	8
9. Notes of Consolidated Financial Statements	
(1) Company History	9
(2) Summary of Significant Accounting Policies	11
(3) Reasons of Accounting Changes and Effects	21
(4) Description of Major Accounts	22
(5) Related Party Transactions	64
(6) Pledged Assets	75
(7) Significant Commitments and Contingencies	76
(8) Major Disaster Loss	-
(9) Subsequent Events	-
(10) Other	-
(11) Supplementary Notes	81
① Information on Major Transactions	81
② Information on Investee Companies	81
③ Information on Investments in Mainland China	81
(12) Segment Information	110
10. Certification of CPA's Seal	

YIEH PHUI ENTERPRISE CO., LTD.
Representation Letter

The entities that are required to be included in the combined financial statements of Yieh Phui Enterprise Co., Ltd. as of and for the year ended December 31, 2009, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the revised Statement of Financial Accounting Standards No. 7, "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Yieh Phui Enterprise Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Yieh Phui Enterprise Co., Ltd.

I.S. Lin
Chairman

April 21, 2010

Horwath

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Yieh Phui Enterprise Co., Ltd.
INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Yieh Phui Enterprise Co., Ltd.

We have audited the consolidated balance sheets of Yieh Phui Enterprise Co., Ltd. and its subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. As disclosed in Note 1 to the consolidated financial statements, the financial statements of certain subsidiaries were audited by other auditors. Our opinion, insofar as it relates to the amounts for such subsidiaries, is based solely on the reports of the other auditors. Such subsidiaries' financial statements reflect total assets of NT\$14,530,779 thousand, representing 22.32% of the Company's consolidated total assets as of December 31, 2008, and also reflect net sales of NT\$9,655,182 thousand, representing 16.54% of the Company's consolidated net sales for the year then ended. Also, we didn't audit the financial statements of certain long-term investments accounted for using the equity method. Our opinion, insofar as it relates to the carrying value of such equity method investments of NT\$480,698 thousand and NT\$508,203 thousand as of December 31, 2009 and 2008, respectively, and the related investment income (loss) of (NT\$15,039) thousand and (NT\$82,383) thousand for the years ended December 31, 2009 and 2008, respectively, as well as the related information disclosed in Note 41 to the consolidated financial statements, is solely based on the reports of the other auditors.

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

In our opinion, based on our audits and the other auditors' reports, these consolidated financial statements referred to above present fairly, in all material respects, the financial position of Yieh Phui Enterprise Co., Ltd. and its subsidiaries as of December 31, 2009 and 2008 and the results of their operations and their cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting with respect to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As disclosed in Note 3 to the consolidated financial statements, on January 1, 2009, the Company adopted the newly revised Statement of Financial Accounting Standards No. 10, "Accounting for Inventories". The adoption resulted in a decrease of NT\$37,210 thousand in net income and a decrease of NT\$0.03 in earnings per share for the year ended December 31, 2009. And beginning January 1, 2008, the Company has recognized employee bonus and remuneration paid to directors and supervisors as expenses instead of appropriations from earnings according to the Interpretation (96) No.52 issued by Accounting Research and Development Foundation. The change of accounting principle resulted in an increase of NT\$5,317 in liabilities and a decrease of NT\$5,317 of in net income as of and for the year ended December 31, 2008.

HORWATH CHIEN HSING

CPA: LING-WEN HUANG

CPA: CHING-LING LEE

Kaohsiung, Taiwan, Republic of China

Dated: April 21, 2010

NON-CONFIDENTIAL
YIHU PHILIP
 CONSOLIDATED BALANCE SHEETS
 DECEMBER 31, 2009 AND 2008
 (in Thousands of New Taiwan Dollars)

ASSETS	Code	2009 (12/31)		2008 (12/31)		LIABILITIES AND STOCKHOLDERS' EQUITY	Note	2009 (12/31)		2008 (12/31)	
		Amount	%	Amount	%			Amount	%	Amount	%
CURRENT ASSETS						CURRENT LIABILITIES					
Cash & cash equivalents	2.4	\$3,549,273	5.50	\$5,980,549	9.19	Short-term loans	22	\$10,355,279	16.03	\$10,070,962	16.39
Financial assets at fair value through profit or loss - current	2.5	1,009,038	1.56	683,908	1.06	Short-term bills payable	23	750,705	1.16	1,047,369	2.53
Financial investments with no active market - current	2.6	21,400	0.01	2,060	0.00	Notes payable	24	2,062,519	3.17	2,062,519	3.42
Notes receivable, net	2.7	3,161,208	4.85	3,161,208	4.85	Accounts receivable - related parties	38	5,022,619	7.67	5,022,619	8.81
Accounts receivable - related parties, net	2.8, 38	2,407,106	3.63	1,739,979	2.67	Income tax payable	36	20,710	0.03	131,141	0.20
Other receivables	2.9	1,464,625	2.23	658,183	1.01	Accrued expenses	36	20,710	0.03	260,403	0.41
Other receivables - related parties	2.9	273,218	0.35	304,278	0.32	Other receivables	24	627,540	0.97	522,661	0.81
Investments	2.10, 38	205,813	0.31	31,616	0.04	Advance receivables	24	151,485	0.24	258,484	0.42
Prepayments	2.11	6,642,415	10.10	6,910,030	10.44	Other current liabilities	26, 27	3,772,888	5.85	3,723,973	6.13
Prepaid expenses	2.12	2,164,119	3.30	710,116	1.09	Total current liabilities		<u>33,901,126</u>	<u>50.31</u>	<u>32,484,166</u>	<u>52.73</u>
Deferred income tax assets - current	2.36	41,406	0.07	167,460	0.26	LONG-TERM LIABILITIES					
Deferred income tax assets - noncurrent	2.37	1,576,092	2.37	1,429,466	2.19	Long-term loans payable	27	\$15,379,338	24.40	\$14,044,279	22.95
Total current assets	39	<u>\$19,445,536</u>	<u>30.15</u>	<u>\$18,757,415</u>	<u>28.92</u>	Long-term bills payable		<u>1,014,123</u>	<u>1.51</u>	<u>1,117,371</u>	<u>1.80</u>
						Total long-term liabilities		<u>\$16,393,461</u>	<u>25.91</u>	<u>\$15,161,650</u>	<u>24.75</u>
FUND AND LONG-TERM INVESTMENTS						OTHER LIABILITIES					
Real estate investments	14	\$6,643,832	13.40	\$6,031,383	12.33	Accrued pension liabilities	2, 28	\$229,732	0.35	\$217,358	0.33
Real estate investments - noncurrent	15	2,736,585	4.25	2,736,585	4.20	Deferred income tax liabilities	2	10,584	0.02	8,052	0.01
Financial assets at fair value through profit or loss - noncurrent	2.5, 39	279,243	0.43	2,944,539	4.31	Deferred income tax liabilities - non-current		<u>10,584</u>	<u>0.02</u>	<u>8,052</u>	<u>0.01</u>
Financial assets carried at cost - noncurrent	16	2,765,068	4.29	2,944,539	4.31	Total other liabilities		<u>\$23,333</u>	<u>0.04</u>	<u>\$26,407</u>	<u>0.05</u>
Financial investments with no active market - noncurrent	2.6	1,464,625	2.23	658,183	1.01	Total liabilities		<u>\$16,387,384</u>	<u>25.92</u>	<u>\$15,195,615</u>	<u>24.79</u>
Total funds and long-term investments		<u>\$14,123,688</u>	<u>21.88</u>	<u>\$13,578,640</u>	<u>20.64</u>						
PROPERTY, PLANT & EQUIPMENT						CAPITAL STOCK					
Land						Capital stock	29	\$14,432,192	22.55	\$14,691,543	23.42
Buildings						Capital stock - treasury		<u>3,146,607</u>	<u>4.80</u>	<u>3,146,607</u>	<u>5.14</u>
Machinery and equipment						Total capital stock		<u>\$17,578,799</u>	<u>27.35</u>	<u>\$17,838,150</u>	<u>28.56</u>
Leasehold improvements											
Other equipment						CAPITAL SURPLUS					
Computer communication equipment						Additional paid-in capital from share issuance in		\$4,060,607	6.20	\$4,196,369	6.45
Testing equipment						Less: stock repurchase		<u>557,739</u>	<u>0.86</u>	<u>367,692</u>	<u>0.56</u>
Other equipment						Long-term investments		<u>1,126,615</u>	<u>1.75</u>	<u>1,126,728</u>	<u>1.73</u>
Accumulated depreciation						Total capital surplus	31	<u>\$5,248,721</u>	<u>8.01</u>	<u>\$5,209,760</u>	<u>8.24</u>
Less: accumulated depreciation											
Less: accumulated impairment						RETAINED EARNINGS					
Continuation in progress						Retained earnings	32	\$2,133,467	3.31	\$2,031,931	3.12
Prepayments for equipment						Less: impairment charges		<u>3,049,581</u>	<u>4.69</u>	<u>4,176,861</u>	<u>6.41</u>
Priority, plan & equipment, net	2.17	<u>\$3,206,520</u>	<u>4.93</u>	<u>\$2,555,315</u>	<u>3.84</u>	Total retained earnings		<u>\$3,801,012</u>	<u>5.80</u>	<u>\$3,139,130</u>	<u>5.07</u>
INTANGIBLE ASSETS											
Deferred pension cost	2.28	\$2,881	0.01	\$5,267	0.01	STOCKHOLDERS' EQUITY					
Other intangible assets	2	<u>149,955</u>	<u>0.23</u>	<u>151,602</u>	<u>0.23</u>	Cumulative translation adjustments	2	\$411,097	0.63	\$569,241	0.78
Total intangible assets		<u>\$152,836</u>	<u>0.23</u>	<u>\$156,869</u>	<u>0.23</u>	Net loss not recognized as pension cost		<u>22,053</u>	<u>0.03</u>	<u>1,454</u>	<u>0.02</u>
OTHER ASSETS						Unrealized gain (loss) on financial instruments		<u>30,663</u>	<u>0.05</u>	<u>418,867</u>	<u>0.67</u>
Assets leased to others						Treasury stock		<u>\$34,807</u>	<u>0.05</u>	<u>\$34,807</u>	<u>0.05</u>
Idle assets	2.19	\$668,372	1.04	\$723,008	1.11	Total other equity item		<u>\$2,800</u>	<u>0.00</u>	<u>\$3,835</u>	<u>0.01</u>
Refundable deposits	2.20	306,105	0.32	231,445	0.36	Total stockholders' equity of parent company		<u>\$2,800</u>	<u>0.00</u>	<u>\$3,835</u>	<u>0.01</u>
Deferred income tax assets - noncurrent	2.2	1,126,728	1.73	1,126,728	1.73						
Deferred income tax assets - noncurrent	2.26	463,199	0.72	464,170	0.71	MINORITY INTEREST (NOTE 2)					
Reinsured joint-venture assets	21	1,217,648	1.89	1,236,744	1.89						
Reinsured joint-venture assets	39	85,975	0.13	85,975	0.13	Total stockholders' equity		<u>\$2,800</u>	<u>0.00</u>	<u>\$3,835</u>	<u>0.01</u>
Total other assets		<u>\$3,835,973</u>	<u>5.80</u>	<u>\$3,443,686</u>	<u>5.19</u>	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		<u>\$19,445,536</u>	<u>30.15</u>	<u>\$18,757,415</u>	<u>28.92</u>
TOTAL ASSETS		<u>\$54,484,662</u>	<u>100.00</u>	<u>\$52,925,793</u>	<u>100.00</u>						

The accompanying notes are an integral part of the consolidated financial statements
 (With Horwath Chen Heng audit report dated April 21, 2010)

NON-CONFIDENTIAL
YIEH PHUI ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

PUBLIC FILE

277

Items	Notes	2009		2008	
		Amount	%	Amount	%
OPERATING REVENUE					
GROSS SALES		\$45,271,165	101.00	\$59,176,392	101.38
LESS: SALES RETURN & ALLOWANCES		451,152	1.00	806,199	1.38
NET SALES	2	\$44,820,013	100.00	\$58,370,193	100.00
COST OF SALES	11	42,035,365	93.79	53,540,843	91.73
GROSS PROFIT (LOSS)		\$2,784,648	6.21	\$4,829,350	8.27
UNREALIZED GROSS PROFIT FROM AFFILIATES	2	10,965	0.03	8,057	0.02
REALIZED GROSS PROFIT FROM AFFILIATES	2	8,057	0.02	42,628	0.07
OPERATING EXPENSES					
Research and Development		49,512	0.11	39,565	0.07
Marketing		1,390,104	3.09	1,885,861	3.22
General and administrative		662,686	1.48	619,791	1.06
Total operating expenses		\$2,102,302	4.68	\$2,545,217	4.35
INCOME FROM OPERATIONS		\$679,438	1.52	\$2,318,704	3.97
NON-OPERATING INCOME AND GAINS					
Interest income		\$46,551	0.09	\$70,527	0.14
Investment income		21,138	0.05	123,070	0.21
Investment income recognized under the equity method	2.14	9,239	0.02	-	-
Gain on disposal of property, plant & equipment		16,461	0.04	-	-
Gain on disposal of investments	2.5	46,338	0.10	-	-
Foreign exchange gain	2	-	-	345,929	0.59
Valuation gain on financial assets	2.5	343,690	0.77	-	-
Miscellaneous income	33	77,913	0.17	75,679	0.13
Total non-operating income and gains		\$561,330	1.24	\$615,205	1.07
NON-OPERATING EXPENSES AND LOSSES					
Interest expense		\$738,770	1.65	\$1,042,750	1.80
Investment loss		2,003	-	-	-
Investment loss recognized under the equity method	2.14	-	-	34,768	0.06
Loss on disposal of property, plant & equipment		3,296	0.01	12,979	0.02
Loss on disposal of investments	2.5	-	-	129	-
Foreign exchange loss	2	30,812	0.07	-	-
Impairment loss	34	9,462	0.02	437,744	0.75
Valuation loss on financial assets	2.5	-	-	28,688	0.05
Miscellaneous expenses		98,842	0.22	79,401	0.13
Total non-operating expenses and losses		\$883,185	1.97	\$1,636,459	2.81
INCOME BEFORE INCOME TAX		\$357,583	0.79	\$1,297,450	2.23
INCOME TAX EXPENSE	2.36	155,438	0.34	340,839	0.59
CONSOLIDATED NET INCOME		\$202,145	0.45	\$956,611	1.64
ATTRIBUTABLE TO:					
Stockholders of the parent		\$285,749	0.64	\$1,018,321	1.74
Minority interest		\$-83,604	-0.19	\$-61,710	-0.10
BASIC EARNINGS PER SHARE	37	After Income Tax		After Income Tax	
Consolidated net income		\$0.14		\$0.64	
Minority interest		0.06		0.04	
Stockholders of the parent		\$0.20		\$0.68	
DILUTED EARNINGS PER SHARE	37				
Consolidated net income		\$0.14		\$0.64	
Minority interest		0.06		0.04	
Stockholders of the parent		\$0.20		\$0.68	

The accompanying notes are an integral part of the consolidated financial statements
(With Horwath Chien Hsing audit report dated April 21, 2010)

NON-CONFIDENTIAL
YIH PHOI ENTERPRISE CO., LTD. AND SUBSIDIARIES
(CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Expressed in Thousands of New Taiwan Dollars)

	Capital Stock Issued		Reserve Earnings		Unappropriated		Adjusting Item to Stockholders' Equity		Treasury Stock	Minority Interest
	Amount	Capital Surplus	Legal Surplus	Special Surplus	Unappropriated Earnings	Unrealized Foreign Losses or Financial Income	Unrealized Foreign Losses or Financial Income	Transferred from Retained Earnings		
Balance at January 1, 2008	\$13,896,796	\$1,791,035	\$1,871,683	\$9,013	\$4,720,153	\$(17,077)	\$(17,077)	\$246,166	\$ -	\$ -
Appropriation of 2008 earnings	-	-	160,246	-	(160,246)	-	-	-	-	-
Legal surplus	-	-	-	-	(11,397)	-	-	-	-	-
Special surplus	-	-	-	1,337	(1,337)	-	-	-	-	-
Cash dividends	-	-	-	-	(694,835)	-	-	-	-	-
Stock dividends	664,835	-	-	-	(664,835)	-	-	-	-	-
Retained earnings to directors and supervisors	-	-	-	-	(1,224)	-	-	-	-	-
Bonus to employees	-	-	-	-	(6,119)	-	-	-	-	-
Capital surplus resulting from long-term equity investment	-	896,854	-	-	(896,854)	-	-	-	-	-
Adjustment arising from changes in percentage of ownership in investee	-	-	-	-	(5,950)	-	-	-	-	-
Adjustment due to changes in equity of long-term investments	-	-	-	-	2,985	3,552	(4,462)	-	-	-
Changes in minority interest	-	-	-	-	1,018,321	-	-	-	-	2,567,464
Cumulative Translation adjustments	-	-	-	-	-	-	263,073	-	-	-
Repurchase and disposal of treasury stock	-	-	-	-	-	-	-	-	(418,867)	-
Balance at December 31, 2008	\$14,591,543	\$5,600,769	\$2,031,931	\$10,405	\$4,136,561	\$(13,465)	\$(13,465)	\$509,241	\$(418,867)	\$2,567,464
Attribution of 2009 earnings (losses)	-	-	-	-	(101,536)	-	-	-	-	-
Legal surplus	-	-	-	-	(382,372)	-	-	-	-	-
Cash dividends	-	-	-	-	(423,559)	-	-	-	-	-
Stock dividends	423,559	-	-	-	(423,559)	-	-	-	-	-
Reversal of special surplus	-	-	-	119,460	10,405	-	-	-	-	-
Adjustment due to changes in equity of long-term investments	-	(111)	-	-	4,006	352,128	(1,469)	-	-	(85,993)
Changes in minority interest	-	-	-	-	255,764	-	-	(98,144)	-	-
Cumulative Translation adjustments	-	-	-	-	-	-	-	-	-	-
Repurchase of treasury stock	(423,559)	-	-	-	-	-	-	-	418,867	-
Balance at December 31, 2009	\$14,542,192	\$5,744,721	\$2,133,467	\$ -	\$3,968,551	\$38,643	\$(2,953)	\$411,097	\$ -	\$2,786,464

Note: Remuneration to directors and supervisors and bonus to employees were NT\$11,181 thousand and NT\$5,500 thousand, respectively, and had been charged against earnings.

This accompanying note is an integral part of the consolidated financial statements.
 (With Hsinshih Chien Hsing audit report dated April 11, 2010)

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YIEH PHUI ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

PUBLIC FILE

275

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Items	2009	2008
1. Cash flows from operating activities		
Net income	\$285,749	\$1,018,321
Adjustments to reconcile net income to net cash provided by operating activities:		
Bad debts	5,886	-
Depreciation	1,712,198	1,717,996
Depreciation of idle assets	3,026	5,049
Depreciation of other assets-others	1,229	1,228
Amortization	71,945	67,715
Depreciation of assets leased to others	43,375	-
Loss of purchase contract	(16,010)	16,010
Investment loss	2,003	-
Realized loss (gain) on foreign exchange	-	(69,335)
Provision for pension cost	14,759	12,976
Other income transferred from allowance for doubtful account	-	(10,049)
Investment income (loss) recognized under the equity method	(9,239)	34,768
Loss (Gain) on disposal of investments	(10,593)	-
Loss (Gain) on disposal of property, plant and equipment	(16,461)	(53)
Loss (Gain) on retirement of property, plant and equipment	3,296	13,032
Loss (Gain) on disposal of noncurrent assets held for sale	-	387
Loss (Gain) on disposal of idle assets	(316)	65
Loss (Gain) on retirement of idle assets	157	-
Expense transferred from property, plant and equipment	941	561
Decrease (Increase) in overdue receivables	(4,777)	2,423
Unrealized gross profit (loss) from affiliates	10,964	8,057
Realized gross loss (profit) from affiliates	(8,057)	(42,628)
Valuation (gain) loss on financial assets	(343,690)	28,688
Impairment losses	9,462	437,744
Provision for (Reversal of) loss on inventories	(1,232,613)	1,035,546
Decrease (Increase) in financial assets at fair value through profit or loss-current	19,373	(610,349)

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Items	2009	2008
Decrease (Increase) in notes receivable	(35,103)	367,915
Decrease (Increase) in accounts receivable	(668,592)	1,292,942
Decrease (Increase) in accounts receivable-related parties	(810,248)	1,329,442
Decrease (Increase) in other receivables-related parties	(47,765)	115,883
Decrease (Increase) in other receivables	(25,181)	6,875
Decrease (Increase) in inventories	1,809,562	(1,534,103)
Decrease (Increase) in prepayments	(1,438,093)	(6,025)
Decrease (Increase) in deferred income tax assets	188,756	(196,581)
Increase (Decrease) in notes payable	(337,248)	1,033,032
Increase (Decrease) in accounts payable	164,522	(269,194)
Increase (Decrease) in compensation for accrued interest	-	1,162
Increase (Decrease) in accounts payable-related parties	115,907	128,599
Increase (Decrease) in other payables	(34,049)	60,032
Increase (Decrease) in income tax payable	(248,693)	28,459
Increase (Decrease) in accrued expenses	104,679	(251,653)
Increase (Decrease) in advance receipts	(141,045)	113,394
Increase (Decrease) in minority interest	(83,604)	(61,710)
Net cash provided by (used in) operating activities	(\$943,588)	\$5,826,621
2. Cash flows from investing activities		
Decrease (Increase) in financial assets at fair value through profit or loss-noncurrent	(\$280,000)	\$ -
Proceeds from disposal of noncurrent assets held for sale	-	177,479
Decrease (Increase) in restricted assets	480,998	287,891
Proceeds from disposal of financial assets carried at cost	10,593	-
Proceeds from disposal of property, plant and equipment	21,766	2,551
Withdrawal from financial assets carried at cost-noncurrent	32,901	-
Withdrawal from investments accounted for using the equity method	-	3,180,590
Proceeds from disposal of idle assets	14,285	-
Acquisition of financial assets carried at cost-noncurrent	(3,226)	(272,901)
Acquisition of investments accounted for using the equity method	(333,936)	(7,288,721)

NON-CONFIDENTIAL

Items	2009	2008
Decrease (Increase) in sinking fund	-	76,500
Acquisition of property, plant and equipment	(811,824)	(2,386,563)
Decrease (Increase) in guarantee deposits paid	(24,374)	58,383
Decrease (Increase) in deferred charges	(80,169)	(62,795)
Proceeds from disposal of bond investments with no active market	2,000	22,000
Decrease in other receivables at beginning balance	12,600	301,266
Decrease (Increase) in other assets-others	(22,657)	(15,145)
Net cash used in investing activities	<u>(\$981,043)</u>	<u>(\$5,919,465)</u>
3. Cash flows from financing activities		
Increase (Decrease) in short-term loans	(\$335,683)	\$4,922,272
Increase (Decrease) in short-term bills payable	(896,664)	1,297,677
Increase (Decrease) in long-term loans	835,263	5,297,767
Increase (Decrease) in lease payable	(1,740)	-
Increase (Decrease) in bonds payable	-	(75,586)
Decrease (Increase) in treasury stock	-	(418,867)
Increase (Decrease) in guarantee deposits received	727	72
Decrease in minority interest	(507)	3
Cash dividends paid	(282,372)	(694,835)
Bonus to employees	-	(6,119)
Remuneration to directors and supervisors	-	(1,224)
Net cash provided by (used in) financing activities	<u>(\$680,976)</u>	<u>\$10,321,160</u>
Effects of changes in subsidiaries	\$ -	(\$6,714,215)
4. Effects of exchange rate changes	<u>\$174,931</u>	<u>\$44,034</u>
5. Net increase(decrease) in cash and cash equivalents	(\$2,430,676)	\$3,558,135
6. Cash and cash equivalents at beginning of the year	<u>5,980,549</u>	<u>2,422,414</u>
7. Cash and cash equivalents at end of the year	<u><u>\$3,549,873</u></u>	<u><u>\$5,980,549</u></u>
8. Supplementary information of cash flows:		
(1) Interest paid	\$895,580	\$1,133,200
Less: Interest capitalized	(135,564)	(115,930)
Interest paid, excluding interest capitalized	<u>\$760,016</u>	<u>\$1,017,270</u>
(2) Income tax paid	<u><u>\$215,837</u></u>	<u><u>\$513,892</u></u>

NON-CONFIDENTIAL

Items	2009	2008
(3) Non-cash investing and financing activities:		
Current portion of long-term loans	\$3,775,888	\$3,723,973
Transfer of financial assets carried at cost to investments accounted for using the equity method	\$ -	\$285,000
Transfer of properties to noncurrent assets held for sale	\$12,977	\$ -
Transfer of properties to inventories	\$254,252	\$9,379
(4) Acquisition of properties by providing cash and making loans:		
Acquisition of properties	\$832,434	\$2,689,540
Transfer of inventories to properties	(8,782)	(293,817)
Transfer of deferred charges to properties	(1,802)	-
Transfer of idle assets to properties	-	(1,309)
Transfer of other assets to properties	(20,086)	-
Decrease (Increase) in equipment payable	10,060	(7,851)
Cash paid	\$811,824	\$2,386,563
(5) Disposal of other assets-others by receiving cash and increasing receivables:		
Proceeds from disposal of properties	\$114,897	\$2,551
Increase in other receivables	(93,131)	-
Cash received	\$21,766	\$2,551
(6) Disposal of financial assets carried at cost-noncurrent by receiving cash and increasing receivables:		
Proceeds from disposal of financial assets carried at cost-noncurrent	\$38,781	\$12,600
Increase in other receivables	(5,880)	(12,600)
Cash received	\$32,901	\$ -
(7) Cash dividends received from equity method investees:		
Cash dividends received from equity method investees	\$33,300	\$29,400
Increase in other receivables	(33,300)	(29,400)
Cash received	\$ -	\$ -

The accompanying notes are an integral part of the consolidated financial statements
(With Horwath Chien Hsing audit report dated april 21, 2010)

NON-CONFIDENTIAL
YIEH PHUI ENTERPRISE CO., LTD. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

PUBLIC FILE
271

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. Name of affiliates, relationship with the Company, main activities and percentage of shares held by the controlling entity

(1) Relationship between the consolidated entities and the percentage of ownership

interest as of December 31, 2009: Please refer to TABLE 12 (page 103) for details.

(2) Main business of the consolidated entities:

A. Yieh Phui Enterprise Co., Ltd. (the "Company" henceforth):

a. The Company was incorporated on April 14, 1978. The Company's shares are currently traded on the Taiwan Stock Exchange. The Company engages in the processing, marketing and exporting of rolled steel coils, refined steel, molded steel, steel and iron wires, galvanized, pre-painted, and surface treated metal.

b. The Company's board of directors resolved on May 23, 2005 to merge (simplified merger) with Lien Kang Heavy Industrial Co., Ltd. with the Company as the surviving company. The record date of the merger was set on August 30, 2005. Every 2.5 common shares of Lien Kang Heavy Industrial Co., Ltd. were converted into 1 common share of the Company. The Company issued additional 4,859 thousand common shares for this merger. Rights and obligations of holders of the newly issued shares were the same as those of the Company's original shareholders.

c. Lien Kang Heavy Industrial Co., Ltd. was incorporated on November 23, 1989. Its main activities include the manufacturing, processing and trading of the various mechanical spare parts, pipe installation and engineering design.

B. The consolidated entities were as follows:

Name of Investors	Name of Subsidiaries	Main Businesses	Percentage of Ownership at December 31	
			2009	2008
The Company	Top Point	Steel trading and related businesses	100.00%	100.00%
	Investment			
	Properties Ltd.			
The Company	Mickey Regent Inc.	Investment	100.00%	100.00%
The Company	Good Honor	Investment	100.00%	100.00%
	Holdings Ltd.			
The Company	Best Perfect	Steel trading and related businesses	100.00%	100.00%
	Holding Limited			

NON-CONFIDENTIAL

Percentage of Ownership at December 31

Name of Investors	Name of Subsidiaries	Main Businesses	Percentage of Ownership at December 31	
			2009	2008
The Company	Excellent Rewards International Co., Ltd.	Investment	100.00%	100.00%
The Company	Yieh Hsing Enterprise CO., Ltd.	Wire and rolled steel processing	54.82% (Note)	54.82%
The Company	Shin Phui Steel Corp.	Electronic Material trading	100.00%	100.00%
The Company	Worthing Honor Holdings Ltd.	Investment	100.00%	100.00%
The Company and Worthing Honor Holdings Ltd.	Widax Taiwan Corp. GEN-WAN Technology Corp.	Telecommunications contracting	86.99%	86.99%
The Company and Widax Taiwan Corp.	EMMT Systems Corp.	Manufacturing and selling of Military printed circuit boards	91.06%	89.10%
Mickey Regent Inc.	Yieh Phui(China) Technometal Co., Ltd.	Manufacturing and selling of pickled, cold rolled, galvanized and prepainted steel coils	100.00%	100.00%
Excellent Rewards International Co., Ltd.	Chang Shu Chief Leading Edge Materials Co., Ltd.	Contracting and design of steel structure	100.00%	100.00%
Excellent Rewards International Co., Ltd.	Jian Gsu J&Y Engineering Co., Ltd.	Installation and engineering of Steel structure and electrical construction	100.00%	100.00%
EMMT Systems Corp.	Applied Wireless Identifications Group, Inc.	RFID	72.94%	72.94%
Applied Wireless Identifications Group, Inc.	Awid Asia Co., Ltd.	Wholesale of Telecommunication Equipment	100.00%	100.00%
EMMT Systems Corp. and Shin Phui Steel Corp.	Groupco Technology Inc.	Wholesale and retail of telecommunication equipment and electronic materials	92.50%	92.50%

a. Subsidiaries changed in the consolidated financial statements:

For the year ended December 31, 2009: None

For the year ended December 31, 2008:

- (a) The Company acquired some shares of Applied Wireless Identifications Group, Inc. in April 2008, and thus gained control over it. Its financial statements were included in 2008 consolidated financial statements, and were audited by other auditors. Its financial statements reflected total assets of NT\$147,218 thousand as of December 31, 2008, and net sales of NT\$200,475 thousand for the year ended December 31, 2008.
- (b) The Company established AWID ASIA Co., Ltd. in June 2008, and gained control over it.
- (c) The Company subscribed shares of Yieh Hsing Enterprise Co., Ltd. through private placement in 2008, and thus gained control over it. Its financial statements were included in the consolidated financial statements, and were audited by other auditors. Its financial statements reflected total assets of NT\$14,383,561 thousand as of December 31, 2008, and net sales of NT\$9,454,707 thousand for the year ended December 31, 2008.
- (3) Subsidiaries not included in the consolidated financial statements: None.
- (4) As of December 31, 2009 and 2008, the Company and its subsidiaries had 3,106 and 3,082 employees, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company's consolidated financial statements have been presented in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting and accounting principles generally accepted in the Republic of China.

The Company's significant accounting policies are summarized as follows:

(1) Consolidated Items:

A. Basis for preparation of consolidated financial statements

As described in Note 1, the consolidated financial statements include the accounts of all the investees in which the Company had a controlling interest. All significant intercompany transactions and balances have been eliminated upon consolidation.

NON-CONFIDENTIAL

B. Translation of financial statements of foreign subsidiaries

The subsidiaries' financial statements denominated in foreign currencies are translated into New Taiwan dollars as follows:

Assets and liabilities are translated using the exchange rates at the balance sheet date. Equity accounts are translated at historical rates. Profit and loss accounts are translated at the weighted average rates of the year. The resulting translation differences are recorded as cumulative translation adjustments under stockholders' equity.

(2) Accounting for Long-term Construction Contracts

The percentage-of-completion method of accounting for long-term construction projects is adopted when the construction period exceeds one year and the contract price, the completion cost, and the extent of construction progress can be reasonably estimated. The construction costs incurred are recorded as "work in progress". Advance receipts on construction contracts are recorded as "advance contract receipts". At each year-end, the percentage-of-completion method is used for estimating aggregate contract gain less aggregate contract gain recognized in prior period, and the resulting difference is recognized currently. However, if the aggregate gain recognized in prior period exceed that computed at the end of the current period, the excess is recognized as contract loss currently. When a loss is estimated on construction contracts, the entire estimated loss should be recognized immediately. If in the future such estimated loss is reduced, then the loss should be reversed and the resulting gain recognized currently.

(3) Criteria for Classifying Current and Noncurrent Assets and Liabilities**A. Rolled Steel Department:**

Current assets are assets held for trading purposes and assets expected to be converted to cash, sold or consumed within one year from the balance sheet date. Current liabilities are obligations incurred for trading purposes and obligations expected to be settled within one year from the balance sheet date. Assets and liabilities that are not classified as current are non-current assets and liabilities, respectively.

B. Heavy Industry Department:

The assets and liabilities related to construction business are classified either as current or noncurrent based on the Company's operating cycle.

(4) Cash Equivalents

Cash equivalents are treasury bills, time deposits rescindable anytime, commercial papers, bankers' acceptance, and repurchase agreements collateralized by bonds with maturities of three months or less from the date of purchase. Their carrying amount approximates fair value.

NON-CONFIDENTIAL

(5) Financial Instruments at Fair Value Through Profit or Loss

Financial instruments at fair value through profit or loss include financial assets or liabilities held for trading, and financial assets or liabilities designated on initial recognition as at fair value through profit or loss. These financial instruments are initially recognized at fair value with transaction costs that are directly attributable to the acquisition. When subsequently measured at fair value, the changes in fair value are recognized in earnings. Cash dividends received, including those received in the year of investment, are recognized as current income. A regular way purchase or sale of financial assets is accounted for using settlement date accounting.

Derivatives that do not meet the criteria for hedge accounting are treated as financial assets or liabilities held for trading. When the fair value is a positive amount, the derivative is treated as a financial asset; when the fair value is a negative amount, the derivative is treated as a financial liability.

The fair value is determined as follows: (a) publicly traded stocks are based on the closing price on the balance sheet date; (b) beneficiary certificates - open-end-funds are based on the net asset value on the balance sheet date; (c) bonds are based on the reference prices in the OTC market on the balance sheet date; (d) financial assets and financial liabilities without quoted prices in an active market are determined using valuation techniques.

Financial assets or liabilities designated at fair value through profit or loss are hybrid financial instruments. Financial instruments are designated as financial assets at fair value through profit or loss upon initial recognition to remove significant accounting inconsistency. Portfolios of assets and liabilities jointly managed in accordance with the Company's risk management policies and specific investment strategies were also designated at fair value.

(6) Bond Investments With No Active Market

Investment that does not have a quoted market price in an active market and the receipt upon maturity is fixed or definite is carried at the amortized cost. Earnings or losses are recognized at the time of derecognition, impairment or amortization. A regular way purchase or sale of financial assets is accounted for using settlement date accounting.

If there is objective evidence that a financial asset is impaired, an impairment loss is recognized. If, in a subsequent period, the amount of the impairment loss decreases and the decrease is clearly attributable to an event which occurred after the impairment loss was recognized, the previously recognized impairment loss is reversed to the extent of the decrease. The reversal should not result in a carrying amount of the financial asset that exceeds the amortized cost.

(7) Allowance for Doubtful Accounts

Allowance for doubtful accounts is estimated based on bad debt experience and also examining the collectibility and aging analysis of notes receivable, accounts receivable, overdue receivables and various credits.

(8) Inventory**A. Rolled Steel Department**

Inventories include raw materials, supplies, work in process, and finished goods. Prior to January 1, 2009, inventories were stated at the lower of cost or market value. Any write-down was made on a total-inventory basis. Market value represented replacement cost for raw materials and supplies, and net realizable value for work in process and finished goods. As stated in Note 3, effective January 1, 2009, inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made on an item-by-item basis, 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 necessary selling costs. Inventory cost is determined by the weighted-average method.

B. Heavy Industry Department

The construction in progress is based on "Accounting for Long-term Construction Contracts".

(9) Prepayments-Deferred Marketing expenses

The deferred marketing expenses are incurred to contracts within 1 year adopted the completed contract method for the construction. The related marketing expenses of the construction in progress will be deferred to the year of completion in order to be in accordance with the income.

(10) Investments Accounted for Using Equity Method

Investments accounted for using equity method in which the Company owns 20% or more of the outstanding voting shares or where the Corporation has significant influence on the investees are accounted for using the equity method.

Prior to January 1, 2006, the difference between the acquisition cost and the Company's proportionate share in the investee's equity was amortized by the straight-line method over five years. Effective January 1, 2006, pursuant to the revised Statement of Financial Accounting Standards, the acquisition cost in excess of the Company's share of the fair value of the identifiable net assets acquired is recognized as goodwill. Such goodwill is no longer being amortized but instead is tested for impairment annually or whenever there are indications that the investments are impaired. The excess of the fair value of the net identifiable assets acquired over the acquisition cost is used to reduce the fair value of each of the noncurrent assets acquired in proportion to the respective fair values of the noncurrent assets, with any excess recognized as an extraordinary gain. Effective from January 1, 2006, the accounting treatment for the unamortized investment premium arising on acquisitions before January 1, 2006 is the same as that for goodwill and the premium is no longer being amortized. For any investment discount arising on acquisitions before January 1, 2006, the unamortized amount continues to be amortized over the remaining years.

NON-CONFIDENTIAL

If the investment in and investee and any advances to the investee have been reduced to zero, the Company will discontinue recognizing its investment loss. But if (a) the Company commits to provide financial support to an investee or (b) if the investee's losses are temporary and evidence sufficiently shows imminent return to profitability, the Company will continue to recognize its investment loss. Any credit balance on the carrying value of a long-term investment and advances are reclassified to receivables or other liabilities-others in the balance sheets.

If an investee issues additional shares and the Company acquires shares at a percentage different from its current equity in the investee, capital surplus is adjusted for the difference between the cost of the investments and the Company's equity in the investee's net assets. If the cost of the investments is less than equity in net assets, the difference is added to capital surplus. If the cost of the investments is more than equity in net assets, the difference is deducted from capital surplus, or from unappropriated earnings when capital surplus is not enough for debiting purposes.

The Company's shares held by subsidiaries are recorded as treasury stocks. The Company's dividends appropriated to subsidiaries are debited to investment income and adjusted to capital surplus - treasury stock transaction.

When an indication of impairment is identified in an investment, the carrying amount of the investment is reduced, with the related impairment loss charged to current income.

Stock dividends are accounted for only as an increase in the number of shares held, and the cost per share is re-calculated based on the new number of shares. Upon sale of stocks, the weighted-average method is adopted in calculating the cost and gain or loss on disposal thereof.

If an investee's functional currency is foreign currency, translation adjustments will result from the translation of the investee's financial statements into the reporting currency of the Company. Such adjustments are accumulated and reported as a separate component of shareholders' equity.

Unrealized inter-company profits or losses resulting from transactions between the Company and its investees accounted for under the equity method are deferred until such profits or losses are realized. The profits or losses resulting from depreciated or amortized assets are recognized over the estimated useful lives of such assets.

(11) Financial Assets Carried at Cost

Investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at original cost, such as non-publicly traded stocks. Stock dividends received are accounted for only as an increase in the number of shares held, and the cost per share is re-calculated based on the new numbers of shares. If there is objective evidence that a financial asset is impaired, an impairment loss is recognized. A subsequent reversal of such impairment loss is not allowed.

(12) Properties and Idle Assets

Properties are stated at cost less accumulated depreciation. Interest expense for the purchase or construction of properties is capitalized as property cost. Major additions, renewals and betterments are capitalized, while maintenance and repairs are expensed currently.

Depreciation is computed using the straight-line method with the guideline service lives prescribed by the Government Tax Agency. Assets still in use after full depreciation may continue to be depreciated based on the remaining estimated economic lives and salvage values. The economic useful lives of major property and equipment are as follows:

Buildings and improvements, 8 to 55 years; machinery and equipment, 5 to 35 years; and other equipments, 2 to 20 years.

Upon sale or disposal of properties, the related cost and accumulated depreciation are removed from the accounts, and the related gain or loss is credited or charged to income.

Assets leased to others are property, plant and equipment leased to others. Assets leased to others are carried at the lower of net realizable value or carrying amount. Depreciation is computed using the straight-line method with the guideline service lives prescribed by the Government Tax Agency.

Property, plant and equipment not used in operations are stated at the lower of net realizable value or carrying amount according to their nature and transferred to other assets-idle assets.

(13) Other Intangible Assets

Other intangible assets are right for land usage and amortized on a straight-line basis over 50 years.

(14) Deferred Charges

Deferred charges are line subsidies, bond issue cost and telephone installation fee, which are amortized over 3 to 10 years using the straight-line method.

(15) Pension

A.Yieh Phui Enterprise Co., Ltd.

The Company has a Pension Plan covering all permanent employees and makes a monthly contribution equivalent to 4.2% of the total salary to the special pension fund account held at the Bank of Taiwan in accordance with the Labor Standards Law. Pension payments are made from the special pension fund account first and the deficiency is paid by the Company and recognized as current expense.

NON-CONFIDENTIAL

263

The Company accounted for pension cost in accordance with SFAS No. 18 "Accounting for Pensions" and recognized net pension costs and accrued pension liabilities in accordance with the standard. Pension cost under a defined benefit plan is determined by actuarial valuations and recorded as expense. Contributions made under a defined contribution plan are recognized as pension cost during the year in which employees render services.

B. Shin Phui Steel Corporation

The company has a Pension Plan covering all permanent employees and makes a monthly contribution equivalent to 2% of the total salary to the special pension fund account held at the Bank of Taiwan in accordance with the Labor Standards Law. Pension payments are made from the special pension fund account first. Pension cost arising from retention of years of service of the company's employees prior to the new pension system is immaterial. As such, the company has not recognized pension cost based on actuarial valuations.

C. Gen-Wan Technology Corp.

The company makes a monthly contribution equivalent to 2% of the total salary to the special pension fund account held at the Bank of Taiwan. Pension payments are made from the special pension fund account first and the deficiency is paid by the company and expense recognized as current. Starting January 1, 2003, the company accounted for employees' pension costs in accordance with SFAS No. 18 "Accounting for Pension" and recognized net pension costs and accrued pension liabilities in accordance with the standards. However, the company laid off all employees in June 2005 due to operational considerations and the company ceased to adopt SFAS No. 18 in recognition of pension cost thereafter.

D. EMMT Systems Corp.

The company has a Pension Plan covering all permanent employees and makes a monthly contribution equivalent to 2% of the total salary to the special pension fund account held at the Bank of Taiwan in accordance with the Labor Standards Law. Pension payments are made from the special pension fund account first. Starting January 1, 2006, the company accounted for employees' pension costs in accordance with SFAS No. 18 "Accounting for Pension". The company recognized deferred pension cost and accrued pension liabilities determined by actuarial valuations undertaken on December 31, 2005 in the balance sheets as of December 31, 2005 in accordance with the standards.

NON-CONFIDENTIAL

Pension costs under a defined benefit plan are determined by actuarial valuations and recorded as expenses. Contributions made under a defined contribution plan are recognized as pension cost during the year in which employees render services.

E. Groupeco Technology Inc.

The Company has a Pension Plan covering all permanent employees. Pursuant to the Labor Pension Act, the employer is required to make a monthly contribution equivalent to no less than 6% of the total salaries to the pension fund account.

Contributions made under a defined contribution plan are recognized as pension cost during the year in which employees render services.

F. AWID Asia

The Company has a Pension Plan covering all permanent employees. Pursuant to the Labor Pension Act, the employer is required to make a monthly contribution equivalent to no less than 6% of the total salaries to the pension fund account.

Contributions made under a defined contribution plan are recognized as pension cost during the year in which employees render services.

G. Yieh Hsing Enterprise Co., Ltd.:

The company adopts SFAS No. 18 "Accounting for Pension" and recognized accrued pension liabilities and net pension cost in accordance with the standards.

The Labor Pension Act came into effect on July 1, 2005, and adopts a defined contribution plan. Employees may choose the pension mechanism of the "Labor Standards Law" (old system) or the Labor Pension Act, by retaining their seniority before the enforcement of the Act. For employees covered under the Act, the employer shall make a monthly contribution equaling to at least 6% of total salaries for depositing into the employees' individual pension accounts.

H. The Company's subsidiaries including Top Point Investment Properties Ltd., Best

Perfect Holding Ltd., Good Honor Holdings Ltd., Worthing Honor Holdings Ltd., Excellent Rewards International Co., Ltd., Mickey Regent Inc., and Applied Wireless Identifications Group Inc. have not put in place an Employee Pension Plan. The local governments do not impose compulsory pension fund regulations on companies.

I. Yich Phui (China) Technomaterial Co., Ltd., Changshu Chief Leading Edge Construction

Materials Company and Jiangsu J & Y Engineering Co., Ltd. have not set out a separate employee pension plan, but instead, these investees make periodic employee retirement insurance payments according to local regulatory requirements.

NON-CONFIDENTIAL

(16) Deferred (Debits) Credits—Profit (loss) from affiliates

Deferred (Debits) credits-profit (loss) from affiliates refer to the elimination of unrealized internal gain or losses related to sale of merchandise and assets to subsidiaries or equity-method investees in accordance with generally accepted accounting principles. The accounting treatments are carried out in accordance with SFAS No. 5 "Long-term Investments Accounted for Using the Equity Method". Unrealized gains or losses arising from downstream transactions between the investor and equity-method investees over which the investor has control, are eliminated in full. Where the investor has no control but only exercises significant influence over the investee company, any unrealized gains or losses arising from downstream transactions between the investor and investee shall be eliminated in proportion of the investor's ownership percentages in the investees.

(17) Classification of Capital and Income Expenditures

Significant recurring expenses were capitalized as assets, while others were expensed or charged to current income.

(18) Revenue Recognition**A. Operating Revenue**

The Company recognizes revenue when evidence of the revenue generation process is complete and the revenue is realized or the collectability is reasonably assured. Any sale not in satisfaction of the aforementioned criteria are recognized as revenue upon satisfaction of the criteria.

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

B. Construction Revenue

The SFAS No. 11 prescribes the adoption of the percentage-of-completion method to account for gains and losses on a construction project with a duration of more than 1 year or the complete-contract method for a construction project with a duration of less than 1 year.

(19) Bonus to Employees and Remuneration to Directors and Supervisors

Starting January 1, 2008 (incl.), the Company adopted Interpretation 96-052, issued by the ARDF, and makes an accrual for the amounts of bonus to employees and remuneration to directors and supervisors in the accounts as either "costs of operation" or "operating expenses" according to their nature. Any variance between the accrued or actual amounts adopted in shareholders' meeting is treated as accounting estimate change and charged or credited to current income.

(20) Foreign-currency Transactions

Foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Exchange gains or losses derived from foreign-currency transactions or monetary assets and liabilities denominated in foreign currencies are recognized in earnings. At the balance sheet date, foreign-currency assets and liabilities are revalued at prevailing exchange rates with the resulting gains or losses recognized in earnings.

(21) Treasury stock

The Company's purchase of common stock issued is recognized as "treasury stock" based on cost. When the price of disposal of treasury stock is higher than book value, the difference is credited to "capital surplus – treasury stock". When the situation is reversed, the difference is recorded as a reduction in "capital surplus – treasury stock" or retained earnings when "capital surplus – treasury stock" is insufficient. The book value of treasury stock is calculated based on the average weight of each purchase reason.

At the time of writing off treasury stock, the Company should debit "common stock" and "capital surplus – premium on stock issuance" proportionally. As long as the book value is higher than the sum of par value and premium on stock issuance, the excess should be recorded as a reduction in "capital surplus – treasury stock" or retained earnings when "capital surplus – treasury stock" is insufficient. When the situation is reversed, the difference is credited to "capital surplus – treasury stock".

(22) Income Tax

The Company adopted SFAS No. 22, "Income Taxes", and makes inter-period and intra-period tax allocations. Furthermore, it complies with the requirements to recognize deferred income tax liabilities resulting from taxable temporary differences and to recognize deferred income tax assets resulting from deductible temporary differences, prior year loss carry forwards, and investment tax credits. The realization of deferred income tax assets is further assessed, and a valuation account, if needed, is provided accordingly. A deferred tax asset or liability is classified as current or non-current in accordance with the classification of its related asset or liability. However, if a deferred tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or non-current based on the expected length of time before it is realized or settled.

Income tax on unappropriated earnings at a rate of 10% is expensed in the year of stockholders' approval, which is the year subsequent to the year the earnings are generated.

The Income Basic Tax Act (the "IBTA") became effective on January 1, 2006. The alternative minimum tax ("AMT") imposed under the IBTA is a supplemental tax levied at a rate of 10% which is payable if the income tax payable determined pursuant to the Income Tax Act is below the minimum amount prescribed under the IBTA. The taxable income for calculating the AMT includes most of the income that is exempted from income tax under various laws and statutes. The Company has considered the impact of the IBTA in the determination of its tax liabilities.

Once the corporate tax law is amended, the deferred tax assets and liabilities will be recalculated and the differences will be recognized as tax expenses or benefit.

(23) Minority Interest

A subsidiary's equity that is held by the investors other than these affiliated companies.

(24) Asset Impairment

The Company assesses at each balance sheet date whether there is any indication that an asset may have been impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The Company recognizes impairment loss for an asset whose carrying value is higher than the recoverable amount.

The Company reverses an impairment loss recognized in prior periods for assets other than goodwill if there is any indication that the impairment loss recognized no longer exists or has decreased. The carrying value after the reversal should not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized in prior periods. Subsequent reversal of a previous recognized impairment loss on goodwill is not allowed.

3. ACCOUNTING CHANGES

(1) Effective January 1, 2009, the Company adopted the newly revised SFAS No. 10, "Accounting for Inventories." The main revisions are (1) inventories are stated at the lower of cost or net realizable value, and inventories are written down to net realizable value item-by-item except when the grouping of similar or related items is appropriate; (2) unallocated overheads are recognized as expenses in the period in which they are incurred; and (3) abnormal cost, write-downs of inventories and any reversal of write-downs are recorded as cost of sales for the period. The adoption of SFAS No. 10 resulted in a decrease of \$37,210 thousand in net income and a decrease of \$0.03 in earnings per share (after tax) for the year ended December 31, 2009.

To present fairly the product related cost, the Company considered cost of merchandise sales, unallocated fixed overheads, abnormal manufacturing cost, and loss on inventory valuation and obsolescence (or gain on inventory value recoveries) as part of cost of goods sold.

(2) On January 1, 2008, the Company has adopted newly released Statements of Financial Accounting Standards No. 39 "Share-based payment"(SFAS No. 39) and No.52 Explanation made by Accounting Research and Development Foundation in 2007. The effects of the adoption as of and for the year ended December 31, 2008 were as follows:

Accrued expenses: Increase by NT\$7,089 thousand; Tax payable: Decrease by NT\$1,772 thousand; Net income : Decrease by NT\$5,317 thousand; EPS (after tax): Decrease by NTS0.004.

4. CASH AND CASH EQUIVALENTS

Items	December 31	
	2009	2008
Petty cash	\$2,574	\$2,587
Checking account	465,499	311,570
Savings account	2,545,670	3,131,678
Foreign currency account	234,130	2,128,404
Time deposits	302,000	356,310
Short-term notes	-	50,000
Total	<u>\$3,549,873</u>	<u>\$5,980,549</u>

5. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Items	December 31	
	2009	2008
Financial assets held for trading-current		
Domestic listed stocks	\$910,524	\$608,798
Beneficiary certificates-funds	64,768	43,447
Corporate bonds	16,844	14,915
Subordinate financial debentures	9,996	-
Financial assets designated as at fair value through profit or loss-current		
Investment-linked insurance	6,906	6,927
Investment-linked bonds	-	9,901
Total	<u>\$1,009,038</u>	<u>\$683,988</u>
Financial assets at fair value through profit or loss-noncurrent	\$279,243	\$ -
Compound instruments		
Total	<u>\$279,243</u>	<u>\$ -</u>

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(1) As of December 31, 2009 and 2008, the Company and its subsidiaries included in the consolidated financial statements held the following structured notes for the purpose of deriving interest income. Details and the related risks of the investments are disclosed as follows:

Items	December 31	
	2009	2008
Farglory Life Principal Guaranteed Investment-linked Life Insurance	\$6,906	\$6,927
USD 2-Year Auto-Callable Maxi Floored Accrual Notes	-	3,215
AUD 1-Year Principal-Guaranteed Structured Note	-	1,909
USD 2.5-Year MORGAN STANLEY Principal-Guaranteed Structured Note	-	4,777
Subtotal	\$6,906	\$16,828
NTD-denominated credit linked structure product-noncurrent	279,243	
Total	\$293,055	\$33,656

A. As of December 31, 2009 and 2008, the consolidated entities had hybrid financial instruments on hand including principal-guaranteed and investment-linked life insurance products and principal guaranteed notes. These assets were designated as "financial assets at fair value through profit or loss- current".

The above structured notes were linked to SGAM's 10-Year guaranteed income bonds and portfolios of several designated stocks.

B. As of December 31, 2009 and 2008, outstanding structure products undertaken by the Company were as follows:

Counterparty and product type	2009		
	Principal/Contract amount	Interest rate	Contract period
TC Bank —	\$280,000	0.921%	2009.3.18
NTD-denominated credit-linked Structure product			2011.3.18

2008: None

Related investment instructions are as follows:

a. Credit reference companies including:

- (a) Yieh Hsing Enterprise Co., Ltd or its successors.
- (b) China Steel Corporation or its successors.
- (c) Chunghwa telecom Co., Ltd. or its successors.
- (d) Taiwan Semiconductor Manufacturing Co., Ltd. or its successors.

b. Major credit risk including:

- (a) Credit risk: Shall credit event occurred to any credit reference company, TC Bank will notify our company of the credit event and the notification date shall be deemed as termination date of credit event, as of termination date of credit event, the investment principal and accrued earnings shall be deemed as total loss, TC Bank will not assume delivery or payment obligation, the Company shall not revert to TC Bank for any request or claim.
- (b) Liquidity risk: The contract shall not be terminated for any reasons from the date (inclusive of same date) that the product launched to the termination date, and the total investment loss when credit event occurred.
- (c) Risk of change in transaction terms: Shall there occurred change of terms or inability of transaction due to market fluctuation, TC Bank reserves the right to change transaction terms and the power of decision, the actual transaction terms and price shall be based on the transaction confirmation letter prepared by TC Bank.
- (d) Risk of uncertain earnings: Shall there be credit event or potential credit event during investment period, the earnings maybe low or 0.
- (e) The risk of maximum possible loss of the product: Credit event or potential credit event result in total loss of principal.

(2) Net gain (loss) on financial assets held for trading for the years ended December 31, 2009 and 2008 were NT\$362,917 thousand and (NT\$21,717) thousand, respectively. Net gain (loss) on financial liabilities held for trading for the years ended December 31, 2009 and 2008 were (NT\$847) thousand and NTS0 thousand, respectively.

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6. BOND INVESTMENTS WITH NO ACTIVE MARKET

Items	December 31	
	2009	2008
Bond investments-- current		
Baohwa Bank subordinated bank debenture	\$5,000	\$5,000
Chinfon Bank subordinated bank debenture	2,000	2,000
Subtotal	\$7,000	\$7,000
Less: Accumulated impairment	(5,000)	(5,000)
Net	\$2,000	\$2,000
Bond investments-- noncurrent		
Chinfon Bank subordinated bank debenture	\$4,000	\$6,000
Total	\$4,000	\$6,000

(1) On December 28, 2005, the Company acquired the 5.5-Year subordinated bank debenture issued by Baohwa Bank at the face value of NT\$ 5,000 thousand and a maturity date of June 28, 2011. Baohwa Bank was currently under the supervision of the Financial Restructuring Fund of the Executive Yuan. As such, the Company has recognized impairment losses equaling to the full amount of investment in the second quarter of 2007.

(2) On June 28, 2005, the Company acquired the 7-year bank debenture issued by Chinfon Bank at the face value of NT\$10,000 thousand and a maturity date of June 28, 2012. As of December 31, 2009 and December 31, 2008, the interest rates were 2.30% and 2.975% respectively.

7. NOTES RECEIVABLE, NET

Items	December 31	
	2009	2008
Notes receivable	\$216,106	\$181,003
Less: Allowance for doubtful accounts	(380)	(1,720)
Notes receivable, net	\$215,726	\$179,283

Please refer to Note 38 for details of notes receivable from related parties.

8. ACCOUNTS RECEIVABLE, ENT

Items	December 31	
	2009	2008
Accounts receivable	\$2,465,065	\$1,818,326
Less: Allowance for doubtful accounts	(57,999)	(78,347)
Accounts receivable, net	\$2,407,066	\$1,739,979
Accounts receivable - related parties	\$1,471,584	\$661,335
Less: Allowance for doubtful accounts-related parties	(6,959)	(3,152)
Accounts receivable - related parties, net	\$1,464,625	\$658,183
Total	\$3,871,691	\$2,398,162

(1) Please refer to Note 38 for details of accounts receivable from related parties.

(2) As of December 31, 2009 and 2008, accounts receivable totaling NT\$ 153,435 thousand and NT\$114,000 thousand were provided as collateral for loans. Please refer to Note 39 for details of the Company's pledged assets.

9. OTHER RECEIVABLES

Items	December 31	
	2009	2008
Purchase discount receivable	\$17,260	\$17,341
Business tax return receivable	195,574	159,973
Receivable from capital reduction	-	12,600
Interest receivable	898	-
Other receivables	13,312	26,535
Subtotal	\$227,044	\$216,449
Less: Allowance for doubtful accounts	(3,826)	(11,691)
Net	\$223,218	\$204,758

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10. OTHER RECEIVABLES- RELATED PARTIES

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253.

Items	December 31	
	2009	2008
Purchase discounts receivable	\$46,809	\$ -
Receivable from disposal of assests	93,132	-
Cash dividends receivable	62,700	29,874
Others	3,172	1,742
Total	<u>\$205,813</u>	<u>\$31,616</u>

11. INVENTORIES AND COST OF GOODS SOLD

Items	December 31	
	2009	2008
Rolled Steel Department:		
Raw materials	\$3,031,152	\$2,962,344
Supplies	60,869	275,357
Work in process	849,651	1,048,424
Finished goods	2,035,162	3,091,155
Scraps	108,730	115,343
Subtotal	<u>\$6,085,564</u>	<u>\$7,492,623</u>
Less: valuation allowance	<u>(157,546)</u>	<u>(1,382,612)</u>
Net	<u>\$5,928,018</u>	<u>\$6,110,011</u>
Heavy Industry Department:		
Construction in progress	\$3,068,521	\$2,755,610
Less: transferred into deduction of advance construction receipts	<u>(403,292)</u>	<u>(263,157)</u>
Less: transferred from advance construction receipts	<u>(1,914,258)</u>	<u>(1,584,448)</u>
Subtotal	<u>\$750,971</u>	<u>\$908,005</u>
Less: valuation allowance	<u>(36,574)</u>	<u>(47,986)</u>
Net	<u>\$714,397</u>	<u>\$860,019</u>
Total	<u>\$6,642,415</u>	<u>\$6,970,030</u>

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(1)According to Statements of Financial Accounting Standards No. 11“Construction Contracts”, if the balance of construction in progress exceeds the balance of advance construction receipts, partial advance construction receipts are deducted from construction in progress. Please refer to Note 25 for the further details. If the balance of partial advance construction receipts exceed the balance of construction in progress, construction in progress is deducted from partial advance construction receipts.

(2)The related inventory gain(loss) recognized as operating cost for the years ended December 31, 2009 and 2008 were as follows:

Items	2009	2008
Cost of goods sold	\$41,861,392	\$51,008,993
Construction cost	1,120,701	1,466,232
Gain on inventory value recoveries	(1,232,613)	1,035,546
Unallocated fixed overheads	286,635	-
OEM Cost	15,260	13,906
Provision for (reverse of) loss on irrevocable purchase contract	(16,010)	16,010
Loss on retirement of inventories	-	156
Total	<u>\$42,035,365</u>	<u>\$53,540,843</u>

The Company recognized NT\$1,232,613 thousand of gain on inventory value recoveries for the year ended December 31, 2009 as a result of market price stabilizing and inventory reducing.

(3)As of December 31, 2009 and 2008, the fire insurance coverage for inventory was NT\$1,701,022 thousand and NT\$2,106,375 thousand, respectively; the construction insurance coverage was NT\$2,235,442 thousand and NT\$2,204,317 thousand, respectively. Inventories haven't been provided as collateral for loans.

12. PREPAYMENTS

Items	December 31	
	2009	2008
Prepayment for material purchase	\$1,746,195	\$608,727
Prepaid insurance	30,158	26,023
Prepaid sales tax	71,158	9,293
Prepaid royalties	207	207
Prepaid rents	2,995	3,995
Office supplies	248,888	33,779
Other prepayments	48,598	28,082
Total	<u>\$2,148,199</u>	<u>\$710,106</u>

Please refer to Note 40 for details of prepaid royalties.

13. NONCURRENT ASSETS HELD FOR SALE

Items	December 31	
	2009	2008
Land	\$12,977	\$ -
Less: accumulated impairment	(3,302)	-
Net	<u>\$9,675</u>	<u>\$ -</u>

(1) The land of Section Bao Dian Si was compulsory purchased by the Government, and the registration was finished in January 2010. The Company reclassified the land as noncurrent assets held for sale, and recognized related impairment loss caused by the compulsory purchase amounting to NTS3,302 thousand.

(2) According to SFAS No. 38, an entity shall not reclassify assets and liabilities in the balance sheets for prior periods if the entity reclassifies noncurrent assets as held for sale in the current period.

(3) The Company provided partial noncurrent assets held for sale as collateral for loans. Please refer to Note 35 for the information.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Name of Investee		December 31, 2009	
Companies	Shares (in thousands)	Carrying Value	% of Ownership
Yieh Mau Corporation	37,252	\$505,967	23.00%
Cheng Shin House Management Consulting Co., Ltd.	395	1,079	39.50%
Eliter International Corporation	66,351	699,191	28.57%
United Brightening Development Corp.	80,128	999,209	44.56%
Tian-Yue Hot Spring and Resort Inc.	1,170	4,649	19.50%
Global Partners Link Co., Ltd.	1,000	8,045	33.33%
Synn Industrial Co., Ltd.	39,120	464,888	30.00%
Asiazone Co., Limited	8,970	408,760	19.50%
Kuo Chang enterprise Co., Ltd.	39,537	530,555	45.00%
Tycoons Steel International Co., Ltd	14,700	372,247	49.00%
Hsing Jui Investments Limited	4,247	135,326	31.00%
Da Yao Engineering & Consulting Co., Ltd.	980	10,203	49.00%
E-DA Development Corp.	107,574	1,063,463	29.07%
Zheng Xin Secrrtty Co., Ltd.	1,800	22,171	45.00%
Champion Logistic Inc.	89,000	2,861,917	49.44%
E United Japan Co., Ltd.	-	5,828	47.00%
E-DA cultural creative industries Co., Ltd.	950	9,404	19.00%
Glorious Falcon International Ltd.	3,350	349,713	50.00%

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Name of Investee Companies	Shares (in thousands)	December 31, 2009	
		Carrying Value	% of Ownership
Wise Universal International Ltd.	1,500	48,815	50.00%
United winner metals	1	63,893	34.00%
Subtotal		\$8,565,323	
Prepayments for investments			
Hsing Jui Investments Limited		\$78,509	
Subtotal		\$78,509	
Total		\$8,643,832	

Name of Investee Companies	Shares (in thousands)	December 31, 2008	
		Carrying Value	% of Ownership
Yieh Mau Corporation	37,252	\$501,361	23.00%
Cheng Shin House Management Consulting Co., Ltd.	395	5,175	39.50%
Eliter International Corporation	66,351	695,264	28.57%
Widax Corporation	2,448	-	22.26%
United Brightening Development Corp.	80,128	792,596	44.56%
Tian-Yue Hot spring and Resort Inc.	1,170	6,892	19.50%
Global Partners Link Co., Ltd.	1,000	7,861	33.33%
Synn Industrial Co., Ltd.	33,300	446,926	30.00%
Asiazone Co., Limited	8,970	435,915	19.50%
Kuo Chang Enterprise Co., Ltd	39,537	398,183	45.00%
Tycoons Steel international Co., Ltd	14,700	429,357	49.00%
Hsing Jui Investments Limited	4,247	136,039	31.00%
Da Yao Engineering & Consulting Co., Ltd.	980	9,958	49.00%

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E-Da Development Corp.	78,500	780,969	29.07%
Zheng Xin Security Co., Ltd.	1,800	17,917	45.00%
Champion Logistic	89,000	2,919,760	49.44%
Glorious Falcon International Ltd.	3,350	279,927	50.00%
Wise Unirersal International Limited	1,500	49,915	50.00%
United Winner Metals	1	64,427	34.00%
Subtotal		<u>\$7,978,442</u>	
Prepayments for investments			
Hsing Jui investments Limited		\$52,841	-
Subtotal		<u>\$52,841</u>	
Total		<u>\$8,031,283</u>	

(1) The investment income (loss) recognized under the equity method for the years ended December 31, 2008 and 2007 were as follows:

Items	2009	2008
Audited financial statements	\$26,662	\$47,615
Non-audited financial statements	(2,384)	-
Audited financial statements by other auditors	(15,039)	(82,383)
Total	<u>\$9,239</u>	<u>(\$34,768)</u>

The carrying values of NT\$480,698 thousand and NT\$508,203 thousand as of December 31, 2009 and 2008, respectively, and the related investment income(loss) of (NT\$15,039) thousand and (NT\$82,383) thousand for the years ended December 31, 2009 and 2008, respectively, were recognized based on the investees' audited financial statements by the other auditors for the same years.

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- (2) a. The Company had the following joint venture investments as follows: Glorious Falcon International Limited, Wise Universe International Limited and Champion Logistic Inc. with paid-in capital of US\$ 6,700 thousand, US\$ 3,000 thousand and US\$180,000 thousand, respectively. The Company's ownership interest in the aforementioned investees was 50%, 50% and 49.44%, respectively.
- b. The Company's equity in Glorious Falcon International Limited, Wise Universe International Limited, and in Champion Logistic Inc. were as follows:
- December 31, 2009:

	Glorious Falcon International Limited	Wise Universe International Limited	Champion Logistic Inc.	Total
Current assets	\$798,750	\$48,425	\$1,896,902	\$2,744,077
Noncurrent assets	18,247	-	964,767	983,014
Current liabilities	467,284	10	10	467,304
Revenue	2,531,282	-	-	2,531,282
Cost	2,462,826	-	250	2,463,076

December 31, 2008:

	Glorious Falcon International Limited	Wise Universe International Limited	Champion Logistic Inc.	Total
Current assets	\$545,238	\$49,926	\$2,893,579	\$3,488,743
Noncurrent assets	23,791	-	-	23,791
Current liabilities	289,102	10	64	289,176
Revenue	4,483,144	-	-	4,483,144
Cost	4,402,783	52	64	4,402,899

- c. The Company had significant influence but no control over its joint-venture investees. The Company accounted for joint-venture investments using the equity method but did not include the investees in the consolidated financial statements.
- (3) The Company made investments in Tianjin Lianfa Precision Steel Corporation through Hsing Jui Investments Ltd. (BVI) with the approval of the Investment Commission, Ministry of Economic Affairs. The registered capital was US\$ 13,500 thousand. Please refer to Note 41 for information on the Company's investments in Mainland China.
- (4) The Company's investment in E-Da Development Co., Ltd. was initially accounted for as "financial assets carried at cost". The Company acquired significant influence over the investee starting November 2008 and has since accounted for the investment using the equity method.

15. REAL ESTATE INVESTMENTS

	December 31, 2009		December 31, 2008	
	Area	Amount	Area	Amount
Kushan District, Kaohsiung Land, Longhua section	38,730m ²	\$2,736,585	38,730m ²	\$2,736,585

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- (1) The above property was acquired by Yieh Hsing Enterprise Co., Ltd., a subsidiary of the Company. In August 2002, the Urban Planning Commission and the Kaohsiung Municipal Government (per Order Kao-Shih-Fu-Du Tze (2) No. 0920050789 issued on October 13, 2003) approved the company's application to change the land use from industrial to mixed commercial through a special development project.
- (2) The above real estate investments were provided as collateral for loans. Please refer to Note 39 for further details.

16. FINANCIAL ASSETS CARRIED AT COST

Name of Investee		December 31, 2009	
Companies	Shares (in thousands)	Carrying Value	% of Ownership
Yieh United Steel Corporation	255,274	\$2,481,201	14.62%
Shuo Huang Enterprise Co., Ltd.	980	-	19.60%
Universal Venture Capital Investment Co., Ltd.	1,100	9,130	0.91%
Chateau Bridgetop Inc.	5,000	-	10.00%
Pacific Harbour Stevedoring Corp.	300	3,300	6.00%
Grand Fortune Special Steel Co., Ltd.	3,558	-	5.73%
Ascentek Venture Capital Corp.	2,352	23,520	6.42%
Eastern Broadband Telecommunications Co., Ltd.	4,500	-	0.14%
Neoflex Technology Co., Ltd.	88	1,060	0.59%
Strategic Advisory Investment Limited.	100	-	10.00%
Kuo FU Venture Investment Corp.	4,200	15,880	10.00%
Dance & Jump Software Co., Ltd.	88	535	1.60%

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Name of Investee		December 31, 2009	
Companies	Shares (in thousands)	Carrying Value	% of Ownership
Ambeon Corporation Ltd	150	1,500	3.42%
Auto Parts Industrial Ltd	10,100	100,000	4.41%
Microlinks Technology Corp.	3,000	4,440	11.63%
Taiwan Ves-Power Co.,Ltd	4,321	81,105	3.60%
Windance Co., Ltd.	18,469	-	2.68%
New Springs Construction Corp.	5,375	41,833	19.31%
Yieh Corporation Limited	200	2,002	6.67%
Rodan (Taiwan) Ltd.	176	492	1.07%
Total		<u>\$2,765,998</u>	

Name of Investee		December 31, 2008	
Companies	Shares (in thousands)	Carrying Value	% of Ownership
Yieh United Steel Corporation	255,274	\$2,477,974	14.62%
Shuo Huang Enterprise Co.,Ltd.	980	-	19.60%
Universal Venture Capital Investment Co., Ltd.	1,100	9,130	0.91%
Chateau Bridgetop Inc.	5,000	-	10.00%
Pacific Harbour Stevedoring Corp.	300	3,300	6.00%
Grand Fortune Special Steel Co., Ltd.	3,558	-	5.73%
Ascentek Venture Capital Corp.	2,940	29,400	6.42%
Eastern Broadband Telecommunications Co.,Ltd.	6,000	-	0.18%
Neoflex Technology Co.,Ltd.	255	3,063	0.98%

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Name of Investee Companies	Shares (in thousands)	December 31, 2008	
		Carrying Value	% of Ownership
Strategic Advisory Investment Ltd.	100	-	10.00%
Kuo Fu Venture Investment Corp.	4,200	15,880	10.00%
Dance & Jump Software Co., Ltd.	88	535	1.60%
Ambeon Corporation	150	1,500	3.42%
Auto Parts Industrial Ltd	10,100	100,000	4.41%
Microlinks Technology Corp.	3,000	4,440	11.63%
Taiwan Ves-Power Co., Ltd	4,321	81,105	3.60%
Windance Co., Ltd.	18,469	-	2.68%
New Springs Construction Corp.	4,705	41,833	19.30%
Adv Group Limited.	431	-	1.02%
Cyber Living Holdings Ltd.	1	-	4.00%
Yieh Corporation Limited	200	2,002	6.67%
Glorious Communication Semiconductors Inc.	250	984	0.55%
Rodan (Taiwan) Ltd.	176	492	1.07%
Subtotal		<u>\$2,771,638</u>	
Prepayments for stocks			
Aceros De China, S.L.		<u>\$32,901</u>	
Subtotal		<u>\$32,901</u>	
Total		<u><u>\$2,804,539</u></u>	

- (1) The above equity investments, which had no quoted prices in active market and of which fair value could not be reliably measured, were carried at cost.
- (2) Due to serious difficulty in operation and financial crisis of certain investees, the Company has recognized impairment loss for these assets.

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17. PROPERTY, PLANT AND EQUIPMENT

PUBLIC FILE
243

(1)The Company had the following property, plant and equipment as of December 31, 2009:

	Cost of Acquisition	Accumulated Depreciation	Carrying Value
Land	\$2,937,031	\$ -	\$2,937,031
Buildings	6,903,580	2,684,071	4,219,509
Machinery equipment	28,151,351	11,341,883	16,809,468
Molding equipment	1,248,825	781,144	467,681
Utilities equipment	348,843	205,296	143,547
Computer	339,525	262,121	77,404
communication equipment			
Testing equipment	90,901	61,488	29,413
Transportation equipmen	900,368	570,310	330,058
Other equipment	565,467	417,347	148,120
Construction in progress	627,774	-	627,774
Prepayment for	1,998,029	-	1,998,029
business facilities			
Total	<u>44,111,694</u>	<u>16,323,660</u>	<u>\$27,788,034</u>
Less: Accumulated impairment			<u>(141,475)</u>
Net			<u>\$27,646,559</u>

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(2) The Company had the following property, plant and equipment as of December 31, 2008:

	Cost of Acquisition	Accumulated Depreciation	Carrying Value
Land	\$2,963,726	\$ -	\$2,963,726
Buildings	6,635,182	2,401,512	4,233,670
Machinery equipment	26,357,206	10,333,728	16,023,478
Molding equipment	1,230,396	707,199	523,197
Utilities equipment	351,490	185,268	166,222
Computer	332,675	215,309	117,366
communication equipment			
Testing equipment	69,896	44,142	25,754
Transportation equipmen	826,315	540,975	285,340
Other equipment	566,278	420,914	145,364
Construction in progress	931,289	-	931,289
Prepayment for	3,883,899	-	3,883,899
business facilities			
Total	<u>44,148,352</u>	<u>14,849,047</u>	<u>\$29,299,305</u>
Less: Accumulated impairment			<u>(143,986)</u>
Net			<u>\$29,155,319</u>

(3) The buildings and operating equipment of Yieh Hsing Enterprise Co., Ltd.'s originally suspended Pingnan factory amounted to NT\$1,674,390 thousand. The subsidiary expanded new product lines in 2008, and reassembled such original equipment as part of the new expansion equipment. In accordance with the Order No. 053 issued by the ARDF in 2002, the carrying value of original equipment after deducting the impairment loss were transferred to construction in progress and prepayments of equipment amounting to NT\$202,170 thousand and NT\$1,472,220 thousand, respectively. As of December 31, 2009 and 2008, the expansion equipment cost occurred was NT\$572,995 thousand, and NT\$386,773 thousand, respectively.

(4) Partial property, plant and equipment has been pledged for loans. Please refer to Note 39 for the information.

(5) As of December 31, 2009 and 2008, the Company's properties had not been revalued.

(6) The details of interest capitalized were as follows:

Items	2009	2008
Capitalized interest expense	<u>\$135,564</u>	<u>\$115,930</u>
Capitalized interest rates	<u>0.17%-7.16%</u>	<u>2.83%-7.16%</u>

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- (7) Insurance coverage on property, plant and equipment (including assets leased to others) amounted to NT\$36,854,147 thousand and NT\$37,512,279 thousand as of December 31, 2009 and 2008 respectively; Insurance coverage on operation break off amounted to NT\$2,354,457 thousand and NT\$2,674,961 thousand as of December 31, 2009 and 2008, respectively.
- (8) The subsidiary, Chang Shu Chief Leading Edge Materials Co., Ltd. recognized impairment loss of RMB 30,000 thousand based on the recovering amount estimated as of December 31, 2009.

18. OVERDUE RECEIVABLE, NET

Items	December 31	
	2009	2008
Overdue receivable	\$40,579	\$45,356
Less: allowance for doubtful accounts	(40,579)	(45,356)
Total	\$ -	\$ -

19. ASSETS LEASED TO OTHERS

Cost	2009	2008
Land	\$119,875	\$123,711
Buildings and structures	227,466	229,131
Machinery and equipment	472,801	474,620
Other equipments	35,347	36,523
Total	\$855,489	\$863,985
Less: accumulated depreciation	(187,117)	(140,977)
Net	\$668,372	\$723,008

- (1) Yieh Hsing Enterprise Co., Ltd., the Company's consolidated subsidiary, leased the stainless steel manufacturing plant to Yieh Mau Corp. The lease term was for the period from October 26, 2005 to October 25, 2010, with a monthly rental payment of NT\$ 200 thousand. The lease agreement also stipulates an additional rental payment equivalent to 40% of net income in any profit-making year.
- (2) Partial assets leased to others have been pledged for loans. Please refer to Note 38. for the information.
- (3) Please refer to Note 17 for insurance coverage on assets leased to others.

20. IDLE ASSETS, NET

(1) As of December 31, 2009, the Company had the following idle assets:

	Cost of Acquisition	Accumulated Depreciation	Carrying Value
Land	\$208,101	\$ -	\$208,101
Other equipments	16,098	13,389	2,709
Total	<u>\$224,199</u>	<u>\$13,389</u>	<u>\$210,810</u>
Less: Accumulated impairment			<u>(1,705)</u>
Net			<u>\$209,105</u>

(2) As of December 31, 2008, the Company had the following idle assets:

	Cost of Acquisition	Accumulated Depreciation	Carrying Value
Land	\$208,101	\$ -	\$208,101
Machinery and equipment	33,104	14,551	18,553
Transportation equipment	8,141	3,135	5,006
Utilities equipment	2,753	1,005	1,748
Other equipments	19,002	15,238	3,764
Total	<u>\$271,101</u>	<u>\$33,929</u>	<u>\$237,172</u>
Less: Accumulated impairment			<u>(5,727)</u>
Net			<u>\$231,445</u>

(3) The above idle assets included assets transferred from the consolidation with Lien Kang Heavy Industrial Co., Ltd. and equipment not used in the operations. The impairment loss was recognized based on the recovering amount. As of December 31, 2009, the accumulated impairment loss was NT\$1,705 thousand.

(4) Partial idle assets have been pledged for loans. Please refer to Note 39 for the information.

21. OTHER ASSETS-OTHERS

Items	December 31	
	2009	2008
Prepaid royalties	\$1,033	\$1,240
Prepaid pension costs	60,346	48,082
Land in use	115,460	135,384
Assets with suspended expansion-Pingnan factory construction	1,040,809	1,042,038
Total	\$1,217,648	\$1,226,744

(1) Please refer to Note 40 for details of prepaid royalties.

(2) Land in use

A. Land in use-the parent company referred to the amount used to purchase No.0154、132、132-1、132-2 of Guan-Shui Duan and NO.1015、1016 of An-Zhao Duan of Yen-Chao Hsing, as the ownership of the land can not be transferred to the Company due to the legal restriction of the land category. It is provisionally registered under the seller's name, however, mortgage registration has been conducted in order to ensure the right of the Company. As the restructure of land category has enabled the land free from legal restrictions, the ownership of land has thus been transferred to the Company in March 2009, and the land had been reclassified as property, plant and equipment-land from other assets – others.

B. Land-the parent company of No. 107 of Sanyepi Duan was scheduled for raw material storage area, though the right was scheduled to register under the Company's name. As the duration was expired in October 2006 and the creditor bank of the seller sought a court seizure of the land, the Company has requested the seller to complete the registration of transfer of property right within prescribed period in order to ensure the right of the Company. The purchase agreement of the land will be nullified if the transfer is not implemented within the prescribed period. As of August 18, 2007, the transfer was expired and thus the Company transferred the scheduled payment to other payable. Though the Company has successfully won the bid after the land was auctioned by court, however, the regulatory restriction prohibited the purchase of agricultural land by a company. To solve the issue, the ownership of the land was transferred to the financial vice general manager of the Company under trust deed in March 2009 and the ownership certificate of the land was kept by the Company.

C. Subsidiary-Yieh Hsing Enterprise Co., Ltd.

a. Land-Lot 136(NTS 8,000 thousand), Paimi section in Kangshan Township was used to warehouse scrap materials. Due to regulatory restrictions, ownership of the property could not be transferred to the acquirer, Yieh Hsing Enterprise Co., Ltd. The current property owner, Ms. Tin, Su-Yun has handed over the title deed for custody by Yieh Hsing Enterprise Co., Ltd., which also has the principal claim over the property. The seller has also issued a Letter of Undertaking to relinquish all rights to pursue legal action.

b. Yieh Hsing Enterprise Co., Ltd. purchased the land located at Lot 200-3 (NT\$72,806 thousand), Paimi section in Kangshan Township to warehouse raw materials and finished goods. Current regulations do not allow purchase of agricultural land by a company. The land was purchased under a trust agreement and on October 9, 2008, the title was transferred to the assistant vice manager of Yieh Hsing Co, Ltd.. The title deed was kept under the custody of Yieh Hsing Enterprise Co., Ltd.

c. The ownership of land (NT\$ 26,138 thousand) totaling 4,854.87m2 in area located at Niuo Shih Kan section in Dashe Township acquired by Yieh Hsing Enterprise Co., Ltd. could not be transferred to Yieh Hsing Enterprise Co., Ltd. due to current regulatory restrictions. The owners, Lin Chih-Lung, Lin Mei-Feng and Chen Chang-Hsiung have issued a Letter of Undertaking to confirm purchase of the land by Yieh Hsing Enterprise Co., Ltd. and guaranteed to transfer the title upon disposal or use of the land. The sellers also presented the title deed for custody by Yieh Hsing Enterprise Co., Ltd.

- (3) Assets with suspended expansion- Pingnan factory construction project was originally part of the Company's business expansion plan adopted by the Board of Directors in their meeting held on August 28, 2006 to invest and build a factory in the Pingnan Industrial Park. In view of the opinions of the local government and residents, the Board of Directors resolved to terminate the Company's expansion project on December 19, 2006. The Company planned for subsidiaries to take over the expansion projects. As of December 31, 2009, the Company has not liaised with any subsidiary regarding the transfer/acquisition of the investment. Details of the investment project were as follows:

Items	December 31	
	2009	2008
Land	\$940,740	\$940,740
Land improvement	1,092	1,092
Buildings	26,604	26,604
Construction in progress	16,862	16,862
Prepayments for equipment	135,582	135,582
Less: accumulated depreciation	(3,571)	(2,342)
accumulated impairment	(76,500)	(76,500)
Total	<u>\$1,040,809</u>	<u>\$1,042,038</u>

- (4) The Company has provided some of the other assets-others as collateral for loans. Please refer to Note 39 for further details.

22. SHORT-TERM LOANS

Items	December 31, 2009	
	Amount	Interest rates
Unsecured loans	\$2,500,941	1.47%-5.84%
Material loans	6,410,811	0.81%-3.10%
Mortgage loans	1,423,527	1.01%-4.86%
Total	<u>\$10,335,279</u>	

Items	December 31, 2008	
	Amount	Interest rates
Unsecured loans	\$1,713,137	1.95%-6.66%
Material loans	6,941,267	1.82%-6.31%
Mortgage loans	2,016,558	2.78%-7.47%
Total	<u>\$10,670,962</u>	

The Company pledged part of its assets as collaterals for loans. Please refer to Note 39 for the information.

23. SHORT-TERM NOTES AND BILLS PAYABLE

Guarantor	December 31	
	2009	2008
China Bills Finance Corp.	\$100,000	\$845,000
Mega Bills Finance Corp.	261,600	315,200
International Bills Finance Corp.	200,000	200,000
Taiwan Bills Finance Corp.	50,000	50,000
Chinatrust Bills Finance Corp.	100,000	100,000
Land Bank (Kangshan Branch)	40,000	40,000
Da Chung Bills Finance Corp.	-	100,000
Total	<u>\$751,600</u>	<u>\$1,650,200</u>
Less: unamortized discount on bonds payable	<u>(895)</u>	<u>(2,831)</u>
Net	<u>\$750,705</u>	<u>\$1,647,369</u>
Interest rate	<u>0.35%-2.89%</u>	<u>1.67%-3.25%</u>

The Company pledged part of its assets as collaterals for short-term bills payable. Please refer to Note 39 for the information.

24. OTHER PAYABLES

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236

Items	December 31	
	2009	2008
Equipment payables	\$60,525	\$70,585
Cash dividends payable	22,189	22,149
Business tax payable	5,514	38,265
Quantity discounts payable	34,568	22,651
Payable on purchase contract loss	-	16,010
Others	28,689	41,945
Total	<u>\$151,485</u>	<u>\$211,605</u>

25. ADVANCE RECEIPTS

Items	December 31	
	2009	2008
Advance sales receipts	\$208,419	\$338,659
Advance other receipts	26,090	8,485
Advance construction receipts	2,367,479	1,925,944
Less: transferred from construction in progress	(403,292)	(263,157)
Less: transferred into deduction of construction in progress	(1,914,258)	(1,584,448)
Total	<u>\$284,438</u>	<u>\$425,483</u>

(1) According to Statements of Financial Accounting Standards No. 11 "Construction Contracts", if the balance of construction in progress exceeds the balance of partial advance construction receipts, partial advance construction receipts are deducted from construction in progress.

(2) If the balance of partial advance construction receipts exceed the balance of construction in progress, construction in progress is deducted from partial advance construction receipts. Please refer to Note 11 for the information.

26. LONG-TERM LIABILITIES- CURRENT PORTION

Items	December 31	
	2009	2008
Long-term liabilities- current portion	\$3,775,348	\$3,722,743
Lease payable	540	1,230
Total	<u>\$3,775,888</u>	<u>\$3,723,973</u>

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27. LONG-TERM LIASILITIES AND CURRENT PORTION OF LONG-TERM LIABILITIES

December 31

Loan Institutions	Maturity Date	2009	2008	Repayment
Taiwan Business Bank-Kaohsiung	2014.3.17	\$200,000	\$ -	Repayable in installments
Syndicated banks led by Chang Hwa Commercial Bank (Kaohsiung Branch)	2011.7.29	2,500,000	3,000,000	Repayable in installments
Syndicated banks led by Mega International Commercial Bank (Kaohsiung Branch)	2011.3.25	-	280,000	Repayable in installments and fully repaid in 2009
Yuanta Bank (Kaohsiung Branch)	2009.5.22	-	37,500	Repayable in installments
Standard Chartered Bank (Duanbei Branch)	2009.5.22	-	60,000	Repayable in installments
Mega International Commercial Bank (Kangdu Branch)	2015.3.24	480,000	480,000	Repayable in installments
Mega International Commercial Bank (Kangdu Branch)	2013.6.9	469,000	603,000	Repayable in installments
Mega International Commercial Bank (Kangdu Branch)	2016.5.4	343,000	-	Repayable in installments
Mega International Commercial Bank (Kangdu Branch)	2016.9.29	750,000	-	Repayable in installments
Syndicated banks led by Taiwan Cooperative Bank (Kaohsiung Branch)	2013.7.22	4,000,000	4,000,000	Repayable in installments
Syndicated banks led by TaChong Bank	2010.3.21	-	787,200	Repaid in advance
Syndicated banks led by Taiwan Cooperative Bank	2010.6.29	-	721,600	Repayable in installments
Syndicated banks led by Taiwan Cooperative Bank	2012.12.11	319,900	-	Repayable in installments
Mega International Commercial Bank	2010.2.14	-	164,000	Repaid in advance
Hypo-und Vereinsbank AG	2010.12.28	639,800	820,000	Repayable in installments
Jih Sun International Bank	2011.7.15	-	656,000	Repaid in advance
Syndicated banks led by Taiwan Business Bank	2012.12.24	1,759,450	-	Repayable in installments
China Construction bank	2010.4.30	-	72,806	Repaid in advance
China Construction bank	2010.4.30	22,844	70,227	Repayable in installments
China Construction bank	2010.10.30	38,996	119,993	Repayable in installments
China Construction bank	2011.3.10	70,212	119,999	Repayable in installments
China Construction bank	2011.3.15	105,317	179,999	Repayable in installments

Loan Institutions	Maturity Date	2009	2008	Repayment
China Construction bank	2010.10.30	27,984	86,028	Repayable in installments
China Construction bank	2011.3.21	115,851	197,816	Repayable in installments
China Construction bank	2011.2.15	85,688	146,314	Repayable in installments
China Construction bank	2011.1.15	85,688	146,314	Repayable in installments
China Construction bank	2011.1.15	102,826	175,576	Repayable in installments
China Construction bank	2011.2.15	68,551	117,051	Repayable in installments
China Construction bank	2011.3.21	68,551	117,051	Repayable in installments
China Construction bank	2011.3.21	89,483	150,225	Repayable in installments
Bank of Overseas Chinese	2012.12.30	768,337	1,113,491	Partial repaid in advance
Syndicated banks led by BNP	2010.4.10	1,278,568	2,183,970	Repayable in installments
Washington First International	2012.12.30	496,609	-	Repayable in installments
Bank HSBC bank	2012.12.30	234,249	-	Repayable in installments
7 syndicated banks led by Land Bank of Taiwan	2016.6.26	2,500,000	-	Repayable in installments
8 syndicated banks led by Mega International Commercial Bank	2013.6.29	1,416,780	1,822,860	Repayable in installments
Chang Hwa Commercial Bank	2013.6.28	185,052	238,452	Repaid at maturity
TaChong Bank	2011.2.28	280,000	-	Repayable in installments
Total		\$19,502,736	\$18,667,472	
Less: Current portion		(3,775,348)	(3,722,743)	
Long-term liabilities		\$15,727,388	\$14,944,729	
Interest rates		1.15%-5.35%	2.06%-8.10%	

(1) Please refer to Note 39 for details of collateral provided for the above bank loans.

(2) Restrictive covenants:

A. Special clauses governing long-term loan agreements between the Company and the lenders (banks) were as follows:

- a. The lender (bank) is the principal beneficiary over the insurance claim.
- b. Transfer, pledge, lease or disposal of the collaterals shall be consented by the lender (bank).
- c. Alteration to, improvement of, addition to and scarping of the collaterals shall be consented by the lenders (banks).

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B. Special clauses governing the syndicated loan agreement entered into between the Company and Taiwan Cooperative Bank were as follows:

The following financial ratios computed based on the Company's audited financial statements shall meet the following criteria:

- a. Current assets to current liabilities ratio shall be not less than 100%.
- b. Total liabilities to total net assets ratio shall be not greater than 100%.
- c. Interest coverage ratio (net income before income tax + interest expense + depreciation and amortization/interest expense): less than 3 times.
- d. Net intangible assets shall be greater than NTS 17 billion (incl.).

C. The special terms agreed between the bank and the creditor bank regarding the long term loan of syndicated loan project with Changhwa Bank- Kaohsiung branch are as follows:

The semiannual and annual audited financial statement of our company shall maintain the following financial ratio:

- a. The ratio of current asset to current liability shall not be lower than 100%.
- b. The debt-equity ratio shall not be higher than 150%.
- c. Interest coverage ratio (net income before tax + interest expense + depreciation and amortization / interest expense) shall not be lower than two times.

D. Special clauses governing the long-term loan agreement between Yieh Phui (China) Technomaterial Co., Ltd. and the lenders (banks) were as follows:

a. Guarantor: The financial ratios computed based on the audited financial statements of Yieh Phui Enterprise Co., Ltd. shall meet the following criteria:

- (1) Current assets to current liabilities ratio: no less than 100%.
- (2) Total liabilities to total net assets ratio shall be no greater than 175%.
- (3) Interest coverage ratio (net income before income tax + interest expense + depreciation and amortization/interest expense): less than 2.5 times.

b. Borrower: The financial ratios computed based on the financial statements of Yieh Phui (China) Technomaterial Co., Ltd. shall meet the following criteria:

- (1) Debt ratio shall not be in excess of 2.5 for year 2008 and thereafter.
- (2) Interest coverage ratio (net income before income tax + interest expense + depreciation / interest expense) shall not be less than 1.5 for 2007 and thereafter.

c. Mickey Regent Inc. provided a certificate of time deposit and credit guarantee as collateral for the loan extended by the Overseas Chinese Banks to Yieh Phui (China) Technomaterial Co., Ltd, allowing the borrower to use the revolving credit facility up to the pre-specified limit. The credit guarantee provided by Mickey Regent Inc. was for 3 years.

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E. Special clauses governing the syndicated loan agreement entered into between Yieh Hsing Enterprise Co., Ltd. and Land Bank of Taiwan were as follows:

- a. The following financial ratios computed based on the Company's non-consolidated audited financial statements shall meet the following criteria:
 - (a) Liability ratio (total liabilities to total equity ratio) shall be no greater than 200%.
- b. If Yieh Hsing Enterprise Co., Ltd. couldn't maintain the above mentioned financial ratio, the company should improve within 5 months starting from May 1 of the year following the audited year. The bank will raise 0.20% of interest rate during the improvement period. If the company couldn't meet the improvement deadline (September 30), the Company should pay punishment fee, which is 0.05% of unpaid loan, together with the improvement period interest rate plus another 0.20% until full improvement.

F. Special clauses governing the long-term loan agreement between Mickey Regent Inc. and the lenders (banks) were as follows:

Guarantor: The financial ratios computed based on the audited financial statements of Yieh Phui Enterprise Co., Ltd. shall meet the following criteria:

- a. Current assets to current liabilities ratio shall not be less than 70%.
- b. Total liabilities to total net assets ratio shall be no greater than 150%.
- c. Interest coverage ratio (net income before income tax+ interest expense+ depreciation /interest expense) shall not be less than 2.5 times.
- d. Net intangible assets (total equity - intangible assets) shall not be less than NT\$ 17 billion.

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28. PENSION

- (1) The defined benefit plan under the Labor Standards Law is disbursed based on the units of service years and the average salary in the last six months of the service year. Two units per year are entitled for the first 15 years of services while one unit per year is entitled after the completion of the fifteenth year. The total units shall not exceed 45 units.

A.In accordance with SFAS No. 18, the Company carried out actuarial valuations with measurement dates of December 31, 2009 and 2008. Pension information on the defined benefit plan was summarized as follows:

(a) Components of net pension cost:

Items	2009	2008
Service cost	\$12,909	\$13,236
Interest cost	13,016	15,449
Projected return on plan assets	(11,954)	(13,164)
Amortization of net transition obligation	2,621	2,621
Amortization of unrecognized net gain or loss	1,253	2,107
Net pension cost of parent compant	\$17,845	\$20,249
Net pension cost of subsidiary	17,972	16,591
Total	\$35,817	\$36,840

(b) Reconciliation of funded status of the plans and accrued pension liability as of followings:

December 31, 2009:

Items	The Company	Subsidiary
Benefit obligation:		
Vested benefit obligation	(\$38,435)	(\$45,945)
Non-vested benefit obligation	(421,197)	(185,984)
Accumulated benefit obligation	(\$459,632)	(\$231,929)
Additional benefits based on future salarie	(94,706)	(69,026)
Projected benefit obligation	(\$554,338)	(\$300,955)
Fair value of plan assets	505,914	50,467
Funded status	(\$48,424)	(\$250,488)
Unrecognized transition benefit obligation	9,666	37,602
Unrecognized pension gain(loss)	96,332	(13,990)
Additional pension liabilities	-	(2,881)
Prepaid pension cost (accrued pension liabilities)	\$57,574	(\$229,757)
Vested benefit	\$49,751	\$52,573

December 31, 2008:

Items	The Company	Subsidiary
Benefit obligation:		
Vested benefit obligation	(\$28,978)	(\$42,085)
Non-vested benefit obligation	(342,824)	(158,640)
Accumulated benefit obligation	(\$371,802)	(\$200,725)
Additional benefits based on future salaries	(148,854)	(60,907)
Projected benefit obligation	(\$520,656)	(\$261,632)
Fair value of plan assets	478,150	47,529
Funded status	(\$42,506)	(\$214,103)
Unrecognized transition benefit obligation	12,286	45,841
Unrecognized pension gain(loss)	75,877	(43,855)
Additional pension liabilities	-	(5,266)
Prepaid pension cost (accrued pension liabilities)	\$45,657	(\$217,383)
Vested benefit	\$33,512	\$50,530

(c) As of December 31, 2009, the Company's prepaid pension cost amounted to NT\$57,574 thousand, which was classified as other assets-others of NT\$60,346 thousand and accrued expenses of NT\$2,772 thousand; the subsidiaries' accrued pension liabilities were classified as accrued pension liabilities of NT\$229,732 thousand, and accrued expenses of NT\$25 thousand.

(d) As of December 31, 2008, the Company's prepaid pension cost amounted to NT\$45,657 thousand, which was classified as other assets-others of NT\$48,082 thousand and accrued expenses of NT\$2,425 thousand; the subsidiaries' accrued pension liabilities were classified as accrued pension liabilities of NT\$217,358 thousand, and accrued expenses of NT\$25 thousand.

(e) Actuarial assumptions:

December 31, 2009:

	The Company	Subsidiaries
Discount rate	2.0%	2.25%-2.75%
Future salary increase rate	1.5%	2.0%
Expected rate of return on plan assets	2.0%	2.0%-2.75%

December 31, 2008:

	The Company	Subsidiaries
Discount rate	2.5%	2.5%-3.0%
Future salary increase rate	1.5%	2.0%-2.5%
Expected rate of return on plan assets	2.5%	2.0%-3.0%

B. The Labor Pension Act of R.O.C (the Act), which adopts a defined contribution plan, became effective on July 1, 2005. Employees may choose either the Act, by retaining their seniority before the enforcement of the Act, or the pension mechanism of the Labor Standards Law. According to the Act, the rate of contribution by any employer to an employee's pension account per month shall not be less than 6% of each employee's monthly salary. The Company has made monthly contributions based on each individual employee's salary to employees' pension accounts since July 1, 2005, which amounted to NTS36,147 thousand and NTS57,030 thousand for the years ended December 31, 2009 and 2008, respectively.

29. CAPITAL STOCK

Items	December 31	
	2009	2008
Authorized capital	\$20,000,000	\$20,000,000
Issued capital	14,542,192	14,591,543
Issued shares (unit: thousand)	1,454,219	1,459,154
Par value (NT dollars)	\$10	\$10

The Company's shareholders' meeting approved earnings transferred to capital by NTS423,559 thousand on June 16, 2009. In addition, the Ministry of Economic Affairs has approved the retirement of treasury stock and the Capital reduction of NTS472,910 thousand on March 27, 2009.

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30. TREASURY STOCK

		(Shares in thousand)	
Reason	Items	2009	2008
To maintain the Company's creditability and shareholders' interest	Beginning shares	47,291	-
	Addition	-	47,291
	Reduction	(47,291)	-
	Ending shares	-	47,291

(1) Under the Securities and Exchange Law, the buyback amount of treasury stock should not exceed 10% of total issued shares, and the buyback cost should not exceed the sum of the retained earnings, additional paid-in capital in excess of par value and realized capital surplus. On October 23, 2008, the Company's board of directors approved a share buyback plan to repurchase up to 100,000 thousand shares of the Company's common stock between October 24, 2008 and December 23, 2008, and 47,291 thousand shares were repurchased at totalling \$418,867 thousand during this period. The Company's board of directors resolved March 12, 2009 as the record date of the capital reduction on February 17, 2009, and the capital reduction was registered with the authority on March 27, 2009.

(2) Under the Securities and Exchange Act, the Company shall neither pledge treasury stock nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

31. CAPITAL SURPLUS

In accordance with regulations of R.O.C Company Law, the Capital Surplus shall first be used to offset losses from the previous years; afterwards, it, so-called the realized Capital Surplus, if any, can be transferred to the Company's Capital. The above-mentioned realized Capital Surplus includes the excess of the issue price over the par-value of the capital stocks and the donations. Under the regulations of the Security Exchange Law, the maximum amount transferred from Capital Surplus to the Company's Capital per year shall not be over 10% of the Company's Issued Capital. In addition, capital increase by transferring paid-in capital in excess of par value can be commence in the following year.

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32. APPROPRIATION OF RETAINED EARNINGS AND DIVIDEND POLICY

(1) As part of a growing enterprise, the Company considers its expanding plan and financial goal in determining the stock or cash dividends to be paid. That is, the Company's dividend distribution is based on the availability of excess funds. According to the Company Law of the ROC and the Company's Articles of Incorporation, 10% of the Company's annual net income less any deficit should first be set aside as legal reserve. The remainder of the unappropriated earnings, less special reserve based on relevant laws and regulations or business requirements, should be distributed as dividends and bonus. The appropriation of earnings should be resolved in the shareholders' meeting. However, there should be appropriations of 1% as bonuses to employees and not more than 0.2% as remuneration to directors and supervisors. In consideration of its expanding plan and future cash demands, the Company intends to distribute stock dividends. The Company's dividend policy stipulates that at least 20% of total dividends may be distributed as cash dividends, and no more 80% of total dividends may be distributed as stock dividends.

(2) Pursuant to Article 41 of the Securities and Exchange Law of the R.O.C., a special reserve is set aside from the current net income and prior unappropriated earnings with an amount equal to the amount of items that is accounted for as deductions to stockholders' equity such as unrealized loss on long-term investment and cumulative translation adjustments. When the deductions to stockholders' equity are reversed, the set-aside special reserve can be distributed.

(3) Employees' bonuses and remuneration to directors and supervisors

A. Based on the resolution of the annual stockholders' meetings held on June 16, 2009, the information on employees' bonuses, and directors' and supervisors' remuneration appropriated from the distributable retained earnings of 2008 was as follows:

Items	Amount
Bonus to employees	\$2,858
Remuneration to directors and supervisors	572
Total	<u>\$3,430</u>

The above distributions of retained earnings did not differ from the resolutions made by the meetings of the board of directors on April 23, 2009.

B.The appropriations of earnings for 2008 and 2007 had been approved by the shareholders' meetings in June 2009 and 2008. The appropriations and dividends per share were as follows:

Items	Appropriation of Earnings		Dividends Per Share	
	2008	2007	2008	2007
Legal reserve	\$101,536	\$160,248		
Special reserve	-	1,387		
Cash dividends	282,372	694,835	0.2	0.5
Stock dividends	423,559	694,835	0.3	0.5
Remuneration to directors and supervisors	-	1,224		
Bonus to employees	-	6,119		
Total	\$807,467	\$1,558,648		

Bonus to employees and remuneration to directors and supervisors for 2008, which amounted to NT\$2,858 thousand and NT\$572 thousand, respectively, were resolved by the shareholders' meeting held on June 16, 2009. Bonus to employees and remuneration to directors and supervisors recognized in the 2008 financial statements were NT\$5,908 thousand and NT\$1,181 thousand, respectively. The variation of NT\$3,050 thousand and NT\$609 thousand was due to profit adjustment, and was adjusted currently in profit or loss of 2009.

C.The related information regarding employees' bonus and directors' and supervisors' remuneration is available at the Market Observation Post System website.

(4) For the years ended December 31, 2009 and 2008, the bonus to employees and remuneration to directors and supervisors, which amounted to NT\$3,533 and NT\$7,089 thousand totally, were accrued based on the Company's Articles of Incorporation and past experiences. If the amount of bonus and remuneration approved subsequently by the Board of Directors has significant variation, the variation should be adjusted currently in profit or loss as changes in accounting estimate.

2.Pursuant to the Articles of Incorporation of the Company's subsidiaries Top Point Investment Properties Ltd., Excellent Rewards International Co., Ltd., Best Perfect Holding Ltd., Good Honor Holdings Ltd., Worthing Honor Holding Ltd., Mickey Regent Inc. and Applied Wireless Identifications Group Inc., the Board of Directors Articles of Incorporation of the above subsidiaries provided that the Board of Directors should propose the appropriation of the annual earnings as dividends or bonuses.

3.The Articles of Incorporation of Gen-Wan Technology Corp. provided that the current earnings, if any, should be appropriated in the following order: (1) Payment of taxes and duties; (2) offset prior years' accumulated deficit, if any; (3) After deducting items (1) and (2), set aside 10% of the remaining amount as legal reserve;(4) Distribution of dividends proposed by the Board of Directors and approved by shareholders in the general meeting; (5) After deducting items (1) to (4), appropriating at least 1% of remaining earnings remuneration to directors and supervisors; and at least 10% as bonuses to employees. (6) Distributing the remaining amount to shareholders.

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4.The Articles of Incorporation of Shin Phui Steel Corporation provided that the current earnings, if any, should be used to pay taxes and offset prior years' accumulated deficit and then set aside 10% of the remaining amount as legal reserve. The Board of Directors should propose appropriation of the remaining earnings which may include at least 1% as bonuses to employees and no more than 0.5% as remuneration to directors and supervisors.

5.The Articles of Incorporation of EMMT Systems Corp. provided that the current earnings, if any, should be used to pay taxes and offset prior years' accumulated deficit and then set aside 10% of the remaining amount as legal reserve. The Board of Directors should propose appropriation of the remaining earnings which may include distribution of common stock dividends (at 1% of par value per share) and of the remainder, no more than 3% as remuneration to directors or supervisors and 3% of bonuses to employees. After making all the above appropriations, the shareholders should then resolve to retain the remainder as special reserve or distribute the remaining amount to shareholders.

6.The Articles of Incorporation of Groupco Technology Inc. provided that the current earnings, if any, should be used to pay taxes and offset prior years' accumulated deficit and then set aside 10% of the remaining amount as legal reserve. Of the remainder, if any, 15% as bonuses to employees, dividends and 0.2% as remuneration to directors and supervisors. Shareholders should then resolve the manners in which the remaining amount would be appropriated.

7.The Articles of Incorporation of AWID Asia Co., Ltd. provided that the current earnings, if any, should be used to pay taxes and offset prior years' accumulated deficit and then set aside 10% of the remaining amount as legal reserve. The remaining amount plus prior years' retained earnings may be appropriated as preferred stock dividends and bonuses which are to be approved by shareholders in the general meeting. Bonuses to employees shall be between 15% to 20% of the retained earnings while remuneration to directors and supervisors shall not exceed 0.2%.

8.The Articles of Incorporation of Yieh Phui (China) Technomaterial Co., Ltd., Changshu Chief Leading Edge Construction Materials Company. and Jiangsu J & Y Engineering Co., Ltd. provided that the current earnings, if any, should be used to pay taxes and offset prior years' accumulated deficit and then be appropriated in the following order of presentation:

A.Set aside a specific percentage as savings reserve fund, incentive bonus to employees and employee welfare fund;

B.Distributing the remaining amount to shareholders.

The Board of Directors shall resolve the amount of the respective reserves and earnings distribution.

9.Yieh Hsing Enterprise Co., Ltd.

(1) The company operates in a capital and technology intensive industry. The businesses have reached the "maturity" level. In light of the company's sustainable operations and future market demands, the company adopts a "residual dividend policy". The company's current earnings, if any, should be used to pay taxes and offset prior years' accumulated deficit and then set aside 10% of the remaining amount as legal reserve. A special reserve may be provided according to actual requirement. The remaining amount, if any, shall be appropriated as follows: no greater than 0.5% as remuneration to directors and supervisors; 1% as bonuses to employees; preferred stock dividends and the remaining amount plus prior years' retained earnings shall be distributed to shareholders (made up by 50% ~ 100% of stock dividends and 0% ~ 50% of cash dividends). The Board of Directors shall propose the aforementioned appropriation of earnings for approval by shareholders.

(2) The Company's stockholders in their April 2009 and 2008 meetings, approved the following appropriations of the 2008 and 2007 earnings and dividends per share as follows:

	Appropriation of Earnings		Dividends Per Share (\$)	
	2008	2007	2008	2007
Legal Reserve	\$ -	\$ -		
Special reserve	-	-		
Common Stock:				
Cash dividends	-	-	-	-
Stock dividends	-	-	-	-
Remuneration to directors and supervisors	-	-		
Bonus to employees	-	-		
Total	<u>\$ -</u>	<u>\$ -</u>		

A. Bonus to employees and remuneration to directors and supervisors for Year 2008, which amounted to both NT\$0 thousand, were resolved by the shareholders' meeting held on April 29, 2009. There was no variation between the amounts resolved by the shareholders' meeting and recognized in the 2008 financial statements.

B. The related information regarding bonus to employees and remuneration to directors and supervisors is available at the Market Observation Post System website.

(3) For the year ended December 31, 2009 and 2008, the bonus to employees and remuneration to directors and supervisors, which were both NT\$0 thousand, were accrued based on the Company's Articles of Incorporation and past experiences. If the amount of bonus and remuneration approved subsequently by the Board of Directors has significant variation, the variation should be adjusted currently in profit or loss as change in accounting estimate.

33. MISCELLANEOUS INCOME

Items	2009	2008
Gain on disposal of scraps	\$14,020	\$42,125
Technical service fee	8,208	6,860
Rental income	3,163	1,307
Host and road management	2,737	-
Computer use and workforce support	2,727	-
Allowance for doubtful accounts transferred to income	-	10,049
Others	47,058	15,338
Total	<u>\$77,913</u>	<u>\$75,679</u>

34. IMPAIRMENT LOSS

Items	2009	2008
Impairment loss on financial assets carried at cost	\$972	\$164,448
Impairment loss on noncurrent assets held for sale	3,302	-
Impairment loss on idle assets	5188	58,384
Impairment loss on other assets- others	-	76,500
Impairment loss on property, plant & equipment	-	138,412
Total	<u>\$9,462</u>	<u>\$437,744</u>

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35. EXPENSES OF EMPLOYEES, DEPRECIATION AND AMORTIZATION

For the year ended December 31, 2009

Items	Operating cost	Operating expenses	Total
Employees Expense			
Salary expense	\$945,428	\$480,505	\$1,425,933
Insurance expense	77,540	37,004	114,544
Pension expense	64,297	24,690	88,987
Other expenses	135,336	38,045	173,381
Depreciation	1,581,352	130,846	1,712,198
Amortization	21,836	23,778	45,614
Total	<u>\$2,825,789</u>	<u>\$734,868</u>	<u>\$3,560,657</u>

Note 1: Excluding NT\$ 120 thousand of pension cost, which was included in prepayments for equipment.

Note 2: Excluding interest expense for current amortization of syndicated loan of NT\$26,331 thousand.

For the year ended December 31, 2008

Accounts	Operating cost	Operating expenses	Total
Employees Expense			
Salary expense	\$980,528	\$499,200	\$1,479,728
Insurance expense	79,639	38,492	118,131
Pension expense	69,601	23,851	93,452
Other expenses	248,565	61,686	310,251
Depreciation	1,591,386	126,610	1,717,996
Amortization	20,799	22,963	43,762
Total	<u>\$2,990,518</u>	<u>\$772,802</u>	<u>\$3,763,320</u>

Note 1: Excluding NT\$ 418 thousand of pension cost, which was included in prepayments for equipment.

Note 2: Excluding interest expense for current amortization of syndicated loan of NT\$23,953 thousand.

36. INCOME TAX

(1) Net deferred income tax assets and liabilities comprise of the following:

A. Current:

Accounts	December 31	
	2009	2008
Over provision of allowance for doubtful accounts	\$1,019	\$11,322
Unrealized foreign exchange losses (gains)	5,481	7,886
Sales allowances	6,914	27,409
Unrealized (realized) gains on goods sold	5,300	2,143
Unrealized value decline and obsolescence losses on inventories	8,863	53,793
Differences arising from recognition of operating revenues	2,362	48,160
Deferred income tax assets of subsidiaries	996	5,088
Others	10,561	11,659
Subtotal	\$41,496	\$167,460
Less: Valuation allowance	-	-
Deferred income tax assets, net	\$41,496	\$167,460

B. Non-current:

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220

Accounts	December 31	
	2009	2008
Differences arising from recognition of operating revenues	\$5,734	\$8,070
Investment losses recognized under the cost method	71,426	89,282
Investment losses (gains) recognized under the equity method	318,040	428,361
Provision for overseas investment loss	(84,657)	(120,479)
Others	11,917	13,766
Unused losscarryforwards	13,807	-
Deferred income fax assets of subsidiaries	292,768	288,753
Subtotal	\$629,035	\$707,753
Less: Valuation allowance	(59,062)	(73,835)
Total	\$569,973	\$633,918
Cumulative translation adjustments	(102,774)	(169,748)
Deferred income tax assets, net	\$467,199	\$464,170

(2) The components of income tax expense (benefit) were as follows:

Accounts	2009	2008
Current year income tax expense based on statutory income	\$ -	\$525,690
Additional 10% corporate tax on undistributed earnings	20,276	1,798
Deferred income tax expense (benefit)	115,791	(223,275)
Prior years' income tax adjustment	(55,708)	7,944
Effect of changes due to change in income tax law	77,035	-
Income tax expense (benefit)- parent company	\$157,394	\$312,157
Income tax expense (benefit)- subsidiaries	2,156	1,904
Prior years' income tax adjustment- subsidiaries	(42)	84
Deferred income tax expenses (benefits)- subsidiaries	(4,070)	26,694
Income tax expense (benefit)	\$155,438	\$340,839

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The Legislative Yuan amended Clause 5 of Income Tax law on May 2009 to reduce the Profit-Seeking Enterprise Income Tax from 25% to 20% and is scheduled to be enforced in 2010. The Company has re-calculated the deferred income tax assets in accordance with the amended clause and listed the difference of NT\$77,035 thousand generated from such calculation as income tax expense.

(3) Change in income tax payable (refundable)

Items	December 31, 2009	
	The Company	Subsidiaries
Income tax currently payable	\$ -	\$2,156
Additional 10% corporate tax on undistributed earnings	20,276	-
Prior years' income tax adjustment	-	-
Less: payment in current year	(769)	(1,371)
Income tax payable	<u>\$19,507</u>	<u>\$785</u>

Income tax payable from subsidiaries amounting to \$785 thousand were included in the following accounts: NT\$1,203 thousand in income tax payable and NT\$418 thousand in prepayments.

Items	December 31, 2008	
	The Company	Subsidiaries
Income tax currently payable	\$525,690	\$1,904
Additional 10% corporate tax on undistributed earnings	1,798	-
Prior years' income tax adjustment	-	-
Less: payment in current year	(258,963)	(6,142)
Income tax payable (refundable)	<u>\$268,525</u>	<u>(\$4,238)</u>

Income tax refundable from subsidiaries amounting to \$4,238 thousand were included in the following accounts: NT\$878 thousand in income tax payable and NT\$5,116 thousand in prepayments.

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(4) A reconciliation of income tax expense based on income before income tax of the parent company at the statutory rate and income tax payable was as follows:

Accounts	2009	2008
Current year income tax expense based on statutory income	\$110,776	\$332,609
Tax effect on adjusting items:		
(1) Realized (unrealized) exchange foreign exchange gains or losses	(1,035)	11,340
(2) Tax-exempt income	(5,570)	(19,570)
(3) Investment losses (gains) recognized under the equity method	47,421	79,848
(4) Reversal (provision) for overseas investment loss reserve	14,658	25,559
(5) Unrealized (realized) sales income from affiliate	4,482	(8,933)
(6) Difference between tax reporting and financial reporting – pension costs	(3,066)	(3,760)
(7) Inventory obsolescence and market price decline losses	(46,908)	20,092
(8) Realized (unrealized) valuation losses (gains) on financial assets (liabilities)	(86,292)	6,288
(9) Impairment losses	(71,224)	61,112
(10) Others	(9,426)	21,105
(11) Operating loss carryforward	46,184	-
Income tax expense – parent company	<u>\$ -</u>	<u>\$525,690</u>

(5) As of December 31, 2009, the consolidated entities' income tax returns through to 2007 have been cleared by the Tax Authority.

(6) As of December 31, 2009, information about the investment tax credits of the consolidated entities pursuant to the Statute for Upgrading Industries were as follows:

Law/Statute	Qualified Expenditure	Total Credits/ Unused Credits	Year of Expiration
Statute for Upgrading Industries	Machinery equipment	\$470/\$279	2013

Accounts	2009	2008
Imputation credit account (ICA)	\$1,455,439	\$1,555,954
Unappropriated earnings generated before 1997	111,907	111,907
Unappropriated earnings generated after 1998	3,557,644	4,064,954

Accounts	2009	2008
The creditable ratio for distribution of earnings	41.46%	43.50%
	(estimated)	(actual)

The imputation credit allocated to the shareholders is based on the balance of the ICA as of the date of dividend distribution. The estimated creditable ratio for 2009 may change when the actual distribution of imputation credit is made.

37. EARNINGS PER SHARE

Items	2009	2008
A. Basic earning per share :		
Consolidated net income	\$202,145	\$956,611
Add: Minority interest	83,604	61,710
Net income attributable to shareholders of the parent company	\$285,749	\$1,018,321
Weighted average shares of outstanding shares (in thousands)	1,454,219	1,451,272
Weighted average shares after retroaction (in thousands)	1,454,219	1,494,810
Basic earnings per share:		
Consolidated net income	\$0.14	\$0.64
Add: Minority interest	0.06	0.04
Shareholders of the parent company	\$0.20	\$0.68

B. Diluted earning per share :

Consolidated net income	\$202,145	\$956,611
Add: Minority interest	83,604	61,710
Net income attributable to shareholders of the parent company	<u>\$285,749</u>	<u>\$1,018,321</u>
Convertible bonds adjustments	\$ -	\$1,162
Adjusted net income for diluted EPS	285,749	1,019,193
Weighted-average shares outstanding after retroactive adjustments (in thousands)	1,454,219	1,494,810
Estimated shares of convertible bonds adjustments (in thousands)	-	4,179
Weighted-average shares outstanding for diluted EPS (in thousands)	1,454,219	1,498,989
Diluted earnings per share:		
Consolidated net income	\$0.14	\$0.64
Add: Minority interest	0.06	0.04
Attributable to:		
Shareholders of the parent company	<u>\$0.20</u>	<u>\$0.68</u>

Weighted average shares outstanding in 2009=(1,459,154-47,291)

*1.03=1,454,219 (47,291 thousand shares were retirement of treasury stock)

Weighted average shares outstanding in 2008=1,451,272*1.03

=1,494,810

38. RELATED PARTY TRANSACTIONS

The significant transactions with related parties were as follows:

(1) Relationship with Related Parties

Related Parties	Relationship with the Company
Yieh Hsing Enterprise Co., Ltd.	Equity-method investee(Complied until in consolidated statements was included since Nov. 2008)
Yieh Mau Corp.	Equity-method investee
Yieh United Steel Corp.	Same chairman
I-Shou University	Same chairman
Yieh Trading Corp.	The chairman is the second degree relative of the Company's chairman.
Cheng Shin House Management Consulting Co., Ltd.	Equity-method investee
E-DA HOSPITAL	Same chairman
Chain Dollars Enterprise Co., Ltd.	The chairman is the second degree relative of the Company's general manager
Broad Victory Enterprise Co., Ltd.	Substantial related party
Yieh Hong Enterprise Co., Ltd.	Substantial related party
Wei Hung Investment & Development Co., Ltd.	Same chairman
Yu Hong Enterprise Corp.	Substantial related party
United Brightening Development Corp.	Equity-method investee
Asiazone Co., Ltd.	Equity-method investee
Unipattern Co.	Substantial related party
Glorious Falcon International Ltd.	Equity-method investee of the Company's subsidiary
Lian Zhong Stainless Steel Corp.	Substantial related party
Lin Mei Feng	Substantial related party
Eliter International Corp.	Equity-method investee
Lu Yi Enterprise Co., Ltd.	Substantial related party
Yieh Corporation Ltd.	The chairman is the second degree relative of the Company's chairman.
TwSAFE Inc.	Chairman of the related party is a second degree relative of the Company's Chairman (The chairman resigned in August 2008)

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Pacific Harbour Stevedoring Corp.	The chairman is the Company's vice chairman.
Yeou Yih Steel Co., Ltd.	The chairman is the Company's vice chairman.
Sym Wang iron steel Co., Ltd.	The chairman is the spouse of the Company's vice chairman.
E-DA Development Corp.	Same chairman
Synn Industrial Co., Ltd.	Equity-method investee
Zheng Xin Securty Co., Ltd.	Equity-method investee
Tianjin Lianfa Precision steel Corp. Beneficiary.	Equity-method investee of the Company's subsidiary
Chen Yung Hsien	The vice financial general manager
Lin Chin Lung	The secondary relative of the Company's chairman.
You Jing Sheng	The financial assistant vice manager of Yieh Hsing Enterprise Co., Ltd.
MTECH Corporation	The chairman is the second degree relative of the Company's chairman.

(2) Purchases

Related Parties	2009	
	Amount	% to Total
Asiazone Co., Limited	\$1,569,780	5.10%
Yieh Hong Enterprise Co., Ltd.	2,668,593	8.67%
Yieh United Steel Corp.	3,717,138	12.08%

Related Parties	2008	
	Amount	% to Total
Asiazone Co., Limited	\$672,292	1.36%
Yieh Hong Enterprise Co., Ltd.	4,133,233	8.93%
Yieh United Steel Corp.	901,077	1.95%

Purchases from related parties were mainly rolled steel and steel plates. The above purchases were made at arms-length terms. The payment term for all other purchases was between 1 to 2 months.

(3) Operating Revenue (Sales or Services):

Related Parties	2009	
	Amount	% of net sales
Operating Revenue:		
Yieh United Steel Pte Ltd.	\$98,766	0.22%
Chain Dollars Enterprise Co., Ltd.	48,311	0.11%
Asiazone Co., Limited.	2,200,969	4.91%
Glorious Falcon International Ltd.	5,074,849	11.32%
Yieh Corporation Ltd.	640,035	1.43%
Lian Zhong Stainless Steel Corp.	259,508	0.58%
Tianjin Lianfa Precision steel Corp.	153,298	0.34%
Lu Yi Enterprise Co., Ltd.	6,702	0.01%
Others	7,034	0.02%
Construction revenue:		
Eliter International Corp.	14,912	0.03%
Others	269	-
Revenue from sale of scraps:		
Yieh United Steel Corporation	290,949	0.65%
Processing revenue:		
Others	448	-

Related Parties	2008	
	Amount	% of net sales
Operating Revenue:		
Yieh United Steel Pte Ltd.	\$50,408	0.09%
Glorious Falcon International Ltd.	7,592,831	13.01%
Chain Dollars Enterprise Co., Ltd.	201,851	0.35%
Asiazone Co., Limited.	2,963,459	5.08%
Lu Yi Enterprise Co., Ltd.	86,407	0.15%
Yieh Corporation Ltd.	1,057,433	1.81%
Lian Zhong Stainless Steel Corp.	275,443	0.47%
Others	5,124	-

Revenue from sale of scraps:

Yieh United Steel Corporation	544,960	0.93%
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Processing revenue:

Others	608	-
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Construction revenue:

Yieh United Steel Corporation	72,872	0.12%
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Others	17,252	0.03%
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a. The Company's operating revenue and revenue from sale of scraps such as stainless steel billets and carbon steel slabs to related parties at general arms-length prices expect those sold to Yieh Hsing Enterprise Co., Ltd. and Glorious Falcon International Ltd. for which comparable prices for similar products were unavailable. The credit term for the above sales was between 1 to 2 months, except where both parties agreed on interest charge for late payment.

b. The prices for construction contracts were negotiated between both parties to the transaction. Payment was collected based on the percentage-of-completion method. Both parties may negotiate to extend the payment term according to the actual financing status.

(4) Asset transactions:

(a) The Company purchased the following properties from related parties in 2009 and 2008:

Name of Related Party	2009	
	Transaction Details	Amount
Unipattern Co.	Purchase of equipment	\$190,700
Others	Purchase of equipment	554

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2008

Name of Related Party	Transaction Details	Amount
Yieh United Steel Corporation.	Purchase of equipment	\$1,068
Yieh Mau Corp.	Purchase of equipments & consturction contracting	1,143
Yieh Mau Corp.	Acquisition of 24,000 thousand shares of Yieh United steel Corp.	240,000
	Acquisition of 2,000,000 shares of Eliter International Corp.	20,000
Unipattern CO.	Purchase of equipment	1,125
Others	Purchase of equipment	58

Prices for the above property transactions were negotiated and agreed upon between both the Company and its related parties.

(b) The Company sold the following property, plant and equipment to related parties in 2009 and 2008:

		2009	
Related Party	Item	Amount	(Loss) Gain
MTECH Corporation	Sale of equipment	\$101,312	\$17,473
		2008	
Related Party	Item	Amount	(Loss) Gain
Others	Sale of equipment	\$507	\$ -

The above sales prices were negotiated and agreed upon between both the Company and related parties.

(5) Construction Contracts

As of December 31, 2009:

Related Parties	Items	Contract Amount	Work in Progress/ Billings on uncompleted contracts
E-DA development Corp.	Steel Structure construction	\$336,310	291,317
Eliter Inetmational Corp.	Steel Structure construction	49,136	38,942
Others	crown block steel structure engineering etc.	13,226	6,878

As of December 31, 2008:

Related Parties	Items	Contract Amount	Work in Progress/ Billings on uncompleted contracts
Eliter Inetmational Corp.	Steel Structure construction	\$15,312	\$13,901
E-DA development Corp.	Steel Structure, foundation, and bridge construction	230,555	55,843

The prices for the above construction contracts were negotiated and agreed upon between the Company and related parties. Payments were collected based on the percentage-of-completion method.

(6) Accounts receivable (payable) as of December 31, 2009 and 2008:

Name of Related Parties	December 31, 2009	
	Amount	Percentage
(a) Notes Receivable	\$144	0.07%
Eliter International	\$144	0.07%
(b) Accounts receivable		
Glorious Falcon International Ltd.	\$917,450	23.31%
Asiazone Co., Limited	417,244	10.60%
Yieh United Steel Corporation.	45,365	1.15%
Lianzhong Stainless steel Co., Ltd.	54,410	1.38%
Tianjin Lianta Precision Steel Corp.	14,209	0.36%
Yieh Corporation Ltd.	13,841	0.35%
Chain Dollars Enterprise Co., Ltd.	8,794	0.22%
Others	271	0.01%
Total	\$554,134	14.07%
(c) Other Receivables		
MTECH Corporation	\$93,132	21.71%
Synn Industrial Co., Ltd.	63,199	14.73%
Yieh United Steel Corp.	44,075	10.27%
Others	5,407	1.26%
Total	\$205,813	47.97%
(d) Notes Payable		
Pacific Harbor Stevedoring Corp.	\$6,576	0.33%
E-DA Hospital	1,434	0.07%
Others	466	0.02%
Total	\$8,476	0.42%
(e) Accounts payable		
Asiazone Co., Limited	\$245,407	26.11%
Others	1,641	0.17%
Total	\$247,048	26.28%
(f) Advance receipts:		
Others	\$161	0.06%

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(g) Accrued expenses

E-DA Hospital	\$5,041	0.80%
Pacific Harbor Stevedoring Corp.	3,140	0.50%
Others	1,667	0.27%
Total	<u>\$9,848</u>	<u>1.57%</u>

(h) Other payables

Others	<u>\$738</u>	<u>0.49%</u>
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December 31, 2008

Name of Related Parties	Amount	Percentage
(a) Notes Receivable		
Others	<u>\$153</u>	<u>0.08%</u>
(b) Accounts receivable		
Yieh United Steel Corporation.	\$18,853	0.76%
Chain Dollars Enterprise Co., Ltd.	4,820	0.19%
Lianzhong Stainless steel Co., Ltd.	25,332	1.02%
Glorious Falcon International Ltd.	550,830	22.21%
Asiazone Co., Limited	45,333	1.83%
Yieh Mau Corp.	1,418	0.06%
Yieh Corporation Ltd.	13,934	0.56%
Others	815	0.03%
Total	<u>\$661,335</u>	<u>26.66%</u>
(c) Other Receivables		
Synn Industrial Co., Ltd.-Cash Dividends	\$29,874	12.04%
Others	1,742	0.71%
Total	<u>\$31,616</u>	<u>12.75%</u>
(d) Notes Payable		
Others	<u>\$318</u>	<u>0.01%</u>
(e) Accounts payable		
Yieh United Steel Corp.	<u>\$131,141</u>	<u>19.89%</u>

(f) Accrued expenses

Pacific Harbour Stevedoring Corp.	\$6,578	1.26%
E-DA Hospital	6,203	1.19%
Yieh United Steel Corp.	4,027	0.77%
Others	898	0.17%
Total	<u>\$17,706</u>	<u>3.39%</u>

(g) Other payables

Others	<u>\$258</u>	<u>0.12%</u>
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(h) Advance receipts

Others	<u>\$161</u>	<u>0.04%</u>
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(7) Financing

Related Parties	Highest Balance	Ending Balance	Range of interest/ Amount of interest
2009:			
Others	\$4,920	\$ -	-
2008:			-
Others	\$4,920	\$4,920	-

(8) Rent Expense

Related Parties	Description	2009	2008
Others	Land, building	\$6,826	\$5,913

(9) Rent Income

Related Parties	Description	2009	2008
Others	Land, building	\$3,067	\$1,195

Arising from the leasing of land and buildings by Yieh Hsing Enterprise Co., Ltd. (the Company's subsidiary) to Yieh Mau Corp. Please refer to Note 19 for further details.

(10)Others

NON-CONFIDENTIAL

PUBLIC FILE 206

a.Other income:

Name of Related Party	2009		
	Amount	Description	Account
Yieh United Steel Corporation	\$9,103	Income from sale of scraps	Other income
Others	10,385	Host usage fees	Other income

Name of Related Party	2008		
	Amount	Description	Account
Yieh United Steel Corporation	\$10,315	Income from sale of scraps	Other income
Others	10,100	Host usage fees	Other income

b.Other expenses:

Name of Related Party	2009	
	Amount	Account
Zheng xin Security Co., Ltd.	\$30,799	Miscellaneous expenses
Pacific Harbor Stevedoring Corporation	55,568	Export expense
E-Da Hospital	14,104	Miscellaneous expenses
Lianzhong Stainless Steel Corp.	79,634	Outsourcing processing expenses
I-Shou University	11,359	Miscellaneous expenses
Others	12,853	Repair and maintenance and miscellaneous expenses

2008

Name of Related Party	Amount	Financial Statement
		Account
Cheng Shin House Management Consulting Co., Ltd.	\$25,072	Miscellaneous expenses
Pacific Harbor Stevedoring Corporation	76,807	Export expense
E-Da Hospital	12,054	Miscellaneous expenses
Lianzhong Stainless Steel Corp.	117,482	Outsourcing processing expenses
Others	12,906	Service fees

- (11) The 'Other assets-others' cannot be registered under the Company's name due to the legal restriction and was registered under Lin Mei-Feng name. However, Lin had issued a promise note to promise that once the legal restriction is lifted, the assets would be registered back to the name of the Company unconditionally. Due to the lift of legal restriction, the land has been registered under the Company's name, and was reclassified as property, plant and equipment-land from other assets-others in March 2009.
- (12) The land of No. 107, Sanyebai Duan, Luzhu Township, which was recorded as land in use under other assets-others, has been registered under the name of the vice financial general manager, Chen Yung Hsien.
- (13) Yieh Hsing Enterprise Co., Ltd (subsidiary of the Company) acquired the land located at Lot 200-3, Paimi section in Kangshan Township on September 4, 2008 and registered the property under a trust in the name of Mr. You Jing Sheng. However, Yieh Hsing Enterprise Co., Ltd. was in possession of the certificate of land title.
- (14) Information about compensation of directors, supervisors and management personnel:

Accounts	2009	2008
Salaries	\$61,280	\$124,599
Bonus	2,149	3,122
Fees received for performing duties	1,925	3,102
Total	\$65,354	\$130,823

The information about the compensation of directors and management personnel is available in the annual report for the shareholders' meeting.

39. ASSETS MORTGAGED OR PLEDGED

The following assets have been mortgaged or pledged as collateral for long-term and short-term loans.

Accounts	December 31	
	2009	2008
Restricted account-current	\$1,526,092	\$1,429,466
Restricted account-noncurrent	85,975	663,600
Accounts receivable	153,435	114,000
Financial assets carried at cost-noncurrent	-	237,580
Financial assets at fair value through profit or loss	279,243	-
Real estate investments	2,736,585	2,736,585
Land	2,533,966	1,717,303
Buildings (net)	3,579,796	2,642,134
Machinery (net)	14,296,474	14,763,404
Electricity equipment	39,781	8,408
Transportation equipment (net)	7,253	45,318
Other equipments	131	-
Other intangible assets	136,108	142,872
Other assets-others	964,798	965,640
Construction in progress	202,170	-
Prepayments for equipment	1,471,832	-
Idle assets (net)	208,101	-
Assets leased to others (net)	896,239	663,070
Noncurrent assets held for sale	7,466	-
Total	<u>\$29,125,445</u>	<u>\$26,129,380</u>

NON-CONFIDENTIAL

40. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

		December 31	
		2009	2008
(1) Guarantee notes issued for loans and purchases		\$25,741,517	\$25,934,046
(2) Performance guarantee notes received from customers		390,140	272,493
(3) L/C issued but yet to be utilized		Unit: In Thousands	
December 31, 2009			
L/C Amount		Guarantee Amount	
USD	29,530	USD	2,300
NTD	293,739	NTD	-
JPY	13,406	JPY	-
EUR	1,240	EUR	-
December 31, 2008			
L/C Amount		Guarantee Amount	
USD	3,885	USD	-
NTD	149,209	NTD	-
JPY	51,625	RMB	2,577
EUR	2,025	RMB	12,220
SEK	2,189		-

(4) Major contracts:

- A. For the purpose of expanding the plant for the manufacturing of galvanized and paint coating steel sheets, the Company entered into an agreement with the Taiwan Sugar Co., Ltd. (Kaohsiung) to obtain the following surface rights:
- Duration of surface rights: January 1, 1996 to December 31, 2045.
 - Rent on land and payment method: The rent is charged annually at 10% of the declared land value. The rent is adjusted according to any adjustment in the declared land value.
 - Payment of royalty: At the time of signing the agreement, the Company made a royalty payment for the first 20 years at 4 times of the first rental installment. Upon expiration of 20 years, royalty payment at 4 times of the first rental installment is payable by the Company within 10 days.

d. Royalties paid in advance to the Taiwan Sugar Co., Ltd. for the next 12 months were NT\$ 207 thousand as of December 31, 2009 and 2008. These amounts were included in prepayments. Royalties paid in advance for the period beyond 12 months totaled NT\$ 1,033 thousand and NT\$ 1,240 thousand, respectively, included in "other assets-others".

- (5) EMMT Systems Corp., a consolidated subsidiary of the Company, renewed the lease agreement for the land (4,353 sq. m. in area, where the subsidiary's office building was located) with the Taichung Branch of the Export Processing Zone Administration, MOEA. The new lease term was for 10 years, expiring on November 30, 2018. The monthly rental payment was NT\$ 40 thousand.
- (6) As of December 31, 2009 and 2008, guarantees provided by the Company amounted to NT\$55,650 thousand and NT\$104,217 thousand, respectively.
- (7) The supplier, Trafigura Beheer B.V Company, terminated the contract due to Company's not being in accordance with the contract that should issue the Letter of credit, and applied for arbitration in LME seeking monetary damages of US\$7,904 thousand plus interest. The Company contradicted no obligation to issue the Letter of credit or do the payment due to that Trafigura Beheer B.V didn't deliver certain quantities of zinc on the agreed day according to the contract. The result of the arbitration cannot be determined at this time.
- (8) Regarding the purchase transactions between the Company and Lin Kang Heary Industrial Co., Ltd. in 2004, National Tax Administration of southern Taiwan Province, Ministry of Finance had dispute on business tax recognition in December 2008. The disputed business tax amount and related fine were both \$8,725 thousand, and the Company filed an application for recheck in January 2009. Upon consultation with legal experts, the Company is confident in winning the case. Based on conservatism, the Company estimated and recognized above amounts (as other loss and a write-off from tax refundable). The application for recheck had been processed by National Tax Administration of southern Taiwan Province. As of April 21, 2010, the result of above-mentioned recheck hasn't been determined.

(9) SIGNIFICANT CONSTRUCTION CONTRACTS

A.As of December 31, 2009, some important constructions have been contracted With contract price over NT\$ 150 million but not yet completed. The estimate total cost, prepaid construction cost and projected completion years of the important constructions were as follows:

Constructions	Contract price/Estimated Construction cost	Prepaid construction cost/Completion percentage	Projected completion year/Accumulated recognized gain(loss)
Idle Handling & Scrap	253,500	158,191	2010
Charging E.D.T Crane for Tung Ho Steel	240,522	45.74%	5,936
Taoyuan works	156,600	125,030	2010
Procurement Section			
One lot of E.D.T Crane for Tung Ho Steel	152,792	69.57%	2,649
Taoyuan works	330,394	376,370	2010
Procurement Section			
New Construction			
Project of "Glory Collective Residence"	391,619	93.28%	(61,225)
Lijin Consturction-A5	301,048	308,135	2010
Consturction	317,540	92.87%	(16,492)
New Construction	785,834	670,207	2010
Project of Da Qian Collective Residence	730,363	86.63%	48,056
New Construction	185,702	115,451	2010
Project of "Glory Collective Residence"	185,603	10.00%	10
New Construction	150,906	126,451	2010
Project of Stuctural steel of izuchi	135,149	90.57%	14,270
Stuctural steel	152,890	142,561	2010
Consturction Project of E-Da Development Corp.	149,540	-	-
Project of Te San	188,326	4,229	2011
Collective Residence	188,062	-	-

NON-CONFIDENTIAL

As of December 31, 2008, some important constructions have been contracted With contract price over NT\$ 150 million but not yet completed. The estimate total cost, prepaid construction cost and projected completion years of the important constructions were as follows:

Constructions	Total contract price Estimated total cost	Prepaid construction cost Completion percentage	Projected completion year/Accumulated recognized gain(loss)
New Construction	330,394	258,524	2010
Project of "Glory Collective Residence"	358,850	15.60%	(28,456)
New Construction	180,023	195,653	2010
Project of "Tian xi 5th Collective Residence"	211,196	52.87%	(31,173)
New Construction	785,834	633,542	2010
Project of Da Qian Collective Residence	730,363	52.15%	28,928
Minghung Construction-	322,667	332,241	2009
The Art of Sin Si Collective Housing Project	342,542	91.27%	(19,875)
Fu Tsu Construction	177,000	141,027	2009
Co.,Ltd.-CBU Building Project in Plant in Taichung base of AU Optronics Corp.	176,469	89.76%	477
Lijin Construction,	301,048	308,166	2009
Zhenyi Construction-	317,540	88.55%	(16,492)
A5 Construction			
Ladle Handling & Scrap	253,500	5,295	2010
Charging E.O.T Cranes for Tung Ho Steel Taoyuan works Procurement Section	240,522	20.00%	2,596

B.Yieh Phui (China) Ltd. had entered into some construction contracts with some companies. The contents of some important constructions with contract price over RMB 5,000 thousand were as follows:

2009: None

2008:

Objects	Items	Total contract price	Billing on Contract this year	unit: thousand
				Construction cost Occurred
Danieli & C. officine	No.3 galvanizing	EUR 18,489	EUR 10,779	EUR 16,668
Meccaniche Spa	line equipment			
Fintec Ghbh				
Shanghai Baoye	Construction of	RMB 20,898	RMB 2,724	RMB 20,898
Construction Corp.	factory buildings			
Ltd.				
Shanghai Baoye	Construction of	RMB 20,434	RMB 4,476	RMB 17,801
Construction Corp.	civil engineering			
Ltd.				
Jiangsu Tianmu	Manufacturing	RMB 12,620	RMB 11,704	RMB 11,704
Construction Corp.	project of			
Co., Ltd.	equipments for			
	No.3 galvanizing line			

C.Yieh Hsing Enterprise Co., Ltd. entered into purchasing agreements with the following vendors in 2009 and 2008. The contents of some important constructions with contract price over NT\$150 million were as follows:

2009: None

2008:

Objects	Items	Total contract price	Prepaid cost	Unpaid cost
Danieli Far East	Equipments of	EUR 33,020	EUR 1,542	EUR 31,478
Co., Ltd.	ping nan carbon		(NTD 73,642)	
	steel electric			
	furnace mill			

41. ADDITIONAL DISCLOSURES

1. Following are the additional disclosures for the Company and its investees in which all significant intercompany balances and transactions are eliminated upon consolidation:

- (1) Loans to others: Please see TABLE 1 attached;
- (2) Endorsements and guarantees: Please see TABLE 2 attached;
- (3) Marketable securities held at period-end: Please see TABLE 3 attached;
- (4) Marketable securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Please see TABLE 4 attached.;
- (5) Acquisition of individual real estate properties at costs of at least NT\$100 million or 20% of the paid-in capital: TABLE 5 attached;
- (6) Disposal of individual real estate properties at prices of at least NT\$100 million or 20% of the paid-in capital: Please see TABLE 6 attached;
- (7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see TABLE 7 attached;
- (8) Receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see TABLE 8 attached;
- (9) Derivative transactions: Please refer to Notes 5 and 43 for further details.
- (10) Significant direct or indirect transactions with the investee: Please see attached TABLE 9.

2. Names, locations, and related information of investees over which the Company exercises significant influence: Please see TABLE 10. attached.

3. Information on investment in Mainland China: Please see TABLE 11 attached.

4. Organization chart of affiliated enterprises: Please see TABLE 12 attached.

TABLE 1

Yieh Phui Enterprise Co., Ltd. and Subsidiaries
Loans To Others
December 31, 2009

Unit: Thousands of NT Dollars/ Foreign Currency

No.	Lending company	Borrowing Company	Financial Statement account	Highest balance for the period	Ending Balance	Interest Rate	Nature of Loan	Business (transaction) Amounts	Reasons for short-term financing	Allowance for doubtful accounts	Collateral	Lending limit for each borrowing company	Lending Company's lending amount limits
0	Yieh Phui Enterprise Co., Ltd.	Yieh Hsing Enterprise Co., Ltd.	Other receivables	300,000	—	2.75%	Financing	—	Operating capital requirement	—	—	10,733,895 (Note 2)	10,733,895 (Note 1)
1	Jiangsu J & Y Engineering Co., Ltd.	Changshu Chief Leading Edge Construction Materials Company	Other receivables	RMB5,000	—	1%	Financing	—	Operating capital requirement	—	—	10,733,895 (Note 2)	10,733,895 (Note 1)
2	EMMT Systems Corp	AWID Asia Co., Ltd.	Other receivables	8,000	8,000	3.75%	Financing	—	Operating capital requirement	—	—	10,733,895 (Note 2)	10,733,895 (Note 1)
3	Mickey Regent Inc.	Yieh Phui (China) Technomaterial Co., Ltd	Other receivables	USD54,000	USD50,000	2.75%-6.02%	Financing	—	Operating capital requirement	—	—	10,733,895 (Note 2)	10,733,895 (Note 1)
		Best Perfect Holding Limited	Other receivables	USD20,000	USD20,000	2.75%-4.99%	Financing	—	Operating capital requirement	—	—	10,733,895 (Note 2)	10,733,895 (Note 1)
		Changshu Chief Leading Edge Construction Materials Company	Other receivables	USD12,700	USD10,000	2.5%-5.52%	Financing	—	Operating capital requirement	—	—	10,733,895 (Note 2)	10,733,895 (Note 1)
4	Best Perfect Holding Limited	Yieh Phui (China) Technomaterial Co., Ltd.	Other receivables	USD20,000	USD20,000	2.75%-4.99%	Financing	—	Operating capital requirement	—	—	10,733,895 (Note 2)	10,733,895 (Note 1)
5	Applied Wireless Identification Group, Inc.	YOU-SHENG HUANG	Other receivables	USD 150	USD 150 (Note 5)	3%	Financing	—	Operating capital requirement	—	—	1,341,737 (Note 3)	10,733,895 (Note 1)

(Note 1) The maximum amount of total loans to others shall not exceed 40% of the parent company's net worth.

(Note 2) The maximum amount of loans to a single subsidiary shall not exceed 40% of the parent company's net worth.

(Note 3) The maximum amount of loans to a party in need of short-term financing shall not exceed 5% of the Company's net worth.

(Note 4) The total amount of loans to a single business partner of the Company shall be limited to the total amount of business transactions between the Company and the business partner for the past year. The amount of business transactions refers to the higher of purchases or sales amounts between the Company and the business partner's

(Note 5) All intercompany transactions mentioned above were eliminated

(Note 6) As of December 31, 2009, the amount was all for allowance due to recovery difficulty

TABLE 2

Yieh Phui Enterprise Co., Ltd. and Subsidiaries
Endorsements And Guarantees
December 31, 2009

Unit: Thousands of NT Dollars/ Foreign Currency

No.	Name of the company providing guarantee	Parties being guaranteed		Limit of guarantee for such party (Note 1)	Maximum guarantee amount for the Period	Outstanding guarantee amount at December 31, 2009 (Note 2)	Guarantee amount with collateral placed	Ratio of accumulated guarantee amount to latest net worth of the Company	Maximum guarantee amount allowable
		Name	Relationship with the Company						
0	Yieh Phui Enterprise Co., Ltd	Mickey Regent Inc.	Subsidiary of the Company	26,834,738	USD 237,500	USD 169,500	—	20.21%	26,834,738
		Yieh Phui (China) Technomaterial Co., Ltd	Equity investee of the Company's subsidiary	26,834,738	USD 43,000 RMB 250,000	USD 38,000 RMB 250,000		8.84%	26,834,738
		Changshu Chief Leading Edge Construction Materials Company	Equity investee of the Company's subsidiary	26,834,738	USD 3,000	USD 3,000	—	0.36%	26,834,738
		Yieh Hsing Enterprise Co., Ltd	Equity investee of the Company's subsidiary	26,834,738	2,500,000	2,500,000		9.32%	26,834,738
1	Shin Phui Steel Corporation	Yieh Phui Enterprise Co., Ltd	The Company	8,944,913	439,000	439,000	439,000	4.87%	26,834,738

(Note 1): The maximum amount of endorsement and guarantee Yieh Phui Enterprise Co., Ltd. provided to a single party shall not exceed the parent company's net assets; the maximum amount of endorsement and guarantee Shin Phui Steel Corp. provided to a single party shall not exceed one third of the parent company's net assets and the maximum amount of endorsement and guarantee provided shall not exceed the parent company's net assets

(Note 2): Converted at the exchange rates prevailing on December 31, 2009: USD: NTD = 1: 31.99 and RMB: NTD= 1: 4.629

TABLE 3

Yieh Phui Enterprise Co., Ltd. and Subsidiaries
Marketable Securities Held
December 31, 2009

Unit: Thousand shares; Thousands of NT Dollars/ Foreign Currency

Holding company	Type and name of marketable securities	Relationship with the issuers	Financial statement account	Number of Shares (in thousands)	Carrying Amount	Percentage of Ownership (%)	Market value	Note
Yieh Phui Enterprise Co., Ltd.	Stock /Zhong Yu Steel Co., Ltd.		Financial assets at fair value through profit or loss	1	30	-	30	
	Stock /Tang Eng Iron Works Co., Ltd.		Financial assets at fair value through profit or loss	23,526	910,456	6.72%	910,456	
	Fund / UBS BOND Fund-Fixed Income (USD)		Financial assets at fair value through profit or loss	100	3,023	-	3,023	
	Fund / Bank of America BOND Fund-Fixed Income		Financial assets at fair value through profit or loss	200	6,094	-	6,094	
	Fund / Cathay mandarin fund		Financial assets at fair value through profit or loss	300	4,950	-	4,950	
	Fund / Yuanta India Fund		Financial assets at fair value through profit or loss	700	7,399	-	7,399	
	Fund / Manulife Asian Bond Investment Trust Fund		Financial assets at fair value through profit or loss	100	2,973	-	2,973	
	Fund / JIF Japan Smaller Companies (JPY) Trust		Financial assets at fair value through profit or loss	0,049	461	-	461	
	Fund / Chang Hwa Commercial Bank ING Global Biotech & Health Care Fund		Financial assets at fair value through profit or loss	700	5,992	-	5,992	
	Fund / Mega International Commercial Bank-Primasia Asia Pioneer Fund		Financial assets at fair value through profit or loss	400	2,828	-	2,828	
	Fund / Taiwan Business Bank (Kaohsiung Branch) AIG Asia High Dividend Fund		Financial assets at fair value through profit or loss	1,000	9,840	-	9,840	
	Fund / First Bank (Hsin Hsin Branch)- NITC Global REITs Fund		Financial assets at fair value through profit or loss	300	2,855	-	2,855	
	Fund / Paradiigm Global IPO Fund		Financial assets at fair value through profit or loss	500	3,765	-	3,765	
	Fund / Chang Hwa Commercial Bank (Kaohsiung Branch)- Cathay Taiwan Quantitative Fund		Financial assets at fair value through profit or loss	500	4,905	-	4,905	
	Fund / Chang Hwa Bank (Hsin Hsin Branch)- Cathay Taiwan Quantitative Fund		Financial assets at fair value through profit or loss	500	4,775	-	4,775	
	Fund / Bank of Taiwan (Chien Chin Branch)- Schroder LOHAS Small and Mid Capital Fund		Financial assets at fair value through profit or loss	200	6,526	-	6,526	
	Corporate bond/ Deutsche Bank DB2006-1 corporate bond		Financial assets at fair value through profit or loss	300	8,598	-	8,598	
	Corporate bond/BNP AUD Corporate Bonds		Financial assets at fair value through profit or loss	3	6,906	-	6,906	
	Investment-linked insurance/Farglery Life Insurance Co. Investment-linked Life Insurance		Financial assets at fair value through profit or loss	3	6,906	-	6,906	
	Financial bond/Bank of pubban-Ling, a subsidiary financial bond		Financial assets at fair value through profit or loss	10,000	9,996	-	9,996	
	Total				1,007,280		1,007,280	

-85-

Holding company	Type and name of marketable securities	Relationship with the issuers	Financial statement account	Number of Shares (in thousands)	December 31, 2009 Carrying Amount	Percentage of Ownership (%)	Market value	Note
Yieh Phai Enterprise Co., Ltd.	Structure product/TC bank NTD-denominated credit linked structure product		Financial assets at fair value through profit or loss - noncurrent	-	279,243	-	279,243	
	Financial bond/China Bank Subordinated Bond	Total	Bond investments with no active market - current	-	279,243	-	279,243	
				-	2,000	-	2,000	
		Total		-	2,000	-	2,000	
	Stock / Yieh United Steel Corp.	Same chairman	Financial assets carried at cost	255,185	2,665,825	14.61%	-	
	Stock / Universal Venture Capital Investment Co., Ltd.		Financial assets carried at cost	1,100	9,130	0.91%	-	
	Stock / Pacific Harbour Stevedoring Corp.	Chairman of the invested company is the Company's vice chairman	Financial assets carried at cost	150	1,650	3.00%	-	
	Stock / Ascenda Venture Capital Corp.		Financial assets carried at cost	2,552	23,520	6.42%	-	
	Stock / Neoflex Technology Co., Ltd.		Financial assets carried at cost	88	1,060	0.59%	-	
	Stock / Kuo Fu Venture Investment Corp.		Financial assets carried at cost	4,200	15,380	10.00%	-	
	Stock / Dance & Jump Software Co., Ltd.		Financial assets carried at cost	88	535	1.60%	-	
	Stock / Ambicon Technology, Inc.		Financial assets carried at cost	150	1,500	3.42%	-	
	Stock / Auto Parts Industrial Ltd.		Financial assets carried at cost	10,000	100,000	4.41%	-	
	Equity Stock/MicroLinks Technology Corp.	Same Corporate director	Financial assets carried at cost	3,000	4,440	11.63%	-	
	Stock / Taiwan Vee-Power Co., Ltd.		Financial assets carried at cost	4,321	81,165	3.60%	-	
	Stock / New Spring Construction Corp.		Financial assets carried at cost	5,375	41,833	19.31%	-	
	Stock / Yieh Corporation Limited	Chairman is the 2nd degree relative of the Company's chairman	Financial assets carried at cost	200	2,002	6.67%	-	
		Total		-	2,948,480	-	-	

NON-CONFIDENTIAL

Holding company	Type and name of investible securities	Relationship with the issuer	Financial statement account	December 31, 2009			Note
				Number of Shares (in thousands)	Carrying Amount	Percentage of Ownership (%)	Market value
Yieh Pih Enterprise Co. Ltd.	Stock / Yieh Mau Corp.	Equity method investee	Investments accounted for using the equity method	37,252	505,967	23.00%	521,102
	Stock / Chen Shin House Management Consulting Co. Ltd.	Equity method investee	Investments accounted for using the equity method	320	874	32.00%	874
	Stock / Chen Wan Technology Corp.	Equity method investee	Investments accounted for using the equity method	23,224	24,668	84.45%	25,783
	Stock / Shin Pih Steel Corporation	Equity method investee	Investments accounted for using the equity method	24,766	244,385	100.00%	244,385
	Stock / Elter International Corp.	Equity method investee	Investments accounted for using the equity method	66,351	699,191	28.57%	699,191
	Equity / Good House Holdings, Ltd.	Equity method investee	Investments accounted for using the equity method	7,646	349,837	100.00%	349,837
	Equity / Worthing House Holdings Ltd.	Equity method investee	Investments accounted for using the equity method	1,600	53,326	100.00%	53,326
	Equity / Excellent Rewards International Co. Ltd.	Equity method investee	Investments accounted for using the equity method	15,000	331,544	100.00%	332,088
	Equity / Top Point Investment Properties Limited	Equity method investee	Investments accounted for using the equity method	2,500	368	100.00%	368
	Stock / United Brightening Development Corp.	Equity method investee	Investments accounted for using the equity method	80,128	999,209	44.56%	999,171
	Stock / EMMT Systems Corporation	Equity method investee	Investments accounted for using the equity method	17,251	173,090	78.59%	173,009
	Stock / Hain-Yue Hot Spring & Resort Inc.	Equity method investee	Investments accounted for using the equity method	1,170	4,649	19.50%	4,649
	Stock / Global Partners Link Co. Ltd.	Equity method investee	Investments accounted for using the equity method	1,000	8,045	33.33%	8,045
	Stock / Syun Industrial Co. Ltd.	Equity method investee	Investments accounted for using the equity method	39,120	464,888	30.00%	464,888
	Stock / Mickey Regent Inc.	Equity method investee	Investments accounted for using the equity method	130,000	4,257,417	100.00%	4,263,198
	Stock / Best Perfect Holding Limited	Equity method investee	Investments accounted for using the equity method	1,750	244	100.00%	244
	Stock / Asazone Co., Limited	Equity method investee	Investments accounted for using the equity method	8,970	408,760	19.50%	409,178
	Stock / Kuo Chang Enterprise Co., Ltd.	Equity method investee	Investments accounted for using the equity method	39,537	530,555	45.00%	530,555
	Stock / Yieh Hsing Enterprise Co., Ltd.	Equity method investee	Investments accounted for using the equity method	338,952	3,013,675	54.82%	3,414,503
	Stock / Tyosoon Steel International Co., Ltd.	Equity method investee	Investments accounted for using the equity method	14,700	372,247	49.00%	372,247

-87-

NON-CONFIDENTIAL

Holding company	Type and issue of marketable securities	Relationship with the issuer	Financial statement account	Number of Shares (in thousands)	Carrying Amount	Percentage of Ownership (%)	Market value	Note
Yihai Puhai Enterprise Co., Ltd	Stock/Hsing Jui Investments Limited	Equity-method investee	Investments accounted for using the equity method	4,247	135,326	31.00%	135,326	
	Stock/Da Yan Engineering & Consulting Co., Ltd	Equity-method investee	Investments accounted for using the equity method	980	10,203	49.00%	10,203	
	Stock/E-Da Development Co., Ltd	Equity-method investee	Investments accounted for using the equity method	107,574	1,063,463	29.07%	1,063,463	
	Stock/Zheng Xin Security Co., Ltd	Equity-method investee	Investments accounted for using the equity method	1,400	17,244	35.00%	17,244	
	Stock/Champion Logistic Inc.	Equity-method investee	Investments accounted for using the equity method	89,000	2,861,917	49.44%	2,861,917	
	Stock E-United Japan Co., Ltd	Equity-method investee	Investments accounted for using the equity method	-	5,828	47.00%	5,828	
	E-DA Culture Creative Industries Co., Ltd	Equity-method investee	Investments accounted for using the equity method	950	9,404	19.00%	9,404	Note2
Good Honor Holdings Ltd.	Prepayment for share subscription/Hsing Jui Investments Ltd.	Equity-method investee	Investments accounted for using the equity method	-	78,509	-	78,509	
	Financial bond/ Chai-fon Bank subordinated bank debenture	Total	Bond investments with no active market—measurement	-	16,624,762	-	17,690,415	
	Equity/Glencon Falcon International Limited	Equity-method investee	Investments accounted for using the equity method	3,350	USD10,932	50.00%	USD10,932	
	Stock/See Corporation	Equity-method investee	Investments accounted for using the equity method	17	USD -	USD -	USD -	
Gen-Wan Technology Corp	Stock/Wise Universe International Limited	Equity-method investee	Investments accounted for using the equity method	1,500	USD 1,526	50%	USD 1,526	
	Stock/Gen Wan Technology Corp	Equity-method investee	Investments accounted for using the equity method	698	USD24	2.54%	USD24	Note 1
	Stock/EMMIT Systems Corporation	Equity-method investee	Investments accounted for using the equity method	2,738	27,457	12.47%	27,547	Note 1
Shin Puhai Steel Corporation	Stock/Puhai United Steel Corp.	Same chairman	Financial assets carried at cost	50	475	0.003%	-	
	Stock/Groopco Technology Inc	Equity-method investee	Investments accounted for using the equity method	3,830	7,420	42.53%	7,420	Note 1

Holding company	Type and name of marketable securities	Relationship with the investee	Financial statement account	December 31, 2009			Note
				Number of Shares (in thousands)	Carrying Amount	Percentage of Ownership (%)	
Excellent Reward International Co., Ltd.	Equity / Changshu Chief Leading Edge Construction Materials Company	Equity-method investee	Investments accounted for using the equity method	-	USD 10,308	100.00%	USD 10,308
	Equity / Jiangsu L & Y Engineering Co., Ltd.	Equity-method investee	Investments accounted for using the equity method	-	USD 635	100.00%	USD 635
Mickey Regent Inc.	Equity / Yich Plur (China) Technomaterial Co., Ltd.	Equity-method investee	Investments accounted for using the equity method	-	USD 133,249	100.00%	USD 133,249
EMMT Systems Corporation	Stock / United Radiant Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	4	35	-	35
	Fund / BNP AUD corporate bonds	-	Financial assets at fair value through profit or loss	0.6	1720	-	1720
Applied Wireless Identifications Group Inc.	Stock / Applied Wireless Identifications Group, Inc.	Equity-method investee	Investments accounted for using the equity method	157/101	36,519	72.94%	36,519
	Stock / Groupco Technology Inc.	Equity-method investee	Investments accounted for using the equity method	4,500	8,718	40.97%	8,718
Yieh Hsing Enterprise Co., Ltd.	Stock / Rodan (Taiwan) Co., Ltd.	-	Financial assets carried at cost	176	492	1.07%	-
	Stock / AWII Asia Co., Ltd.	Equity-method investee	Investments accounted for using the equity method	1,500	USD -	100.00%	(USD 180)
Yieh Hsing Enterprise Co., Ltd.	Stock / United Winwei Metals	Equity-method investee	Investments accounted for using the equity method	-	63,893	33.75%	63,893
	Stock / Chen Shin House Management Consulting Co., Ltd.	Equity-method investee	Investments accounted for using the equity method	75	205	7.50%	205
Stock / Zheng Xin Security Co., Ltd.	Stock / Zheng Xin Security Co., Ltd.	Equity-method investee	Investments accounted for using the equity method	400	4,927	10.00%	4,927
	Stock / Pacific Harbor Stevedoring Corp.	Equity-method investee	Investments accounted for using the equity method	150	1,650	3.00%	-
Stock / Qiao Tian Bao Co., Ltd.	Stock / Qiao Tian Bao Co., Ltd.	-	Financial assets carried at cost	3,500	-	5.00%	-
	Stock / Yieh United Steel Corporation	-	Financial assets carried at cost	39	332	0.002%	-

Note 1: The Company accounted for investments in EMMT Systems Corp. and Groupco Technology Inc. and Chen Wan Technology Corp. under the equity method as the Company had significant influence over these investees. The Company jointly owned over 50% of the shares in Groupco Technology Inc., giving the company control over the investee.

Note 2: The Company had significant influence over Tian-Yue Hot Spring & Resort Inc. and Azaazone Co. Ltd. and Cheng Shin House Management Consulting Co., Ltd. and Zheng Xin Security Co., Ltd. As such, these investments are accounted for using the equity method.

Note 3: The shareholders' equity of Awid Asia Co., Ltd. is negative, and it has been recognized related loss, and the credit of long-term investment is accounted as deduction of accounts receivable for USD 10 thousand and other liability-others for USD 170 thousand.

Note 4: All intercompany transactions disclosed above were eliminated.

TABLE 4

Yieh Phui Enterprise Co., Ltd. and Subsidiaries
Marketable Securities Acquired and Disposed of At Costs or Prices of At Least NT\$100 Million or 20% of the Paid-In Capital
January 1, 2009 ~ December 31, 2009

Unit: Thousand NT Dollars

Company name	Type and name of marketable securities	Financial statement account	Counter-party	Nature of relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					No. of Shares (in thousands)	Amount	Shares (in thousands)	Amount (Note1)	Shares (in thousands)	Selling price	Carrying Amount	Disposal gain (loss)	Shares (in thousands)	Amount
Yieh Phui Enterprise Co., Ltd.	Stock/E-DA Development Corp	Investments accounted using the equity method	Subscription of new shares	-	78,500	780,909	29,074	282,494 (Note1)	-	-	-	-	107,574	1,063,463
	Stock/Yieh United Steel Corp	Financial assets carried at cost - noncurrent	Yieh Hsing Enterprise Co., Ltd.	Equity-method investee	220,085	2,179,768	35,100	486,057 (Note1)	-	-	-	-	255,183	2,665,825
	Structure product/TC Bank NTD-denominated credit-linked structure product	Financial assets carried at fair value through profit or loss - noncurrent	TC Bank	-	-	-	-	499,243 (Note3)	-	-	220,000	-	-	279,243
Yieh Hsing Enterprise Co., Ltd.	Stock/Yieh United Steel Corp	Financial assets at fair value through profit or loss - noncurrent	Yieh Phui Enterprise Co., Ltd.	Parent Company	35,119	297,731	-	-	35,100	482,830	297,399	185,431	39	332

Note1: Including the acquisition for new shares of NT\$290,740 thousand and investment loss under equity method of NT\$8,246 thousand.

Note2: Purchase of NT\$486,057 thousand including the acquisition of NT\$482,830 and related costs of NT\$3,227 thousand.

Note3: Including the purchase of NT\$500,000 thousand and financial assets at fair value through loss of NT\$757 thousand.

Note4: All intercompany transactions disclosed above were eliminated.

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TABLE 5

Yieh Phui Enterprise Co., Ltd. and Subsidiaries
Acquisition of Individual Real Estate Properties At Costs of At Least NT\$100 Million or 20% of The Paid-In Capital
December 31, 2009

December 31, 2009

Unit: Thousands of NT Dollars

Company name	Name of property	Transaction date	Transaction amount	Payment term	Counterparty	Relationship with the company	Counterparty is related party, the previous transfer information				Price reference	Purpose of Acquisition	Other terms
							Owner	Relation with the company	Transfer date	Amount			
Yieh Phui Enterprise Co., Ltd.	Factory building	2009. 2.11	185,904	Fully paid	New Springs, Chao-Chen, Dragon Steel, etc.	-	-	-	-	Confirm contract after price comparison	For operative production	-	
Yieh Phui (China) Technomaterial Co., Ltd.	Factory building	2009.11.30	146,125	Fully paid	Shanghai Bao Zhi Construction Co., Ltd.	-	-	-	-	Confirm contract after price comparison	For operative production	-	

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189

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TABLE 6

Yieh Hsing Enterprise Co., Ltd. and Subsidiaries
Disposal of Individual Real Estate Properties At Costs of At Least NT\$100 Million or 20% of The Paid-In Capital
December 31, 2009

Unit: Thousand NT Dollars												
Company name	Name of property	Transaction date	Original acquisition date	Book value	Transaction amount	Collection term	Disposal gain (loss)	Counterparty	Relation ship with the company	Purpose of disposal	Price reference	Other terms
Yieh Hsing Enterprise Co., Ltd.	Land -No.153 Chenggong Sec. Zhongzheng Dist., Taipei City	2009.12.30	1996.3	62,056	75,811	As of December 31, 2009, there was NT\$93,132 thousand	13,755	MTECH Corporation	The chairman is the second degree relative of the Company's chairman.	To activate assets and strengthen financial structure.	Refer to appraisal price and boom.	—
	Building-Construction No.1626,1627 and 1636 Chenggong Sec. Zhongzheng Dist., Taipei City		1996.3	21,783	25,501	unreceived, but it has been received subsequently	3,718					
Total				83,839	101,312 (Note)		17,473					

Note1: Excluding business tax of NT\$1,278 thousand and relative expense of land value increment tax and house tax, etc. of NT\$542 thousand including total contract price of NT\$103,132 thousand.

Note2: All intercompany transactions disclosed above were eliminated.

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TABLE 7

Yieh Phui Enterprise Co., Ltd. and Subsidiaries
Purchases From or Sales To Related Parties Exceeding \$100 Million or 20% of The Company's Capital
January 1, 2009 - December 31, 2009

Unit: Thousands of NT Dollars/ Foreign Currency

Purchaser/ Seller	Name of related party	Relationship with the Company	Transaction details			Differences in transaction terms compared to arms-length transaction		Notes or accounts receivable (payable)		Note
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	
Yieh Phui Enterprise Co., Ltd	Glorious International Limited	Subsidiary of the Company's Equity-method investee	Sales	5,074,849	19.12%	1-2 months	-	Note	917,450	29.68%
	Yieh Hong Enterprise Co., Ltd.	Related party in substance	Purchases	2,668,593	12.62%	1-2 months	-	-	1,640	0.31%
	Asiazone Co., Limited	Equity-method investee	Sales	2,200,106	8.29%	1-2 months	-	-	417,244	13.50%
			Purchases	743,868	3.52%	1-2 months	-	-	133,125	24.94%
	Shin Phui Steel Corporation	Subsidiary	Sales	594,814	2.24%	1-2 months	-	-	15,173	0.49%
	Yieh Corporation Limited	The chairman is the second degree relative of the Company's chairman	Sales	592,251	2.23%	1-2 months	-	-	13,841	0.45%
Mickey Regent Inc. Shin Phui Steel Corporation.	Yieh Phui(China) Technomaternal Co., Ltd.	The subsidiary of the company's equity-method investee	Purchases	113,283	0.54%	1-2 months	-	-	-	-
	Yieh United Steel Corp.	Same chairman	Sales	333,217	1.26%	1-2 months	-	-	34,481	1.11%
	Yieh Hsing Enterprise Co., Ltd	Subsidiary	Sales	470,845	1.77%	1-2 months	-	Note	345,675	11.18%
	Yieh Phui (China) Technomaternal Co., Ltd	Subsidiary	Sales	USD 38,739	100%	1-2 months	-	-	-	-
	Yieh Phui Enterprise Co., Ltd	Parent company	Purchases	594,814	100%	1-2 months	-	-	15,173	100%
										Accounts payable

NON-CONFIDENTIAL

Purchaser/ Seller	Name of related party	Relationship with the Company	Transaction terms			Differences in transaction terms compared to arms-length transaction		Notes or accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Amount	
Yieh Hsing Technomaterial Co., Ltd	Asazone Co., Limited	Equity method investee of ultimate parent company	Purchase	RMB 104,389	4.81%	1-2 months	-	-	-	-
	Lianzhong Stainless Steel Corp.	Substantial related party	Sales	RMB 53,139	2.22%	1-2 months	-	-	RMB 11,614	Accounts receivable
	Chang Shu Chief Leading Edge Construction Materials Co., Ltd	Same ultimate parent company	Sales	RMB 65,168	2.73%	1-2 months	-	-	RMB 3,486	Accounts receivable
									RMB 5,000	Note
Yieh Hsing Enterprise Co., Ltd	Tianjin Lianfa Precision Steel Corp	Substantial related party	Sales	RMB 32,326	1.35%	1-2 months	-	-	RMB 2,680	Accounts receivable
	Yieh Phui Enterprise Co., Ltd	Ultimate parent company	Sales	RMB 23,783	0.99%	1-2 months	-	-	-	-
	Mickey Regent Inc.	Parent company	Purchases	RMB 264,698	12.19%	1-2 months	-	-	-	-
	Yieh United Steel Corp	The chairman is the Company's director	Purchases	3,717,138	57.56%	Sight L/C	Rather	Rather	-	-
	Yieh Phui Enterprise Co., Ltd	The chairman is the Company's director	Purchases	426,715	6.61%	60 days	Rather	Sight L/C	345,675	Accounts payable
	Asazone Co., Limited	Same chairman	Purchases	112,821	1.75%	150 days T/T	Rather	Sight L/C	111,126	Accounts payable

Note1: Steel products were sold at normal arms-length prices except special steel products, whose comparable prices were not available.

Note2: All intercompany transactions disclosed above were eliminated.

NON-CONFIDENTIAL

TABLE 8

Yieh Phui Enterprise Co., Ltd. and Subsidiaries
 Receivable From Related Parties Exceeding \$100 Million Or 20% Of The Company's Capital
 January 1, 2009 – December 31, 2009

Name of creditor	Name of related party	Relationship with the Company	Balance of receivable from related parties	Turnover rate	Unit: Thousands of NT Dollars/ Foreign Currency			Allowance for doubtful accounts
					Overdue receivable		Subsequent collection of receivables from related party (Note 1)	
					Amount	Action taken		
Yieh Phui Enterprise Co., Ltd.	Glorious Falcon International Limited	Equity method investee of subsidiary	917,450	6.91	—	—	917,450	9,487
	Asiazone Co., Limited	Equity-method investee	417,344	9.54	—	—	417,344	2,086
	Yieh Hsing Enterprise Co., Ltd.	Subsidiary	345,675	2.47	—	—	345,675	—
Mickey Regent Inc.	Yieh Phui (China) Technomaterial Co., Ltd.	Equity method investee of subsidiary	USD 50,000 (Note 2)	—	—	—	USD 45,000	—
	Best Perfect Holding Limited	Subsidiary	USD 20,012 (Note 2)	—	—	—	USD 20,012	—
	Changshu Chief Leading Edge Construction Materials Company	Equity method investee of subsidiary	USD 10,015 (Note 2)	—	—	—	USD 6,515	—
Best Perfect Holding Limited	Yieh Phui (China) Technomaterial Co., Ltd.	Equity method investee of subsidiary	USD 20,012 (Note 2)	—	—	—	USD 20,012	—

Note 1: The amounts collected as of April 21, 2010.

Note 2: Included in "other receivables"; related to financing receivable. The amount is not to be included in the calculation of the accounts receivable turnover rate.

Note 3: All intercompany transactions disclosed above were eliminated.

TABLE 9

Yieh Phui Enterprise Co., Ltd. and Subsidiaries
Business Relationship and Significant Transactions Between The Parent Company And Subsidiaries
For The Years Ended December 31, 2009 And 2008

For the Year Ended December 31, 2009:

(Excluding individual transactions less than NT\$50 million (incl.); asset transactions or income transactions disclosed here were not disclosed elsewhere)

No. (Note 1)	Company Name	Counter-party	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
				Financial Statement Account	Amount	Transaction term	
0	Yieh Phui Enterprise Co., Ltd.	Shin Phui Steel Corporation	1	Operating Revenue	594,814	Note 4	1.35%
		Yieh Hsing Enterprise Co., Ltd.	1	Other Assets-Others	97,100	-	0.15%
				Operating Revenue	470,845	Note 4	1.05%
				Account Receivable	345,675	-	0.54%
1	Mickey Regent Inc.	Yieh Phui (China) Technomaterial Co., Ltd.	1	Long-term Receivable	1,599,500	-	2.48%
				Operating Revenue	1,254,945	Note 4	2.80%
				Interest revenue	63,536	-	0.14%
		Best Perfect Holding Limited	3	Long-term Receivable	630,800	-	0.99%
		Changshu Chief Leading Edge Construction Materials Company	3	Other receivables	320,195	-	0.50%
2	Best Perfect Holding Limited	Yieh Phui (China) Technomaterial Co., Ltd.	3	Long-term Receivable	639,800	-	0.99%
3	Construction Materials Company	Yieh Phui (China) Technomaterial Co., Ltd.	3	Operating Revenue	67,599	Note 4	0.12%
4	EMMT Systems Corporation	Loupuco Technology Inc.	3	Operating Revenue	81,463	Note 4	0.13%
5	Yieh Phui Technomaterial Co., Ltd.	Changshu Chief Leading Edge Construction Materials Company	3	Operating Revenue	309,074	Note 4	0.69%
		Yieh Phui Enterprise Co., Ltd.	2	Operating Revenue	113,283	Note 4	0.25%
6	Yieh Hsing Enterprise Co., Ltd.	Yieh Phui Enterprise Co., Ltd.	1	Gain On Disposal of Investments	185,431	-	0.41%

Unit: Thousand NT Dollars

For the Year Ended December 31, 2008:

(Excluding individual transactions less than NT\$50 million (incl.); asset transactions or income transactions disclosed here were not disclosed elsewhere)

		Unit: Thousand NT Dollars				
No. (Note 1)	Company Name	Counter-party	Nature of Relationship (Note 2)	Intercompany Transactions		Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
				Financial Statement Account	Amount	Transaction term
0	Yieh Phui Enterprise Co., Ltd.	Shin Phui Steel Corporation	1	Operating Revenue	885,053	Note 4
				Other Assets-Others	99,500	
				Other receivables	339,083	
				Operating Revenue	167,881	Note 4
				Interest income	78,457	
				Other receivables	1,297,090	
				Other receivables	419,330	
				Other receivables	1,297,090	
				Operating Revenue	151,339	Note 4
				Operating Revenue	1,093,921	Note 4

Note 1: The numbers filled for intercompany transactions are as follows:

1. The parent company is numbered "0".

2. The subsidiaries are numbered starting from "1".

Relationship with the party to the transaction:

1. The parent company to the subsidiary

2. The subsidiary to the parent company

3. The subsidiary to subsidiary

Note 3: Regarding the ratio of transaction amount to consolidated total gross sales or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet accounts and based on accumulated amount to consolidated total gross sales for income statement accounts

Note 4: The prices of sales transactions between the Company and related parties were based on arms-length terms. The credit term is normally between 1 to 2 months, except where both parties agreed to extend the credit term and charge additional interest on late payments.

TABLE 10

Yieh Phui Enterprise Co., Ltd. of Subsidiaries
Names, Locations, And Related Information of Investees Over Which The Company Exercises Significant Influence
As Of December 31, 2009

Unit: Thousands of NT Dollars/ Foreign Currency

Name of Investor	Name of Investor	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2009		Carrying Amount	Net Income (Loss) of the Investee	Equity in the Earnings (Losses)	Note
				December 31, 2009	December 31, 2008	shares (in thousands)	Percentage of Ownership				
Yieh Phui Enterprise Co., Ltd.	Yieh Mau Corporation	Kaohsiung County, Taiwan	Trading & manufacturing	422,605	422,605	37,252	23.00%	505,967	37,218	8,558	
	Cheng Shan House Management Consulting Co., Ltd.	Kaohsiung County, Taiwan	Building management service	3,915	3,915	320	32.00%	874	(11,137)	(3,564)	Note 2
	Gen Wan Technology Corp.	Kaohsiung County, Taiwan	Telecommunications contracts	363,135	363,135	23,224	84.45%	24,668	(5,260)	(2,210)	
	Shin Phui Steel Corp.	Kaohsiung County, Taiwan	Steel products trading	251,096	251,096	24,766	100.00%	244,365	15,474	14,631	
	Elter International Corporation	Kaohsiung City, Taiwan	Building construction for sale	663,510	663,510	66,351	28.57%	699,191	13,746	3,927	
	Good Honor Holdings Ltd.	British Virgin Islands	Investment	242,344	242,344	7,646	100.00%	340,837	74,849	74,849	
	Worthing Honor Holdings Ltd.	British Virgin Islands	Investment	52,092	52,092	1,600	100.00%	53,336	3	3	
	Excellent Rewards International Co., Ltd.	British Virgin Islands	Investment	504,656	492,859	15,060	100.00%	331,544	9,140	9,240	
	Top Point Investment Properties Ltd.	British Virgin Islands	Steel products trading and related businesses	87,606	87,606	2,500	100.00%	368	-	-	
	United Brightening Development Corp.	Kaohsiung County, Taiwan	Technical consultation for steel products manufacturing	747,330	747,330	80,128	44.56%	999,209	(9,458)	(7,606)	

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Name of Investor	Name of Investee	Location	Main Business and Products	Original Investment Amount		Balance as of December 31, 2009 shares (in thousands)	Percentage of Ownership	Carrying Amount	Net Income (Loss) of the Investee	Equity in the Earnings (Losses)	Note
				December 31, 2009	December 31, 2008						
Yieh Chun Enterprise Co., Ltd	EMMT Systems Corp.	Taichung County, Taiwan	Manufacturing and marketing of military specification printed circuit boards	192,163	337,937	17,251	78.59%	173,009	(34,574)	(23,802)	Note 6
	Tian-Yue Hot Spring & Resort Inc.	Kaohsiung County, Taiwan	Hotel industry	11,700	11,700	1,170	19.50%	4,649	(11,501)	(2,243)	Note 2
	Global Partners Link Co., Ltd	Taipei, Taiwan	Investment company	10,000	10,000	1,000	33.33%	8,045	551	184	
	Synn Industrial Co., Ltd	Kaohsiung County, Taiwan	Steel products related businesses	294,000	294,000	39,120	30.00%	464,888	170,876	51,263	
	Mickey Regent Inc.	British Virgin Islands	Investment company	4,316,878	4,316,878	130,000	100.00%	4,257,417	(117,002)	(111,803)	
	Best Perfect Holding Limited	British Virgin Islands	Steel products trading and related businesses	57,374	57,374	1,750	100.00%	244	1	1	
	Asiazone Co., Limited	Hong Kong	Steel products trading and related businesses	345,747	345,747	8,970	19.50%	408,760	(84,443)	(116,762)	Note 2
	Kuo Chang Enterprise Co., Ltd	Kaohsiung County, Taiwan	Wholesaling of hardware	360,000	360,000	39,537	45.00%	530,555	(4,793)	(2,156)	
	Yieh Hsing Enterprise Co., Ltd	Kaohsiung County, Taiwan	Wire rods trading	2,195,429	2,307,533	348,952	54.82%	3,013,675	38,124	(78,111)	Note 5
	Tycoons Steel International Co., Ltd	Cayman Island	Investment company	427,629	427,629	14,700	49.00%	372,247	(73,685)	(36,106)	
	Hsing Jui Investments Limited	Samoa	Investment company	218,250	192,582	4,247	31.00%	213,835	8,898	2,759	Note 3
	Da Engineering & Consulting Co., Ltd	Vanuatu	Management service	9,800	9,800	980	49.00%	10,203	500	245	

- 99 -

NON-CONFIDENTIAL

NON-CONFIDENTIAL

Name of Investor	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2009		Percentage of Ownership	Carrying Amount	Net Income (Loss) of the Investee	Equity in the Earnings (Losses)	Note
				December 31, 2009	December 31, 2008	shares (in thousands)						
Yieh Phui Enterprise Co., Ltd	E-Da Development Corp.	Kaohsiung County, Taiwan	Leisure development	1,075,740	785,000	107,574		29.07%	1,063,403	(28,361)	(8,246)	
	Zheng Xin Security Co., Ltd	Kaohsiung County, Taiwan	Security industry	14,000	14,000	1,400		35.00%	17,244	9,505	3,327	Note 2
	Champion Logistic Inc.	Sunosa	Investment company	2,888,495	2,888,495	89,000		49.44%	2,861,917	29,207	14,441	
	E United Japan Co., Ltd	Japan	Steel products trading and related business	8,027	—	—		47.00%	5,828	(5,072)	(2,384)	Note 6
	E-DA Cultural creative Industries Co., Ltd	Kaohsiung County, Taiwan	Cultural creative	9,500	—	950		19.00%	9,404	(504)	(96)	Note 2
Shin Phui Steel Corporation	Groupco Technology Inc.	Taichung County, Taiwan	RADIO	37,492	37,492	3,830		42.83%	16,624,762	(11,278)	(113,662)	Note 4
Goodonor Holdings Ltd.	Glorious Falcon International Limited	British Virgin Islands	Investment in steel manufacturing and related businesses	USD 3,350	USD 3,350	3,350		50.00%	USD 10,932	USD 4,795	USD 2,398	
Working Honor Holdings Ltd.	Gen-Wan Technology Corp.	Kaohsiung County, Taiwan	Telecommunication contract	USD 204	USD 204	698		2.54%	USD 24	USD (162)	USD (4)	Note 1
	Wise Universe International Limited	British Virgin Islands	Investment company	USD 1,500	USD 1,500	1,500		50.00%	USD 1,536	USD 8	USD 4	
Gen-Wan Technology Corp.	EMMT Systems Corp.	Taichung County, Taiwan	Manufacturing and marketing of military specification printed circuit boards	156,851	156,851	2,738		12.47%	27,457	(14,574)	(5,961)	Note 1
EMMT Systems Corporation	Groupco Technology Inc.	Taichung County, Taiwan	RADIO	45,000	45,000	4,500		49.97%	8,718	(11,278)	(5,636)	Note 1
	Applied Wireless Identifications Group, Inc.	San Francisco, USA	RFID	260,546	260,546	157,101		72.94%	36,519	(45,415)	(91,587)	

- 100 -

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Name of Investor	Name of Investee	Location	Main Businesses and Products	Original Investment Amount December 31, 2009	December 31, 2008 USD 14,636	Balance as of December 31, 2009 shares (in thousands)	Percentage of Ownership	Carrying Amount	Net Income (Losses) of the Investee USD 121	Equity in the Earnings (Losses) USD 121	Note
Excellent Rewards International Co., Ltd	Changshu Chief Leading Edge Construction Materials Company Jiangsu J & Y Engineering Co., Ltd	Jiangsu, Mainland China	Contracting and design of steel structural contracts	USD 15,000	USD 14,636	—	100.00%	USD 10,308	USD 121	USD 121	
		Jiangsu, Mainland China	Steel Structure, Electrical Engineering (Manufacturing & Installation)	USD 1,520	USD 1,520	—	100.00%	USD 635	USD 25	USD 25	
Mickey Regent Inc	Yieh Phu (China) Technomaterial Co., Ltd	Jiangsu, Mainland China	Manufacturing and marketing of pickled, cold rolled, galvanized and pre-painted steel coils.	USD 130,000	USD 130,000	—	100.00%	USD 133,249	USD 3,735	USD 3,735	
Applied Wireless Identification Group, Inc.	AWID Asia Co., Ltd	Kaohsiung City, Taiwan	Telecommunication's equipment retailing	USD 407	USD 407	1,500	100.00%	—	USD 3,362	USD 3,362	
Yieh Hsing Enterprise Co., Ltd	United Winner Metals	2649 South Military Highway, Chinspeike, Virginia 23324	Purchasing and selling of waste steel	111,583	111,583	—	33.75%	63,803	4,559	1,510	
	Cheng Shin House Management Consulting Co., Ltd	Kaohsiung County, Taiwan	Building management service	750	750	75	7.50%	205	(11,137)	(548)	Note 2
	Zheng Xin Security Co., Ltd	Kaohsiung County, Taiwan	Security industry	4,000	4,000	400	10%	4,927	9,505	927	Note 2

Note 1: The Company jointly owned over 50% shares of EMMT Systems Corporation and Groupeco Technology Inc., and Gen wan Technology Inc., giving the company control over the investees.

Note 2: The Company accounted for investments in Tian-Yue Hoi Spring & Resort Inc. and Asuzone Co., Limited, F-DA cultural creative Industries Co., Ltd. and Cheng Shin House Management Consulting Co., Ltd. and Zheng Xin Security Co., Ltd. and under the equity method as the Company exercised significant influence over these investees.

Note 3: Prepayments for stocks was included in the balance at December 31, 2009.

Note 4: Excluding investment loss of NT\$76,023 thousand recognized of no investment value companies including Widax Corporation.

Note 5: Current capital reduction amount for covering accumulated deficit has been deducted from original investment cost.

Note 6: All intercompany transactions mentioned above have been eliminated.

Note 7: Investment income (loss) recognized based on the non-audited financial statements.

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TABLE 11

Yieh Phui Enterprise Co., Ltd.
Disclosure of Information on Investments in Mainland China
January 1, 2009 ~ December 31, 2009

Name of Investee in Mainland China	Main Activities	Paid-in Capital	Method of Investment (Note 1)	Accumulated investment balance at Jan. 1, 2009	Investment remitted or received during the period		Accumulated investment balance as of December 31, 2009	Direct and indirect percentage of ownership	Investment income (loss) recognized in 2009 (Note 2)	Investment Balance at December 31, 2009 (Note)	Accumulated investment income received at December 31, 2009
					Remitted	Received					
Changshu Chief Leading Edge Construction Company	Steel structure design and manufacturing	USD 15,000 thousand	(2)	442,864 (USD 13,277)	11,797 (USD 364)	—	454,661 (USD 13,641)	100.00%	3,871 (2.2)	329,753	—
Materials Company Jiangsu J & Y Engineering Co., Ltd.	Steel Structure, Electrical Engineering (Manufacturing & Installation)	USD 1,520 thousand	(2)	43,878 (USD 1,520)	—	—	43,878 (USD 1,520)	100.00%	800 (2.2)	20,314	—
Yieh Phui (China) Technomaterial Co., Ltd.	Manufacturing and marketing of pickled, cold rolled, galvanized and pre-painted steel coils	USD 30,000 thousand	(2)	4,316,878 (USD 130,000)	—	—	4,316,878 (USD 130,000)	100.00%	(119,483) (2.2)	4,262,636	—
Tianjin Lianfa Precision Steel Corporation	Manufacturing and marketing of special high grade alloy	USD 13,500 thousand	(2)	137,856 (USD 4,185)	—	—	137,856 (USD 4,185)	31%	1,976 (2.2)	133,091	—

Unit: Thousands of Thousand Dollars/Foreign Currency

Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2009	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Upper limit on investment in Mainland China imposed by the Investment Commission of the Ministry of Economic Affairs	Accumulated investment in Mainland China of disposed subsidiaries (including disposal, liquidation, M & A and bankruptcy of subsidiaries in Mainland China) as of December 31, 2009	Accumulated remittance of earnings from subsidiaries (including disposal, liquidation, M & A and bankruptcy of subsidiaries in Mainland China) as of December 31, 2009
4,953,273 (US\$ 149,346)	4,953,273 (US\$ 149,346)	16,100,843	—	—

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Note : Computed at the exchange rate: USD: TWD 1:31.99.

Note 1: Methods of investment are listed below:

- (1) Investment in a company in Mainland China by remitting funds from a country other than Taiwan and Mainland China.
- (2) Invest in a company in Mainland China through a holding company registered in a country other than Taiwan and Mainland China.
- (3) Invest in a company in Mainland China through a current company registered in a country other than Taiwan and Mainland China.
- (4) Directly invest in a company in Mainland China.
- (5) Others.

Note 2: Investment gains or losses recognized:

- (1) The investee was still being set up. No investment gain or loss has been derived or incurred.
- (2) Investment gains or losses are recognized according to the following:
 1. The amount recognized was based on the audits conducted by an international CPA firm, which is an affiliate of a CPA firm in the ROC.
 2. The amount recognized was based on the audits conducted by the parent company's independent auditors.
 3. Other.

Note 3: Figures in the Table shall be expressed in New Taiwan Dollars.

1. Significant transactions with the investee companies in Mainland China as of December 31, 2009:

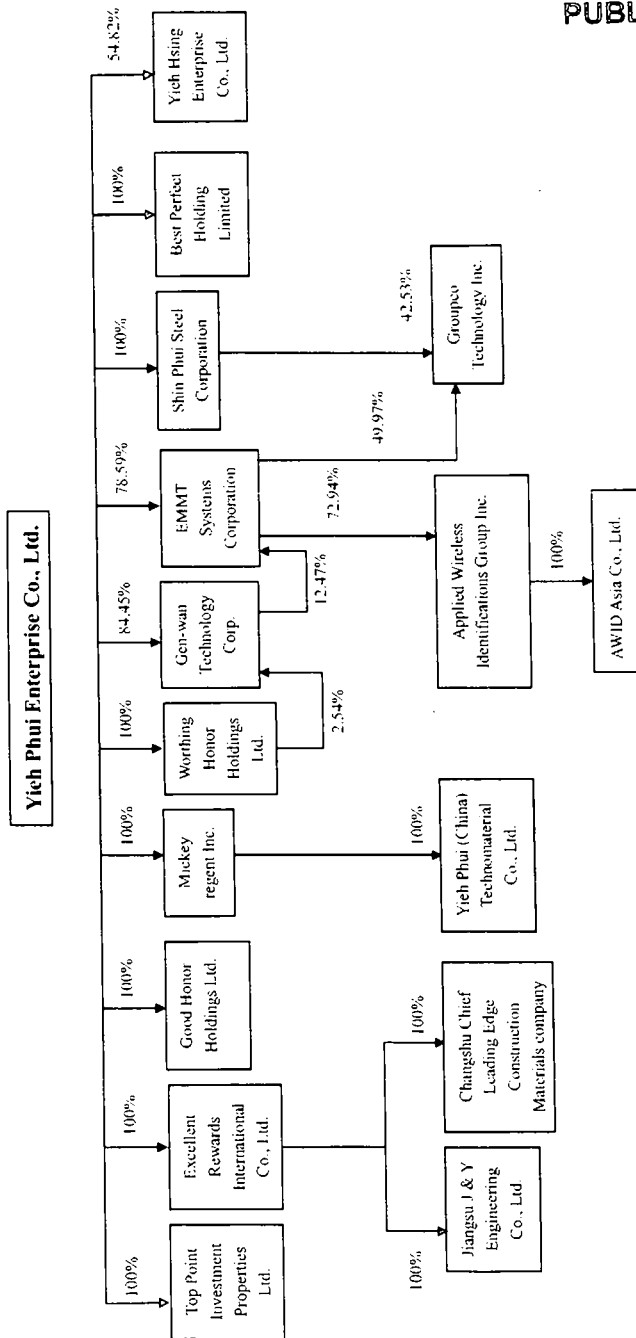
Year	Name of Investee in Mainland China	Type of Transaction	Amount	Percentage of sales (purchases)	Terms of Transaction	Accounts Receivable (Payable) as of December 31, 2009
As of December 31, 2009	Changshu Chief Leading Edge Construction Materials Company (Note)	Sales	1,896	-	General sales terms; accounts are collected within 1 to 2 months from the transaction date.	-
As of December 31, 2009	Yieh Phu (China) Technomaterial Co., Ltd.	Purchases	113,283	0.54%	General purchases terms; accounts are paid within 1 to 2 months from this transaction date.	-

Note: Transactions between the Company and Changshu Chief Leading Edge Construction Materials Company were made through Best Perfect Holding Limited. Please refer to Note 37, 1.(1) for details of financing transactions between the Company and investees in Mainland China for the December 31, 2009. Please refer to Note 37, 1.(2) for details of endorsements or guarantees provided by the Company to investees in Mainland China for the December 31, 2009.

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TABLE 12

**Yieh Phui Enterprise Co., Ltd. And Subsidiaries
Organization Chart of Affiliated Enterprises
December 31, 2009**



42. Maturity Analysis of Assets and Liabilities

Assets and liabilities of the consolidated entities related to steel structure engineering businesses are classified as current and non-current according to their operating cycles. The amounts receivable or due and payable within or after one year after the balance sheet date were summarized as follows:

Assets	December 31, 2009		
	Due within one year	Due after one year	Total
Cash and cash equivalents	\$3,549,873	\$ -	\$3,549,873
Financial assets at fair value through profit or loss-current	1,009,038	-	1,009,038
Bond investments with no active market-current	2,000	-	2,000
Notes receivable	215,726	-	215,726
Accounts receivable (incl. related parties)	3,871,691	-	3,871,691
Other receivables (incl. related parties)	429,031	-	429,031
Inventories	6,529,845	112,570	6,642,415
Prepayments	2,148,199	-	2,148,199
Noncurrent assets held for sale	9,675	-	9,675
Deferred income tax assets-current	41,496	-	41,496
Restricted assets-current	1,526,092	-	1,526,092
Total	<u>\$19,332,666</u>	<u>\$112,570</u>	<u>\$19,445,236</u>
Liabilities			
Short-term loans	\$10,335,279	\$ -	\$10,335,279
Short-term bills payable	750,705	-	750,705
Notes payable	2,015,824	-	2,015,824
Accounts payable (incl. related parties)	939,867	-	939,867
Income tax payable	20,710	-	20,710
Accrued expenses	627,540	-	627,540
Other payables	151,485	-	151,485
Advance receipts	284,438	-	284,438
Long-term liabilities-current portion	3,775,888	-	3,775,888
Total	<u>\$18,901,736</u>	<u>\$ -</u>	<u>\$18,901,736</u>

Assets	December 31, 2008		
	Due within one year	Due after one year	Total
Cash and cash equivalents	\$5,980,549	\$ -	\$5,980,549
Financial assets at fair value through profit or loss-current	683,988	-	683,988
Bond investments with no active market-current	2,000	-	2,000
Notes receivable	179,283	-	179,283
Accounts receivable (incl. related parties)	2,398,162	-	2,398,162
Other receivables (incl. related parties)	236,374	-	236,374
Inventories	6,304,552	665,478	6,970,030
Prepayments	710,106	-	710,106
Deferred income tax assets-Current	167,460	-	167,460
Restricted assets-current	1,429,466	-	1,429,466
Total	<u>\$18,091,940</u>	<u>\$665,478</u>	<u>\$18,757,418</u>
Liabilities			
Short-term loans	\$10,670,962	\$ -	\$10,670,962
Short-term bills payable	1,647,369	-	1,647,369
Notes payable	2,353,072	-	2,353,072
Accounts payable (incl. related parties)	659,438	-	659,438
Income tax payable	269,403	-	269,403
Accrued expenses	522,861	-	522,861
Other payables	211,605	-	211,605
Advance receipts	425,483	-	425,483
Long-term liabilities-current portion	3,723,973	-	3,723,973
Total	<u>\$20,484,166</u>	<u>\$ -</u>	<u>\$20,484,166</u>

43. DISCLOSURES FOR FINANCIAL INSTRUMENTS

(1) Fair values of financial instruments were as follows:

Non-derivative Financial Instruments	December 31, 2009	
	Carrying Amount	Fair Value
Assets		
Cash and cash equivalents	\$3,549,873	\$3,549,873
Financial assets at fair value through profit or loss	1,002,132	1,002,132
Assets-Current		
Bond investments with no active market-current	2,000	2,000
Notes and accounts receivable	4,516,448	4,516,448
Restricted assets-current	1,526,093	1,526,093
Financial assets carried at cost-noncurrent	2,765,998	-
Bond investments with no active market-noncurrent	4,000	4,000
Refundable deposits	58,776	58,776
Restricted assets-noncurrent	85,975	85,975
Liabilities		
Short-term loans	10,335,279	10,335,279
Short-term bills payable	750,705	750,705
Notes and accounts payable	3,107,176	3,107,176
Long-term liabilities-current portion	3,775,888	3,775,888
Long-term liabilities	15,727,388	15,727,388
Guarantee deposits	1,687	1,687
Derivative Financial Instruments		
Assets		
Financial assets at fair value through profit or loss		
Assets-current		
Investment-linked life insurance	6,906	6,906
Financial assets at fair value through profit or loss		
Assets-noncurrent		
Compound instruments	279,243	279,243

Non-derivative Financial Instruments	December 31, 2008	
	Carrying Amount	Fair Value
<u>Assets</u>		
Cash and cash equivalents	\$5,980,549	\$5,980,549
Financial assets at fair value through profit or loss	667,160	667,160
Assets-current		
Bond investments with no active market-current	2,000	2,000
Notes and accounts receivable	2,813,819	2,813,819
Restricted assets-current	1,429,466	1,429,466
Financial assets carried at cost-noncurrent	2,804,539	-
Bond investments without active market-noncurrent	6,000	6,000
Restricted assets-noncurrent	663,600	663,600
Refundable deposits	34,400	34,400
<u>Liabilities</u>		
Short-term loan	10,670,962	10,670,962
Short-term bills payable	1,647,369	1,647,369
Notes and accounts payable	3,224,115	3,224,115
Long-term liabilities-current portion	3,723,973	3,723,973
Long-term liabilities	14,944,729	14,944,729
Lease payable	11,173	11,173
Guarantee deposits	960	960
<u>Derivative Financial Instruments</u>		
<u>Assets</u>		
Financial assets at fair value through profit or loss		
Assets-Current		
Investment-linked life insurance	6,927	6,927
Investment-linked bonds	9,901	9,901

A. The methods and assumptions used to estimate the fair values of the above financial instruments are summarized as follows:

- (A) For short-term instruments, the fair values were determined based on their carrying amounts because of the short maturities of the instruments. This method was applied to cash and cash equivalents, notes and accounts receivable, restricted assets- current, short-term loans, short-term bills payable, notes and accounts payable, long-term liabilities- current portion and lease payable.

(B) Financial assets at fair value through profit of loss:

The fair values of financial assets at fair value through profit of loss are determined at their market value. If there is no market value available for reference, the fair values are determined by using the valuation technique. The information used as basis for determining the Company's assumptions in applying valuation technique is consistent with that used by market participants in determining the prices of the financial instruments. The Company is capable of obtaining such information.

(C) Financial assets carried at cost- noncurrent:

Financial assets carried at cost are financial instruments issued by non-public corporations which do not have active market price and whose verifiable fair value cannot be determined at a reasonable cost.

(D) Debt service fund:

The fair values of bank deposits are estimated at their carrying amounts on the balance sheet date.

(E) The fair value of bond investments with no active market is determined at amortized cost.

(F) The fair values of other non-current financial assets and liabilities including refundable deposits, restricted assets- non-current and refundable Deposits are determined at their carrying amounts as payments are either made or received in cash and the time to receive or make the payment is certain.

(G) Derivative financial instruments:

The fair value of derivative financial instruments is determined by using the valuation technique as no market price is available. The information used as basis for determining the Company's assumptions in applying valuation technique is consistent with that used by market participants in determining the prices of the financial instruments. The fair value was provided by the counterparty financial institution.

(H) Long-term liabilities and Lease payables:

The fair values of long-term liabilities and lease payable are determined by the present values of future cash flows, with the values discounted at the interest rates of similar long-term liabilities and lease payables available for the Company.

(I) Corporate bonds payable:

The fair values of corporate bonds payables are determined at the contracted selling price plus interest compensation.

B. The fair values of the Company's financial assets and liabilities at fair value through profit or loss excluding those of listed (OTC) shares and fund Funds, which are determined at their quoted market prices, are determined using valuation techniques.

C. Changes in fair values of assets or liabilities using valuation techniques recognized in the

D. Financial assets exposed to cash flow interest rate risk as of December 31, 2009 and 2008 were NT\$ 3,203,861 thousand and NT\$5,889,646 thousand, respectively; while financial liabilities totaled NT\$29,761,319 thousand and NT\$29,350,837 thousand, respectively; financial assets exposed to fair value interest rate risk totaled NT\$1,492,085 thousand and NT\$1,877,813 thousand as of December 31, 2009 and 2008, respectively; while financial liabilities totaled NT\$819,401 thousand and NT\$ 1,647,369 thousand, respectively.

E. Interest income from the financial assets other than the financial assets at fair value through profit or loss for the years ended December 31, 2009 and 2008 was NT\$46,551 thousand and NT\$70,527 thousand, respectively; interest expenses resulting from the financial assets other than the financial assets at fair value through profit or loss for the years ended December 31, 2009 and 2008 were NT\$788,770 thousand and NT\$1,042,750 thousand, respectively.

(2) Information of major financial risk

A. Market risk

- a. The Company's investment in Funds and listed (OTC) stocks were classified as "financial assets at fair value through profit or loss- current". These assets were measured at their fair values, which will be influenced by the market interest rate change.
- b. The Company undertook investment in subordinate financial bonds which are mostly issued at floating interest rates. The impact of market interest rate changes on the fair values was considered to be immaterial.

B. Credit risk

Credit risk represents the potential loss that would be incurred by the Company if the counter-parties or third-parties breached the contracts. The Company's financial instruments are affected by its credit risk concentration, component, contract amounts and other receivables. The maximum credit risks associated with the financial instruments on hand as of the balance sheet date approximate their carrying amounts.

C. Liquidity risk

The Company maintained sufficient fund to meet operating capital requirements. The Company does not anticipate any liquidity risks associated with failure to source required funding.

Part of the Company's equity investments (financial assets at fair value through profit or loss) could be sold rapidly at prices approximating fair value because those financial assets could be sold in secondary financial market at market value. There are liquidity risks for the financial assets carried at cost and bond investments with no active market because no active market prices are available

D. Cash flow risk due to changes in interest rate

44. RECLASSIFICATION OF ACCOUNT

Certain accounts in the 2008 financial statements were reclassified to be in accordance with the presentation of accounts in the 2009 financial statements.

45. SEGMENT FINANCIAL INFORMATION

(1) Financial information by industry: The Company operates in one industry. Therefore, the disclosure of the industry financial information is not applicable to the Company.

(2) Financial information by geographic areas:

	2009			
	Asia	Taiwan	Adjustments & Elimination	Total
Operating revenues from external customers	\$11,831,379	\$32,988,634	\$ -	\$44,820,013
Operating revenues from internal segments	424,183	1,158,936	(1,583,119)	-
Total operating revenue	\$12,255,562	\$34,147,570	(1,583,119)	\$44,820,013
Segment profits	\$195,927	\$458,682	\$24,829	\$679,438
General income				552,091
Investment loss recognized under the equity method				9,239
General expenses				(144,415)
Interest expenses				(738,770)
Net income before income tax of continuing operations				\$357,583
Identifiable assets	\$15,880,691	\$58,718,932	(\$10,114,761)	\$64,484,862

	2008			
	Asia	Taiwan	Adjustments & Elimination	Total
Operating revenues from external customers	\$17,323,319	\$41,046,874	\$ -	\$58,370,193
Operating revenues from internal segments	1,246,797	895,257	(2,142,054)	-
Total operating revenue	\$18,570,116	\$41,942,131	(\$2,142,054)	\$58,370,193
Segment profits	\$578,230	\$1,722,029	\$18,445	\$2,318,704
General income				615,205
Investment loss recognized under the equity method				(34,768)
General expenses				(558,941)
Interest expenses				(1,042,750)
Net income before income tax of continuing operations				\$1,297,450
Identifiable assets	\$18,427,819	\$57,148,592	(\$10,480,618)	\$65,095,793

(3) Export sales by geographic areas:

Area	2009	2008
America	\$4,042,005	\$8,702,989
Asia	13,178,371	19,931,403
Europe	2,534,667	4,835,237
Others	3,494,430	2,944,014
Total	\$23,249,473	\$36,413,643

(4) Information on major customers:

	2009	
Client Name	Amount	%
Company A	\$5,088,440	11.35%
	2008	
Client Name	Amount	%
Company A	\$7,592,831	13.01%

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Exhibit 16

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Yieh Phui Enterprise Co., Ltd. and Its Subsidiaries
Consolidated Financial Statement and
Independent Auditor's Report
2010 and 2009

Yieh Phui Enterprise Co., Ltd.

Address : No.369, Yuliao Rd., Qiaotou Dist., Kaohsiung City
Telephone : (07) 611-7181

HORWATH CHIEN HSING Certified Public
Accountants, A Member of Crowe Horwath
International

Address : 12F, No. 21, Linshen 2nd Road, Kaohsiung, Taiwan,
R.O.C.
Telephone : (07) 331-2133 (Representative line)

Content of Financial Statements

Item	Page
1. Cover Page	1
2. Table of Contents	2
3. The Company's Declaration	3
4. Independent Auditor's Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Income	6
7. Statements of Changes in Shareholders' Equity	7
8. Statements of Cash Flows	8
9. Notes to Consolidated Financial Statements	
(1) Company Profile	9
(2) Summary of Significant Accounting Policies	11
(3) Reasons of Accounting Changes and Effects	18
(4) Description of Major Accounts	18
(5) Related Party Transactions	58
(6) Pledged Assets	68
(7) Significant Commitments and Contingencies	69
(8) Major Disaster Loss	N/A
(9) Subsequent Events	N/A
(10) Others	N/A
(11) Supplementary Notes	74
① Information on Major Transactions	74
② Information on Investee Companies	74
③ Information on Investments in Mainland China	74
(12) Segment Information	101
10. CPA's Common Seal	

Yieh Phui Enterprise Co., Ltd.
Declaration

The enterprises to be included in the consolidated financial statements of affiliated enterprises prepared by the Company for Year 2010 (From January 1, 2010 to December 31, 2010) in accordance with the "Standards Governing Preparation of Consolidated Business Reports of Affiliated Enterprises, Consolidated Financial Statements of Affiliated Enterprises and Affiliated Enterprise Reports" are identical with those to be included in the consolidated financial statements of the parent company and subsidiaries in accordance with the Statement of Financial Accounting Standards No. 7, and relevant information to be disclosed in the consolidated financial statements of affiliated enterprises has already been disclosed in the consolidated financial statements of the parent company and subsidiaries. Therefore, the Company does not prepare the consolidated financial statement of affiliated enterprises separately.

Declared by

Name: Yieh Phui Enterprise Co., Ltd.

Responsible person: Lin Yi-Shou

April 6, 2011

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HORWATH CHIEN HSING Certified
Public Accountants, A Member of Crowe
Crowe Horwath
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Yieh-Phui Enterprise Co., Ltd. and Its Subsidiaries
Independent Auditor's Report

To Yieh Phui Enterprise Co., Ltd.:

We have audited the consolidated balance sheet of Yieh Phui Enterprise Co., Ltd and its subsidiaries as at December 31, 2010 and 2009, and the consolidated statement of income, consolidated statements of changes in shareholders' equity and consolidated statement of cash flows for the periods January 1 to December 31, 2010 and 2009. The preparation of the above financial statements was the responsibility of the management of the company; our duty as an auditor was to express an opinion based on our audit. Some long-term investments accounted for using the equity method of Yieh Phui Enterprise Co., Ltd and its subsidiaries for FY 2010 and FY 2009 were not audited by us. Therefore, in our opinion on the financial statements referred to above, long-term equity investments amounting to \$442,164 thousand and \$480,698 thousand as of December 31, 2010 and 2009, respectively, and investment gain (loss) amounting to \$5,516 thousand and (\$15,039) thousand recognized for FY 2010 and FY 2009, respectively, as well as relevant information disclosed in Note 43 were based on other auditors' reports.

We have conducted our audits in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards to obtain reasonable assurance of whether the financial statements were free of misstatements. This audit also involved random verifications of supporting evidence for the amounts and disclosures presented in the financial statements, assessments of accounting principles and major accounting estimates used by the management in their preparation of financial statements, and evaluations toward the overall representation of the the financial statements. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Yieh Phui Enterprise Co., Ltd., and its subsidiaries as of December 31, 2010 and 2009, and the results of their operations and their cash flows for the years then ended, in conformity with Regulations Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards and accounting principles generally accepted in the Republic of China.

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As described in Note 3 of the financial statements, Yieh Phui Enterprise Co., Ltd and its subsidiaries had adopted the newly amended Statement of Financial Accounting Standards No.10 – “The Accounting for Inventory” since 1 January 2009. This change of the accounting principle resulted in a decrease of \$37,210 thousand in net income and a decline of \$0.03 in earnings per share for FY 2009.

HORWATH CHIEN HSING Certified Public Accountants,
A Member of Crowe Horwath International

CPA: Huang Ling-Wen

CPA: Li Ching-Lin

6 April 2011

Approval document number: (91) Tai-Tsai-Cheng (6)
168354

Approval document number: (96) Chin-Guan-Cheng (6)
0960043735

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Yeh-Hung Enterprise Co., Ltd. and its Subsidiaries
CONSOLIDATED BALANCE SHEETS
December 31, 2010 AND 2009

December 31, 2010 AND 2009											
Code	Assets	Note	December 31, 2010		Code	Assets	Note	December 31, 2010		December 31, 2009	
			Amount	%				Amount	%	Amount	%
1100	CURRENT ASSETS					CURRENT LIABILITIES					
1100	Cash & cash equivalents	2.4	\$4,677,641	7.21	2100	Short-term loans	22.40	\$7,350,194	11.34	\$10,335,279	16.03
1310	Financial assets with fair value changes recognized through the income statement - current	2.5	795,292	1.25	2110	Short-term bills payable	25.40	679,048	1.04	750,705	1.16
1360	Good investments with no active market - current	2.6	-	-	2120	Notes payable		4,160,035	6.42	2,015,524	3.13
1120	Notes receivable - Net	2.7	204,726	0.32	2130	Accounts payable	39	676,598	1.04	692,419	1.07
1130	Notes receivable - related parties - net	2.7.39	113,567	0.17	2160	Accounts payable - related party	39	3,979	0.01	247,048	0.38
1140	Accounts receivable - Net	2.8	2,944,302	4.54	2170	Income tax payable	37	4,851	0.01	20,710	0.04
1150	Accounts receivable - related parties - net	2.8.39	1,080,419	1.67	2210	Accrued expense	24	717,974	1.10	627,540	0.97
1160	Other receivable	2.9	682,302	1.05	2270	Other payables	24	198,957	0.31	151,485	0.24
1170	Other receivable - related parties	2.10.39	48,106	0.08	2280	Advance receipts	25	298,183	0.46	284,438	0.44
1180	Long-term receivable	2.11	8,414,775	12.98	2310	Long-term liabilities - current portion	26.27	1,516,043	2.34	3,775,838	5.85
1210	Prepayment	1.2	2,366,506	3.65	21XX	Total current liabilities		\$15,605,862	24.07	\$18,901,736	29.31
1260	Available-for-sale non-current assets	13.40	-	-				-	-	-	-
1275	Deferred income tax assets - current	2.37	78,608	0.12		LONG-TERM LIABILITIES					
1296	Restricted assets - current	40	1,555,724	2.40	2400	Financial assets with fair value changes recognized through the income statement - non-current	27.5	\$4,483	0.01	\$-	-
1291	Restricted assets - current		-	-	2420	Long-term loans	27.40	20,092,400	30.99	15,727,388	24.40
11XX	Total current assets		\$22,962,118	35.42	2446	Loans payable - non-current		7,862	0.01	10,125	0.01
								-	-	-	-
								\$20,100,266	31.01	\$15,737,511	24.41
FUNDS AND LONG-TERM INVESTMENTS											
1421	Long-term stock investment recognized under the equity method	2.14	\$7,933,604	12.24	24XX	Total long-term liabilities		-	-	-	-
1423	Real estate investments	15	2,736,385	4.22				-	-	-	-
1430	Financial assets with fair value changes recognized through the income statement - non-current	2.5.39	799,243	0.45	2810	Accrued pension liabilities	2.28	\$5,474,436	0.38	\$2,297,732	0.35
1480	Financial assets carried at cost - non-current	16	2,760,118	4.25	2820	Deposit received		3,712	0.01	1,687	-
1490	Good investments with no active market - non-current	2.6	-	-	2881	Deferred credits - gain from affiliates	2	18,072	0.03	10,964	0.02
14XX	Total funds and long-term investments		\$13,430,307	20.71	28XX	Total other liabilities		\$7,701,220	0.42	\$2,423,383	0.37
					29XX	Total liabilities		\$35,880,918	55.50	\$34,881,630	54.09
	PROPERTY, PLANT & EQUIPMENT					(To be continued)		-	-	-	-

NON-CONFIDENTIAL

PROPERTY, PLANT & EQUIPMENT

NON-CONFIDENTIAL

Code	Assets	Note	December 31, 2010		Code	December 31, 2009		Note	December 31, 2010		December 31, 2009	
			Amount	%		Amount	%		Amount	%	Amount	%
1501	Land		\$5,045,334	4.70		\$2,937,051	4.55					
1521	Buildings		7,259,364	11.19		6,905,380	10.71					
1531	Machinery equipment		29,680,036	45.78		28,151,531	45.66					
1557	Molding equipment		1,341,696	2.07		1,248,825	1.95					
1541	Utilities equipment		343,159	0.53		348,843	0.54					
1544	Computer communication equipment		290,296	0.45		339,825	0.53					
1545	Testing equipment		85,258	0.13		90,901	0.14					
1551	Transportation equipment		864,818	1.33		990,568	1.40					
1681	Other equipment		587,644	0.91		565,167	0.87					
1553	Total costs		\$43,495,605	67.09		\$41,485,891	64.33					
1559	Less: Accumulated depreciation		(17,644,036)	(27.21)		(16,323,660)	(25.32)					
1599	Less: Accumulated impairment		(3,958,913)	(6.61)		(3,414,475)	(5.22)					
1671	Construction in progress		38,684	0.09		627,774	0.98					
1672	Prepayment for equipment purchase		354,950	0.54		1,998,029	3.10					
155X	Property, plant & equipment, net	2.17	\$25,869,690	39.90		\$27,646,559	42.87					
1770	Intangible assets											
1780	Deferred pension cost	2.28	\$1,914	0.01		\$2,481	0.01					
1780	Other intangible assets	2	1,27,471	0.19		140,955	0.22					
17XX	Total intangible assets		\$129,405	0.20		\$143,436	0.23					
OTHER ASSETS												
1800	Leased assets	2.19, 40	\$4,555	0.02		\$68,372	0.10					
1810	Idle assets	2, 20, 40	510,660	0.78		209,105	0.32					
1820	Refundable deposits	22	16,572	0.03		58,776	0.09					
1830	Deferred charges	2	1,356,876	0.21		117,498	0.18					
1860	Deferred income tax assets - non-current	2, 37	445,957	0.69		467,190	0.72					
1880	Other assets - other	21	1,252,615	1.90		1,217,648	1.89					
1887	Restricted assets - non-current	40	93,786	0.14		85,975	0.13					
18XX	Total other assets		\$2,441,021	3.77		\$2,819,575	4.37					
1XX	TOTAL ASSETS		\$64,855,541	100.00		\$64,484,862	100.00					
The accompanying notes are an integral part of the consolidated financial statements (With Horvath Chen Hong multi report dated April 6, 2011)												
General Manager: Wu Lin-Shao												
Head of Accounts: Chen Yung-Hsien												

Chairman: Lin Yi-Shou

NON-CONFIDENTIAL

Code	Assets	Note	December 31, 2010		Code	December 31, 2009		Note	December 31, 2010		December 31, 2009	
			Amount	%		Amount	%		Amount	%	Amount	%
1501	Land		\$5,045,334	4.70		\$2,937,051	4.55					
1521	Buildings		7,259,364	11.19		6,905,380	10.71					
1531	Machinery equipment		29,680,036	45.78		28,151,531	45.66					
1557	Molding equipment		1,341,696	2.07		1,248,825	1.95					
1541	Utilities equipment		343,159	0.53		348,843	0.54					
1544	Computer communication equipment		290,296	0.45		339,825	0.53					
1545	Testing equipment		85,258	0.13		90,901	0.14					
1551	Transportation equipment		864,818	1.33		990,568	1.40					
1681	Other equipment		587,644	0.91		565,167	0.87					
1553	Total costs		\$43,495,605	67.09		\$41,485,891	64.33					
1559	Less: Accumulated depreciation		(17,644,036)	(27.21)		(16,323,660)	(25.32)					
1599	Less: Accumulated impairment		(3,958,913)	(6.61)		(3,414,475)	(5.22)					
1671	Construction in progress		38,684	0.09		627,774	0.98					
1672	Prepayment for equipment purchase		354,950	0.54		1,998,029	3.10					
155X	Property, plant & equipment, net	2.17	\$25,869,690	39.90		\$27,646,559	42.87					
1770	Intangible assets											
1780	Deferred pension cost	2.28	\$1,914	0.01		\$2,481	0.01					
1780	Other intangible assets	2	1,27,471	0.19		140,955	0.22					
17XX	Total intangible assets		\$129,405	0.20		\$143,436	0.23					
OTHER ASSETS												
1800	Leased assets	2.19, 40	\$4,555	0.02		\$68,372	0.10					
1810	Idle assets	2, 20, 40	510,660	0.78		209,105	0.32					
1820	Refundable deposits	22	16,572	0.03		58,776	0.09					
1830	Deferred charges	2	1,356,876	0.21		117,498	0.18					
1860	Deferred income tax assets - non-current	2, 37	445,957	0.69		467,190	0.72					
1880	Other assets - other	21	1,252,615	1.90		1,217,648	1.89					
1887	Restricted assets - non-current	40	93,786	0.14		85,975	0.13					
18XX	Total other assets		\$2,441,021	3.77		\$2,819,575	4.37					
1XX	TOTAL ASSETS		\$64,855,541	100.00		\$64,484,862	100.00					

The accompanying notes are an integral part of the consolidated financial statements (With Horvath Chen Hong multi report dated April 6, 2011)

General Manager: Wu Lin-Shao

Head of Accounts: Chen Yung-Hsien

Yieh-Hsing Enterprise Co., Ltd. and Its Subsidiaries
Consolidated Statements of Income
For the Periods 1 January to 31 December 2010 and
1 January to 31 December 2009

Unit: Thousand NTD

Code	Item	Note	2010		2009	
			Amount	%	Amount	%
4110	OPERATING REVENUE					
4110	Sales revenue		\$63,380,867	100.80	\$45,271,165	101.00
4199	Less: Sales Return & Allowances		504,501	0.80	451,152	1.00
4000	NET SALES	2	\$62,876,366	100.00	\$44,820,013	100.00
5000	COST OF SALES	11	\$8,525,491	93.08	42,035,365	93.79
5910	GROSS PROFIT (LOSS)		\$4,350,875	6.92	\$2,784,648	6.21
5920	Unrealized gain from inter-affiliate accounts	2	18,972	0.03	10,965	0.03
5930	Realized gain from inter-affiliate accounts	2	10,965	0.02	8,057	0.02
6000	OPERATING EXPENSES					
6100	R&D		41,515	0.06	49,512	0.11
6160	Marketing		1,709,733	2.73	1,390,104	3.09
6200	General and administrative		666,084	1.06	662,686	1.48
6000	Total operating expenses		\$2,417,332	3.85	\$2,102,302	4.68
6900	INCOME FROM OPERATION		\$1,925,536	3.06	\$679,438	1.52
7000	NON-OPERATING INCOME AND GAINS					
7110	Interest income		\$26,778	0.04	\$46,551	0.09
7120	Investment gain		163,845	0.26	21,138	0.05
7121	Investment income recognized under equity method	2, 14	-	-	9,239	0.02
7130	Gain from disposal of property, plant & equipment		260	-	16,461	0.04
7140	Gain on disposal of investment	2, 5	55	-	46,338	0.10
7310	Gain on valuation of financial assets	2, 5	-	-	343,690	0.77
7480	Miscellaneous income	33	131,110	0.21	77,913	0.17
7100	Total non-operating income and gains		\$322,048	0.51	\$561,330	1.24
7500	NON-OPERATING EXPENSES AND LOSSES					
7510	Interest expense		\$797,118	1.27	\$738,770	1.65
7520	Inventory losses		6,851	0.01	2,975	-
7521	Investment loss recognized under equity method	2, 14	97,536	0.15	-	-
7530	Loss from disposal of property, plant & equipment		10,432	0.02	3,296	0.01
7560	Foreign exchange loss	2	156,185	0.25	30,812	0.07
7630	Impairment loss	34	28,000	0.04	8,490	0.02
7640	Loss on valuation of financial assets	2, 5	222,141	0.36	-	-
7650	Loss on valuation of financial liabilities	2, 5	4,703	-	-	-
7880	Miscellaneous income	35	335,120	0.54	98,842	0.22
7500	Total non-operating expenses and losses		\$1,658,086	2.64	\$883,185	1.97
7900	INCOME BEFORE INCOME TAX		\$589,498	0.93	\$357,583	0.79
8110	The components of income tax expense (benefit) are as follows	2, 37	123,686	0.19	155,438	0.34
9600	Consolidated total profit (loss)		\$465,812	0.74	\$202,145	0.45
9601	Consolidated net profit (loss)		\$309,971	0.49	\$285,749	0.64
9602	Minority equity income		\$155,841	0.25	\$-83,604	-0.19
9750	Basic earnings per share	38	After Income Tax		After Income Tax	
	Consolidated net profit (loss)		\$0.20		\$0.19	
	Net income (loss) for minority interest		0.10		-0.06	
	Consolidated total profit (loss)		\$0.30		\$0.13	

The accompanying notes are an integral part of the consolidated financial statements (With Horwath Chien Hsing audit report dated April 6, 2011)
Chairman of Board: Lin Yi-Shou General Manager: Wu Lin-Mao Head of Accounts: Chen Yung-Hsien

NON-CONFIDENTIAL

Yick Hong Enterprises Co., Ltd. and its Subsidiaries
 Statements of Changes to Shareholders' Equity
 For the Periods 1 January to 31 December 2009 and
 1 January to 31 December 2009

Unit: Thousand NT\$

Item	CAPITAL Common shares	CAPITAL SURPLUS	RETAINED EARNINGS			Other adjustments to shareholders' equity				Total
			Legal Reserve	Special reserve	Undistributed earnings	Cumulative translation adjustments	Net loss or gain recognized as prior period cost	Treasury stock	Unrealized gain/loss on financial instruments	
Balance as at 1 Jan 2009	\$14,591,543	\$5,690,789	\$2,031,931	\$10,400	\$1,178,861	\$599,241	\$1,454	\$418,867	\$13,465	\$29,425,301
Special reserve used to make up accumulated deficits	-	-	-	-	10,400	-	-	-	-	-
Consolidation of treasury stock	-	-	-	-	-	-	-	418,867	-	-
Consolidated total income	472,910	54,045	-	-	285,749	-	-	-	-	202,145
Earnings allocation and distribution (Note 1):	-	-	-	-	-	-	-	-	-	-
Provision for legal earnings reserve	-	-	101,536	-	-	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	-	-	-	-	-	-
Capital increase through recapitalization of earnings	423,559	-	-	-	423,556	-	-	-	-	282,172
Increase/decrease in exchange difference generated from translation of foreign currency financial statements	-	-	-	-	-	-98,144	-	-	-	-98,144
Increase/decrease in minority equity	-	-	-	-	-	-	-	-	-	-
Increase/decrease in net value of investments equity recognized under equity method	-	111	-	-	4,096	-	-1,469	-	352,128	353,265
Total change in the current period	3,409,331	\$53,932	\$101,536	\$10,400	\$507,310	\$599,144	\$1,469	\$418,867	\$352,128	\$173,852
Balance as at 31 Dec 2009	\$14,542,192	\$5,744,721	\$2,133,467	-	\$1,686,171	\$1,197,385	\$2,933	-	\$356,663	\$29,603,232
Consolidated total income	-	-	-	-	39,692	-	-	-	-	39,692
Earnings allocation and distribution (Note 2):	-	-	-	-	-	-	-	-	-	-
Provision for legal earnings reserve	-	-	28,975	-	-	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	-	-	-	-	-	-
Capital increase through recapitalization of earnings	727,110	-	-	-	727,110	-	-	-	-	486,266
Increase/decrease in exchange difference generated from translation of foreign currency financial statements	-	-	-	-	-	-	-	-	-	-
Increase/decrease in minority equity	-	-	-	-	-	-	-	-	-	-
Increase/decrease in net value of investments equity recognized under equity method	-	48,428	-	-	3,366	-	-1,188	-	235,140	194,266
Total change in the current period	3,227,110	\$48,428	\$28,975	-	\$885,746	\$539,830	\$5,337	-	\$235,140	\$151,762
Balance as at 31 Dec 2010	\$15,269,302	\$5,793,149	\$2,162,442	-	\$2,571,917	\$1,737,213	\$8,441	-	\$101,523	\$28,854,023

Note 1: The remuneration to directors/supervisors: NT\$1,181 thousand and employees' bonus: NT\$2,294 thousand have been deducted from the statements of income.

Note 2: The remuneration to directors/supervisors: NT\$1,589 thousand and employees' bonus: NT\$2,294 thousand have been deducted from the statements of income.

The accompanying notes are an integral part of the consolidated financial statements (With Hsueh-Chen Hsueh audit report dated April 6, 2011).

Head of Accounts: Chen Yung Hsien

General Manager: Wu Lin-Han

Chairman of Board: Lin Yi-Shou

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Yieh-Hsing Enterprise Co., Ltd. and Its Subsidiaries
 Consolidated Statement of Cash Flows
 January 1, 2010 ~ December 31, 2010
 January 1, 2009 ~ December 31, 2009

Unit: Thousand NTD

Item	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated total profit (loss)	\$465,812	\$202,145
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,863,692	1,759,828
Amortization	65,568	71,945
Bad debt provided (restated as income)	-11,339	5,886
Difference between the pension costs and the amount of contribution provided for the current period	15,651	14,759
Inventory devaluation, impairment, and obsolescence losses (or reversal gains)	116,640	-1,232,613
Investment loss (income) recognized under equity method	97,536	-9,239
Cash dividends received from investees under equity method	1,800	-
Loss (gain) from disposal and obsolescence of property, plant and equipment	10,172	-13,165
Property, plant and equipment restated as expenses	5,330	941
Loss (gain) from disposal and obsolescence of idle assets	-	-159
Losses (gains) on disposal of other assets	-3,494	-
Loss (gain) on disposal of investments	-55	-46,338
Unrealized losses (gains) on evaluation of financial assets and liabilities	226,844	-343,690
Impairment loss on financial assets	6,851	2,975
Impairment loss on non-financial assets	28,000	8,490
Realized profit (loss) from affiliated companies	18,972	10,964
Unrealized profit (loss) from associated companies	-10,965	-8,057
Other adjustments to shareholders' equity	8,763	-16,010
Total adjustments	\$2,439,966	\$206,517
Net changes in working capital assets and liabilities		
Net changes in working capital assets:		
Decrease (increase) in financial assets held for trading	\$255,370	\$55,118
Decrease (increase) in notes receivable	11,107	-35,103
Decrease (increase) in notes receivable- related party	-113,994	-
Decrease (increase) in accounts receivable	-528,235	-668,592
Decrease (increase) in accounts receivable- related party	385,412	-810,248
Decrease (increase) in other receivable	-214,714	-25,181
Increase (decrease) in other receivable- related party	35,175	-47,765
Decrease (increase) in inventories	-1,914,556	1,809,562
Decrease (increase) in prepayments	-208,228	-1,438,093
Decrease (increase) in deferred income tax assets	120,088	188,756
Decrease (increase) in other operating assets	3,600	-4,777
Total net changes in working capital assets:	\$-2,168,975	\$-976,323
Net changes in working capital liabilities:		
Increase (decrease) in notes payable	\$2,144,211	\$-337,248
Increase (decrease) in accounts payable	-16,221	164,522
Increase (decrease) in accounts payable- related party	-243,069	115,907
Increase (decrease) in income tax payable	-15,859	-248,693
Increase (decrease) in accrued expense	90,434	104,679
Increase (decrease) in other payables	30,005	-34,049
Increase (decrease) in advance receipts	13,745	-141,045

(To be continued)

Item	2010 (Brought Forward)	2009
Total net changes in working capital liabilities:	\$2,003,246	\$-375,927
Total net changes in working capital assets and liabilities	\$-165,729	\$-1,352,250
Net cash provided by operating activities	\$2,740,049	\$-943,588
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of financial assets designated at fair value through profit or loss	\$-	\$-280,000
Repayment of bond investments with no active market	6,000	2,000
Acquisition of financial assets carried at cost	-10,000	-3,226
Proceeds from disposal of financial assets carried at cost	-	10,593
Return of paid-in capital for capital reduction of financial assets carried at cost	9,029	32,901
Increase in long term equity investments recognized under the equity method	-19,000	-333,936
Increase/decrease in prepaid long-term investments	25,668	-
Proceeds from disposal of noncurrent assets in-available-for sale	9,675	-
Acquisition of property, plant & equipment	-491,344	-811,824
Proceeds from fixed asset disposal	1,475	21,766
Proceeds from the disposal of leased and idle assets	10,201	14,285
Increase/decrease in deposits paid	-42,204	-24,374
Increase in deferred expenses	-77,394	-80,169
Increase/decrease in restricted assets	-37,443	-480,998
Purchase of intangible assets	-50	-
Increase/decrease in accounts receivable	128,412	12,600
Increase/decrease in other assets	-15,823	-22,657
Net cash used in investing activities	\$-418,390	\$-981,043
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase/decrease in short-term loan	\$-2,985,085	\$-335,683
Increase/decrease in short-term bills payable	-71,657	-896,664
Long-term loan	8,555,700	9,531,214
Repayment of long-term loans	-6,452,020	-8,695,951
Increase/decrease in deposits received	2,025	727
Increase/decrease in lease payable	-583	-1,740
Distribution of cash dividends	-436,266	-282,372
Changes in minority equity	-1,000	-507
Net cash provided by (used in) financing activities	\$-1,388,886	\$-680,976
Exchange rate effects	\$194,995	\$174,931
Net increase/decrease in cash and cash equivalents for the current period	\$1,127,768	\$-2,430,676
BALANCE OF CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,549,873	5,980,549
BALANCE OF CASH AND CASH EQUIVALENTS, END OF YEAR	\$4,677,641	\$3,549,873
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	\$818,498	\$895,580
Less: capitalized interest	-26,559	-135,564
Interest paid (excluding capitalized interest)	\$791,939	\$760,016
Income tax payable	\$19,489	\$215,837

(To be continued)

Item	2010 (Brought Forward)	2009
NONCASH INVESTING AND FINANCING ACTIVITIES:		
long-term liabilities- current portion	\$1,516,043	\$3,775,888
Capital increase through recapitalization of earnings	\$727,110	\$423,559
Property, plant & equipment restated as inventories	\$5,565	\$254,252
Non-current assets held for sale transferred from fixed assets	\$-	\$12,977
Leased assets transferred to property, plant & equipment	\$311,329	\$-
Idle assets transferred from leased assets	\$311,549	\$-
Other assets transferred to property, plant & equipment	\$-	\$20,086
Inventories restated as property, plant & equipment	\$36,106	\$8,782
Cumulative translation adjustments	\$-579,810	\$-98,144
Cash and noncash investing activities:		
Increase in fixed assets	\$500,050	\$801,764
Increase/decrease in payables for purchase of equipment	-8,706	10,060
Fixed asset purchases paid in cash	\$491,344	\$811,824
Proceeds from the sale of fixed assets	\$1,475	\$114,897
Increase/decrease in other receivables - sale of fixed assets	-	-93,131
Cash collected from the sale of fixed assets	\$1,475	\$21,766
Claim payment receivable transferred from impairment loss on fixed assets	\$234,716	\$-
Cash collected from receivables and the recovery of financial assets		
Recall of financial assets carried at cost - noncurrent	\$-	\$38,781
Increase/decrease in other receivables	-	-5,880
Receipt of cash	\$-	\$32,901
Receipt of cash dividends from long-term investment under the equity method:		
Cash dividends from investments accounted for using the equity method	\$1,800	\$33,300
Increase/decrease in other receivables	-	-33,300
Receipt of cash	\$1,800	\$-

The accompanying notes are an integral part of the consolidated financial statements (With Horwath Chien Hsing audit report dated April 6, 2011)

Chairman of Board: Lin Yi-Shou

General Manager: Wu Lin-Mao

Head of Accounts: Chen Yung-Hsien

Yieh Phui Enterprise Co., Ltd. and Its Subsidiaries
Notes to consolidated financial statements

YEARS ENDED DECEMBER 31, 2010 AND 2009

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. The names of subordinate companies, a description of their relationship with the controlling company, the nature of their business, and the controlling company's shareholding in each

- (1) Investment relationship and shareholdings between the Company and its subsidiaries at the end of 2010: Please refer to Table 10 on P.94.
- (2) Nature of the business between the Company and each of its subsidiaries:

A. Yieh Phui Enterprise Co., Ltd. (hereinafter referred to as the "Company")

- a. Yieh Phui Enterprise Co., Ltd. (the "Company" henceforth) was incorporated on April 14, 1978. The Company's shares are currently traded on the Taiwan Stock Exchange. The Company engages in the processing, marketing and import/export of rolled steel coils, refined steel, molded steel, steel and iron wires, galvanized, pre-painted, and surface treated metal.
- b. The Company's board of directors resolved on May 23, 2005 to merge with Lien Kang Heavy Industrial Co., Ltd, with the Company as the surviving company. The base date of the merger was set on August 30, 2005. Every 2.5 common shares in Lien Kang Heavy Industrial Co., Ltd. were convertible into 1 common share in the Company. The Company issued an additional 4,859 thousand common shares for this merger. Rights and obligations of holders of the newly issued shares were the same as those of the Company's existing shareholders.
- c. Lien Kang Heavy Industrial Co., Ltd. was incorporated on November 23, 1989. Its main activities include the manufacturing, processing and trading of the various mechanical spare parts and pipe installation, manufacturing and engineering design.

B. Subsidiaries included into the consolidated financial statements (hereinafter referred to as the "Subsidiaries")

Name of Investor	Name of Subsidiary	Main Activities	Shareholding or Capital Contribution Ratio	
			December 31, 2010	December 31, 2009
The Company	Top Point Investment Properties Limited	Steel products trading and related businesses	100.00%	100.00%
The Company	Mickey Regent Inc.	Investment company	100.00%	100.00%
The Company	Good Honor Holdings Ltd.	Investment company	100.00%	100.00%
The Company	Best Perfect Holding Limited	Steel products trading and related businesses	100.00%	100.00%
The Company	Excellent Rewards International Co., Ltd.	Investment company	100.00%	100.00%
The Company	Yieh Phui (Hong Kong) Holding Limited	Investment company	100.00% (Note)	-
The Company	Yieh Hsing Enterprise Co., Ltd.	Wire ords trading, rolled steel processing	54.82%	54.82%
The Company	Shin Phui Steel Corporation	Electronic materials trading	100.00%	100.00%
The Company	Worthing Honor Holdings Ltd.	Investment company	100.00%	100.00%
The Company and WORTHING HONOR HOLDINGS LTD.	Gen-Wan Technology Corp	Telecommunications contracts	86.99%	86.99%
The Company and Gen-Wan Technology Corp	EMMT Systems Corp.	Manufacturing and marketing of military specification printed circuit boards	93.86%	91.06%
YIEH PHUI(HONG KONG) HOLDING LIMITED	Yieh Phui (China) Technomaterial Co., Ltd.	Manufacturing and marketing of pickled, cold rolled, galvanized and pre-painted steel coils.	100.00% (Note)	-
Mickey Regent Inc.	Yieh Phui (China) Technomaterial Co., Ltd.	Manufacturing and marketing of pickled, cold rolled, galvanized and pre-painted steel coils.	- (Note)	100.00%
Excellent Rewards International Co., Ltd.	Changshu Chief Leading Edge Construction Materials Company	Steel structure design and manufacturing	100.00%	100.00%
Excellent Rewards International Co., Ltd.	Jiangsu J & Y Engineering Co., Ltd.	Steel Structure, Electrical Engineering (Manufacturing & Installation)	100.00%	100.00%
EMMT Systems Corp.	Applied Wireless Identifications Group, Inc.	RFID	74.68%	72.94%
Applied Wireless Identifications Group, Inc.	AWID Asia Co., Ltd.	Telecommunications equipment retailing	100.00%	100.00%
EMMT Systems Corp. and Shin Phui Steel Corporation	Groupco Technology Inc.	Wholesale and retail of telecom equipment and electronic materials	92.50%	92.50%

(Note) In the current period, the Company's Board of Directors resolved the revision of the investment structure of the Company's indirect investment in Yieh Phui (China) Technomaterial Co., Ltd., through Yieh Phui (Hong Kong) Holding Limited instead of MICKEY REGENT INC. YIEH PHUI (CHINA) TECHNOMATERIAL CO., LTD.

- (3) Increase/decrease in consolidated subsidiaries: The Company newly set up 100% owned Yieh Phui (Hong Kong) Holding Limited in October 2010. Therefore, the Company can exercise control over it.
- (4) Subsidiaries not included into the consolidated financial statements: None.
- (5) As of December 31, 2010 and 2009, the Company and its consolidated subsidiaries had 3,186 and 3,106 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, Business Accounting Law, Guidelines Governing Business Accounting and accounting principles generally accepted in the Republic of China ("ROC"). Summaries of significant accounting policies are as follows:

(1) Consolidated matters

A. Principles for preparation of consolidated financial statements

As stated in Note 1, the Company would include investees with controlling interest into the consolidated financial statements. In the process of preparation of the consolidated financial statements, the important transactions and balance thereof between parent company and subsidiaries would be netted off.

B. Subsidiaries' foreign currency financial statement translation basis

The financial statements of overseas subsidiaries denominated in foreign currency were translated into those in NTD in the following manners: the exchange rate prevailing on the balance sheet date, in the case of assets and liabilities; the historical exchange rate, in the case of shareholders' equity; the average exchange rate prevailing in then year, in the case of income titles. The exchange difference generated from translation of subsidiaries' financial statements denominated in foreign currency was stated as the cumulative translation adjustment and under the shareholders' equity title independently.

(2) Construction contracts

Construction contracts are stated at cost on an individual contract basis. Where the contract period is in excess of 12 months and provided that the contract price, construction costs and the progress can be reasonably estimated, the Company calculates the profit or loss on the construction contracts using the percentage-of-completion method. Construction costs are recorded as "construction in progress" when incurred and construction revenue received in advance are recorded as "partial construction billing". At the end of each fiscal period, the Company calculates the cumulative construction profit or losses under the percentage-of-completion method for the current period and account for the amount as construction profit or loss for the current period after deducting the cumulative gains or losses recognized in the previous period. The amount of cumulative construction profit recognized in the previous period in excess of the cumulative construction profit recognized in the current period shall be charged to the current income statement. Any subsequent reduction in the loss recognized shall be reversed and recognized as construction profit in current income.

(3) Classification of Current and Non-current Assets and Liabilities

A. Rolled Steel (Product) Department:

Current assets are those assets to be realized or consumed within one year from the balance sheet date; otherwise, they are classified as non-current assets. Liabilities expected to be paid within 12 months from the balance sheet date are classified as current liabilities; otherwise they are classified as non-current liabilities.

B. Heavy Industry Department:

The business cycle of the majority of our construction contracts is 12 months. Assets and liabilities related to the construction contracts are classified as current or non-current assets and liabilities according to the business cycle.

(4) Cash Equivalents

Government bonds, negotiable certificate of deposits, commercial papers, bank acceptance and bonds with resell agreement acquired with maturities of less than three months from the date of purchase are classified as cash equivalents. The carrying amount approximates fair value.

(5) Financial Instruments at Fair Value Through Profit or Loss

Financial instruments at fair value through profit or loss refer to financial assets or liabilities held for trading purposes or those designated to be initially recognized at fair value with subsequent changes in fair value recognized in current income. These financial instruments are initially recognized at fair value and related transaction costs are expensed currently. When subsequently measured at fair value, the changes in fair value are recognized in current income. Cash dividends received after the date of investment are recognized in current income. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Derivatives that do not meet the criteria for hedge accounting are initially recognized as financial assets or liabilities for trading purposes. When the fair value is positive, the derivative is recognized as a financial asset; when the fair value is negative, the derivative is recognized as a financial liability.

Fair value is based on the closing price of listed (OTC) securities, net asset value of open-end funds or reference price of bonds published by the Greta Securities Market on the balance sheet date. Fair values of financial instruments with no active market are estimated using valuation techniques.

Financial assets or liabilities designated at fair value through profit or loss are hybrid financial instruments. Financial instruments are designated as financial assets at fair value through profit or loss upon initial recognition to remove significant accounting inconsistency. Portfolios of assets and liabilities jointly managed in accordance with the Company's risk management policies and specific investment strategies were also designated at fair value.

(6) Bond investments with no active market

Bond investments with fixed or determinable payments and with no quoted prices in active market are carried at cost less amortization. Gains or losses on bond investments are recognized upon disposal, decline in value or amortization. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

If there is objective evidence, which indicates that a financial asset is impaired, a loss is recognized. If, in a subsequent period, the amount of the impairment loss decreases and the decrease is clearly attributable to an event, which occurred after the impairment loss was recognized, the previously recognized impairment loss is reversed to the extent of the decrease. The reversal may not result in a carrying amount that exceeds the amortized cost that would have been determined as if no impairment loss had been recognized.

(7) Allowance for doubtful accounts

An Allowance for doubtful accounts is provided based on a review of the collectibility of notes and accounts receivable and nonperforming loans as at the balance sheet dates. The Company determines the amount of the Allowance for doubtful accounts by examining the aging analysis and collectibility of outstanding notes and accounts receivable.

(8) Inventories

A. Rolled Steel (Product) Department:

Inventory includes raw materials, commodities, work-in-progress, and finished goods. Prior to January 1 2009, inventory was valued at the lower of cost or market value where costs and market values were compared on an aggregate basis. The market values of raw materials and commodities were determined based on their replacement costs, while the market values of work-in-progress and finished goods were determined based on their net realizable value. As described in Note 3, from January 1 2009 onwards inventory was valued at the lower of cost or net realizable value where the costs and net realizable values were compared within each stock category. The net realizable value is defined as the estimated selling price less any additional costs and marketing expenses until completion under normal circumstances. The cost of inventory was calculated using the weighted-average method.

B. Heavy Industry Department:

Construction contracts are treated in accordance with accounting principles (2).

(9) Long-term stock investment recognized under the equity method

Investments in which the Company holds 20 percent or more of the investees' voting shares or exercises significant influence over the investees' operating and financial decisions are accounted for by the equity method.

Prior to January 1, 2006, the difference between the acquisition cost and the Company's proportionate share in the investee's equity was amortized by the straight-line method over 5 years. Effective January 1, 2006, pursuant to the revised Statement of Financial Accounting Standard ("SFAS") No. 5, "Long-term Investments Accounted for by the Equity Method", the acquisition cost is allocated to the assets acquired and liabilities assumed based on their fair values at the date of acquisition, and the excess of the acquisition cost over the fair value of the identifiable net assets acquired is recognized as goodwill. Goodwill is not being amortized but instead, goodwill is subject to the impairment test on a yearly basis or in a specific event or where changes in the environment indicate a likely impairment of goodwill. The excess of the fair value of the net identifiable assets acquired over the acquisition cost is used to reduce the fair value of each of the non-current assets acquired (except for financial assets other than

investments accounted for by the equity method, assets to be disposed of, deferred income tax assets, prepaid pension or other postretirement benefit) in proportion to the respective fair values of the non-current assets, with any excess recognized as an extraordinary gain. Effective January 1, 2006, the accounting treatment for the unamortized investment premium arising on acquisitions before January 1, 2006 is the same as that for goodwill and the premium is no longer being amortized. For any investment discount (deferred credits portion) arising on acquisitions before January 1, 2006, the unamortized amount continues to be amortized over the remaining year. Investment loss on the non-controlled entities over which the Company has the ability to exercise significant influence is recognized to the extent that the amount of long-term investments in such investees is written down to zero. However, if the Company continues to provide endorsements, guarantees or financial support for such investees, or that the investment loss is temporary, the investment loss is recognized continuously in proportion to the Company's equity interest in such investees. If recognition of the investment loss results in a credit balance of the investment carrying amount, the amount is off against accounts receivable from the investee or included as Other liabilities—other.

When the Company subscribes for its investee's newly issued shares at a percentage different from its percentage of ownership in the investee, the Company records the change in its equity in the investee's net assets as an adjustment to investments, with a corresponding amount credited or debited to capital surplus. When the adjustment should be debited to capital surplus, but the capital surplus arising from long-term investments is insufficient, the shortage is debited to retained earnings. Mutual ownership of shares between the Company and investees are recognized using treasury stock accounting. Investment gain or loss on subsidiaries attributed to mutual shareholding between subsidiaries is accounted for under the regular way method.

An impairment loss is recognized when there is objective evidence that the asset is impaired on the balance sheet date. The carrying amount of non-controlled investee over which the Company exercises significant influence was evaluated on an individual basis.

The number of stock dividend received is added to existing shareholding and will not increase the carrying amount of the investment or be recognized as investment income. The cost per share is re-computed using the new total number of shares. Cost and gains or losses on disposal of shares are computed using the weighted average method upon disposal or transfer.

If an investee's functional currency is a foreign currency, differences will result from the translation of the investee's financial statements into the reporting currency of the Company. Such differences are charged or credited to cumulative translation adjustments, a separate component of shareholders' equity.

Gains or losses on sales from the Company to equity-method investees are deferred in proportion to the Company's ownership percentages in the investees until such gains or losses are realized through transactions with third parties. Gains or losses arising from depreciable or amortizable assets are recognized over the economic lives.

(10) Financial assets carried at cost

Investments in equity instruments with no quoted prices in active market and with fair value that cannot be reliably measured, such as non-publicly traded stocks and

emerging stocks are measured at their original cost. Stock dividends are not recognized as investment income but are recorded as an increase in the number of shares. The total number of shares subsequent to the increase is used for recalculation of cost per share. An impairment loss is recognized when there is objective evidence that the asset is impaired. A reversal of this impairment loss is not allowed.

(11) Property, Plant and Equipment, Leased Assets and Idle Assets:

Property, plant and equipment, except land, are stated at cost or cost plus revaluation increment, less accumulated depreciation. Borrowing costs directly attributable to the acquisition or construction of property, plant and equipment are capitalized as part of the cost of those assets. Major additions, renewals and improvements are capitalized, while costs of maintenance and repairs are expensed currently.

Depreciation is calculated by the straight-line method over service lives. Property, plant and equipment still in use beyond their original estimated useful lives are further depreciated over their newly estimated useful lives. The service lives of major property, plant and equipment are 8 to 55 years: machinery equipment, 5 to 35 years; and other equipment 2 to 20 years.

Upon sale or obsolescence of property, plant and equipment, the related cost and accumulated depreciation are written off from the corresponding accounts, with any gain or loss recorded as non-operating gains or losses in the year of sale or obsolescence.

Upon lease of property, plant and equipment, the related cost and accumulated depreciation are restated as property, plant and equipment – leased assets at the lower of the net realizable value or carrying amount. Depreciation is calculated by the straight-line method over service lives.

When property, plant and equipment are determined to be idle or useless, they are transferred to "Other assets- idle assets" at the lower of the net realizable value or carrying amount.

(12) Other intangible assets

The rights to use land, amortized under the straight-line method over 50 years as approved.

(13) Deferred charges

Refers to contribution in aid of construction cost, arrangement fee for syndicated loans, telephone installation fee, which are amortized averagely over 3~10 years.

(14) Pension Fund

A. Yieh Phui Enterprise Co., Ltd., Yieh Hsing Enterprise Co., Ltd. and EMMT Systems Corporation:

The companies accounted for employees' pension in accordance with SFAS No. 18 "Accounting for Pension Plans" and recognized net pension costs and accrued pension liabilities in accordance with the standards.

The Labor Pension Act came into effect on July 1, 2005. The new system adopts the defined benefit concept. Employees have the option of continuing under the "Labor Standards Law" (the old system), or switching over to the new system and retain their years of service accounted for under the existing system. For

employees covered under the new system, the Company shall make a monthly contribution equivalent to no less than 6% of the employees' monthly salaries.

B. Shin Phui Steel Corporation:

Its workers were dispatched by its parent company. The Company only paid the salaries, while the other personnel expenses were paid by the parent company. Therefore, no employees' pension rules are defined by it.

C. Gen-Wan Technology Corp.:

All of its employees have been laid off in consideration of the operation in June 2005. Therefore, there are no employees' pension rules available.

D. Groupco Technology Inc. and AWID Asia Co., Ltd.:

For employees covered under the new system, the employer shall make a monthly contribution equivalent to no less than 6% of the employees' monthly salaries pursuant to the Labor Pension Act.

Contributions made under a defined contribution plan are recognized as the expenses during the year in which employees render services.

E. The overseas subsidiaries, including TOP POINT INVESTMENT PROPERTIES LIMITED, BEST PERFECT HOLDING LIMITED, GOODHONOR HOLDINGS LTD., WORTHING HONOR HOLDINGS LTD, EXCELLENT REWARDS INTERNATIONAL CO., LTD., YIEH PHUI (HONG KONG) HOLDING LIMITED, MICKEY REGENT INC. and APPLIED WIRELESS IDENTIFICATIONS GROUP, INC., did not define the employees' pension rules, and the local government laws and regulations also did not provide any compulsory requirements about the employees' pension rules.

F. Yieh Phui (China) Technomaterial Co., Ltd., Chanshu Chief Leading Edge Construction Materials Company and Jiangsu J & Y Engineering Co., Ltd. did not define the employees' pension rules, but paid the employees' pension premium periodically pursuant to the local government laws and regulations.

(15) Deferred Credits (Debits)—Profits (Losses) From Affiliates

Related to sale of merchandise and assets to subsidiaries or elimination of unrealized internal gain by equity-method investees in accordance with generally accepted accounting principles. The accounting treatments are carried out in accordance with SFAS No. 5 "Long-term Investments Accounted for Using the Equity Method". The long term stock investments accounted using the equity method and the unrealized gains/losses of investees for the current period were netted off until the year in which such gains or losses are realized. Where the investor has no control but only exercises significant influence over the investee company, any unrealized gains or losses arising from downstream transactions between the investor and investee shall be eliminated in proportion of the investor's ownership percentages in the investees.

(16) Classification of Capital and Income Expenditures

Significant recurring expenses were capitalized as assets, while others were expensed or charged to current income.

(17) Revenue Recognition

A. Sales revenue

Revenue shall be recognized in the process of gaining profits and recognized as realized or to be realized. Any sale not in satisfaction of the aforementioned criteria are recognized as revenue upon satisfaction of the criteria.

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

B. Construction revenue:

In accordance with the Statement of Financial Accounting Standards No. 11, when the profit or loss on a construction contract can be reasonably estimated and the construction period is more than 1 year, the construction profit or loss is recognized by using the percentage-of-completion method. When the construction period is less than 1 year, the profit or loss is recognized by using the completed contract method.

(18) Bonus to Employees and Remuneration to Directors and Supervisors

Starting January 1, 2008 (incl.), the Company adopted Interpretation 96-052, "Accounting for Bonuses to Employees, Directors and Supervisors" issued by the ARDF and makes an accrual for the amount of directors and supervisors' remuneration for inclusion in the accounts as either "costs of operation" or "operating expenses" according to the nature of the remuneration. Any variance between the accrued or actual remuneration amounts adopted in shareholders' meeting is treated as changes in accounting accruals and charged or credited to current income.

(19) Foreign-currency Transactions

The Company's transactions are recorded in New Taiwan Dollars. Foreign currency transactions of non-forward foreign exchange contracts are translated into New Taiwan Dollars at the exchange rates prevailing on transaction dates. Balance sheet date balances of assets and liabilities denominated in foreign currencies are translated at the balance sheet date exchange rates. Realized and unrealized foreign exchange gains or losses caused by actual settlement and the translation of assets and liabilities denominated in foreign currencies are credited to or charged against current income.

(20) TREASURY STOCK

Treasury stock is stated at cost and shown as a deduction in shareholders' equity when the Company requires its issued shares. The Company's stock held by its subsidiaries is treated as treasury stock. When treasury stocks are transferred, the gains resulted from disposal of the treasury stock held by subsidiaries and cash dividends received by subsidiaries from the Company are recorded under capital surplus - treasury stock transactions. If the disposal price is lower than book value, the difference should first be offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, should be debited to unappropriated retained earnings. The book value of treasury stocks is calculated separately according to the class of treasury transaction using the weighted average method.

When the Company retires treasury stock, the treasury stock account is reduced and the common stock as well as the capital surplus - additional paid-in capital are reversed on a pro rata basis. When the book value of the treasury stock exceeds the sum of the par value and additional paid-in capital, the difference is charged to capital surplus - treasury stock transactions and to retained earnings for any remaining amount. When the book value is lower than the sum of the par value and additional paid-in capital, the difference is credited to capital surplus arising from the same class of treasury transaction.

(21) Income Tax

The Company applies intra-period and inter-period allocations for its income tax in accordance with SFAS No.22 "Accounting for Income Tax", whereby tax effects of taxable temporary differences are recognized as deferred tax liabilities and tax effects of deductible temporary differences, carry-forward loss and income tax deductions are recognized as deferred income tax assets. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. A deferred tax asset or liability is classified as current or non-current in accordance with the classification of its related asset or liability or the expected length of time before it is realized or settled.

Excesses and shortages of income tax paid in previous years are presented as adjustments to income tax expenses for the current year.

An additional 10% surtax on undistributed earnings is recorded as income tax expense in the year when the shareholders' meeting resolves to retain the earnings.

Income tax credits are accounted for in accordance with SFAS No. 12 "Accounting for Income Tax Credits". Any tax credits arising from purchases of machinery, equipment and technology, research and development expenditures, personnel training expenditures, and investments in important technology-based enterprises are recognized when granted.

The "Income Basic Tax Regulations" came into effect on January 1, 2006. The basic tax is computed on taxable income under the Income Tax Act plus allowable tax deductions under the Income Tax Act and other relevant laws, multiplied by the statutory tax rate of 10% stipulated by the Executive Yuan. The higher of the basic tax amount and taxable income per the Income Tax Act equals the income tax payable for the current fiscal year. The Company has incorporated the effects of the Income Basic Tax Regulations in the current income tax return.

In the event of changes to income tax laws, deferred income tax assets and liabilities are recalculated using the new standards in the year of announcement; differences arising from tax law adjustments are recognized as income tax expenses for the current period.

(22) Minority equity

It means the equity of subsidiaries held by any investor other than the affiliates.

(23) Impairment of Assets

When a change in the environment or a specific event occurs indicating that the recoverable amount of an asset is estimated to be less than its carrying amount, the Company is required to recognize loss on impairment of assets. The recoverable value is the higher of net fair value and useful value of an asset. The useful value of an asset refers

to the present value of cash flows expected to be generated over the service life of the asset.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased accordingly, but the increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Impairment loss on goodwill recognized cannot be reversed.

3. REASONS AND EFFECTS OF ACCOUNTING CHANGE

Effective January 1, 2009, the consolidated company adopted revised Statement of Financial Accounting Standards (SFAS) No. 10 "The Accounting for Inventory". Some of the major amendments included:

- A. Inventory is valued at the lower of cost or net realizable value. Only inventories of the same category are compared.
- B. Unamortized fixed manufacturing costs are recognized as cost of goods sold in the period incurred.
- C. Extraordinary manufacturing costs and inventory obsolescence losses (or the write back which) should be recognized as cost of goods sold.

This change of the accounting principle resulted in a decrease of \$37,210 thousand in net income and a decline of \$0.03 in earnings per share for FY 2009.

To more appropriately present product-related costs, The Company has included the costs of inventories sold, the unallocated fixed manufacturing costs, the extraordinary manufacturing costs, and inventory obsolescence losses (or the write back of which) etc. as costs of goods sold.

4. Cash & cash equivalents

Item	December 31, 2010	December 31, 2009
Petty cash	\$2,556	\$2,574
Checking accounts	820,115	465,499
Demand deposits	1,551,347	2,545,670
Foreign currency deposits	2,210,134	234,130
Time deposits	93,489	302,000
Total	<u>\$4,677,641</u>	<u>\$3,549,873</u>

5. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Item	December 31, 2010	December 31, 2009
Financial assets held for trading purposes – current		
Shares traded on the Taiwan Stock Exchange or OTC exchange	\$686,959	\$910,524
Beneficiary certificates of funds	86,185	64,768
Corporate bonds	5,871	16,844
Subordinated bank debenture	10,000	9,996

Item	December 31, 2010	December 31, 2009
Financial assets designated at fair value through profit or loss –current		
Investment-linked life insurance	6,277	6,906
Total	\$795,292	\$1,009,038
Financial assets designated at fair value through profit or loss –non-current		
Structured investments	\$ -	\$279,243
Total	\$ -	\$279,243
Financial liabilities held for trading purposes – non-current		
Interest rate swap contract	\$4,483	\$ -
Total	\$4,483	\$ -

- (1) As of December 31, 2010 and 2009, the structured instruments were held by the consolidated company for receiving interest income. The relevant details and risk information are disclosed as follows:

Item	December 31, 2010	December 31, 2009
Farglory Life Principal Guaranteed	\$6,277	\$6,906
Investment-linked Life Insurance- current		
NTD-denominated credit-linked structured investment-Non-current	-	279,243
Total	\$6,277	\$286,149

- A. Structured instruments held by the consolidated company for FY 2010 and FY 2009 were principal protected investment-linked insurance and principal protected structured notes, which were hybrid structure notes. Therefore, the consolidated company designated such instruments as financial assets at fair value through profit or loss – current in accordance with applicable regulations.

The above structured notes were linked to SGAM's 10-Year guaranteed income bonds and portfolios of several designated stocks.

- B. For the years ended December 31, 2010 and 2009, details for unexpired term of credit-linked structured instruments denominated in New Taiwan Dollars of the consolidated company are summarized as follows:

End of 2010: None (early redemption through indirect advice by TC Bank in December 2010).

Counterparty and product category	2009		
	Contracted nominal principal	Interest rate	Contracted period
Ta Chong Bank–	280,000	0.921%	2009. 3.18
NTD-denominated			2011.3.18
credit-linked			
Structured investments			

The relevant investment instructions are disclosed below:

- a. Credit references include:
 - (a) Yieh-Hsing Enterprise Co., Ltd or its successor.
 - (b) China Steel Corporation or its successor.
 - (c) China Telecom Corporation Limited or its successor.
 - (d) Taiwan Semiconductor Manufacturing Company Limited or its successor.
- b. The major risks involved are listed below:
 - (a) Credit risk: should a credit event occur to any of the credit references above, Ta Chong Bank shall notify the Company of the credit event occurrence. The date of notification of the credit event shall be the termination date, and effectively from the termination date, the Company's investment principals and accrued gains are lost entirely. Ta Chong Bank is not obligated to any settlements or payments, and the Company is not entitled to make any claims against Ta Chong Bank related to the investment.
 - (b) Liquidity risk: from the product issuance date (inclusive) to the maturity date, the contract may not be terminated for any reason. The occurrence of a credit event shall render the entire investment principals lost. However, Ta Chong Bank has the right (but not the obligation) to terminate this deal early, in whole or in part, on any business day during the product's duration (except the maturity date).
 - (c) Risk of changes in transaction terms: in the event that market volatility results in a change in terms or renders the deal untransactable, Ta Chong Bank reserves the right to alter the transaction terms and the right to enter or exit the transaction. The actual transaction terms and prices shall be based on the deal confirmation drafted and issued by Ta Chong Bank.
 - (d) Risk of uncertain income: if a credit event or a potential credit event occurs during the span of the investment, the Company may only recover low or 0 value from its investment.
 - (e) The maximum loss of this investment product: in the event of a credit event or a potential credit event occurrence, all investment principals will be lost.
- (2) The financial derivatives managed by the subsidiary, MICKEY REGENT INC., refer to the interest rate swaps which are intended to evade the risk from the interest rate fluctuation of the interest-bearing liabilities and summarized as following:

December 31, 2010:

Nominal Principal	Duration	Unit: Thousand NTD
		Interest Rate Range
USD 1,000	2010. 1.26-2012. 1.26	Note 1
USD 1,000	2010. 1.26-2013. 1.26	Note 2
USD 6,000	2010. 6.29-2012. 6.29	Note 3

Note 1: Pay the interest expenses at the fixed rate, 1.295%, for three months, and collect the interest revenue at LIBOR interest rate for three months.

Note 2: Pay the interest expenses at the fixed rate, 1.99%, for three months, and collect the interest revenue at LIBOR interest rate for three months.

Note 3: Pay the interest expenses at the fixed rate, 1.90%, for three months, and collect the interest revenue at LIBOR interest rate for three months.
December 31, 2009: None

- (3) For the years ended December 31, 2010 and 2009, the consolidated company's net gain (loss) from financial assets at fair value through profit or loss amounted to (\$219,497) thousand and \$362,917 thousand, respectively; and net gain (loss) from financial liabilities at fair value through profit or loss amounted to (\$6,686) thousand and (\$847) thousand, respectively.

6. Bond investments with no active market

Item	December 31, 2010	December 31, 2009
Bond investments- current		
Bowa Bank subordinated bank debenture	\$5,000	\$5,000
Chinfon Bank subordinated bank debenture	-	2,000
Total	\$5,000	\$7,000
Less: Accumulated impairment	(5,000)	(5,000)
Net	\$ -	\$2,000
Bond investments- non-current		
Chinfon Bank subordinated bank debenture	\$ -	\$4,000
Total	\$ -	\$4,000

- (1) On December 28, 2005, the Company acquired the 5.5-Year subordinated bank debenture issued by Bowa Bank at the face value of NT\$ 5,000 thousand and a maturity date of June 28, 2011. Bowa Bank was currently under the management of the Financial Restructuring Fund of the Executive Yuan. As such, the Company has recognized impairment losses equaling to the full amount of investment in Quarter 2, 2007.
- (2) On June 28, 1995, the Company purchased a 7-year subordinated financial bond of Chinfon Bank at face value of \$10,000 thousand, which expires on June 28, 2012. The bond was early redeemed in February 2010. As of December 31, 2009, the interest rate was 2.975%.

7. Notes receivable- Net

Item	December 31, 2010	December 31, 2009
Notes receivable - general	\$204,855	\$215,962
Less: Allowance for doubtful accounts- general	(129)	(380)
Notes receivable - general, net	\$204,726	\$215,582
Notes receivable - related party	\$114,138	\$144
Less: Allowance for doubtful accounts - related party	(571)	-
Notes receivable- related parties, net	\$113,567	\$144
Notes receivable- Net	\$318,293	\$215,726

- (1) Please refer to Note 39 for details of notes receivable from related parties.
- (2) Until December 31, 2010 and 2009, notes receivable totaling NT\$ 5,533 thousand and NT\$ 0 thousand were provided to financial institutions as collateral for loans. Please refer to Note 40 for details of the Company's pledged assets.

8. Accounts receivable- Net

Item	December 31, 2010	December 31, 2009
Accounts receivable – general	\$2,990,261	\$2,465,065
Less: Allowance for doubtful accounts– general	(45,959)	(57,999)
Accounts receivable –general, net	\$2,944,302	\$2,407,066
Accounts receivable - related party	\$1,086,172	\$1,471,584
Less: Allowance for doubtful accounts - related party	(5,753)	(6,959)
Accounts receivable - related party, net	\$1,080,419	\$1,464,625
Accounts receivable- Net	\$4,024,721	\$3,871,691

- (1) Please refer to Note 39 for details of accounts receivable from related parties.
- (2) Until December 31, 2010 and 2009, accounts receivable totaling NT\$ 3,000 thousand and NT\$ 153,435 thousand were provided to financial institutions as collateral for loans. Please refer to Note 40 for details of the Company's pledged assets.

9. Other receivable

Item	December 31, 2010	December 31, 2009
Purchase discount receivable	\$59,195	\$17,260
Sales tax refund receivable	216,097	195,574
Proceeds receivable from sale of funds and stocks	15,534	5,880
Claim payment receivable	385,340	-
Interest receivable	420	898
Others	9,542	7,432
Total	\$686,128	\$227,044
Less: Allowance for doubtful accounts	(3,826)	(3,826)
Net	\$682,302	\$223,218

Claim payment receivable is the claim payment for loss caused by floods estimated in the current period. Please refer to Note 42 for details.

10. Other receivable- related parties

Item	December 31, 2010	December 31, 2009
Purchase return receivable	\$11,306	\$46,809
Proceeds receivable from sale of assets	-	93,132
Cash dividends receivable	33,300	62,700
Others	3,500	3,172
Total	<u>\$48,106</u>	<u>\$205,813</u>

11. Inventory and cost of sales

Item	December 31, 2010	December 31, 2009
Rolled Steel (Product) Department:		
Raw materials	\$3,978,142	\$3,031,152
Material	56,407	60,869
Work in process	1,153,124	849,651
Finished products	2,790,734	2,035,162
Other inventories	144,437	108,730
Total	<u>\$8,122,844</u>	<u>\$6,085,564</u>
Less: Allowance for inventory valuation and obsolescence losses	(254,849)	(157,546)
Subtotal, Rolled Steel (Product) Department	<u>\$7,867,995</u>	<u>\$5,928,018</u>
Heavy Industry Department:		
Construction in progress	\$1,649,658	\$3,068,521
Less: transferred to partial construction billings	(537,091)	(403,292)
Less: transferred from partial construction billings	(514,859)	(1,914,258)
Subtotal, Heavy Industry Department	<u>\$597,708</u>	<u>\$750,971</u>
Less: Allowance for losses on obsolesce and market value decline in inventories	(50,928)	(36,574)
Net	<u>\$546,780</u>	<u>\$714,397</u>
Total	<u>\$1,691,268</u>	<u>\$2,179,765</u>

- (1) Pursuant to SFAS No.11 "accounting for Long-term Construction Contracts": If the balance of construction in progress for the same construction contract exceeds the balance of partial construction billings, partial construction billings is deducted from construction in progress and presented as current assets. Please refer to Note 25 for further details.

If the balance of partial construction billings exceeds the balance of construction in progress, construction in progress is deducted from partial construction billings and presented as current liabilities.

- (2) Inventory-related gain (loss) recognized as operating cost in 2010 and 2009 is summarized as follows:

Item	2010	2009
Cost of inventories sold	\$57,200,176	\$41,307,377
Engineering costs	1,134,883	1,274,716
Inventory devaluation losses (reversal gains)	111,640	(1,232,613)
Unallocated manufacturing overheads	125,977	286,635
OEM costs	12,673	15,260
Provision (reversal) for loss on irrevocable purchase agreements	8,763	(16,010)
Claim payment receivable	(68,621)	-
Total operating costs	<u>\$58,525,491</u>	<u>\$41,635,365</u>

In 2010, due to the drop in market prices, a loss of \$111,640 thousand was provided for reduction of inventory to market.

In 2009, the stable market price and de-stocking resulted in a gain from price recovery of \$1,232,613 thousand.

- (3) As of the end of 2010 and 2009, insured amounts for inventories against fire were \$2,139,371 thousand and \$1,701,022 thousand, respectively; and insured amounts for comprehensive construction insurance were \$608,967 thousand and \$2,235,442 thousand, respectively, which were not provided as collateral for borrowing.

12. Prepayment

Item	December 31, 2010	December 31, 2009
Prepaid material purchases	\$1,969,615	\$1,746,195
Prepaid insurance premium	24,454	30,158
Input (output) taxes	14,637	71,158
Prepaid royalty	207	207
Prepaid rental	3,596	2,995
Consumables on hand	189,202	248,888
Other prepayments	164,885	48,598
Total	<u>\$2,366,596</u>	<u>\$2,148,199</u>

Please refer to Note 41 for details on prepaid royalties.

13. Available-for-sale non-current assets

Item	December 31, 2010	December 31, 2009
Land	\$-	\$12,977
Less: Accumulated impairment	-	(3,302)
Net	<u>\$-</u>	<u>\$9,675</u>

- (1) The Company's land located at Pao-Tien-Hsi Section was expropriated by the government and the ownership transfer was completed in January 2010. Therefore, the expropriated land was transferred as non-current assets held for sale. Loss resulting from the expropriation amounted to \$3,302 thousand, for which an impairment loss was provided.
- (2) In accordance with the Statement of Financial Accounting Standards No. 38, related assets and liabilities in previous years may not be reclassified in the balance sheets.
- (3) Part of the non-current assets held for sale has been provided as collateral for borrowing. Please refer to Note 40 for details.

14. Long-term stock investment recognized under the equity method

Name of Investee	December 31, 2010		
	Shares (thousand shares)	Carrying Amount	% of Ownership
Yieh Mau Corporation	37,252	\$499,766	23.00%
Chen Shin House Management Consulting Co., Ltd.	395	1,280	39.50%
Eliter International Corp.	66,351	686,798	28.57%
United Brightening Development Corp.	80,128	840,887	44.56%
Tian-Yue Hot Spring & Resort International Corp.	1,170	3,736	19.50%
Global Partners Link Co., Ltd.	1,000	9,578	33.33%
Synn Industrial Co., Ltd.	43,920	510,594	30.00%
Asiazone Co., Limited	8,970	372,275	19.50%
Kuo Chang Enterprise Co., Ltd.	39,537	451,031	45.00%
E-Da Development Corp.	107,574	957,457	29.07%
Zheng Xin Security Co., Ltd.	1,800	24,989	45.00%
Champion Logistic Inc.	89,000	2,564,218	49.44%
Yi Lian Japan Co., Ltd.	-	2,530	47.00%
Glorious Falcon International Limited	3,350	359,447	50.00%
Wise Universal International Limited	1,500	44,543	50.00%
United Winner Metals	-	60,311	33.75%
E-Da Cultural Creative Industry Co., Ltd.	950	6,134	19.00%
E-DA Bus	1,900	16,501	17.09%
Tycoons Steel International Co., Ltd.	14,700	333,418	29.40%
Hsing Jui Investments Limited	5,797	177,854	31.00%
Da Yao Engineering & Consulting Co., Ltd.	980	10,257	49.00%
Total		<u>\$7,933,604</u>	

Name of Investee	December 31, 2009		
	Shares (thousand shares)	Carrying Amount	% of Ownership
Yieh Mau Corporation	37,252	\$505,967	23.00%
Chen Shin House Management Consulting Co., Ltd.	395	1,079	39.50%
Eliter International Corp.	66,351	699,191	28.57%
United Brightening Development Corp.	80,128	999,209	44.56%
Tian-Yue Hot Spring & Resort International Corp.	1,170	4,649	19.50%
Global Partners Link Co., Ltd.	1,000	8,045	33.33%
Synn Industrial Co., Ltd.	39,120	464,888	30.00%
Asiazone Co., Limited	8,970	408,760	19.50%
Kuo Chang Enterprise Co., Ltd.	39,537	530,555	45.00%
Tycoons Steel International Co., Ltd.	14,700	372,247	49.00%
Hsing Jui Investments Limited	4,247	135,326	31.00%
Da Yao Engineering & Consulting Co., Ltd.	980	10,203	49.00%
E-Da Development Corp.	107,574	1,063,463	29.07%
Zheng Xin Security Co., Ltd.	1,800	22,171	45.00%
Champion Logistic Inc.	89,000	2,861,917	49.44%
Yi Lian Japan Co., Ltd.	-	5,828	47.00%
E-Da Cultural Creative Industry Co., Ltd.	950	9,404	19.00%
Glorious Falcon International Limited	3,350	349,713	50.00%
Wise Universal International Limited	1,500	48,815	50.00%
United Winner Metals	1	63,893	34.00%
Subtotal		<u>\$8,565,323</u>	
Prepayments for share subscription			
Hsing Jui Investments Limited		<u>\$78,509</u>	
Subtotal		<u>\$78,509</u>	
Total		<u>\$8,643,832</u>	

(1) Outstanding balances and gains (losses) of long term equity investments recognized under the equity method:

December 31, 2010:

Item	Long-term equity investment	Investment gains/losses
In accordance with financial statements audited by the CPA	\$7,488,910	(\$99,622)
Exempted from CPA audits	2,530	(3,430)
In accordance with financial statements audited by other CPAs	442,164	5,516
Total	<u>\$7,933,604</u>	<u>(\$97,536)</u>

December 31, 2009:

Item	Long-term equity investment	Investment gains/losses
In accordance with financial statements audited by the CPA	\$8,157,306	\$26,662
Exempted from CPA audits	5,828	(2,384)
In accordance with financial statements audited by other CPAs	480,698	(15,039)
Total	<u>\$8,643,832</u>	<u>\$9,239</u>

- (2) a. The joint ventures in which the Company holds 50% of the equity include Glorious Falcon International Limited and Wise Universe International Limited, with the capital stock in the amount of US\$6,700 thousand and US\$3,000 thousand respectively.
- b. The amount shared by the Company with Glorious Falcon International Limited and Wise Universe International Limited under the various account titles is specified as following:

December 31, 2010:

Title	Glorious Falcon International Limited	Wise Universe International Limited	Total
Current assets	\$690,442	\$44,553	\$734,995
Non-current assets	13,797	-	13,797
Current liabilities	344,792	10	344,802
Revenue (including non-operating revenue)	2,410,250	134	2,410,384
Expenses	2,367,237	37	2,367,274

(including costs and non-operating losses)

December 31, 2009:

Title	Glorious Falcon International Limited	Wise Universe International Limited	Total
Current assets	\$798,750	\$48,425	\$847,175
Non-current assets	18,247	-	18,247
Current liabilities	467,284	10	467,294
Revenue (including non-operating revenue)	2,546,174	172	2,546,346
Expenses	2,468,504	39	2,468,543

(including costs and non-operating losses)

- c. The Company only exercises significant influence over the joint ventures but has no control over the joint ventures. Therefore, the Company's interest in the joint

ventures was only expressed under the equity method, while they were not included in the consolidated financial statements.

- (3) The Company made investments in Tianjin Lianfa Precision Steel Corporation through Hsing Jui Investments Ltd. (BVI) with the approval of the Investment Commission, MOEA. The registered capital was USD 13,500 thousand.

15. Real estate investments

Item	December 31, 2010		December 31, 2009	
	Occupied Area	Amount	Occupied Area	Amount
Lungdong lot and Lunghua lot lands in Gushan District, Kaohsiung City	38,730 m ²	\$2,736,585	38,730 m ²	\$2,736,585

- (1) The subsidiary, Yieh Hsin Enterprise Co., Ltd., was approved by the Urban Planning Committee, Ministry of Interior in August 2002 and Kao-Shih-Fu-Tu-II Letter No. 0920050789 of the Kaohsiung Government on October 13, 2003, to be altered from industrial land to project development for comprehensive commercial district.
- (2) The investment in real estate has been provided as collateral for borrowed funds. Please refer to Note 40 for details.

16. Financial assets carried at cost- Non-current

Name of Investee	December 31, 2010		
	Shares (thousand shares)	Carrying Amount	% of Ownership
Yieh United Steel Corp.	306,329	\$2,481,201 (Note)	14.62%
Shuo Huang Enterprise Co., Ltd.	980	-	19.60%
Universal Venture Capital Investment Co., Ltd.	1,100	9,130	0.91%
Chateau Bridgetop Inc.	7,500	-	15.00%
Pacific Harbor Stevedoring Corporation	300	3,300	6.00%
Grand Fortune Special Steel Co., Ltd.	3,558	-	5.73%
Ascentke Venture Capital Corp.	2,352	23,520	6.42%
Asia Pacific Telecom Co., Ltd.	4,500	-	0.14%
Neoflex Technology Co., Ltd.	88	1,060	0.59%
Strategic Advisory Investment Ltd.	100	-	10.00%
Dance & Jump Software Co., Ltd.	88	535	1.60%
Ambicom Technology, Inc.	150	1,500	3.42%
Auto Parts Industrial Ltd.	10,100	100,000	4.41%
Microlinks Technology Corp.	3,000	4,440	11.63%
Taiwan Ves-Power Co., Ltd.	4,321	81,105	3.60%
Windance Co., Ltd.	18,469	-	2.68%

Name of Investee	December 31, 2010		
	Shares (thousand shares)	Carrying Amount	% of Ownership
New Springs Construction Corp., Ltd.	5,958	41,833	19.31%
Yieh Corporation Limited	200	2,002	6.41%
Taiwan Implant Technology Company, Ltd	1,000	10,000	5.00%
Groupco Technology Inc.	86	492	1.07%
Total		<u>\$2,760,118</u>	

(Note): The amount after write-off of the internal gains, NT\$185,431 thousand

Name of Investee	December 31, 2009		
	Shares (thousand shares)	Carrying Amount	% of Ownership
Yieh United Steel Corp.	255,274	\$2,481,201	14.62%
		(Note)	
Shuo Huang Enterprise Co., Ltd.	980	-	19.60%
Universal Venture Capital Investment Co., Ltd.	1,100	9,130	0.91%
Chateau Bridgetop Inc.	7,500	-	15.00%
Pacific Harbor Stevedoring Corporation	300	3,300	6.00%
Grand Fortune Special Steel Co., Ltd.	3,558	-	5.73%
Ascentke Venture Capital Corp.	2,352	23,520	6.42%
Asia Pacific Telecom Co., Ltd.	4,500	-	0.14%
Neoflex Technology Co., Ltd.	88	1,060	0.59%
Strategic Advisory Investment Ltd.	100	-	10.00%
Kuo Fu Venture Investment Corp.	4,200	15,880	10.00%
Dance & Jump Software Co., Ltd.	88	535	1.60%
Ambicom Technology, Inc.	150	1,500	3.42%
Auto Parts Industrial Ltd.	10,100	100,000	4.41%
Microlinks Technology Corp.	3,000	4,440	11.63%
Taiwan Ves-Power Co., Ltd.	4,321	81,105	3.60%
Windance Co., Ltd.	18,469	-	2.68%
New Springs Construction Corp., Ltd.	5,375	41,833	19.31%
Yieh Corporation Limited	200	2,002	6.67%
Groupco Technology Inc.	176	492	1.07%
Total		<u>\$2,765,998</u>	

(Note): The amount after write-off of the internal gains, NT\$185,431 thousand

- (1) The above equity investments, which had no quoted prices in active market and of which fair value could not be reliably measured, were carried at cost.
- (2) The Company has recognized impairment losses equaling to the full carrying amount of some of above investee companies experiencing financial difficulties.

17. Property, plant & equipment, net

(1) Details for December 31, 2010 are summarized as follows:

Item	Cost of Acquisition	Accumulated Depreciation	Net Book Value
Land	\$3,045,334	\$-	\$3,045,334
Buildings	7,259,364	2,930,334	4,329,030
Machinery equipment	29,680,036	12,279,716	17,400,320
Molding equipment	1,341,696	890,284	451,412
Utilities equipment	343,159	220,610	122,549
Computer communication equipment	290,296	232,370	57,926
Testing equipment	83,258	54,414	28,844
Transportation equipment	864,818	602,274	262,544
Other equipment	587,644	434,034	153,610
Construction in progress	58,684	-	58,684
Prepayment for equipment purchase	354,950	-	354,950
Total	<u>\$43,909,239</u>	<u>\$17,644,036</u>	<u>\$26,265,203</u>
Less: Accumulated impairment			(395,513)
Net			<u>\$25,869,690</u>

(2) Details for December 31, 2009 are summarized as follows:

Item	Cost of Acquisition	Accumulated Depreciation	Net Book Value
Land	\$2,937,031	\$-	\$2,937,031
Buildings	6,903,580	2,684,071	4,219,509
Machinery equipment	28,151,351	11,341,883	16,809,468
Molding equipment	1,248,825	781,144	467,681
Utilities equipment	348,843	205,296	143,547
Computer communication equipment	339,525	262,121	77,404
Testing equipment	90,901	61,488	29,413
Transportation equipment	900,368	570,310	330,058
Other equipment	565,467	417,347	148,120
Construction in progress	627,774	-	627,774
Prepayment for equipment purchase	1,998,029	-	1,998,029
Total	<u>\$44,111,694</u>	<u>\$16,323,660</u>	<u>\$27,788,034</u>
Less: Accumulated impairment			(141,475)
Net			<u>\$27,646,559</u>

- (3) The construction and production equipment for the suspended Pingnan Factory Project of the consolidated subsidiary, Yieh Hsing Enterprise Co., Ltd., totaled NT\$1,674,390 thousand. Because it has engaged in expanding the new production lines in 2008, the original equipment was re-combined as a part of the expanded facilities. According to the letter under (91) Kee-Mi-Tze No. 053, the original equipment was transferred to the construction in progress and prepayment for equipment purchase totaling NT\$2020.170 thousand and NT\$1,472,220 thousand respectively according to the carrying amount upon evaluation of impairment. The expansion project was completed in March and September 2010 individually and transferred as buildings and production equipment.
- (4) Some of the Company's property, plant and equipment was provided as collateral for loan. Please refer to Note 40 for details.
- (5) As of the end of 2010 and 2009, no revaluation was conducted for fixed assets.
- (6) Capitalization of interest for years ended December 31, 2010 and 2009, is summarized as follows:

Item	2010	2009
Capitalized interest	\$26,559	\$135,564
Capitalization rates	1.88%-4.67%	1.93%-7.16%

- (7) As of December 31, 2010 and 2009, insured amounts for fixed assets (including leased assets) amounted to \$38,169,472 thousand and \$36,854,147 thousand, respectively; and insured amounts for business interruption insurance amounted to \$3,268,175 thousand and \$2,354,457 thousand, respectively.
- (8) As of December 31, 2010, an impairment loss of RMB30,000 thousand was provided based on the recoverable amount for the investment in Changshu Chief Leading Edge Construction Materials Co., Ltd, a subsidiary of the Company's subsidiary.
- (9) As of December 31, 2010, an impairment loss of USD29 thousand was provided based on the recoverable amount for the investment in AWID, a subsidiary of the Company's subsidiary.
- (10) Due to floods caused by Typhoon Fanapi, estimated loss on fixed assets amounted to \$344,719 thousand stated under "Fixed assets - accumulated impairment loss". The Company has actively repaired damaged equipment. Accrued discard and repair amounted to \$82,003 thousand stated under "Reduction of accumulated impairment". As of December 31, 2010, accumulated impairment amounted to \$262,716 thousand. Please refer to Note 42. (1) for details.

18. Nonperforming Loans, Net

Item	December 31, 2010	December 31, 2009
Nonperforming loans	\$36,979	\$40,579
Less: Allowance for doubtful accounts	(36,979)	(40,579)
Nonperforming Loans, Net	\$-	\$-

19. Leased assets

Item	December 31, 2010	December 31, 2009
Land	\$4,555	\$119,875
Building and equipment	-	227,466
Machinery equipment	-	472,801
Other equipment	-	35,347
Total	\$4,555	\$855,489
Less: accumulated depreciation	-	(187,117)
Net	\$4,555	\$668,372

- (1) The consolidated subsidiary - Yieh Hsing Enterprise Co., Ltd. leased its stainless steel tube plant in Pingtung out to Yieh Mau Corp. for a period from October 26, 2005, to October 25, 2010, at a monthly rental of \$200 thousand. In addition, 40% of the net annual income from the leased property, if any, would be paid as rental. However, Yieh Mau Corp. did not renew the lease agreement and the Company got the plant back and uses it as a storehouse.
- (2) Some of the Company's leased assets was provided as collateral for loans. Please refer to Note 40 for details.
- (3) As of December 31, 2009, the subsidiary - Yieh Hsing Enterprise Co., Ltd. has provided accumulated reduction of assets (direct reduction from cost) for \$411,273 thousand before the Statement of Financial Accounting Standards No. 35 "Accounting for Impairment Loss on Assets" became effective (on January 1, 2007). However, as stated in paragraph (1) above, because some lessees of the leased property did not renewed their lease agreements in 2010, under (94) Chi-Mi-Tzu Letter No. 255, the amount after deduction of accumulated reduction was transferred into fixed assets for \$311,329 thousand and into idle assets for \$311,549 thousand individually based on subsequent utilization.
- (3) Please refer to Note 17 for details of insured amounts for leased assets as of December 31, 2010 and 2009.

20. IDLE ASSETS, NET

- (1) The details about the idle assets until December 31, 2010 are specified as following:

Item	Cost of Acquisition	Accumulated Depreciation	Net Book Value
Land	\$208,101	\$-	\$208,101
Machinery equipment	475,505	183,292	292,213
Computer communication equipment	364	364	-
Testing equipment	9,261	8,478	783
Other equipment	42,111	30,843	11,268
Total	\$735,342	\$222,977	\$512,365
Less: Accumulated impairment			(1,705)

Item	Cost of Acquisition	Accumulated Depreciation	Net Book Value
Net			\$510,660

- (2) The details about the idle assets until December 31, 2009 are specified as following:

Item	Cost of Acquisition	Accumulated Depreciation	Net Book Value
Land	\$208,101	\$-	\$208,101
Other equipment	16,098	13,389	2,709
Total	\$224,199	\$13,389	\$210,810
Less: Accumulated impairment			(1,705)
Net			\$209,105

- (3) The aforementioned idle assets are Lien Kang Heavy Industrial Co., Ltd. transfer-in and equipment not under operating use currently transfer-in. Impairment losses on idle assets were provided based on their recoverable amounts. As of December 31, 2010 and 2009, balances of accumulated impairment amounted to \$1,383 thousand and \$1,705 thousand.
- (4) As stated in Note 19.(3), as of December 31, 2010, the subsidiary, Yieh Hsing Enterprise Co., Ltd. has provided the accumulated reduction of assets for leased assets transfer-in (direct reduction from cost) for \$205,038 thousand before the Statement of Financial Accounting Standards No. 35 "Accounting for Impairment Loss on Assets" became effective (on January 1, 2007).
- (5) Part of the idle assets had been provided as collateral for borrowed funds. Please refer to Note 40 for details.

21. Other assets- other

Item	December 31, 2010	December 31, 2009
Prepaid royalty	\$826	\$1,033
Prepaid pension	76,375	60,346
Land- for business use	115,460	115,460
Assets with suspended expansion- Pingnan factory construction contract	1,039,954	1,040,809
Total	\$1,232,615	\$1,217,648

- (1) Please refer to Note 41 for details on prepaid royalties.
- (2) Assets with suspended expansion- Pingnan factory construction project was originally part of the Company's business expansion plan adopted by the Board of Directors in their meeting held on August 28, 2006 to invest and build a factory in the Pingnan Industrial Park. In view of the opinions of the local government and residents, the Board of Directors resolved to terminate the Company's expansion project on December 19, 2006. The Company planned for subsidiaries to take over the expansion projects. As of

December 31, 2010, the Company has not liaised with any subsidiary regarding the transfer/acquisition of the investment. Details of the investment project were as follows:

Item	December 31, 2010	December 31, 2009
Land	\$940,740	\$940,740
Land improvement	1,092	1,092
Buildings	26,604	26,604
Construction in progress	16,862	16,862
Prepayment for equipment purchase	135,582	135,582
Less: accumulated depreciation	(4,426)	(3,571)
Less: Accumulated impairment	(76,500)	(76,500)
Total	<u>\$1,039,954</u>	<u>\$1,040,809</u>

(3) Said land registered under another person's name includes:

- A. The parent company's land located at No 107, San-Yieh-Pi Section (amounting to \$8,516 thousand) is the storage area of raw materials. However, under the applicable laws, the ownership transfer of agriculture land is not allowed to be made under the name of a company. Accordingly, the ownership was transferred under the name of Financial Vice General Manager of the Company by entering into a trust contract in March 2009 and the ownership certificate is in the custody of the Company.
- B. Subsidiary-Yieh Hsing Enterprise Co., Ltd.
 - a. The Kangshan Township Pai Mi Section Land No. 136 (amounting to NT\$8,000 thousand) was used for scrap storage. Because it was impossible to transfer the registration of the land with cause, the title owner, Ting Su-Hseuh, handed the title deed to Yieh Hsing Enterprise Co., Ltd. for custody and pledged the first-priority mortgage to the Company with a written undertaking waiving her right to refute.
 - b. The Kangshan Township Pai Mi Section Land No. 200-3 (amounting to NT\$72,806 thousand) was used for raw material and finished products storage. However, due to regulatory restrictions, the agricultural land can not be purchased under the Company's name. Therefore, a trust contract was established on October 9, 2008 to transfer the title deed to Yieh Hsing's Assistant Vice President, while Yieh Hsing holds custody of the title deed.
- C. It is impossible to transfer the registration of an area occupied 4,854.87m² of the Tashe Hsiang Nien Shi Keng Section Land (amounting to NT\$26,138 thousand) with cause for the time being. Therefore, the title owners, Lin Chi-Long, Lin Mei-Feng and Chen Chang-Hsiung issued the written undertaking certifying that the land was purchased by Yieh Hsing Enterprise Co., Ltd. and they would work with Yieh Hsing to transfer the registration when Yieh Hsing would dispose or use the land. They have also handed the title deed to Yieh Hsing for custody and pledged the mortgage to Yieh Hsing. Meanwhile, the Tashe Hsiang Nien Shi Keng Section Land Nos. 135-11, 135-12 and 135-17 registered under the name of Chen Chang-Hsiung were auctioned by the court. Since Yieh Hsing was named as the first

priority mortgagee of the land, the proceeds from the court's auction were distributed to Yieh Hsing as the first priority. Further, in order to safeguard the integrity of the land, Yieh Hsing had its Deputy Finance Manager to participate in the tender in August 2010 (because it was impossible to purchase the land under the Company's name due to the regulation restrictions on the purpose of the land) and won the tender eventually. The Tashe Hsiang Nien Shi Keng Section Land Nos. 135-11, 135-12 and 135-17 registered under the name of Lin Chi-Ling were managed by Yieh Hsing centrally. In May 2010, the original title owner was changed from Lin Chi-Ling to You Ching-Sheng, the Deputy Finance Manager of Yieh Hsing, and both parties signed the trust contract defining that Yieh Hsing may register the transfer of the land to Yieh Hsing or its nominee at any time.

- (4) Part of other assets – others have been provided as collateral for borrowing. Please refer to Note 40 for details.

22. Short-term loan

Type of Loan	December 31, 2010	
	Amount	Interest rate
Credit loans	\$1,384,000	1.15%-2.655%
Loans for material purchase	5,435,949	1.02%-5.838%
Secured loans	530,245	2.24%-5.10%
Total	<u>\$7,350,194</u>	

Type of Loan	December 31, 2009	
	Amount	Interest rate
Credit loans	\$2,500,941	1.47%-5.84%
Loans for material purchase	6,410,811	0.81%-3.10%
Secured loans	1,423,527	1.01%-4.86%
Total	<u>\$10,335,279</u>	

Please refer to Note 40 for further details of collateral provided to secure the above bank loans.

23. Short-term bills payable

Guarantor	December 31, 2010	December 31, 2009
China Bills Finance Corp.	\$100,000	\$100,000
Mega Bills Finance Corp.	130,000	261,600
International Bills Finance Corp.	100,000	200,000
Taiwan Bills Finance Corp.	-	50,000
Chinatrust Bills Finance Corp.	100,000	100,000

Land Bank of Taiwan	-	40,000
Sunny Bank	150,000	-
Da Chung Bills Finance Corp.	100,000	-
Total	<u>\$680,000</u>	<u>\$751,600</u>
Less: unamortized discount on bonds payable	(952)	(895)
Net	<u>\$679,048</u>	<u>\$750,705</u>
Interest Rate Range	<u>1.47%-2.53%</u>	<u>0.35%-2.89%</u>

Please refer to Note 40 for details relating to collateral provided against the issuance of the above short-term notes payable.

24. Other payables

Item	December 31, 2010	December 31, 2009
Payables for purchase of equipment	\$62,562	\$60,525
Cash dividends payable	22,232	22,189
Sales tax payable	76	5,514
Quantity discounts payable	39,492	34,568
Purchase contract loss payable	8,763	-
Components and consumables payable	48,159	15,538
Others	17,673	16,151
Total	<u>\$198,957</u>	<u>\$154,485</u>

25. Advance receipts

Item	December 31, 2010	December 31, 2009
Unearned sales revenue	\$237,020	\$208,419
Other advance receipts	17,914	26,090
Partial construction billing	1,095,199	2,367,479
Less: transferred from construction in progress	(537,091)	(403,292)
Less: credited to construction in progress	(514,859)	(1,914,258)
Total	<u>\$298,183</u>	<u>\$284,438</u>

Pursuant to SFAS No.11 "Accounting for Long-term Construction Contracts":

- (1) If the balance of partial construction billings exceeds the balance of construction in progress, construction in progress is deducted from partial construction billings and presented as current liabilities.

- (2) If the balance of construction in progress exceeds the balance of partial construction billings, partial construction billings is deducted from construction in progress and presented as current assets. Please refer to Note 11 for details.

26. Long-term liabilities- current portion

Item	December 31, 2010	December 31, 2009
Long-term liabilities- current portion	\$1,513,597	\$3,775,348
Lease payable	2,446	540
Total	\$1,516,043	\$3,775,888

27. Long-term liabilities- current portion

Lender	Maturity	December 31, 2010	December 31, 2009	Payment method
Taiwan Business Bank - Kaohsiung	2014. 3.17	\$200,000	\$200,000	Installments
Chang Hwa Bank - Kaohsiung and other syndicated banks	2011. 7.29	-	2,500,000	Installments. However the balance was fully repaid in 2010.
Chang Hwa Bank - Kaohsiung and other syndicated banks	2015.12.10	3,000,000	-	Installments
Shin Kong Bank - Chi Hsien Bank	2017. 4. 9	90,000	-	Installments
Mega Bank - Harbor City	2015. 3.24	432,000	480,000	Installments
Mega Bank - Harbor City	2013. 6. 9	335,000	469,000	Installments
Mega Bank - Harbor City	2016. 5. 4	343,000	343,000	Installments
Mega Bank - Harbor City	2016. 9.29	750,000	750,000	Installments
Taiwan Cooperative Bank - Kaohsiung and other syndicated banks	2013. 7.22	4,000,000	4,000,000	Installments
A syndicate of 7 lenders including the Land Bank of Taiwan	2016. 6.26	2,500,000	2,500,000	Installments
A syndicate of 11 lenders including Mega Bank - A category	2017.11.29	3,585,000	-	Installments
A syndicate of 8 lenders including Mega Bank	2013. 6.29	-	1,416,780	Installment repayment, which has been early repaid in November 2010.
Chang Hua Bank	2013. 6.28	-	185,052	Installment repayment, which has been early repaid in November 2010.
Ta Chong Bank	2011. 2.28	-	280,000	Installment repayment, which has been early repaid in December 2010.

Lender	Maturity	December 31, 2010	December 31, 2009	Payment method
Syndicated loan arranged by 11 banks including Mega Bank - Item B (Note)	2011. 1. 5	210,000	-	Installments
Ta Chong Bank and other syndicated banks	2012. 6.29	174,780	-	Repaid fully at maturity
Taiwan Cooperative Bank and other syndicated banks	2012.12.11	291,300	319,900	Installments
Bayerische Hypotheken-und Wechsel-Bank AG	2010.12.28	-	639,800	Installments
Taiwan Business Bank and other syndicated banks	2012.12.24	1,602,150	1,759,450	Installments
China Construction Bank	2010. 4.30	-	22,844	Installments
China Construction Bank	2010.10.30	-	38,996	Installments
China Construction Bank	2011. 3.10	21,306	70,212	Installments
China Construction Bank	2011. 3.15	31,958	105,317	Installments
China Construction Bank	2010.10.30	-	27,984	Installments
China Construction Bank	2011. 3.21	36,246	115,851	Installments
China Construction Bank	2011. 2.15	26,809	85,688	Installments
China Construction Bank	2011. 1.15	26,809	85,688	Installments
China Construction Bank	2011. 1.15	32,171	102,826	Installments
China Construction Bank	2011. 2.15	21,447	68,551	Installments
China Construction Bank	2011. 3.21	21,447	68,551	Installments
China Construction Bank	2011. 3.12	30,350	89,483	Installments
Bank of Overseas Chinese	2012.12.30	-	768,337	Early repayment in 2010.
Bank of Overseas Chinese	2013. 2.10	147,693	-	Installment repayment.
Bank of Overseas Chinese	2013. 2.24	284,631	-	Installment repayment.
BNP and other syndicated banks	2010. 4.10	-	1,278,568	Installments
BNP and other syndicated banks	2013. 3.25	1,341,543	-	Installment repayment.
BNP and other syndicated banks	2013. 3.25	175,940	-	Installment repayment.
First Sino Bank	2012.12.30	-	496,609	Early repayment in 2010.
First Sino Bank	2013. 1.21	175,940	-	Installment repayment.
First Sino Bank	2013. 3. 1	145,151	-	Installment repayment.
HSBC	2012.12.30	-	234,249	Early repayment in 2010.
HSBC	2013. 2.10	61,579	-	Installment repayment.
HSBC	2013. 3.18	105,565	-	Installment repayment.
HSBC	2013. 3.28	52,783	-	Installment repayment.

Lender	Maturity	December 31, 2010	December 31, 2009	Payment method
Mizuho Bank	2012.5.15	290,302	-	Installment repayment.
Participant banks, such as Yuan Ta Bank	2013.11.18	1,063,245	-	
Total		\$21,606,145	\$19,502,736	
Less: long-term liabilities- current portion		(1,513,597)	(3,775,348)	
Less: Unamortized discount on long-term borrowing		(57)	-	
Long-term loans		\$20,092,491	\$15,727,388	
Interest rate range-end		1.2%-5.526%	1.15%-5.35%	

(Note): Use the revolving credit facility through commercial papers from November 2010 to November 2017.

(1) Please refer to Note 40 for details of collateral provided for the above bank loans.

(2) Restrictive covenants:

A. Special clauses governing long-term loan agreements between the Company and the lenders (banks) were as follows:

- a. The lender (bank) is the principal beneficiary over the insurance claim.
- b. Transfer, pledge, lease or disposal of the collaterals shall be consented by the lender (bank).
- c. Alteration to, improvement of, addition to and revocation of the collaterals shall be consented by the lenders (banks).

B. Special clauses governing the syndicated loan agreement entered into between the Company and Taiwan Cooperative Bank were as follows:

The Company's audited semiannual and annual financial statements must maintain the following financial ratios:

- a. Current assets to current liabilities ratio shall be no less than 100%.
- b. Total liabilities to total net assets ratio shall be no greater than 100%.
- c. Interest coverage ratio (net income before income tax+ interest expense+ depreciation and amortization/interest expense): no less than 3 times.
- d. Net intangible assets shall be greater than NT\$ 17 billion (incl.).

C. The Company's long-term syndicate loan arranged by Chang Hwa Bank - Kaohsiung contained the following covenants imposed by the syndicate banks:

The Company's audited semiannual and annual financial statements must maintain the following financial ratios:

- a. The ratios of current assets to current liabilities at the end of 2010 and 2009 were not lower than 85% and 100%, respectively.
- b. Total liabilities to total net assets ratio shall be no greater than 150%.
- c. Interest coverage ratio (net income before income tax+ interest expense+ depreciation and amortization/interest expense): no less than 2 times.

D. As to MICKEY Company's long-term borrowing, the special terms agreed on with bank creditors are summarized as follows:

a. Restrictive covenants about the syndicated loans from Ta Chong Bank and other syndicated banks are specified as following:

(a). Guarantor: Yieh Phui Enterprise Co., Ltd.

(b). Financial ratio: The audited financial statements of Yieh Phui Enterprise Co., Ltd. must maintain the following financial ratios:

- (1) The current ratio shall be no less than 70%.
- (2) The liabilities ratio shall be no greater than 150%.

- (3) Interest coverage ratio (net income before income tax+ interest expenditure+ depreciation and amortization/interest expenditure): no less than 1.50 times.
 - (c). It is necessary to work with the lenders to hold TMU commodities no less than USD6,000 thousand.
 - b. Restrictive covenants about the syndicated loans from Taiwan Cooperative Bank and other syndicated banks are specified as following:
 - (a). Guarantor: Yieh Phui Enterprise Co., Ltd.
 - (b). Financial ratio: The audited financial statements of Yieh Phui Enterprise Co., Ltd. must maintain the following financial ratios:
 - (1) The current ration shall be no less than 100%.
 - (2) The liabilities ratio shall be no greater than 150%.
 - (3) Interest coverage ratio (net income before income tax+ interest expenditure+ depreciation and amortization/interest expenditure): no less than 1.50 times.
 - c. Restrictive covenants about the loans from Bayerische Hypotheken-und Wechsel-Bank AG are specified as following:
 - (a). Guarantor: Yieh Phui Enterprise Co., Ltd.
 - (b). Financial ratio: The audited financial statements of Yieh Phui Enterprise Co., Ltd. must maintain the following financial ratios:
 - (1) The liabilities ratio shall be no greater than 175%.
 - (2) Interest coverage ratio (net income before income tax+ interest expenditure+ depreciation and amortization/interest expenditure): no less than 2.50 times.
 - (3) The current ration shall be no less than 100%.
 - (4) Net tangible assets shall not be less than NTD17 billion.
 - d. Restrictive covenants about the syndicated loans from Taiwan Business Bank and other syndicated banks are specified as following:
 - (a). Guarantor: Yieh Phui Enterprise Co., Ltd.
 - (b). Financial ratio: The audited financial statements of Yieh Phui Enterprise Co., Ltd. must maintain the following financial ratios:
 - (1) The current ration shall be no less than 70%.
 - (2) The liabilities ratio shall be no greater than 150%.
 - (3) Interest coverage ratio (net income before income tax+ interest expenditure+ depreciation and amortization/interest expenditure): no less than 1.50 times.
- E. Special clauses governing the BNP syndicated loan agreement entered into between the Company and Yieh Phui (China) Technomaterial Co., Ltd. were as follows:
- a. Guarantor: The audited financial statements of Yieh Phui Enterprise Co., Ltd. must maintain the following financial ratios:
 - (1) Current assets to current liabilities ratio shall be no less than 100% before 2009.
 - (2) Total liabilities to total net assets ratio shall be no greater than 175% before 2009, and 150% after 2010.
 - (3) Interest coverage ratio (net income before income tax+ interest expenditure+ depreciation/interest expenditure): no less than 2.5 times.
 - (4) Net tangible assets (shareholders' equity less intangible assets) shall be no less than NT\$25 billion.
 - b. Borrower: The financial statements of Yieh Phui (China) Technomaterial Co., Ltd. must maintain the following financial ratios:
 - (1) The liabilities ratio shall be no greater than 3.5 in 2006, 3.25 in 2007, and 2.5 in 2008 and thereafter.
 - (2) Interest coverage ratio (net income before income tax+ interest expenditure+ depreciation/interest expenditure) shall be no less than 1.0 in 2006, and 1.5 in 2007 and thereafter.

- c. The facilities offered by OCBC, First Sino Bank and HSBC are secured by time deposits and Stand-y L/C provided by MICKEY Company as collateral for the Company's borrowing. Therefore, the Company may drawdown the revolving loan within the facility. The loans will be secured by MICKEY for three years.
- d. The facility offered by Mizuho Bank was secured by a borrowing guarantee agreement provided by Yieh Phui Enterprise Co., Ltd. as collateral for the Company's financing facility. Therefore, the Company may drawdown the revolving loan with the facility. The security provided by Yieh Phui Company will expire on May 15, 2012.
- F. As to the long-term borrowing of Yieh Phui (Hong Kong) Holding Ltd., a syndicated loan arranged by Yuenta Bank, special terms agreed on with bank creditors are summarized as follows:
 - a. Guarantor: Yieh Phui Enterprise Co., Ltd., shall maintain the following financial ratios in its annual consolidated financial statements audited by CPAs:
 - (1) Current assets to current liabilities ratio shall be no less than 80%.
 - (2) Total liabilities to total net assets ratio shall be no greater than 140%.
 - (3) Interest coverage ratio (net income before income tax+ interest expense+ depreciation and amortization/interest expense): no less than 150%.
 - b. Corporate guarantors give irrevocable commitments and confirm that the direct or indirect shareholding in borrower should be 90% or more, and they shall maintain their control over operation of the corporation.

If any of the syndicated loans (Item B to F) violates the requirements for financial ratios, it is required to be improved within a certain period. If it is not improved within the certain period, a commitment fee must be charged (compensation fee). The amount must be agreed on between both parties.

- G. The subsidiary, Yieh Hsing Enterprise Co., Ltd. entered into credit agreements of syndicated loans with participant banks in 2010 and 2009. Key financial promises are summarized as follows:
 - a. The subsidiary, Yieh Hsing Enterprise Co., Ltd. entered into a credit agreement of a syndicated loan with 7 participant banks, such as Land Bank, in June 2009. Key financial promises are summarized as follows:
 - (a). The Company undertook that as of the contract date, the Company should verify the following financial ratios based on the information and data recorded in the Company's non-consolidated financial statements audited by an independent auditor at the end of each fiscal year, and the financial ratios should comply with the agreed ones:
 - a. Liabilities ratio (total liabilities divided by shareholders' equity) \leq 200%
 - (b). If the Company fails to maintain said financial ratios, it should rectify it within 5 months as of May 1 of the year following the year of audit. The interest rate prevailing within the time limit should be the annual interest rate escalated by 0.20%. If the Company fails to rectify it within the specific time limit, it should pay the fine to the custodian bank at 0.05% of the total balance of the outstanding principal, plus the escalated interest rate prevailing within the specific time limit for rectification further escalated by 0.2% as of the expiration of the time limit for rectification until the date of fulfillment of rectification.
 - b. The subsidiary, Yieh Hsing Enterprise Co., Ltd. entered into a credit agreement of a syndicated loan with 11 participant banks, such as Mega Bank in November 2010. Key financial promises are summarized as follows:
 - (a). The Company has undertaken that relevant financial ratios calculated based on the Company's annual and semiannual non-consolidated financial statements audited by CPAs should be maintained in conformity with the following criteria during the duration of the agreement from the date when the agreement was entered into:
 - a. The current ratio shall be no less than 55% (incl.).
 - b. The liabilities ratio shall be no greater than 200% (incl.).
 - c. Interest Protection Multiples should be maintained at a level of 1 time or above.

- (b). If the Company fails to maintain the aforementioned financial ratios, the interest rate must be raised by 0.1% (annualized rate) from the date when the management bank informs the Company of the violation of financial commitments and the Company shall make improvements before the presentation of the next non-consolidated financial reports. If the Company fails to make improvements within the time limit, the Company should be fined based on the outstanding balance at 0.025%.

28. Pension

- (1) The Company has put in place a pension plan covering all regular employees. Each employee will earn two base units for the first 15 years of service and half a unit or one unit for each year thereafter prior to and after the R.O.C. Labor Standards Law came into effect, respectively, with a maximum of 45 units. Upon retirement, pension payments are calculated based on total years of service and average salary of the last six months prior to retirement.

- A. The Company is currently funding the pension plan monthly at 4.2% of salaries and wages. In accordance with the Statement of Financial Accounting Standards No. 18 "Accounting for Pension Fund", pension costs should be recognized based on actuarial calculations. The relevant information is disclosed in accordance with the requirements of the Statement as follows:

- a. Net pension cost:

Item	2010	2009
Service cost	\$10,782	\$12,909
Interest cost	11,015	13,016
Expected return on fund assets	(10,344)	(11,954)
Amortization of unrecognized transitional net benefit obligation	2,621	2,621
Amortization of loss (gain) on pension fund	2,556	1,253
Net pension costs of parent company	\$16,630	\$17,845
Net pension costs of subsidiaries	18,756	17,972
Total	\$35,386	\$35,817

- b. The funding status was reconciled with the accrued pension cost per books as follows:

December 31, 2010:

Item	The Company	Subsidiary
Benefit obligation:		
Vested benefit obligation	(\$57,182)	(\$66,949)
Non-vested benefit obligation	(425,265)	(206,208)
Accumulated benefit obligation	(\$482,447)	(\$273,157)

December 31, 2010:

Item	The Company	Subsidiary
Effect of increase in future salary	(105,862)	(80,471)
Projected benefit obligation	(\$588,309)	(\$353,628)
Fair value of pension fund assets	539,826	46,240
Funding status	(\$48,483)	(\$307,388)
Unrecognized transitional net benefit obligation	7,045	29,363
Unrecognized loss (gain) on pension fund	115,363	35,498
Supplementary recognition of accrued pension liabilities	-	(4,934)
Prepaid pension fund / (Accrued pension liabilities)	\$73,925	(\$247,461)
Vested benefit	\$72,740	\$77,353

December 31, 2009:

Item	The Company	Subsidiary
Benefit obligation:		
Vested benefit obligation	(\$38,435)	(\$45,945)
Non-vested benefit obligation	(421,197)	(185,984)
Accumulated benefit obligation	(\$459,632)	(\$231,929)
Effect of increase in future salary	(94,706)	(69,026)
Projected benefit obligation	(\$554,338)	(\$300,955)
Fair value of pension fund assets	505,914	50,467
Funding status	(\$48,424)	(\$250,488)
Unrecognized transitional net benefit obligation	9,666	37,602
Unrecognized loss (gain) on pension fund	96,332	(13,990)
Supplementary recognition of accrued pension liabilities	-	(2,881)
Prepaid pension fund / (Accrued pension liabilities)	\$57,574	(\$229,757)
Vested benefit	\$49,751	\$52,573

- c. As of December 31, 2010, the Company's prepaid pension fund amounted to \$73,925 thousand, recorded under "Other assets – others" for \$76,375 thousand and "Accrued expenses" for \$2,450 thousand. Subsidiaries recorded accrued pension liabilities for \$247,436 thousand and accrued expenses for \$25 thousand.
- d. As of December 31, 2009, the Company's prepaid pension fund amounted to \$57,574 thousand, recorded under "Other assets – others" for \$60,346 thousand and "Accrued expenses" for \$2,772 thousand. Subsidiaries recorded accrued pension liabilities for \$229,732 thousand and accrued expenses for \$25 thousand.

e. The actuarial assumptions used in the pension cost calculation were as follows:

2010:

Item	The Company	Subsidiary
Discount rate	2.0%	2.5%
Increasing rate of future salary	1.75%	2.0%
Anticipated long-term rate of return on pension plan assets	2.0%	2.0%-2.25%

2009:

Item	The Company	Subsidiary
Discount rate	2.0%	2.25%-2.75%
Increasing rate of future salary	1.5%	2.0%
Anticipated long-term rate of return on pension plan assets	2.0%	2%-2.75%

- B. The Labor Pension Act came into effect on July 1, 2005. The new system adopts the defined benefit concept. Employees have the option of continuing under the "Labor Standards Law" or switching over to the new system and retain their years of service accounted for under the existing system. For employees covered under the new Act, the employer shall make a monthly contribution equaling to at least 6% of total salaries for depositing into the employee's individual pension account. For the years ended December 31, 2010 and 2009, pension funds contributed by the consolidated company under the defined contribution plan amounted to \$55,021 thousand and \$ 36,147 thousand, respectively.

29. Capital

Item	December 31, 2010	December 31, 2009
Authorized capital	\$20,000,000	\$20,000,000
Paid-in capital	15,269,302	14,542,192
Outstanding common shares (in thousands)	1,526,930	1,454,219
Par value per share (\$)	10	10

The Company's general shareholders' meeting approved a capital increase by earnings of \$727,110 thousand on June 24, 2010. The base date of the capital increase was September 21, 2010. As of December 31, 2010, the capital increase has been submitted to the Ministry of Economic Affairs and the relevant register of change has been completed.

30. Treasury stock

- (1) 2010: none.
(2) 2009:

Reason of Acquisition	Item	Unit: thousand shares No. of Shares
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Maintain the Company's credit and shareholders' equity	No. of Shares, beginning	47,291
	Increase	-
	Decrease	(47,291)
	No. of Shares, ending	-

- (3) Under the Securities and Exchange Act, the Company's share repurchase is restricted up to 10% of total issued shares, and the total purchase amount should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus. On October 23, 2008 the Company's Board of Directors approved the buy-back of 100,000 thousand issued common shares from the open market during October 24, 2008 to December 23, 2008. A total of 47,291 thousand shares or NT\$ 418,867 thousand were bought back during the buyback period. As to the aforementioned treasury stocks, the Board of Directors resolved on February 17, 2009, that the base date of the capital decrease was March 12, 2009. The relevant register of the capital decrease was completed on March 27, 2009.
- (4) The Company should not pledge these stocks as collateral and should not collect dividends or exercise voting rights on these stocks.

31. Capital surplus

Pursuant to the R.O.C. Company Law, capital reserve shall be first used to offset a deficit and then the realized capital surplus may be capitalized. Realized capital surplus referred to in the preceding paragraph included the surplus generated from donations and the excess of the issuance price over the par value of capital stock and the surplus from treasury stock transactions. Pursuant to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital reserves converted into share capital is capped at 10% of paid up capital per year. Capital surplus arising from the excess of the issuance price over the par value of capital stock may not be capitalized until the fiscal year after the competent authority for company registrations approves registration of the capital increase or whatever other matter generated that portion of capital reserve.

32. Earnings distribution

1. Yieh Phui Enterprise Co., Ltd.:

- (1) The Company's steel business is in a phase of stable growth; thus appropriation of retained earnings and the Company's dividend policy will be carried out in accordance with the business expansion plan and the Company's profitability. The annual net income, less any deficit and taxes and duties, if any, should be appropriated in the following order of presentation: 10% as legal reserve, until its balance equals the issued capital stock; Set aside or reverse a certain amount as or of special reserve according to actual circumstances; Appropriate a specific percentage of the reminder plus unappropriated earnings for the previous year as preferred stock dividends; Of the remainder, 1% as bonus to employees and no greater than 0.2% as remuneration to directors and supervisors; The remainder, if any, shall be appropriated according to shareholder resolution. In principle, earnings shall be distributed in the form of stock dividends in accordance with the Company's capital requirement for business expansion and profitability. Cash dividends are distributed at between 20% to 100% of total dividends

distributed while stock dividends are distributed at between 0% to 80% of total dividends distributed.

- (2) Pursuant to Article 41 of the Securities Exchange Act, in addition to providing the legal reserve, the Company is required to appropriate a special reserve from annual earnings and unappropriated earnings from the previous period for any net debit balance resulting from adjustments to the stockholders' equity (including unrealized loss on long-term investments and cumulative translation adjustments etc.). The Company may release a portion of this special reserve when such debit balances are partially reversed.
- (3) Bonus to employees and remuneration to directors and supervisors:
- A. The appropriation of 2009 earnings had been approved by the shareholders during their meeting on April 24, 2010 and distribution of bonus to employees and remuneration to directors and supervisors are as follows:

Item	Amount
Bonus to employees	\$7,359
Remuneration to directors and supervisors	1,472
Total	<u>\$8,831</u>

Said appropriation of retained earnings proposal complies with the resolution of the directors' meeting on April 22, 2010.

- B. Earnings appropriation and earnings per share for 2009 and 2008, as announced during the General Shareholders' Meeting in Jun 2010 and 2009, respectively, are as follows:

Item	Appropriation of Earnings		Dividends Per Share (\$)	
	2009	2008	2009	2008
Legal Reserve	\$28,975	\$101,536	.	
Cash dividends for common shares	436,266	282,372	0.3	0.2
Stock dividends for common shares	727,110	423,559	0.5	0.3
Total	<u>\$1,192,351</u>	<u>\$807,467</u>		

On June 24, 2010, the shareholders' meeting resolved the distribution of 2009 employee bonus and remuneration to directors/supervisors totaling NT\$7,359 thousand and NT\$1,472 thousand, respectively. The differences between the bonus to the employees and the remuneration to the directors and supervisors were resolved by the shareholders' meeting. The bonus to employees of \$2,944 thousand and the remuneration to the directors and supervisors of \$589 recognized in 2009 financial statements were \$4,415 thousand and \$883 thousand, respectively. The differences mainly resulted from the adjustment of profit. It has been adjusted as income (loss) for 2010.

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

- (4) The management of the Company estimates bonuses to employees and remuneration to directors and supervisors in accordance with the Company's Articles of Incorporation and the average distribution ratios for bonus to employees and remuneration to directors and supervisors resolved by the shareholders' meeting in previous years. For the years ended December 31, 2010 and 2009, the estimated bonus to employees and remuneration to directors and supervisors amounted to \$9,272 thousand and \$3,533 thousand, respectively. Thereafter, if the actual distribution amounts determined by the shareholders' meeting are different from the estimates, the difference is treated as change in the accounting estimation.

2. Yieh Hsing EnterprisE Co., Ltd.

- (1) The company operates in a capital and technology-intensive industry: its corporate life cycle is considered to be at the "matured" stage. To sustain its perpetual business development while responding to future market demands, the company adopted a "residual dividend policy" which specified that in addition to taxation and reimbursement of previous losses, the companies' annual earnings are subject to a 10% provision for legal earnings reserves and special earnings reserve as deemed necessary. The remaining earnings are available for directors' and supervisors' remuneration of no more than 0.5% and employees' bonuses of 1%, followed by preference stock dividends. The remainder is added to undistributed earnings from previous years for the distribution of stockholders' dividends (of which stock dividend distribution ranges between 50% and 100%, while cash dividend distribution ranges between 0% and 50%). The above distributions are proposed by the board of directors and resolved in the general shareholders' meeting.
- (2) The 2009 and 2008 earnings distribution and dividends per share declared on June 2010 and April 2009 by the Company's shareholders' meeting respectively are as follows:

Item	Appropriation of Earnings		Dividends Per Share (\$)	
	2009	2008	2009	2008
Legal Reserve	\$ 4,414	\$ -		
Special reserve	-	-		
Cash dividends for common shares	-	-	-	-
Stock dividends for common shares	-	-	-	-
Remuneration to directors and supervisors	-	-		
Bonus to employees	-	-		
Total	\$ 4,414	\$ -		

- A. The aforementioned distribution of bonus to employees and remuneration to directors and supervisors for 2009 and 2008 resolved by the shareholders' meeting in 2010 and 2009 amounted to \$0, respectively, which were in conformity with a bonus to employees of \$0 and remuneration to directors and supervisors of \$0 recognized in the 2009 and 2008 financial statements.
- B. There were no variations between the earnings appropriation proposed by the Board of Directors and the earnings appropriation resolved during the general

shareholders' meetings. The relevant information on bonuses to employees and remuneration to directors and supervisors can be accessed through the "Market Observation Post System" of the Taiwan Stock Exchange Corporation.

- (3) The management of the Company estimates bonuses to employees and remuneration to directors and supervisors in accordance with the Company's Articles of Incorporation and the average distribution ratios for bonuses to employees and remuneration to directors and supervisors resolved by the shareholders' meetings in previous years. For the years ended December 31, 2010, the estimated bonus to employees and remuneration to directors and supervisors amounted to \$3,231 thousand and \$646 thousand, respectively. For the years ended December 31, 2009, the estimated bonus to employees and remuneration to directors and supervisors amounted to \$0 thousand, respectively since the Company had no distribution plans for bonuses to employees and remuneration to directors and supervisors. Thereafter, if the actual distribution amounts determined by the shareholders' meeting are different from estimates, the difference is treated as change in accounting estimation and recognized as income in the next year.

33. Miscellaneous income

Item	2010	2009
Revenue from sale of scraps	\$35,777	\$14,020
Income from expropriation of leased assets	\$3,494	-
Technical service revenue	8,462	8,208
Income from insurance claims	3,460	-
Rental income	3,953	3,163
Mainframe and road management	2,061	2,737
Use of computers and manpower support	2,992	2,727
Income from compensation	4,026	-
Reversal of allowance for doubtful accounts	11,339	-
Others	55,546	47,058
Total	\$131,110	\$77,913

34. Impairment loss

Item	2010	2009
Impairment loss on financial assets carried at cost	\$-	\$-
Impairment loss on non-current assets held for sale	-	3,302

Item	2010	2009
Impairment loss on idle assets	-	5,188
Impairment loss on fixed assets	28,000	-
Total	\$28,000	\$8,490

Impairment loss on fixed assets is a loss estimated for loss caused by floods in the current period. Please refer to Note 42 for details.

35. Miscellaneous expense

Item	2010	2009
Idle assets depreciation	\$9,994	\$3,462
Depreciation on leased assets	34,231	43,105
Other assets- other depreciation	855	1,229
Loss on raw material recovery	8,404	8,872
Liquidated damages	225,629	-
Others	56,007	42,174
Total	\$335,120	\$98,842

The Company's supplier, Trafigura Beheer B.V., terminated the purchase agreement for the reason that the Company and its subsidiary failed to issue L/C under the agreement and referred it to arbitration in LME. Both parties became reconciled on July 27, 2010. that the Company should pay a total of US\$7 million to Trafigura Company as compensation (including US\$5.5 million by the Company and US\$1.5 million by the subsidiary). The compensation borne by the Company and its subsidiary amounting to \$225,629 thousand was recorded under "Non-operating -- Miscellaneous disbursements".

36. Personnel, depreciation, depletion and amortization expenses

Item	2010		
	Operating Cost	Operating Expense	Total
Personnel			
Salary	\$1,073,638	\$534,694	\$1,608,332
Labor and health insurance	92,740	37,385	130,125
Pension (Note 1)	77,340	30,836	108,176
Others	251,423	57,993	309,416
Depreciation (Note 2)	1,694,040	169,652	1,863,692
Amortization (Note 3)	22,693	42,875	65,568
Total	\$3,211,874	\$873,435	\$4,085,309

(Note 1): Excluding NT\$ 117 thousand of pension costs included in prepayment for equipment purchase.

(Note 2): This includes the depreciation expense for other assets of \$855 thousand stated under "Non-operating -- Miscellaneous disbursements", the depreciation expense for idle assets of \$9,994 thousand, the depreciation expense for leased assets of

\$34,231 thousand, and the depreciation expense for uncompleted construction of \$118 thousand.

(Note 3): Including NT\$ 24,260 thousand of amortization expense on fees paid to the lead bank for the syndicated loan for 2008 included in interest expense.

Item	2009		
	Operating Cost	Operating Expense	Total
Personnel			
Salary	\$945,428	\$480,505	\$1,425,933
Labor and health insurance	77,540	37,004	114,544
Pension (Note 1)	64,297	24,690	88,987
Others	135,336	38,045	173,381
Depreciation (Note 2)	1,581,352	178,476	1,759,828
Amortization (Note 3)	21,836	50,109	71,945
Total	<u>\$2,825,789</u>	<u>\$808,829</u>	<u>\$3,634,618</u>

(Note 1): Excluding NT\$ 307 thousand of pension costs included in prepayment for equipment purchase.

(Note 2): This includes the depreciation expense for other assets of \$1,229 thousand stated under "Non-operating – Miscellaneous disbursements", the depreciation expense for idle assets of \$3,462 thousand, the depreciation expense for leased assets of \$43,105 thousand, and the depreciation expense for the uncompleted construction of \$149 thousand.

(Note 3): Excluding NT\$26,331 thousand of amortization expense on fees paid to the lead bank for the syndicated loan included in interest expense and NT\$230 thousand of amortization expenses on construction in progress.

37. Income Tax

(1) Net deferred income tax assets and liabilities comprise of the following:

A. Current:

Item	December 31, 2010	December 31, 2009
Over provision of allowance for doubtful accounts	\$-	\$1,019
Unrealized foreign exchange losses (gains)	22,029	5,481
Difference between tax reporting and financial reporting – sales allowances	6,788	6,914
Unearned sales revenue	5,704	5,300
Unrealized value decline and obsolescence losses on inventories	18,394	8,863
Difference between tax reporting and financial reporting – gross sales	236	2,362
Others	3,229	996

Item	December 31, 2010	December 31, 2009
Deferred income tax assets of subsidiary	22,288	10,561
Total	\$78,668	\$41,496
Less: Valuation allowance	-	-
Total Deferred income tax assets, net	\$78,668	\$41,496

B. Non-current:

Item	December 31, 2010	December 31, 2009
Difference between tax reporting and financial reporting - depreciation	\$4,261	\$5,734
Investment losses recognized under the cost method	56,271	71,426
Investment losses (gains) recognized under the equity method	248,964	318,040
Provision for overseas investment loss	(48,232)	(84,657)
Others	3,579	11,917
Loss carryforwards	-	13,807
Deferred income tax assets of subsidiary	244,141	292,768
Subtotal	\$508,984	\$629,035
Less: Valuation allowance	(50,203)	(59,062)
Total	\$458,781	\$569,973
Cumulative translation adjustments	34,554	(102,774)
Realized adjustments (Note)	(47,378)	-
Total Deferred income tax assets, net	\$445,957	\$467,199

Note: This refers to exchange loss recognized based on the separate business entity principle of the tax law due to organizational restructuring.

(2) The components of income tax expense (benefit) are as follows:

Item	2010	2009
Income tax expense	\$1,949	\$-
Unappropriated earnings plus 10% tax payment	-	20,276
Deferred income tax expense (benefit)	36,671	115,791
Prior years' income tax adjustment	(2,750)	(55,708)
Effects of changes in Income Tax Law	47,827	77,035
Income tax expense (gain) of the Company	\$83,697	\$157,394
Income tax expense (gain) of subsidiaries	4,389	2,156
Prior year income tax adjustment of subsidiaries	10	(42)
Deferred tax expense (gain) of subsidiary	35,590	(4,070)
Income tax expense (benefit)	\$123,686	\$155,438

The Legislative Yuan revised Article 5 of the Income Tax Law in May 2009 to reduce the business tax rate from 25% to 20% and in May 2010 to further reduce the

business tax rate from 20% to 17%, which became effective from 2010. The Company has re-calculated deferred income tax assets or liabilities and recognized resulting differences as income tax expenses in accordance with the revised article.

(3) Income tax payable (refundable)

Item	December 31, 2010	
	The Company	Subsidiary
Income tax expense	\$1,949	\$1,018
Unappropriated earnings plus 10% tax payment	-	3,371
Less: Provisional and withholding tax	(810)	(709)
Income tax payable (refundable)	<u>\$1,139</u>	<u>\$3,680</u>

The subsidiary's income tax payable amounted to \$3,680 thousand, which was separately stated as income tax payable of \$3,712 thousand and prepayments of \$32 thousand.

Item	December 31, 2009	
	The Company	Subsidiary
Income tax expense	\$-	\$2,156
Unappropriated earnings plus 10% tax payment	20,276	-
Less: Provisional and withholding tax	(769)	(1,371)
Income tax payable (refundable)	<u>\$19,507</u>	<u>\$785</u>

The subsidiary's income tax payable amounted to \$785 thousand, which was separately stated as income tax payable of \$1,203 thousand and prepayments of \$418 thousand.

(4) A reconciliation of income tax expense based on income before income tax at the statutory rate and income tax payable computed in accordance with the Income Tax Act was as follows:

Item	2010	2009
Current year income tax expense based on statutory income	\$66,924	\$110,776
Tax effect on adjusting items:		
(1) Realized (unrealized) exchange foreign exchange gains or losses	17,370	(1,035)
(2) Tax exempted income	164	(5,570)
(3) Loss (gain) on investment recognized under equity method	(49,023)	47,421
(4) Reversal (provision) for overseas investment loss	23,291	14,658
(5) Unrealized (realized) gain on inter-affiliate sales	1,199	4,482
(6) Book-tax difference in pension cost	(2,725)	(3,066)

Item	2010	2009
(7) Provision (reversal) for loss for market price decline and obsolete and slow-moving inventories	10,861	(46,908)
(8) Realized (unrealized) valuation loss (gain) on financial assets (liabilities)	37,779	(86,292)
(9) Impairment loss	(2,060)	
(10) Realized investment loss	(47,377)	(71,224)
(11) Others	(32,524)	-
Investment tax credit	(193)	(9,426)
Income tax credits derived by deduction of loss	(21,737)	-
Subsequent income tax savings provided by losses carried forward	-	
Income tax expense of parent company for the current year	1,949	46,184
Income tax expenses of subsidiaries for the current year	1,018	-
Income tax expense	<u>\$2,967</u>	<u>\$2,156</u>

(5) As of December 31, 2010, the consolidated company's income tax returns through 2008 have been examined and approved by the tax authority.

(6) As of December 31, 2010, details of the consolidated company's unused tax credits from promotion of business upgrading rule: None

(7) The Company's integrated income tax information was as follows:

Item	2010	2009
Imputation credit account (ICA)	\$1,240,575	\$1,455,439
Unappropriated earnings generated before 1997	111,907	111,907
Unappropriated earnings generated after 1998	2,671,898	3,557,644
Item	2010	2009
The creditable ratio for distribution of earnings	44.94%	41.46%
	(estimated)	(actual)

The imputation credit allocated to the shareholders is based on the balance of the ICA as of the date of dividend distribution. The estimated creditable ratio for 2010 may change when the actual distribution of imputation credit is made.

38. Basic earnings per share

Item	2010	2009
A. Basic EPS:		
Consolidated total income	\$465,812	\$202,145
Add: Net loss (profit) vested in minority equity	<u>(155,841)</u>	<u>83,604</u>

Item	2010	2009
Income vested in shareholders of the parent company's common shares	<u>\$309,971</u>	<u>\$285,749</u>
Weighted average number of outstanding shares (thousand shares)	1,526,930	1,454,219
Weighted average number of outstanding shares after retroactive adjustment (thousand shares)	1,526,930	1,526,930
Basic earnings per share		
Consolidated total income	\$0.30	\$0.13
Add: Net income attributable to minority interest	<u>(0.10)</u>	<u>0.06</u>
Net income for the current period attributable to common shareholders of the parent company	<u>\$0.20</u>	<u>\$0.19</u>

Weighted average number of outstanding shares after retrospective adjustments for 2009:
 $1,454,219 \times 1.05 = 1,526,930$

39. Related party transactions

(1) Information about the Company's related parties were as follows:

Name of the Related Party	Relationship with the Company
Yieh Mau Corp.	Equity-method investee
Yieh United Steel Corp.	Same Chairman
I-Shou University	Same Chairman
Yieh Corp.	Chairman of the related party is a second degree relative of the Company's Chairman
Chen Shin House Management Consulting Co., Ltd.	Equity-method investee
E-DA Hospital	Same Chairman
Chain Dollars Enterprise Co., Ltd.	Chairman of the related party is a second degree relative of the Company's President
Broad Victory Enterprise Co., Ltd.	Related party in substance
Yieh Hong Enterprise Co., Ltd.	Related party in substance
Wei Hung Investment & Development Co., Ltd.	Same Chairman
Yu Hong Enterprise Co., Ltd.	Related party in substance
United Brightening Development Corp.	Equity-method investee
Asiazone Co., Limited	Equity-method investee
Unipattern Corp.	Related party in substance
Glorious Falcon International Limited	Subsidiary of the Company; investee accounted for under the equity method
Lienzhong Stainless Steel Corp.	Related party in substance

Lin Mei Feng	Related party in substance
Eliter International Corp.	Equity-method investee
Rodan (Taiwan) Ltd.	Related party in substance
Yieh Corporation Limited	Chairman of the related party is a second degree relative of the Company's Chairman
TwSAFE Inc.	Chairman of the related party is a second degree relative of the Company's Chairman (resigned in August 2008)
Pacific Harbor Stevedoring Corporation	Chairman of the related party is the Company's vice chairman
Yeou Yih Steel Co., Ltd.	Chairman of the related party is the Company's vice chairman
Sym Wang Iron Steel Co., Ltd.	Chairman of the related party is the spouse of the Company's vice chairman
E-Da Development Corp.	Equity-method investee
Synn Industrial Co., Ltd.	Equity-method investee

(To be continued)

(Brought Forward)

Name of the Related Party	Relationship with the Company
Zheng Xin Security Co., Ltd.	Equity-method investee
Tianjin Lianfa Precision Steel Corporation	Subsidiary of the Company's investee accounted for under the equity method
Chen Yung-Hsien	Deputy Chief Finance Officer of The Company
Lin Chi-Long	A second degree relative of the Company's Chairman
Yo Jing-Sheng	Deputy Finance Manager of Yieh Hsing
MTECH Corp	Chairman of the related party is a second degree relative of the Company's Chairman
Hsing Jui Investments Limited	Equity-method investee

(2) Significant related-party transactions were as follows:

A. Purchases:

Name of the Related Party	2010	
	Amount	% of net purchases
Asiazone Co., Limited	\$774,219	1.42%
Yieh Hong Enterprise Co., Ltd.	2,676,378	4.91%
Yieh United Steel Corp.	6,978,317	12.81%
Name of the Related Party	2009	
	Amount	% of net purchases
Asiazone Co., Limited	\$1,569,780	5.10%
Yieh Hong Enterprise Co., Ltd.	2,668,593	8.67%
Yieh United Steel Corp.	3,717,138	12.08%

Items purchased were mainly rolled steel and zinc ingot. The company purchased from the above companies at ordinary deal terms that are equivalent to other suppliers. Payment terms for purchases ranged from 1 to 2 months on average.

B. Operating Revenue (Sales or Services)

Name of the Related Party	2010	
	Amount	% of net sales
Gross Sales:		
Yieh United Steel Corp.	\$177,934	0.28%
Glorious Falcon International Limited	4,732,952	7.53%
Chain Dollars Enterprise Co., Ltd.	75,801	0.12%
Asiazone Co., Limited	3,219,065	5.12%
Rodan (Taiwan) Ltd.	119,325	0.19%
Yieh Corporation Limited	589,275	0.94%
Lienzhong Stainless Steel Corp.	312,677	0.50%
Tianjin Lianfa Precision Steel Corporation	124,013	0.20%
Others	9,262	0.01%
Revenue from sale of scraps:		
Yieh United Steel Corp.	420,226	0.67%
Income from processing:		
Others	180	-
Construction revenue:		
Yieh United Steel Corp.	12,536	0.02%
E-Da Development Corp.	330,120	0.53%
Eliter International Corp.	45,590	0.07%
Others	25	-
Name of the Related Party	2009	
	Amount	% of net sales
Gross Sales:		
Yieh United Steel Corp.	\$98,766	0.22%
Chain Dollars Enterprise Co., Ltd.	48,311	0.11%
Asiazone Co., Limited	2,200,969	4.91%
Glorious Falcon International Limited	5,074,849	11.32%
Yieh Corporation Limited	640,035	1.43%
Lienzhong Stainless Steel Corp.	259,508	0.58%
Tianjin Lianfa Precision Steel Corporation	153,298	0.34%
Rodan (Taiwan) Ltd.	6,702	0.01%
Others	7,034	0.02%
Construction revenue:		
Eliter International Corp.	14,912	0.03%
Others	269	-
Revenue from sale of scraps:		

Name of the Related Party	2009	
	Amount	% of net sales
Yieh United Steel Corp.	290,949	0.65%
Income from processing:		
Others	448	-

- a. As to the transaction price for the Company's sale revenue from its related parties, the transaction prices and payment terms are the same as those for general customers with a collection period of 1 to 2 months except for Glorious Falcon International Limited due to no other comparable transaction counterparty of the same products (ex., special steel products).
- b. The transaction prices for the Company's scrap revenue from its related parties are determined with reference to the purchase price at which Yieh United Steel Corp., makes purchase from other non-related parties. The collection term is O/A 15 days.
- c. The construction contracts between the Company and the above related parties were established at prices negotiated by both parties; contract proceeds were collected according to the collection clauses stated in these contracts, unless both parties agree to an extension of the term.

C. Asset transactions:

I. Details of transactions of the Company's purchase of property of related parties:

Name of the Related Party	2010	
	Transaction details	Amount
Yieh United Steel Corp.	Construction in progress – maintenance construction of instruments and equipment	\$192
	Construction in progress – manpower support service for maintenance construction	1,268
Unipattern Corp.	Purchase of equipment and construction in progress – barcode printer and computer	8,336

Name of the Related Party	2009	
	Transaction details	Amount
Unipattern Corp.	Purchase of equipment	\$190,700
Others	Purchase of equipment	554

The aforementioned payments of purchase from the related parties for the construction and installation of equipment were negotiated and agreed on with each other.

II. Details for the Company's sale of equipment to the related parties:

2010: none.

Name of the Related Party	Description	2009	Gain (loss) on sale
		Selling Price	
MTECH Corp.	Sale of fixed assets	\$101,312	\$17,473

The aforementioned sale price was negotiated with each other.

D. Construction contracts

(A) Construtions performed for related parties that were outstanding as of December 31, 2010 are as follows:

Name of the Related Party	Contract Details	Total Contract Price	Construction in progress/Partial construction billing
E-Da Development Corp.	Steel structural engineering	\$11,854	\$10,591
Yieh United Steel Corp.	Manufacturing and installation of plants and cranes	50,433	34,356
			27,271
Others	Crane and steel structure engineering	8,500	6,285

(B) Construtions performed for related parties that were outstanding as of December 31, 2009 are as follows:

Name of the Related Party	Contract Details	Total Contract Price	Construction in progress/Partial construction billing
E-Da Development Corp.	Steel structural engineering	\$336,310	\$291,317
Eliter International Corp.	Steel structural engineering	49,136	38,942
Others	Overhead crane installation	13,226	6,878

The aforementioned contracting construction was negotiated with each other and the payments were collected based on the progress of the construction.

E Balance of receivables (payables), end of year:

2010

Name of the Related Party.	Amount	% of accounts receivable (payable) balances at year-end
Notes receivable:		
Yieh United Steel Corp.	\$18,222	5.71%
E-Da Development Corp.	95,793	30.03%
Others	123	0.04%
Total	\$114,138	35.78%
Accounts receivable:		
Yieh United Steel Corp.	\$64,373	1.58%
Chain Dollars Enterprise Co., Ltd.	19,306	0.47%
Rodan (Taiwan) Ltd.	36,091	0.89%
Glorious Falcon International Limited	673,455	16.52%
Asiazone Co., Limited	233,079	5.72%
Tianjin Lianfa Precision Steel Corporation	22,686	0.56%
Yieh Corporation Limited	37,182	0.91%
Total	\$1,086,172	26.65%
Other receivable:		
Synn Industrial Co., Ltd. - Cash dividends	\$33,300	4.52%
Yieh Hong Enterprise Co., Ltd.	11,339	1.54%
Yieh United Steel Corp.	1,864	0.25%
Others	1,603	0.22%
Total	\$48,106	6.53%
Prepayment:		
Others	\$3,034	0.13%
Notes payable:		
Others	\$4,793	0.12%
Accounts payable:		
Yieh Hong Enterprise Co., Ltd.	\$2,547	0.37%
Asiazone Co., Limited	1,432	0.21%
Total	\$3,979	0.58%
Accrued expense:		
Pacific Harbor Stevedoring Corporation	\$2,968	0.41%
Unipattern Corp.	1,710	0.24%
Others	1,973	0.27%
Total	\$6,651	0.92%
Other payables:		
Unipattern Corp.	\$7,225	3.63%
Others	1,970	0.99%
Total	\$9,195	4.62%
Advance receipts		
Yieh Corporation Limited	\$22,891	7.68%
Others	79	0.03%

NON-CONFIDENTIAL

PUBLIC FILE 102

Name of the Related Party	2010	
	Amount	% of accounts receivable (payable) balances at year-end
Total	\$22,970	7.71%

NON-CONFIDENTIAL

Name of the Related Party	2009	
	Amount	% of accounts receivable (payable) balances at year-end
Notes receivable:		
Eliter International Corp.	\$144	0.07%
Total	\$144	0.07%
Accounts receivable:		
Glorious Falcon International Limited	\$917,450	23.31%
Asiazone Co., Limited	417,244	10.60%
Yieh United Steel Corp.	45,365	1.15%
Lienzhong Stainless Steel Corp.	54,410	1.38%
Tianjin Lianfa Precision Steel Corporation	14,209	0.36%
Yieh Corporation Limited	13,841	0.35%
Chain Dollars Enterprise Co., Ltd.	8,794	0.22%
Others	271	0.01%
Total	\$1,471,584	37.38%
Other receivable:		
MTECH Corp.	\$93,132	21.71%
Synn Industrial Co., Ltd.	63,199	14.73%
Yieh United Steel Corp.	44,075	10.27%
Others	5,407	1.26%
Total	\$205,813	47.97%
Notes payable:		
Pacific Harbor Stevedoring Corporation	\$6,576	0.33%
E-DA Hospital	1,434	0.07%
Others	466	0.02%
Total	\$8,476	0.42%
Accounts payable:		
ASIA ZONE CO., LIMITED	\$245,407	26.11%
Others	1,641	0.17%
Total	\$247,048	26.28%
Advance receipts:		
Others	\$161	0.06%
Accrued expense:		
E-DA Hospital	\$5,041	0.80%
Pacific Harbor Stevedoring Corporation	3,140	0.50%
Others	1,667	0.27%
Total	\$9,848	1.57%
Other payables:		
Others	\$738	0.49%

F. Financing

2010: none.

2009:

Name of the Related Party	Maximum balance	Balance-ending	Interval of interest rate / total amount of interest
Other receivable			
Others	<u>\$4,920</u>	<u>\$-</u>	-

G. Others

(1) Rental expense:

Name of the Related Party	Description	2010	2009
Others	Land and building	\$5,555	\$6,826

(2) Rent revenue

Name of the Related Party	Description	2010	2009
Others	Land and building	\$2,936	\$3,067

Yieh Hsing Company (subsidiary) leased out its land and plants to Yieh Mao Company. Please refer to Note 19 for details.

(2) Others

a. Other revenues:

2010			
Name of the Related Party	Amount	Description	Financial Statement Account
Yieh United Steel Corp.	\$20,426	Scrap revenue	Other revenues
Glorious Falcon International Limited	4,955	Technolgical guidance fees	Other revenues
Others	7,129	Mainframe use fee, etc.	Other revenues, etc.
2009			
Name of the Related Party	Amount	Description	Financial Statement Account
Yieh United Steel Corp.	\$9,103	Scrap revenue	Other revenues
Glorious Falcon International Limited	4,078	Technolgical guidance fees	Other revenues
Others	6,307	Mainframe use fee, etc.	Other revenues, etc.

b. Other expenses:

2010		
Name of the Related Party	Amount	Financial Statement Account
Zheng Xin Security Co., Ltd.	\$31,392	Miscellaneous expenses, etc.

Pacific Harbor Stevedoring Corporation	81,697	Export charges, etc.
E-DA Hospital	14,313	Miscellaneous expenses, etc.
I-Shou University	4,651	Service charge and miscellaneous fees, etc.
Others	24,561	Professional service expenses, etc.

Name of the Related Party	2009	
	Amount	Financial Statement Account
Zheng Xin Security Co., Ltd.	\$30,799	Miscellaneous expenses, etc.
Pacific Harbor Stevedoring Corporation	55,568	Export charges, etc.
E-DA Hospital	14,104	Miscellaneous expenses, etc.
Lienzhong Stainless Steel Corp.	79,634	Outsourcing process fee
I-Shou University	11,359	Miscellaneous expenses, etc.
Others	12,853	Miscellaneous expenses and Service fees, etc.

c. Endorsements and guarantees:

As of December 31, 2010, the Company provided a promissory note of \$55,242 thousand as secured facility for the borrowing of HSING JUI INVESTMENTS LIMITED from banks, which was fully drawdown.

- d. The Company's land located at No. 132 and 154, Kuan-Shui Section and No. 1015 and 1016, An-Chao Section (originally stated as other assets – others) was not allowed to be registered under the Company's name due to restrictions of law and temporarily registered under the name of Ling Mei-Feng. However, the Company obtained an affidavit signed by the registered person, who committed that she would unconditionally transfer the ownership to the Company after the restriction was cancelled. Before that, the Company had the full right to the use and disposal of the land. At present, due to land readjustments, there are no more legal restrictions. The ownership was transferred under the name of the Company in March 2009. The land has been restated under "Fixed assets – land" from "Other assets – others" amounting to \$20,085 thousand.
- e. The Company's land, San-Ye Pi lot No.107 (presented as Other Assets—Others) was registered under The Company's Deputy Chief Finance Officer, Chen Yung-Hsien. Please refer to Note 21 for a detailed description.
- f. Part of the land of Yieh Hsing (subsidiary) was registered under the names of related parties as following:

Related Party	Land No.
Yo Jing-Sheng	Kangshan Township Pai Mi Section Land No. 200-3
Yo Jing-Sheng	Niu-Shih-Keng lot lands No. 135-11, 135-12 and 135-17 situated in Dashe Township, Kaohsiung County
Lin Mei Feng	Niu-Shih-Keng lot land No. 135-11 situated in Dashe Township, Kaohsiung County

H. Information on remuneration to directors, supervisors and the management:

Item	2010	2009
Salary	\$63,957	\$61,280
Bonus	2,012	2,149
Professional practice expenses	1,584	1,925
Total	<u>\$67,553</u>	<u>\$65,354</u>

Please refer to the annual report of the shareholders' meeting for details for the aforementioned remuneration.

40. PLEDGED ASSETS

The Company provided certain assets as collateral mainly for bank loans and performance guarantee:

Item	December 31, 2010	December 31, 2009
Restricted assets-current	\$1,555,724	\$1,526,092
Restricted assets-non-current	93,786	85,975
Accounts receivable	3,000	153,435
Notes receivable	5,533	-
Financial asset at fair value through profit or loss - non-current	-	279,243
Real estate investments	2,736,585	2,736,585
Land	2,985,176	2,811,100
Buildings, net	3,832,939	3,579,796
Machinery equipment, net	15,431,761	14,296,474
Utilities equipment	34,520	39,781
Transportation equipment, net	2,858	7,253
Other equipment	37,680	131
Other intangible assets	124,635	136,108
Other assets- other	963,956	964,798
Construction in progress	-	202,170
Prepayment for equipment purchase	-	1,471,832
Idle assets, net	491,499	208,101
Leased assets, net	-	619,105
Available-for-sale non-current assets	-	9,675
Total	<u>\$28,299,652</u>	<u>\$29,127,654</u>

41. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

	Item	December 31, 2010	December 31, 2009
(1)	Guarantee notes issued for loans and purchases	\$27,524,728	\$25,741,517
(2)	Performance guarantee notes received from customers	279,847	390,140
(3)	Issued but not yet used L/C		

Unit: Thousand NTD

December 31, 2010				December 31, 2009			
L/C Amount		Security Bond		L/C Amount		Security Bond	
USD	19,933	-		USD	29,530	USD	2,300
NTD	468,801	-		NTD	293,739	-	
JPY	132,162	RMB	1,300	JPY	13,406	-	
EUR	182	-		EUR	1,240	-	

(4) Major contracts:

A. For the purpose of expanding the plant to produce zinc coated steel sheets and painted steel sheets, the Company entered into a superficies creation contract with Taiwan Sugar Corporation, Kaohsiung Plant, and acquired the land use rights. The content was as follows:

- a. Duration of surface rights: January 1, 1996 to December 31, 2045.
- b. Rent on land and payment method: The rent is charged annually at 10% of the declared land value. The rent is adjusted according to any adjustment in the declared land value.
- c. Method of royalty payment: At the time of signing the agreement, the Company made a royalty payment for the first 20 years at 4 times of the first rental installment. Upon expiration of 20 years, royalty payment at 4 times of the first rental installment is payable by the Company within 10 days.
- d. As of December 31, 2010 and 2009, prepaid land use royalties to Taiwan Sugar due within one year were \$207 thousand, respectively, which were stated under "Prepayments" and the prepaid royalties due over one year amounted to \$826 thousand and \$1,033 thousand, respectively, which were stated under "Other assets - others".

- (5) As to the endorsement and guarantee given by the Company to others, please refer to Note 43(2) for details.
- (6) Enmt Systems Corporation (consolidated subsidiary) continuously rented land of 4,353 square meters (location of the subsidiary's plant) from Export Processing Zone Administration, MOEA, Taichung Branch, which will expire at the end of November 2018 for a period of 10 years. The monthly rental is \$40 thousand.
- (7) As at December 31 2010 and December 31 2009, the Company had provided performance and warranty guarantees totaling \$33,192 thousand and \$55,650 thousand, respectively.

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- (8) A dispute on business tax existed between the purchase transactions of Lien Kang Heavy Industrial Co., Ltd, merged by the Company, during 2004 and the counterparties of purchase presumed by National Tax Administration of Southern Taiwan Province in December 2008. The tax amount concerning the dispute was \$8,725 thousand and related fine was \$1,000 thousand. The Company submitted a request for review and administrative remedy. The Ministry of Finance dismissed the petition on February 25, 2011. As of April 6, 2011, the Company has been evaluating whether to file an administrative litigation. Furthermore, the Company recorded the tax amount concerning the dispute in 2009 (stated as other losses and used to write off a tax refund).
- (9) Major construction contracts:

- A. Details of total estimated construction costs, total construction costs paid and the projected year of completion with respect to significant construction contracts in excess of NT\$ 150 million outstanding as of December 31, 2010 were as follows:

Name of Contract	Total Contract Price Estimated Total Costs	Construction Costs Paid % of completion	Projected Year of Completion Cumulative gains (losses) recognized
New Construction	\$330,394	372,236	2011
Project of Glory	391,619	98.52%	(61,225)
Collective Residence	185,702	197,139	2011
New residential complex construction – Du Hsiou by Kun Hsing	212,011	88.50%	(26,309)
Chu Ho Fa	151,857	128,304	2011
Steel structure construction for Tzu Chi's Shuangho	136,013	90.03%	14,264
Chingszu Temple	188,326	186,938	2011
New residential complex construction – "Yu Shang Yuan" for De Sheng Development Co., Ltd	211,429	16.45%	(23,103)

Details of total estimated construction costs, total construction costs paid and the projected year of completion with respect to significant construction contracts in excess of NT\$ 150 million outstanding as of December 31, 2009 were as follows:

Name of Contract	Total Contract Price Estimated Total Costs	Construction Costs Paid % of completion	Projected Year of Completion Cumulative gains (losses) recognized
Installation of overhead travelling crane for the steel tapping operations of Tungsho Steel Corporation, Taoyuan	\$253,500	\$158,191	2010
	240,522	45.74%	5,936

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Installation of overhead travelling crane for the steel refinery operations of Tungho Steel Corporation	156,600	125,030	2010
New Construction Project of Glory Collective Residence	152,792	69.57%	2,649
Li Jin/Zhenyi Construction - Hsinyi A5 construction project	330,394	376,370	2010
New Construction Project of Da Qian Collective Residence	391,619	93.28%	(61,225)
New residential complex construction - Du Hsiou'by Kun Hsing Chu Ho Fa	301,048	308,135	2010
Steel structure construction for Tzu Chi's Shuangho Chingszu Temple	317,540	92.87%	(16,492)
Steel structure construction of E-Da Development Corp's theatre project	785,834	670,207	2010
New residential complex construction - "Yu Shang Yuan" for De Sheng Development Co., Ltd	730,363	86.63%	48,056
	185,702	115,451	2010
	185,603	10.00%	10
	150,906	126,451	2010
	135,149	90.57%	14,270
	152,890	142,561	2010
	149,540	-	-
	188,326	4,229	2011
	188,062	-	-

42. Others

(1) Impairment loss on disasters

2010:

The Company suffered losses on flood damage to part of the production equipment and inventories caused by Typhoon Fanapi. The primary estimates for loss on flood damage to inventories and production equipment are as follows:

Item	Inventories	property, Plant & Equipment	Total
Realized loss amount	\$68,621	\$82,003	\$150,624
Estimated loss amount	-	262,716	262,716
Total	\$68,621	\$344,719	\$413,340
Estimated claim payment	(68,621)	(316,719)	(385,340)
Loss amount assumed by the Company	\$-	\$28,000	\$28,000

- a. The aforementioned loss attributable to inventories amounted to \$68,621 thousand and the loss attributable to fixed assets amounted to \$344,719 thousand. Although inventories and fixed assets are insured, the Company has to assume the minimum

deductible of \$28,000 thousand (stated under non-operating – impairment loss). The remainder may be claimed against the insurance company (stated under other receivables). As of December 31, 2010, the insurance company has been conducting the claim.

- b. Estimated fixed assets suffering flood damage amounted to \$262,716 thousand, stated under “Fixed assets – accumulated impairment loss”.

2009: none.

(2) Others:

- (a) In June 2010, the Company's Board of Director resolved the revision of the investment structure of the Company's investment in Yieh Phui (China) Technomaterial Co., Ltd. through YIEH PHUI (HONG KONG) HOLDING LIMITED instead of MICKEY REGENT INC., which has been submitted to Investment Commission for approval. As of December 31, the aforementioned revision of the investment structure has been completed.
- (b) The subsidiary –Yieh Hsing Enterprise Co., Ltd. completed the funding of \$1,200,000 thousand through private placement. The original purpose was to build the Ping-Nan Carbon Steel Electric Arc Furnace Plant. However, the schedule for the plant construction was uncertain due to environmental evaluation. Based on the Company's benefit, the Board of Director resolved in June 2010 to change the purpose for the unused fund of \$1,124,000 thousand to repay borrowing from banks in order to improve the Company's financial structure.
- (c) The subsidiary –Yieh Hsing Enterprise Co., Ltd. resolved in April 2009 to conduct a capital increase by cash through private placement. It planned to raise NTD1 billion to repay borrowing from banks and to improve the financial structure. The subscription price per share was temporarily set at \$4.6. However, as stated in (b) above, capital raised for the construction of the electric furnace-based Pingnan carbon steel refinery had already been changed to repay bank borrowings and improve financial structure; after considering the necessity and appropriateness of another capital raising plan from a subjective as well as an objective perspective, it was decided to forgo this private placement during the annual general meeting held in June 2010.

(3) Key reinvestment information

The Board of Director of the Company approved the reinvestment of \$500,000 thousand in Shin-Yang Steel Co., Ltd. in January 2011. As of April 6, 2011, the relevant procedures of the establishment of the aforementioned reinvestment have been completed and the relevant investment capital has been fully received.

- (4) Information on the Company's financial assets and liabilities denominated in foreign currencies with significant influence is summarized as follows:

Item	December 31, 2010			December 31, 2009		
	Foreign Currency \$	Exchange Rate	New Taiwan Dollars	Foreign Currency \$	Exchange Rate	New Taiwan Dollars
Unit: Thousand NTD						
Financial assets						
Monetary items						
USD	153,812	29.13	4,480,532	140,852	31.99	4,505,850
JPY	3	0.3582	1	2	0.347	1
EUR	737	38.92	28,668	708	46.1	32,630
AUD	0	29.68	0	367	30.45	11,186
RMB	457,710	4.3985	2,013,236	257,357	4.685	1,205,715
HK	8	3.748	31	8	4.126	33
Non-monetary items (measured at fair value)						
USD	512	29.13	14,910	501	31.99	16,023
JPY	1,158	0.3582	415	1,327	0.3582	461
Long-term investment under equity method						
USD	134,300	29.13	3,912,152	134,900	31.99	4,319,598
JPY	7,062	0.3582	2,530	16,787	0.347	5,828
Financial liabilities						
Monetary items						
USD	133,411	29.13	3,886,272	179,313	31.99	5,736,253
JPY	824	0.3582	295	2,934	0.3472	1,019
RMB	981,289	4.3985	4,316,197	950,328	4.685	4,452,287

43. ADDITIONAL DISCLOSURES

1. Information on major transactions (before consolidated write-off)
 - (1) Loans to others: TABLE 1.
 - (2) Endorsements and guarantees: TABLE 2.
 - (3) Marketable securities held at period-end: TABLE 3.
 - (4) Marketable securities acquired and disposed of at costs or prices of at least nt\$100 million or 20% of the paid-in capital: TABLE 4.
 - (5) Acquisition of real estate properties exceeding NTD 100 million or 20% of paid in capital: none
 - (6) Disposal of individual real estate properties at prices of at least NT\$100 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 5.
 - (8) Receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: TABLE 6.
 - (9) Derivative transactions: Please refer to Notes 5 and 45 for further details.
 - (10) Business relationship and important transactions between parent company and subsidiaries: TABLE 7
2. Information on Investee Companies: TABLE 8.
3. Information on investment in Mainland China: TABLE 9.
4. Organizational chart of affiliates: TABLE 10

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Yieh Phu Enterprise Co., Ltd. and Its Subsidiaries
Loans To Others
December 31, 2010

TABLE 1

No	Name of Creditor	Name of Borrower	Financial statement account	Highest balance during the latest period	Balance-ending	Interest rate Range	Nature of Loan	Amount arising from ordinary course of business	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to single party	Currency
											Type	Value		
1	EMMT Systems Corp	AWID Asia Co., Ltd	Other receivables	13,000	12,000	3.75%	Financing	—	Operating capital requirement	—	—	—	10,373,747 (Note 2)	Final lending total limit (Note 1)
		Applied Wireless Identifications	Other receivables	27,035 (USD 850)	24,761	8.00%	Financing	—	Operating capital requirement	—	—	—	10,373,747 (Note 2)	10,373,747 (Note 1)
2	Mickey Regent Inc	Group, Inc	Other receivables	USD65,000	USD57,000	2.749%-3.3689%	Financing	—	Operating capital requirement	—	—	—	10,373,747 (Note 2)	10,373,747 (Note 1)
		Yieh Phu (China) Technomaterial Co., Ltd	Other receivables	USD10,000	—	2.749%	Financing	—	Operating capital requirement	—	—	—	10,373,747 (Note 2)	10,373,747 (Note 1)
		Best Perfect Holding Limited	Other receivables	USD10,000	USD10,000	2.188%-2.537%	Financing	—	Operating capital requirement	—	—	—	10,373,747 (Note 2)	10,373,747 (Note 1)
		Changshu Chief Leading Edge Construction Materials Company	Other receivables	—	—	2.749%	Financing	—	Operating capital requirement	—	—	—	10,373,747 (Note 2)	10,373,747 (Note 1)
3	Best Perfect Holding Limited	Yieh Phu (China) Technomaterial Co., Ltd	Other receivables	USD10,000	—	2.749%	Financing	—	Operating capital requirement	—	—	—	10,373,747 (Note 2)	10,373,747 (Note 1)
4	Applied Wireless Identifications Group, Inc.	AWID Asia Co., Ltd	Other receivables	USD600	USD490	10.4%	Financing	—	Operating capital requirement	—	—	—	10,373,747 (Note 2)	10,373,747 (Note 1)
		YOL-SHENG HUANG	Other receivables	USD150	—	3%	Financing	—	Operating capital requirement	—	—	—	1,296,718 (Note 4)	10,373,747 (Note 1)
5	YIEH PHUI(HONG KONG) HOLDING LIMITED	Yieh Phu (China) Technomaterial Co., Ltd	Other receivables	USD35,500	35,500	2.7848%	Financing	—	Operating capital requirement	—	—	—	10,373,747 (Note 2)	10,373,747 (Note 1)

(Note 1): The maximum amount of total loans to others shall not exceed 10% of the parent company's net assets.

(Note 2): The maximum amount of loans granted to a single subsidiary shall not exceed 10% of the parent company's net assets.

(Note 3): The total amount of loans granted to a single business partner of the Company shall be limited to the total amount of business transactions between the Company and the business partner for the past year.

(Note 4): The amount of business transactions refers to the higher of purchases or sales amounts between the Company and the business partner.

(Note 5): The maximum amount of loans granted to a party in need of short-term financing shall not exceed 5% of the Company's net assets.

(Note 6): Said transactions between parent company and subsidiaries have been written off.

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Yieh Phui Enterprise Co., Ltd. and Its Subsidiaries
Endorsements and Guarantees
December 31, 2010

TABLE 2

No	Name of the company providing guarantee	Parties being guaranteed		Limit of guarantee for such party (Note 1)	Maximum guarantee amount for the year	Outstanding guarantee amount-ending (Note 2)	Guarantee amount with collateral placed	Ratio of accumulated guarantee amount to latest net assets of the Company	Ceiling of the outstanding guarantee to the respective party (Note 1)
		Name	Relationship with the Company						
0	Yieh Phui Enterprise Co., Ltd.	Mickey Regent Inc.	Subsidiary of the Company	25,934,367	USD 214,000	USD 142,500	-	16.01%	25,934,367
		Yieh Phui (China) Technomaterial Co., Ltd.	Investee of the Company's subsidiary	25,934,367	USD 38,000 RMB 555,000	USD 18,000 RMB 345,000	-	7.87%	25,934,367
		Changshu Chief Leading Edge Construction Materials Company	Investee of the Company's subsidiary	25,934,367	USD 3,000	USD 3,000	-	0.34%	25,934,367
		Yieh Hsing Enterprise Co., Ltd.	Subsidiary of the Company	25,934,367	2,500,000	2,500,000	-	9.64%	25,934,367
		Hsing Jui Investments Limited	Equity-investee	25,934,367	55,242	55,242	-	0.21%	25,934,367
		YIEH PHUI(HONG KONG) HOLDING LIMITED	Subsidiary of the Company	25,934,367	USD 36,500	USD 36,500	-	4.10%	25,934,367
1	Shin Phui Steel Corporation	Yieh Phui Enterprise Co., Ltd.	The company's parent company	8,644,789	439,000	439,000	439,000	1.69%	25,934,367
2	YIEH PHUI(HONG KONG) HOLDING LIMITED	Mickey Regent Inc.	Subsidiary of the Company	8,644,789	USD 46,500	USD 46,500	-	5.22%	25,934,367

(Note 1): The single-party endorsements/guarantees limit and the total maximum limit of Shin Phui Enterprise Co., Ltd. and YIEH PHUI(HONG KONG) HOLDING LIMITED are both capped at the parent company's net worth. The single-party endorsements/guarantees limit is capped at one third of parent company's net worth, while its total maximum limit is capped at parent company's net worth.

(Note 2): Converted at the exchange rates prevailing: USD: NTD = 1: 29.13 and RMB: NTD= 1: 4.3985

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Yieh Phui Enterprise Co., Ltd. and Its Subsidiaries
Marketable Securities Held
December 31, 2010

TABLE 3

Held by	Type and name of marketable securities	Relationship with the issuer	Financial statement account	Unit: Thousand shares; Thousands of NT Dollar/ Foreign Currency			Note
				No. of Shares (in thousands)	Ending Balance Currency Amount	Percentage of Ownership (%)	
Yieh Phui Enterprise Co., Ltd.	Stock /Ting Eng Iron Works Co., Ltd.	-	Financial assets at fair value through profit or loss	23,526	686,959	6.72%	686,959
	Beneficiary certificates / Mega Bank Kaohsiung - Deutsche Bank 3-year ordinary corporate bonds in USD	-	Financial assets at fair value through profit or loss	200	5,870	-	5,870
	Fund /JF Japan Smaller Companies (JPY) Trust	-	Financial assets at fair value through profit or loss	0	414	-	414
	Fund/Chung Hwa Commercial Bank-Kaohsiung Branch (RMB) Global Biotech & Health Care Fund	-	Financial assets at fair value through profit or loss	700	5,460	-	5,460
	Fund / Parnidigm Global IPO Fund	-	Financial assets at fair value through profit or loss	500	3,685	-	3,685
	Fund/Mega Bank UBS USD Fixed income bond	-	Financial assets at fair value through profit or loss	100	2,844	-	2,844
	Beneficiary certificates /Mega Bank Kaohsiung - Deutsche Bank fixed income bonds in USD	-	Financial assets at fair value through profit or loss	200	5,720	-	5,720
	Beneficiary certificates /Taiwan Bank Kaohsiung - Fubon Field Endowment Fund of Funds	-	Financial assets at fair value through profit or loss	500	4,852	-	4,852
	Beneficiary certificates /Mega Bank Kaohsiung - Yuanta Greater China Small and Medium Cap Fund	-	Financial assets at fair value through profit or loss	200	2,010	-	2,010
	Beneficiary certificates /Yuanta Bank Kaohsiung - Yuanta Greater China Small and Medium Cap Fund	-	Financial assets at fair value through profit or loss	500	5,025	-	5,025
	Beneficiary certificates /FCB Hsinshing - FSTC Global Trends Fund	-	Financial assets at fair value through profit or loss	500	5,025	-	5,025
	Beneficiary certificates /CHB Kaohsiung - Capital Strategic Income Fund	-	Financial assets at fair value through profit or loss	178	3,093	-	3,093
	Beneficiary certificates /CHB Hsinshing - Capital Strategic Income Fund	-	Financial assets at fair value through profit or loss	500	4,985	-	4,985
	Beneficiary certificates /Sunmy Bank Liwen - Capital Multi-Income Allocation Fund	-	Financial assets at fair value through profit or loss	300	2,591	-	2,591
	Beneficiary certificates /Mega Bank Kaohsiung - Sinopac Global Investment Grade Bond Fund	-	Financial assets at fair value through profit or loss	411	4,951	-	4,951
	Beneficiary certificates /Mega Bank Kaohsiung - Sinopac Global Investment Grade Bond Fund	-	Financial assets at fair value through profit or loss	300	2,005	-	2,005
	Beneficiary certificates /Taiwan Bank Kaohsiung - JPMI (Taiwan) Global Fund of Bond	-	Financial assets at fair value through profit or loss	500	5,013	-	5,013
	Beneficiary certificates /Mega Bank Kaohsiung - Mega Global High Dividend Fund	-	Financial assets at fair value through profit or loss	1,000	10,019	-	10,019
	Financial bond / Bank of Taiwan subordinated financial bond	-	Financial assets at fair value through profit or loss	500	5,000	-	5,000
	Investment-linked insurance / Zurich Hereditary Principal Protected Investment-linked Life Insurance	-	Financial assets at fair value through profit or loss	2	6,277	-	6,277
	Total				782,268		782,268

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Held by	Type and name of marketable securities	Relationship with the assets	Financial statement account	Ending Balance			Note
				No. of Shares (in thousands)	Carrying Amount	Percentage of Ownership (%)	Market value
Yieh Phui Enterprise Co. Ltd	Stock / Yieh United Steel Corporation	Same Chairman	Financial assets carried at cost	306,221	2,665,825	14.61%	4,014,563
	Stock / Universal Venture Capital Investment Co., Ltd.		Financial assets carried at cost	1,100	9,110	0.91%	12,038
	Stock / Pacific Harbour Stevedoring Corp.	Chairman of the related party is the Company's vice chairman	Financial assets carried at cost	150	1,450	3.00%	2,457
	Stock / Ascentia Venture Capital Corp.		Financial assets carried at cost	2,352	23,520	6.42%	29,745
	Stock / Medtek Technology Co., Ltd.		Financial assets carried at cost	88	1,060	0.59%	1,109
	Stock / Dinez & Jump Software Co., Ltd.		Financial assets carried at cost	88	355	1.60%	354
	Stock / Anubion Technology Inc.		Financial assets carried at cost	150	1,500	3.42%	963
	Stock / Auto Parts Industrial Ltd.		Financial assets carried at cost	10,100	100,000	4.41%	109,831
	Equity Stock/Materials Technology Corp.	Same institutional director	Financial assets carried at cost	3,000	4,440	11.63%	10,320
	Stock / Taiwan Vee Power Co., Ltd.		Financial assets carried at cost	4,321	81,103	3.60%	161,824
	Stock / New Spring Construction Corp.		Financial assets carried at cost	5,958	41,833	19.31%	66,485
	Stock / Yieh Corporation Limited	Chairman of the related party is a second degree relative of the Company's Chairman	Financial assets carried at cost	200	2,002	6.41%	39,703
	Stock / Taiwan Implant Technology Company Ltd.	Total	Financial assets carried at cost	1,000	10,000	5.00%	9,972
	Stock / Yieh Mau Corp	Equity-method investee	Long term equity investment recognized under equity method	37,252	2,942,640	25.00%	4,450,060
	Stock / Chen Shin House Management Consulting Co. Ltd.	Equity-method investee	Long term equity investment recognized under equity method	320	1,037	32.00%	1,037
	Stock / Gen-Yan Technology Corp	Equity-method investee	Long term equity investment recognized under equity method	27,224	25,695	84.45%	25,695
	Stock / Shin Hui Steel Corporation	Equity-method investee	Long term equity investment recognized under equity method	24,766	245,542	100.00%	258,080
	Stock / Elter International Corp	Equity-method investee	Long term equity investment recognized under equity method	66,331	686,798	28.57%	686,798
	Equity / Good Honor Holdings Ltd	Equity-method investee	Long term equity investment recognized under equity method	7,646	359,561	100.00%	359,561
	Equity / Working Honor Holdings Ltd	Equity-method investee	Long term equity investment recognized under equity method	1,600	48,726	100.00%	48,726
	Equity / Excellent Rewards International Co. Ltd.	Equity-method investee	Long term equity investment recognized under equity method	15,000	313,750	100.00%	314,205
	Equity / Top Point Investment Properties Limited	Equity-method investee	Long term equity investment recognized under equity method	2,500	335	100.00%	335
	Stock / United Brightening Development Corp	Equity-method investee	Long term equity investment recognized under equity method	80,128	840,887	44.56%	870,633
	Stock / EMAT Systems Corporation	Equity-method investee	Long term equity investment recognized under equity method	27,251	275,225	85.29%	275,225
	Stock / Tim-Yue Hot Spring & Resort Inc.	Equity-method investee	Long term equity investment recognized under equity method	1,170	3,736	19.50%	3,736
	Stock / Global Ponders Link Co., Ltd	Equity-method investee	Long term equity investment recognized under equity method	1,000	9,578	33.33%	9,578
	Stock / Gym Industrial Co., Ltd	Equity-method investee	Long term equity investment recognized under equity method	43,920	510,594	30.00%	510,594
	Stock / Mickey Regent Inc.	Equity-method investee	Long term equity investment recognized under equity method	500	1,269	100.00%	1,269
	Stock / Best Perfect Hs-kling Limited	Equity-method investee	Long term equity investment recognized under equity method	1,750	251	100.00%	251
	Stock / Amazon Co., Limited	Equity-method investee	Long term equity investment recognized under equity method	8,970	372,275	19.50%	372,560
	Stock / Xue Chang Enterprise Co., Ltd	Equity-method investee	Long term equity investment recognized under equity method	39,537	451,031	45.00%	451,031

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Held by	Type and name of marketable securities	Relationship with the issuers	Financial statement account	Ending Balance		Market value	Note
				Carrying Amount	Percentage of Ownership (%)		
Good Honor Holdings Ltd. Worthing Honor Holdings Ltd.	Stock /Yieh Hsing Enterprise Co., Ltd.	Equity-method investee	Long-term equity investment	3,382,952	54.82%	3,610,726	
	Stock/IE-DA Bus	Equity-method investee	Long-term equity investment	1,900	17.09%	16,501	
	Stock /Tysons Steel International Co., Ltd.	Equity-method investee	Long-term equity investment	14,700	33.41%	333,418	
	Stock /Hang Jui Investments Limited	Equity-method investee	Long-term equity investment	5,797	31.00%	177,854	
	Stock /Da Yao Engineering & Consulting Co., Ltd.	Equity-method investee	Long-term equity investment	980	49.00%	10,257	
	Stock /E Da Development Corp.	Equity-method investee	Long-term equity investment	107,574	957,457	957,457	
	Stock /Zheng Xin Security Co., Ltd.	Equity-method investee	Long-term equity investment	1,400	19,456	19,456	
	Stock /Clumpton Logistic Inc.	Equity-method investee	Long-term equity investment	80,000	2,564,218	2,564,218	
	Stock/Yi Lin Japan Co., Ltd.	Equity-method investee	Long-term equity investment	950	2,530	2,530	
	Stock/IE-DA Cultural Creative Industry Co., Ltd.	Equity-method investee	Long-term equity investment	140,000	6,134	6,134	Note 2
Gen Wan Technology Corp. Shin Phu Steel Corporation	Stock/IE-DA Cultural Creative Industry Co., Ltd.	Equity-method investee	Long-term equity investment	140,000	4,479,125	4,479,125	
	Stock/Yieh Hsing (Hong Kong) Holding Limited	Equity-method investee	Long-term equity investment	16,430,495	100.00%	16,867,565	
	Equity /Glenview Falcon International Limited	Equity-method investee	Long-term equity investment	3,350	USD 12,539	USD 12,539	
	Stock /Rise Corporation	Equity-method investee	Long-term equity investment	1	USD -	USD -	
	Stock /Wase Inverse International Limited	Equity-method investee	Long-term equity investment	1,500	USD 1,529	USD 1,529	
	Stock /Gen Wan Technology Corp.	Equity-method investee	Long-term equity investment	698	USD 26	USD 26	Note 1
	Stock /EMMT Systems Corporation	Equity-method investee	Long-term equity investment	2,738	27,650	27,650	Note 1
	Stock /Yieh United Steel Corporation	Equity-method investee	Long-term equity investment	60	474	474	
	Stock /Groupe Technology Inc.	Equity-method investee	Long-term equity investment	3,830	6,726	6,726	Note 1
	Equity /Chungchu Chief Leading Edge Construction Materials Company	Equity-method investee	Long-term equity investment	-	USD 10,556	USD 10,556	
YIEH PHU THONG (KONG) HOLDING LIMITED EMMT Systems Corp.	Equity /Jiangsu J & S Engineering Co., Ltd.	Equity-method investee	Long-term equity investment	-	USD 655	USD 655	
	Equity /Yieh Phu (China) Technosmart Co., Ltd.	Equity-method investee	Long-term equity investment	-	USD 153,953	USD 153,953	
	Beneficiary certificate / Shinpec Bond Fund	Equity-method investee	Long-term equity investment	500	5013	5013	
	Stock /Applied Wireless Identifications Group, Inc.	Equity-method investee	Long-term equity investment	160,856	9,988	9,988	
	Stock /Groupon Technology Inc.	Equity-method investee	Long-term equity investment	4,500	7,903	7,903	Note 1
	Stock /Robin Taiwan Co., Ltd.	Equity-method investee	Long-term equity investment	86	493	493	
	Stock /AWID Asia Co., LTD	Equity-method investee	Long-term equity investment	1,500	-	-	Note 3
	Beneficiary certificates / JPM (Taiwan) Global Fund of	Equity-method investee	Long-term equity investment	500	5,010	5,010	
	Applied Wireless Identifications Group, Inc	Equity-method investee	Long-term equity investment	-	-	-	
	Yieh Hsing Enterprise Co.,	Equity-method investee	Long-term equity investment	-	-	-	

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Held by	Type and name of marketable securities	Relationship with the issuer	Financial statement account	No. of Shares (in thousands)	Carrying Amount	Ending Balance Percentage of Ownership (%)	Market value	Note
Ltd	Bond		Profit or Loss Assets - Current					
	Beneficiary certificates / Mega Global High Dividend Fund		Financial assets at fair value through profit or loss Assets - Current	300	3,000	-	3,000	-
	United Winner Metals L.P.	Equity-method investee	Long-term stock investment recognized under the equity method	-	60,311	33.75%	60,311	-
	Zheng Xin Security Co., Ltd.	Equity-method investee	Long-term stock investment recognized under the equity method	400	5,553	10.00%	5,553	Note 2
	Chen Shin House Management Consulting Co., Ltd.	Equity-method investee	Long-term stock investment recognized under the equity method	75	243	7.50%	243	Note 2
	Yieh United Steel Corp.	Common Chairman with the company	Financial assets carried at cost	47	332	0.002%	617	-
	Pacific Harbor Stevedoring Corporation	A director of the related party is the company's chairman	Financial assets carried at cost	150	1,650	3.00%	2,457	-

Note 1: The consolidated shareholding of EMMI Systems Corporation, Groupec Technology Inc. and Gen-Wan Technology Corp. exceeded 50%, thus the company is deemed to exercise control.

Note 2: The Company exercises significant influence over Tian-Yue Hot Spring Resort Inc, ASIAZONE CO., LIMITED, E-Da Cultural Creative Industry Co., Ltd., E-DA Bus, Chen Shin House Management Consulting Co., Ltd. and Zheng-Xin Security Co., Ltd. thus accounted using the equity method.

Note 3: The shareholders' equity of AWID Asia Co., Ltd., was negative, which was fully recognized as loss. The long-term investment credit balance was stated as deduction on other receivables of USD522 thousand and other liabilities - others of USD90 thousand.

Note 4: Said transactions between parent company and subsidiaries have been written off.

TABLE 4

Yieh Phui Enterprise Co., Ltd. and Its Subsidiaries
Marketable Securities Acquired and Disposed of At Costs or Prices of At Least NT\$100 Million or 20% of the Paid-in Capital
January 1 - December 31, 2010

Unit: Thousands of NT Dollar/ Foreign Currency

Company Name	Type and name of marketable securities	Financial statement account	Name of related party	Relationship with the Company	Beginning Balance			Acquisition			Disposal			Ending Balance	
					No. of Shares (in thousands)	Amount	No. of Shares (in thousands)	No. of Shares (in thousands)	Amount	Carrying Amount	Selling Price	No. of Shares (in thousands)	Carrying Amount (at disposal)	No. of Shares (in thousands)	Amount
Yieh Phui Enterprise Co., Ltd.	Equity/ Yieh Phui (Hong Kong) Holding Limited	Long-term stock investment recognized under the equity method	Subscription for capital increase	Subsidiary	-	-	-	140,000	4,479,125 (Note 1)	-	-	-	-	140,000	4,479,125
Yieh Phui (Hong Kong) Holding Technomaterial Co., Ltd.	Equity/ Yieh Phui (China) Technomaterial Co., Ltd.	Long-term stock investment recognized under the equity method	Mickey Regent Inc./ subscription under the organizational restructuring	Subsidiary	-	-	-	-	USD153,953 (Note 2)	-	-	-	-	-	USD153,953
Yieh Phui Enterprise Co., Ltd.	Equity/Mickey Regent Inc.	Long-term stock investment recognized under the equity method	Subscription for capital increase	Subsidiary	130,000	4,257,417	10,500	419,697 (Note 3)	-	4,675,845 (Note 4)	-	140,000	-	500	1,209
Mickey Regent Inc.	Equity/ Yieh Phui (China) Technomaterial Co., Ltd.	Long-term stock investment recognized under the equity method	Subscription for capital increase	Subsidiary	-	USD133,249	-	-	USD16,021 (Note 5)	USD127,873 (Note 6)	USD140,000	-	USD12,127 (Note 7)	-	-
Yieh Phui Enterprise Co., Ltd.	Stock/ P&MT Systems Corporation	Long-term stock investment recognized under the equity method	Subscription for capital increase	Subsidiary	17,251	173,009	10,000	102,216 (Note 8)	-	-	-	-	-	27,251	275,225

Note 1: This includes organizational restructuring transfer-in for the current period of \$3,676,811 thousand, investment gain recognized under equity method of \$91,193 thousand, and translation of \$711,121 thousand

Note 2: This includes purchase of USD of \$140,000 thousand, investment gain recognized under equity method of \$3,164 thousand, translation of \$22,916 thousand and deductive from accumulated earnings due to organizational restructuring of \$12,127 thousand

Note 3: Including NT\$33,689 thousand subscription for capital increase, NT\$82,838 thousand investment gain recognized under equity method

Note 4: This includes translation of \$990,034 thousand, organizational restructuring transfer-out of \$3,676,811 thousand

Note 5: Including US\$10,000 thousand additional purchase, US\$3,000 thousand investment gain recognized under equity method, and US\$5,021 thousand cumulative translation adjustments

Note 6: This refers to the balance of the carrying amount of \$149,270 thousand charged off to translation of \$21,397 thousand

Note 7: This refers to the accumulated earnings recognized for organizational restructuring

Note 8: This includes the subscription for capital increase in the current period of \$100,000 thousand, investment gain recognized under equity method of \$4,118 thousand, translation of -\$2,082 thousand, and subscription not in proportion to the original shareholding of \$180 thousand

Note 9: Said transactions between parent company and subsidiaries have been written off

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Yieh Phui Enterprise Co., Ltd. and Its Subsidiaries

Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital
December 31, 2010

Purchaser/ Seller	Name of related party	Relationship with the Company	Transaction terms			Differences in transaction terms compared to arms-length transaction		Notes or accounts receivable (payable)		Note
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Amount	Percentage of total notes and accounts receivable (payable)
Yieh Phui Enterprise Co., Ltd.	Glorious Falcon International Limited	Subsidiary of the Company; investor accounted for under the equity method	Sales	4,732,952	14.38%	1-2 months	Note 1	-	673,455	37.75%
	Yieh Hong Enterprise Co., Ltd.	Related party in substance	Purchases	2,676,378	9.37%	1-2 months	-	-	2,547	0.58%
	Asazone Co., Limited	Equity-method investor	Sales	3,096,922	9.35%	1-2 months	-	-	233,079	13.07%
	Shin Phui Steel Corporation	Subsidiary of the Company	Purchases	697,459	2.59%	1-2 months	-	-	1,432	0.33%
	Yieh Hsing Enterprise Co., Ltd.	Equity-method investor	Sales	697,092	2.10%	1-2 months	-	-	17,045	0.96%
	Yieh Corporation Limited	Chairman of the related party is a second degree relative of the Company's Chairman	Sales	368,227	1.11%	1-2 months	Note 2	-	-	-
Yieh Hsing Enterprise Co., Ltd.	Rodan (Taiwan) Ltd.	Related party in substance	Sales	119,325	0.56%	1-2 months	-	-	36,091	2.02%
	Be-Da Development Corp.	Equity-method investor	Sales	330,120	1.00%	1-2 months	Note 2	-	95,793	68.46%
	Yieh United Steel Corp.	Same Chairman	Sales	495,569	1.50%	1-2 months	Note 2, Note 3	-	71,123	2.38%
	Yieh United Steel Corp.	Common Chairman with the company	Purchases	6,978,317	72.77%	Pay or issue sight LC within three months after receipt of goods	Equivalent	Equivalent	-	-
			Sales	110,831	1.04%	15-day monthly settlement	Equivalent	Equivalent	Accounts receivable 11,472	3.73%
	Yieh Phui Enterprise Co., Ltd.	The company's parent company	Purchases	357,287	3.73%	60-day monthly settlement	Equivalent	Sight LC issuance	-	-
Yieh Phui (China) Technomaterial Co., Ltd.	Asazone Co., Limited	Ultimate investor of parent company under equity method	Sales	RMB 26,893	0.68%	1-2 months	-	-	-	-
	Lienzhong Stainless Steel Corp.	Related party in substance	Sales	RMB 68,844	1.73%	1-2 months	-	-	RMB 2,557	1.54%
	Changsha Chief Leading Edge Construction Materials Company	The ultimate parent company is the same as the one of the Company	Sales	RMB 31,035	1.28%	1-2 months	-	-	RMB 7,251	4.38%
	Yieh Corp.	Chairman of the related party is	Sales	-	-	1-2 months	-	-	-	-
										Accounts receivable

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Purchaser/ Seller	Name of related party	Relationship with the Company	Transaction terms				Differences in transaction terms compared to arm's-length transaction		Notes or accounts receivable (payable)		Note
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Amount	Percentage of total notes and accounts receivable (payables)	
		a second degree relative of the Company's Chairman									
	Tianjin Linfa Precision Steel Corporation	Related party in substance	Sales	RMB26,277	0.66%	1-2 months	-		RMB 4,441	2.68%	Accounts receivable

- Note 1: Sales of special steel products are made at the contracted price since there are no other counterparties of similar demands available for comparison, apart from that, all details are equivalent to the ordinary transaction terms of general customers.
- Note 2: The construction contracts between the Company and the above related parties were established at prices negotiated by both parties; contract proceeds were collected according to the collection clauses stated in these contracts.
- Note 3: The transaction prices for the Company's scrap revenue from it are determined with reference to the purchase price at which Yieh United Steel Corp., makes purchase from other non-related parties. The collection term is O/A 15 days.
- Note 4: Sundry transactions between parent company and subsidiaries have been written off.

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TABLE 6

Yieh Phui Enterprise Co., Ltd. and Its Subsidiaries
 Receivable From Related Parties Exceeding \$100 Million Or 20% Of The Company's Capital
 January 1 ~ December 31, 2010

Name of creditor	Name of related party	Relationship with the Company	Balance of receivable from related parties	Turnover rate	Unit: Thousands of NT Dollar/ Foreign Currency			Allowance for doubtful accounts
					Overdue receivable		Subsequent collection of receivables from related party (Note 1)	
					Amount	Action adopted		
Yieh Phui Enterprise Co., Ltd.	Glorious Falcon International Limited	Subsidiary of the Company; investee accounted for under the equity method	673,455	5.95	-	-	673,455	-
Mickey Regent Inc	Asanzon Co., Limited	Equity-method investee	233,079	9.52	-	-	233,079	-
	Yieh Phui (China) Technomaterial Co., Ltd	Investee of the Company's subsidiary	USD 57,143 (Note 2)	-	-	-	USD 143	-
	Changshu Chief Leading Edge Construction Materials Company	Investee of the Company's subsidiary	USD 10,040 (Note 3)	-	-	-	USD 40	-
Yieh Phui(Hong Kong) Holding Limited	Yieh Phui (China) Technomaterial Co., Ltd	Investee of the Company's subsidiary	USD 35,618 (Note 2)	-	-	-	USD 118	-

Note 1: The payment collected until April 6, 2011.

Note 2: Stated as other long-term investment, which is financing receivable and is not applicable to calculation of turnover rate.

Note 3: Stated as other receivables, which is financing receivable and is not applicable to the calculation of the turnover rate.

Note 4: Said transactions between parent company and subsidiaries have been written off.

TABLE 7

Yieh Phui Enterprise Co., Ltd. and Its Subsidiaries
Business relationship and important transactions between parent company and subsidiaries
December 31, 2010 and 2009

December 31, 2010:

No individual transactions less than NT\$50,000 thousand (incl.) will be disclosed. The counterpart transactions for assets and revenue will not be disclosed.

Unit: Thousand NT Dollar

No. (Note 1)	Trader	Trading counterpart	Relationship with the Company (Note 2)	Details			% of consolidated total operating revenue or assets (Note 3)
				Title	Amount	Terms of Transaction	
0	Yieh Phui Enterprise Co., Ltd.	Shun Phui Steel Corporation	1	Sales revenue	697,092	Note 4	1.11%
				Other assets, other	94,700	-	0.15%
1	Mickey Regent Inc.	Yieh Hsing Enterprise Co., Ltd.	1	Sales revenue	368,227	Note 4	0.59%
		Yieh Phui (China) Technomaterial Co., Ltd.	3	Other receivable	1,664,376	-	2.57%
		Yieh Phui (China) Technomaterial Co., Ltd.	3	Interest income	55,550	-	0.09%
		Changshu Chief Leading Edge Construction Materials Company	3	Other receivable	292,465	-	0.45%
2	Yieh Phui (China) Technomaterial Co., Ltd.	Changshu Chief Leading Edge Construction Materials Company	3	Sales revenue	231,899	Note 4	0.37%
3	Changshu Chief Leading Edge Construction Materials Company	Yieh Phui Enterprise Co., Ltd.	2	Sales revenue	67,305	Note 4	0.11%
		Yieh Phui (China) Technomaterial Co., Ltd.	3	Sales revenue	88,219	Note 4	0.14%
4	emint Systems Corporation	Groupco Technology Inc.	3	Sales revenue	141,348	Note 4	0.22%
5	Yieh Phui (China) Technomaterial Co., Ltd.	Yieh Phui (China) Technomaterial Co., Ltd.	1	Other receivable	1,037,554	-	1.60%

NON-CONFIDENTIAL

December 31, 2009

No individual transactions less than NT\$50,000 thousand (incl.) will be disclosed. The counterpart transactions for assets and revenue will not be disclosed

Unit: Thousand NT Dollar

No (Note 1)	Trader	Trading counterpart	Relationship with the Company (Note 2)	Details		
				Title	Amount	Terms of Transaction
0	Yieh Phui Enterprise Co., Ltd.	Shin Phui Steel Corporation	1	Sales revenue	594,814	Note 4
				Other assets- other	97,100	-
				Sales revenue	470,845	Note 4
				Accounts receivable	345,675	-
1	Mickey Regent Inc.	Yieh Phui (China) Technomaterial Co., Ltd.	1	Long-term receivables	1,599,500	-
				Sales revenue	1,254,945	Note 4
				Interest income	63,536	-
				Long-term receivables	639,800	-
2	Best Perfect Holding Limited	Best Perfect Holding Limited	3	Other receivable	320,395	-
3	Changshu Chief Leading Edge Construction Materials Company	Changshu Chief Leading Edge Construction Materials Company	3	Long-term receivables	639,800	-
4	EMMT Systems Corp	Yieh Phui (China) Technomaterial Co., Ltd.	3	Sales revenue	67,599	Note 4
5	Yieh Phui (China) Technomaterial Co., Ltd	Groupco Technology Inc.	3	Sales revenue	81,463	Note 4
6	Yieh Hsing Enterprise Co., Ltd	Changshu Chief Leading Edge Construction Materials Company	3	Sales revenue	309,074	Note 4
	Yieh Hsing Enterprise Co., Ltd	Yieh Phui Enterprise Co., Ltd	2	Sales revenue	113,283	Note 4
	Yieh Hsing Enterprise Co., Ltd	Yieh Phui Enterprise Co., Ltd	1	Gain from disposal of investments	185,431	-

Note 1: The information about transactions between parent company and subsidiaries shall be numbered and noted in the following manner in the box of numbers:

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1. "()" for parent company

2. Subsidiaries shall be numbered from 1 in accordance with the type of company.

Note 2: The relationship with traders shall be numbered and noted in the following three types (two of the three types are allowed):

1. Parent company vs. subsidiary

2. Subsidiary vs. parent company

3. Subsidiary vs. subsidiary

Note 3: Percentage in consolidated total operating revenue or assets shall be calculated at the percentage of the balance-end in consolidated total assets, in the case of asset/liability titles, and at the percentage of cumulative amount-midterm in consolidated total revenue, in the case of income titles.

Note 4: As to the transaction price for the Company's sale revenue and scrap revenue from its related parties, such as stainless steel billet and carbon steel slab, the transaction terms are the same as those for general customers with a collection period of 1 to 2 months except for Glorious Falcon International Limited due to no other comparable transaction counterparty of the same products. Except where both parties agreed to an extension of the term provided that additional interest was charged for late payment.

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TABLE 8

Yieh Phu Enterprise Co., Ltd. and Its Subsidiaries
Names, Locations, And Related Information Of Investors Over Which The Company Exercises Significant Influence
December 31, 2010

December 31, 2010

Unit: Thousands of NT Dollar/Foreign Currencies

Name of Investor	Name of Investee	Location	Main Activities	Original Investment Amount		Shares (thousand shares)	Balance-ending Percentage of Ownership	Carrying Amount	Net Income (Losses) of the Investee	Investment gain(loss) recognized in current period	Note
				End of current period	End of previous period						
Yieh Phu Enterprise Co., Ltd.	Yieh Mau Corporation	Kaohsiung City, Taiwan	Trading & manufacturing	422,605	422,605	37,252	23%	499,766	22,314	5,131	
	Chen Shin House Management Consulting Co., Ltd.	Kaohsiung City, Taiwan	Management service	3,915	3,915	320	32%	1,037	470	150	
	Gen-Wan Technology Corp	Kaohsiung City, Taiwan	Telecommunications contracts	363,135	363,135	23,224	84.45%	25,045	169	1,258	
	Shin Phu Steel Corporation	Kaohsiung City, Taiwan	Steel products trading	251,096	251,096	24,766	100%	245,342	1,650	857	
	Eliter International Corporation	Kaohsiung City, Taiwan	Building construction for sale	663,510	663,510	66,551	28.57%	686,798	143,381	(12,393)	
	Good Honor Holdings Ltd.	British Virgin Islands	Investment company	242,344	242,344	7,646	100%	359,561	43,013	43,013	
	Werthing Hour Holdings Ltd.	British Virgin Islands	Investment company	52,002	52,002	1,600	100%	48,726	100	100	
	Excellent Rewards International Co., Ltd.	British Virgin Islands	Investment company	504,656	504,656	15,000	100%	313,750	2,041	2,132	
	Top Point Investment Properties Limited	British Virgin Islands	Steel products trading and related businesses	87,606	87,606	2,500	100%	335	-	-	
	United Brightening Development Corp.	Kaohsiung City, Taiwan	Technical consultation for steel products manufacturing	747,330	747,330	80,128	44.56%	840,887	14,065	1,028	
	EMMT Systems Corp	Taipei City of Taiwan	Manufacturing and marketing of military specification printed circuit boards	292,163	192,163	27,251	85.29%	275,225	4,989	4,118	Note 4
	Tim-Yue Hot Spring & Resort International Corp.	Kaohsiung City, Taiwan	Hotel industry	11,700	11,700	1,170	19.50%	3,756	(4,683)	(913)	Note 2
	Global Printers Link Co., Ltd.	Taipei, Taiwan	Investment company	10,000	10,000	1,000	33.33%	9,578	851	284	
	Synn Industrial Co., Ltd.	Kaohsiung City, Taiwan	Steel products related businesses	294,090	294,090	43,920	30%	510,594	152,552	45,706	
Yieh Phu Enterprise Co., Ltd.	Mickey Regent Inc.	British Virgin Islands	Investment company	16,561	4,316,878	500	100%	1,269	75,061	82,838	
	Best Perfect Holding Limited	British Virgin Islands	Steel products trading and related businesses	57,374	57,374	1,750	100%	251	30	30	
	Asiame Co., Limited	Hong Kong	Steel products trading and related businesses	345,747	345,747	8,970	19.50%	372,275	13,677	2,999	Note 2
	Kuo Chang Enterprise Co., Ltd.	Kaohsiung City, Taiwan	Wholesaling of hardware	360,000	360,000	39,537	45%	451,031	21,712	9,770	

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Name of Investor	Name of Investee	Location	Main Activities	Original Investment Amount		Balance-ending		Net Income (Losses) of the Investee	Investment gain(loss) recognized in current period	Note
				End of current period	End of previous period	Shares (thousand shares)	Percentage of Ownership			
Co. Ltd	Yieh Hsing Enterprise Co. Ltd	Kaohsiung City, Taiwan	Wire rods trading	2,195,429	2,195,429	338,952	54.82%	3,217,809	362,703	Note 4
	E-De Development Corp	Kaohsiung City, Taiwan	Leisure development	1,075,740	1,075,740	107,574	29.07%	957,457	(346,807)	(106,006)
	Zheng Xin Security Co. Ltd	Kaohsiung City, Taiwan	Security industry	14,000	14,000	1,400	35%	19,436	10,264	Note 2
	Champion Logistic Inc	Singapore	Investment company	2,888,405	2,888,405	80,000	49.44%	2,564,218	(81,263)	(40,180)
	Yi Lian Japan Co. Ltd	Japan	Steel products trading and related businesses	8,027	8,027	-	47%	2,530	(7,297)	(3,430)
	E-De Cultural Creative Industry Co. Ltd	Kaohsiung City, Taiwan	Cultural Creativity	9,500	9,500	950	19%	6,134	(17,269)	(3,270)
	E-DA Bus	Kaohsiung City, Taiwan	Bus passenger transport	19,000	-	1,900	17.09%	16,501	(14,625)	(2,499)
	Tycoons Steel International Co. Ltd	Cayman Island	Investment company	427,629	427,629	14,700	29.40%	333,418	(126,347)	(40,901)
	Hong Yu Investments Limited	Singapore	Investment company	192,582	218,250	5,797	31%	177,854	19,156	3,938
	Da Yao Engineering & Consulting Co. Ltd	Kaohsiung City, Taiwan	Management service	9,800	9,800	980	49%	10,257	110	54
Shin Phu Steel Corporation Good Honor Holdings Ltd Warding Honor Holdings Ltd Gen-Wan Technology Corp Gen-Wan Technology Corp Gen-Wan Technology Corp Gen-Wan Technology Corp Gen-Wan Technology Corp Gen-Wan Technology Corp Gen-Wan Technology Corp	YIEH PHU(HONG KONG) HOLDING LIMITED	Hong Kong	Investment company	4,637,156	-	140,000	100%	4,479,125	97,205	91,193
	Total			16,203,102	15,772,931	-	-	16,330,495	288,369	Note 1
	Groupeco Technology Inc	Taipei City of Taiwan	RADIO	37,492	37,492	3,830	42.53%	6,726	(1,631)	(694)
	Glorious Falco International Limited	British Virgin Islands	Investment in steel manufacturing and related businesses	USD 3,350	USD 3,350	3,350	50.00%	USD 12,339	USD 2,815	USD 1,407
	Gen-Wan Technology Corp	Kaohsiung City, Taiwan	Telecommunications contracts	USD 204	USD 204	698	2.54%	USD 26	USD 6	-
	Wise Universe International Limited	British Virgin Islands	Investment company	USD 1,500	USD 1,500	1,500	50.00%	USD 1,529	USD 6	USD 3
	EMMT Systems Corp	Taipei City of Taiwan	Manufacturing and marketing of military specification printed circuit boards	27,376	27,376	2,738	8.57%	27,650	4,989	508
	Groupeco Technology Inc	Taipei City of Taiwan	RADIO	45,000	45,000	4,500	49.97%	7,903	(1,631)	(815)
	Applied Wireless Identifications Group, Inc	San Francisco, USA	RFID	261,546	260,546	160,856	74.68%	9,988	(32,666)	(24,550)
	Changsha Chief Leading Edge Construction Materials Company	Jiangsu, Mainland China	Steel structure design and manufacturing	USD 15,000	USD 15,000	-	100.00%	USD 10,556	(USD 71)	(USD 71)
Excellent Reward International Co. Ltd	Jiangsu J & Y Engineering Co., Ltd	Jiangsu, Mainland China	Steel Structure, Electrical Installation	USD 1,520	USD 1,520	-	100.00%	USD 655	USD 1	USD 1

Name of Investor	Name of Investee	Location	Main Activities	Original Investment Amount			Balance ending		Net Income (Losses) of the Investee	Investment gain(loss) recognized in current period	Note
				End of current period	End of previous period	Shares (thousands shares)	Percentage of Ownership	Carrying Amount			
Mickey Regent Inc.	Yieh Phu (China) Technomaterial Co., Ltd.	Jiangsu, Mainland China	Manufacturing and marketing of pickled, cold rolled, galvanized and pre-painted steel coils.	-	USD130,000	-	100.00%	-	USD 6,164	USD 3,000	Note 5
YIEH PHU HONG KONG HOLDING LIMITED				USD140,000	-	-	100.00%	USD153,953	USD6,164	USD 3,164	Note 5
Applied Wireless Identifications Group, Inc.	AWID Asia Co., Ltd.	Kaohsiung City, Taiwan	Telecommunications equipment retailing	USD 497	USD 497	1,500	100.00%	-	(USD 386)	(USD 396)	Note 3
Yieh Hong Enterprise Co., Ltd.	United Winner Metals L.P.	State of Virginia, USA	Recycling of scrap steel	111,583	111,583	-	33.75%	60,311	6,617	2,233	-
	Zheng Xin Security Co., Ltd.	Kaohsiung City, Taiwan	Systematic security services	4,000	4,000	400	10.00%	5,553	10,264	1,026	Note 2
	Chen Shin House Management Consulting Co., Ltd.	Kaohsiung City, Taiwan	The maintenance, management, and consultation of water, electricity, air-conditioning, and parking facilities within buildings.	750	750	75	7.50%	243	470	36	Note 2

Note 1: The consolidated shareholding between the Company and its subsidiaries on Groupeco Technology Inc. exceeded 50%, and thus is deemed to exercise control.

Note 2: The Company can exercise significant influence over Tian-Yue Hot Spring And Resort Inc., E-Da Cultural Creative Industries Co., Ltd., ASIAZONE CO., LIMITED, EDA BUS Transportation Co., Ltd., Zheng Xin Security Co., Ltd., Cheng Shin House Management Consulting Co., Ltd., which are accordingly accounted for using the equity method.

Note 3: The shareholders' equity of A WID Asia Co., Ltd. was negative, which was fully recognized as loss. Long-term investment credit balance was stated as a deduction on other receivables of USD522 thousand and other liabilities - others of USD90 thousand.

Note 4: The original investment amount-beginning less the amount of capital reduction to cover loss in the previous period

Note 5: In the current period, Yieh Phu (China) Technomaterial Co., Ltd. was resold to Yieh Phu (Hong Kong) Holding Limited on October 25. The change in equity is attributable to the organizational restructuring.

Note 6: Said transactions between parent company and subsidiaries have been written off.

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TABLE 9

Yieh Phui Enterprise Co., Ltd. and Its Subsidiaries
Disclosure of Information on Investments in Mainland China
January 1 ~ December 31, 2010

Names of investees in Mainland China	Main Activities	Paid-in Capital	Investment Method (Note 1)	Accumulated investment balance	Amount remitted or recovered in the current period		Accumulated investment balance	Direct and indirect percentage of ownership	Investment gain (loss) recognized in current period (Note 2)	Carrying amount ending (Note)	Accumulated investment income received until the end of period
					Remitted	Received					
Changshu Chief Leading Edge Construction Materials Company	Steel structure design and manufacturing	USD 5,000 thousand	(2)	454,661 (USD 13,641)	-	-	454,661 (USD 13,641)	100.00%	(2,065) (2.3)	307,496	-
Jiangsu J & Y Engineering Co., Ltd.	Steel Structure, Electrical Engineering (Manufacturing & Installation)	USD 1,520 thousand	(2)	43,878 (USD 1,520)	-	-	43,878 (USD 1,520)	100.00%	29 (2.3)	19,080	-
Yieh Phui (China) Technomaterial Co., Ltd	Manufacturing and marketing of pickled, cold rolled, galvanized and pre-painted steel coils	USD 140,000 thousand	(2)	4,316,878 (USD 130,000)	320,278	-	4,637,156 (USD 140,000)	100.00%	179,557 (2.3)	4,484,651	-
Tianjin Lianfa Precision Steel Corporation	Manufacturing and marketing of special high grade alloy	USD 13,500 thousand	(2)	137,856 (USD 4,185)	-	-	137,856 (USD 4,185)	31%	5,238 (2.3)	136,382	-

Accumulated amount of remittance from Taiwan to Mainland China at the end of period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Ceiling on investment in Mainland China imposed by the Investment Commission of the Ministry of Economic Affairs	Cumulative disposal of investments from Taiwan into Mainland China subsidiaries as at the end of the current period (being sold, liquidated, dismissed, merged or acquired, bankrupted etc)	The amount of investment gains recovered from Mainland China subsidiaries as of the current period after disposal (being sold, liquidated, dismissed, merged or acquired, bankrupted etc)
5,273,551 (USD 159,346)	5,273,551 (USD 159,346)	15,360,620	-	-

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Note: Computed at the exchange rate: USD: TWD=1: 29.13.

Note 1: Methods of investment are listed below

- (A) Investment in a company in Mainland China by remitting funds from a country other than Taiwan and Mainland China
- (B) Invest in a company in Mainland China through a holding company registered in a country other than Taiwan and Mainland China
- (C) Invest in a company in Mainland China through a current company registered in a country other than Taiwan and Mainland China
- (D) Directly invest in a company in Mainland China
- (E) Others

Note II: Investment gains or losses recognized:

- (A) The investee is still being set up No investment gain or loss has been derived or incurred
- (B) Investment gains or losses are recognized according to the following
 - 1. The amount recognized was based on the audits conducted by an international CPA firm, which is an affiliate of a CPA firm in the ROC.
 - 2. The amount recognized was based on the audits conducted by the parent company's independent auditors.
 - 3. Others.

Note 3: Figures in the Table shall be expressed in New Taiwan Dollar

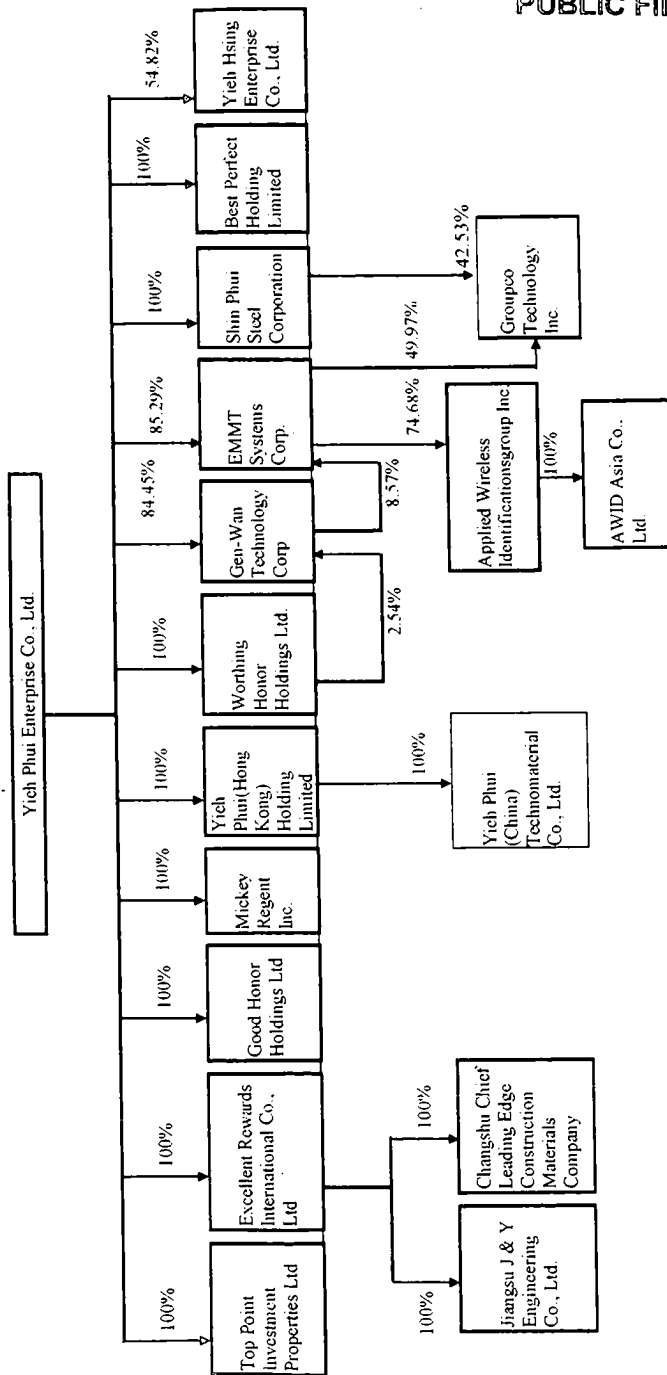
- 2. As of December 31, 2010, key transactions between the Company and invested companies in mainland China are summarized as follows: none.
- 3. Please refer to Note 43, 1.(1) for details of financing transactions between the Company and investees in Mainland China until December 31, 2010.
- 4. Please refer to Note 43, 1.(2) for details of endorsements or guarantees provided by the Company to investees in Mainland China until December 31, 2010.

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TABLE 10

Yieh-Phui Enterprise Co., Ltd. and Its Subsidiaries
Organizational Chart of Affiliates
December 31, 2010



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44. Maturity analysis of assets and liabilities

Assets and liabilities relating to steel structural construction business of the Company and its subsidiaries are classified as current or noncurrent based on their operating cycles. Related recorded amounts are based on amounts expected to be collected or repaid within one year and over one year after the balance sheet date, which are summarized as follows:

Item	December 31, 2010		
	Due within one year	Due after one year	Total
Assets			
Cash & cash equivalents	\$4,677,641	\$-	\$4,677,641
Financial assets at fair value through profit or loss Assets- Current	795,292	-	795,292
Notes receivable (incl. related parties)	318,293	-	318,293
Accounts receivable (incl. related parties)	4,024,721	-	4,024,721
Other receivable (incl. related parties)	730,408	-	730,408
Inventories	8,165,053	249,722	8,414,775
Prepayment	2,366,596	-	2,366,596
Deferred income tax assets- current	78,668	-	78,668
Restricted assets- current	1,555,724	-	1,555,724
Total	<u>\$22,712,396</u>	<u>\$249,722</u>	<u>\$22,962,118</u>
Liabilities			
Short-term loan	\$7,350,194	\$-	\$7,350,194
Short-term bills payable	679,048	-	679,048
Notes payable (incl. related parties)	4,160,035	-	4,160,035
Accounts payable (incl. related parties)	680,577	-	680,577
Income tax payable	4,851	-	4,851
Accrued expense	717,974	-	717,974
Other payables	198,957	-	198,957
Advance receipts	298,183	-	298,183
Long-term liabilities- current portion	1,516,043	-	1,516,043
Long-term liability			
Total	<u>\$15,605,862</u>	<u>\$-</u>	<u>\$15,605,862</u>

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Item	December 31, 2009		
	Due within one year	Due after one year	Total
Assets			
Cash & cash equivalents	\$3,549,873	\$-	\$3,549,873
Financial assets at fair value through profit or loss Assets- Current	1,009,038	-	1,009,038
Bond investments with no active market- Current	2,000	-	2,000
Notes receivable	215,726	-	215,726
Accounts receivable (incl. related parties)	3,871,691	-	3,871,691
Other receivable (incl. related parties)	429,031	-	429,031
Inventories	6,529,845	112,570	6,642,415
Prepayment	2,148,199	-	2,148,199
Available-for-sale non-current assets	9,675	-	9,675
Deferred income tax assets- current	41,496	-	41,496
Restricted assets- current	1,526,092	-	1,526,092
Total	\$19,332,666	\$112,570	\$19,445,236
Liabilities			
Short-term loan	\$10,335,279	\$-	\$10,335,279
Short-term bills payable	750,705	-	750,705
Notes payable	2,015,824	-	2,015,824
Accounts payable (incl. related parties)	939,867	-	939,867
Income tax payable	20,710	-	20,710
Accrued expense	627,540	-	627,540
Other payables	151,485	-	151,485
Advance receipts	284,438	-	284,438
Long-term liabilities- current portion	3,775,888	-	3,775,888
Long-term liability			
Total	\$18,901,736	\$-	\$18,901,736

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45. Disclosures for financial instruments

(1) Disclosures for financial instruments

Non-derivative Financial Instruments	December 31, 2010	
	Carrying Amount	Fair Value
Assets		
Cash & cash equivalents	\$4,677,641	\$4,677,641
Financial assets at fair value through profit or loss assets- Current	789,015	789,015
Notes and accounts receivable	5,073,422	5,073,422
Restricted assets- current	1,555,724	1,555,724
Financial assets carried at cost- Non-current	2,760,118	-
Refundable deposits	16,572	16,572
Restricted assets- Non-current	93,786	93,786
Liabilities		
Short-term loan	7,350,194	7,350,194
Short-term bills payable	679,048	679,048
Notes and accounts payable	5,039,569	5,039,569
Long-term liabilities- current portion	1,516,043	1,516,043
Long-term loans	20,092,491	20,092,491
Lease payable	7,962	7,962
Deposit received	3,712	3,712
Derivative Financial Instruments		
Assets		
Financial assets at fair value through profit or loss Assets- Current Investment-linked life insurance	6,277	6,277
Liabilities		
Financial asset at fair value through profit or loss -- non-current Interest rate swap contract	4,483	4,483

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Non-derivative Financial Instruments	December 31, 2009	
	Carrying Amount	Fair Value
Assets		
Cash & cash equivalents	\$3,549,873	\$3,549,873
Financial assets at fair value through profit or loss		
Assets- Current	1,002,132	1,002,132
Bond investments with no active market- Current	2,000	2,000
Notes and accounts receivable	4,516,448	4,516,448
Restricted assets- current	1,526,092	1,526,092
Financial assets carried at cost- Non-current	2,765,998	-
Bond investments with no active market- Non-current	4,000	4,000
Refundable deposits	58,776	58,776
Restricted assets- Non-current	85,975	85,975
Liabilities		
Short-term loan	10,335,279	10,335,279
Short-term bills payable	750,705	750,705
Notes and accounts payable	3,107,176	3,107,176
Long-term liabilities- current portion	3,775,888	3,775,888
Long-term loans	15,727,388	15,727,388
Lease payable	10,123	10,123
Deposit received	1,687	1,687
Derivative Financial Instruments		
Assets		
Financial assets at fair value through profit or loss		
Assets- Current Investment-linked life insurance	6,906	6,906
Financial asset at fair value through profit or loss - non-current Structured investments	279,243	279,243

A. The methods and assumptions used to estimate the fair values of the above financial instruments are summarized as follows:

- (A) For short-term instruments, the fair values were determined based on their carrying amounts because of the short maturities of the instruments. This method was applied to cash and cash equivalents, notes and accounts receivable, restricted assets- current, short-term loans, short-term bills payable, notes and accounts payable, long-term liabilities- current portion.
- (B) Financial assets at fair value through profit or loss:

The fair values of financial assets at fair value through profit of loss are determined at their market value. If there is no market value available for reference, the fair values are determined by using the valuation technique. The information used as basis for determining the Company's assumptions in

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applying valuation technique is consistent with that used by market participants in determining the prices of the financial instruments. The Company is capable of obtaining such information.

(C) Financial assets carried at cost- Non-current:

Financial assets carried at cost are financial instruments issued by non-public corporations which do not have active market price and whose verifiable fair value cannot be determined at a reasonable cost.

(D) The fair value of bond investments with no active market is determined at amortized cost.

(E) Other non-current financial assets and liabilities consisted of refundable deposit, restricted assets-non-current and deposits received. Since the amounts collectible in the future closely resemble their book values, the book values are used as estimates for fair values.

(F) Derivative Financial Instruments:

The fair value of derivative financial instruments is determined by using the valuation technique as no market price is available. The information used as basis for determining the Company's assumptions in applying valuation technique is consistent with that used by market participants in determining the prices of the financial instruments. The fair value was provided by the counterparty financial institution.

(G) Long-term loan and lease payable:

The fair values thereof are determined by the present values of future cash flows. The values discounted at the interest rates of similar long-term loan and lease payable (with similar maturity date) available for the Company.

- B. The fair values of the Company's financial assets and liabilities at fair value through profit or loss excluding those of listed (OTC) shares and funds, which are determined at their quoted market prices, are determined using valuation techniques.
- C. Gains (losses) recognized for 2010 and 2009 based on changes in fair value estimated by valuation methods amounted to (\$4,575) thousand and \$2,592 thousand, respectively. Gains (losses) recognized for 2010 and 2009 based on changes in fair value determined by open quotation amounted to (\$222,272) thousand and \$341,098 thousand, respectively.
- D. At December 31, 2010 and 2009, financial assets exposed to cash flow risk of changes in interest rate amounted to \$3,854,424 thousand and \$3,203,861 thousand, respectively; and financial liabilities amounted to \$28,966,690 thousand and \$29,761,319 thousand, respectively. Fair values of financial assets exposed to the risk of interest rate change totaled NT\$1,650,056 thousand and NT\$1,492,085 thousand for 2009 and 2008, respectively; while financial liabilities totaled NT\$679,048 thousand and NT\$819,401 thousand, respectively.
- E. On December 31, 2010 and 2009, the total interest income of the financial assets or liabilities at fair value through profit or loss that are not evaluated based on fair

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value amounted to \$26,778 thousand and \$46,551 thousand, respectively, and the interest expense totaled \$795,135 thousand and \$738,770 thousand, respectively.

(2) Information of major financial risk

A. Market risk

- a. The Company's investment in Funds and listed (OTC) stocks were classified as "financial assets at fair value through profit or loss- current". These assets were measured at their fair values, which will be influenced by the market interest rate change.
- b. The Company undertook investment in subordinate financial bonds, which are mostly, issued at floating interest rates. The impact of market interest rate changes on the fair values was considered to be immaterial.

B. Credit risk

- (a) Credit risk represents the potential loss that would be incurred by the Company if the counter-parties or third parties breached the contracts. The Company's financial instruments are affected by its credit risk concentration, component, contract amounts and other receivables. The maximum credit risks associated with the financial instruments on hand as of the balance sheet date approximate their carrying amounts.
- (b) Please refer to Note 5 for the credit risks associated with company's investments in credit-linked structured products.

C. Liquidity risk

- (a) The consolidated companies maintained sufficient fund to meet our operating capital requirements. Therefore, no liquidity risks associated with failure to source required funding are anticipated.
- (b) Part of the Company's equity investments (financial assets at fair value through profit or loss) could be sold rapidly at prices approximating fair value because those financial assets could be sold in secondary financial market at market value. There are liquidity risks for the financial assets carried at cost and bond investments with no active market because no active market prices are available.
- (c) Please refer to Note 5 for the liquidity risks associated with company's investments in credit-linked structured products.

D. Cash flow risk due to changes in interest rate

The Company's short and long-term loans are mostly issued at floating interest rate. Accordingly, the yield rate of these debt instruments will fluctuate with changes in interest rate. A 1% increase in interest rate will result in an additional cash outflow of NT\$ 289,667 thousand.

46. Reclassification of account

Certain accounts in the financial statements for the year ended December 31, 2009 have been reclassified to be consistent with the presentation of the financial statements for the year ended December 31, 2010.

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47. Segment Information

(1) Financial information disclosure by industry: Criteria for disclosure were unmet.

(2) Information by district:

Item	2010			
	Asia	Taiwan	Adjustment and offset	Total
Revenue from customers other than the parent company and consolidated subsidiaries	\$18,807,275	\$44,069,091	\$-	\$62,876,366
Revenue from the parent company and consolidated subsidiaries	299,672	1,251,573	(1,551,245)	-
Total net revenue	\$19,106,947	\$45,320,664	(\$1,551,245)	\$62,876,366
Income (loss) by area	\$497,225	\$1,401,284	\$15,707	\$1,925,536
General revenue				322,048
Investment loss recognized under equity method				(97,536)
General expenses				(763,432)
Interest expense				(797,118)
Income before tax				\$589,498
Recognizable assets	\$16,202,986	\$58,249,979	(\$9,617,424)	\$64,835,541

Item	2009			
	Asia	Taiwan	Adjustment and offset	Total
Revenue from customers other than the parent company and consolidated subsidiaries	\$11,831,379	\$32,988,634	\$-	\$44,820,013
Revenue from the parent company and consolidated subsidiaries	424,183	1,158,936	(1,583,119)	-
Total net revenue	\$12,255,562	\$34,147,570	(\$1,583,119)	\$44,820,013
Income (loss) by area	\$195,927	\$458,682	\$24,829	\$679,438
General revenue				552,091
Investment loss recognized under equity method				9,239
General expenses				(144,415)
Interest expense				(738,770)
Income before tax				\$357,583
Recognizable assets	\$15,880,691	\$58,718,932	(\$10,114,761)	\$64,484,862

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(3) Information on export:

Territory	2010	2009
America	\$7,107,763	\$4,042,005
Asia	16,604,752	13,178,371
Europe	2,926,612	2,534,667
Other areas	5,676,840	3,494,430
Total	\$32,315,967	\$23,249,473

(4) Information by key customers:

Customer Name	2010	
	Amount	Percentage
Company A	\$4,732,952	7.53%

Customer Name	2009	
	Amount	Percentage
Company A	\$5,074,849	11.32%

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Exhibit 17

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YIEH PHUI ENTERPRISE CO., LTD.
FINANCIAL STATEMENTS FOR THE YEARS
ENDED DECEMBER 31, 2009 AND 2008
WITH INDEPENDENT AUDITORS' REPORT

TABLE

1. Independent Auditors' Report.....	Page 3
2. Financial Statements	
Balance Sheets.....	Page 4
Income Statements.....	Page 5
Statements of Changes in Stockholders' Equity.....	Page 6
Statements of Cash Flows.....	Page 7
3. Notes to Financial Statements.....	Page 8

建興聯合會計師事務所
Crowe Horwath
Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Yieh Phui Enterprise Co., Ltd.

We have audited the accompanying balance sheets of Yieh Phui Enterprise Co., Ltd. as of December 31, 2009 and 2008, and the related statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We didn't audit the financial statements of certain long-term investments accounted for using the equity method as of and for the years ended December 31, 2009 and 2008. Our opinion, insofar as it relates to the carrying values of these investments of NT\$416,805 thousand and NT\$3,536,893 thousand as of December 31, 2009 and 2008, respectively, and the related investment income (loss) amounting to (NT\$16,578) thousand and (NT\$103,948) thousand for the years ended December 31, 2009 and 2008, respectively, as well as the related information, is solely based on the reports of the other auditors.

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

In our opinion, based on our audits and the other auditors' reports, these financial statements referred to above present fairly, in all material respects, the financial position of Yieh Phui Enterprise Co., Ltd. as of December 31, 2009 and 2008, and the results of its operations and cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the requirements of the Business Accounting Law and the Guidelines Governing Business Accounting with respect to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As disclosed in Note 3 to the financial statements, on January 1, 2009, the Company adopted the newly revised Statement of Financial Accounting Standards No. 10, "Accounting for Inventories". The adoption resulted in a decrease of NT\$18,759 thousand in net income and a decrease of NT\$0.01 in earnings per share for the year ended December 31, 2009. And beginning January 1, 2008, Yieh Phui Enterprise Co., Ltd. has recognized employee bonus and remuneration paid to directors and supervisors as expenses instead of appropriations from earnings according to the Interpretation (96) No.52 issued by Accounting Research and Development Foundation. The change of accounting principle resulted in an increase of NT\$5,317 thousand in liabilities and a decrease of NT\$5,317 thousand in net income as of and for the year ended December 31, 2008.

We have also audited the consolidated statements of Yieh Phui Enterprise Co., Ltd and subsidiaries as of and for the years ended December 31, 2009 and 2008, and have expressed a modified unqualified opinion with an explanatory paragraph on such financial statements.

Crowe Horwath International

CROWE HORWATH INTERNATIONAL

Kaohsiung, Taiwan

Republic of China

April 21, 2010

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VIET PHU ENTERPRISE CO., LTD.
BALANCE SHEETS
DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

	Note	2009 12/31		2008 12/31		LIABILITIES AND STOCKHOLDERS' EQUITY		2009 12/31		2008 12/31	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
ASSETS						CURRENT LIABILITIES					
CURRENT ASSETS						Short-term loans		\$5,372,482	13.29	\$4,711,395	11.22
Cash & cash equivalents	2.4	\$2,301,557	5.30	\$2,439,657	5.81	Short-term bills payable	20	549,365	1.26	498,866	1.19
Financial assets at fair value through profit or loss - current	2.5	1,007,260	2.32	680,728	1.62	Net payable	21	340,458	0.81	661,423	1.57
Good investments with no active market - current	2.6	2,000	0.01	2,000	0.01	Accounts payable	34	398,982	0.92	196,946	0.47
Trade receivable, net	2.7	132,232	0.31	150,984	0.36	Income tax payable	32	134,767	0.31	26,198	0.06
Accounts receivable, net	2.8	1,312,996	4.02	653,447	1.56	Accrued expenses	22	19,857	0.04	268,525	0.64
Other receivables	2.8.1.4	1,155,606	0.43	173,332	0.41	Other payables	22	396,570	0.92	388,503	0.94
Other receivables - related parties	2.9	168,081	0.16	318,839	0.76	Advance receipts	22	147,782	0.35	79,074	0.18
Other receivables - related parties - investments	2.10.3.4	67,406	0.00	4,184,720	9.96	Long-term liabilities - current portion	24	151,443	0.36	151,443	0.36
Prepayments	2.11	3,407,172	6.43	36,105	0.09	Total current liabilities		782,000	1.87	1,011,580	2.41
Non-current assets held for sale	2.12	183,201	0.02	-	-	LONG-TERM LIABILITIES		\$8,622,556	19.85	\$7,963,923	18.96
Deferred intangible assets - current	13	6,675	0.00	155,801	0.37	Long-term liabilities	24	\$7,960,094	18.32	\$7,460,094	17.74
Deferred intangible assets - non-current	2.32	30,935	0.07	145,131	0.34	Total long-term liabilities		\$7,960,094	18.32	\$7,460,094	17.74
Recurring assets - current	35	120,015	0.27	-	-	OTHER LIABILITIES					
Total current assets		\$10,076,140	23.26	\$9,292,603	22.32	Deferred redemptions from affiliates	2	\$26,500	0.06	\$6,572	0.02
						Total other liabilities		\$26,500	0.06	\$6,572	0.02
FUNDS AND LONG-TERM INVESTMENTS						Total liabilities		\$10,002,596	18.21	\$10,002,596	16.72
Investments accounted for using the equity method	2.14	\$16,624,762	38.27	\$16,277,397	38.76	Capital stock		\$14,542,102	33.47	\$14,542,102	34.74
Financial assets at fair value through profit or loss - non-current	2.5	279,243	0.64	2,503,207	5.96	Additional paid-in capital in excess of par		\$4,180,467	9.36	\$4,180,467	10.00
Financial assets at fair value through profit or loss - non-current	2.5	2,948,480	6.79	1,004,124	2.39	Treasury stock (book value)		557,230	1.26	367,692	0.88
Good investments with no active market - non-current	2.6	4,000	0.01	4,000	0.01	Long-term investments		1,126,615	2.59	1,126,728	2.68
Trade investments with no active market - non-current	2.6	19,856,485	43.91	\$18,786,274	43.73	Total capital stock		\$15,744,721	35.23	\$15,690,789	35.56
						RETAINED EARNINGS					
Land		\$1,804,652	4.16	\$1,769,291	4.21	Legal reserve		\$2,133,467	4.91	\$2,031,931	4.83
Buildings		4,056,825	9.24	3,857,381	9.19	Special reserve		10,800	0.03	10,800	0.03
Machinery and equipment		13,998,093	32.13	13,538,315	32.56	Unappropriated earnings	29	3,669,551	8.44	4,126,861	9.84
Molding equipment		1,038,493	2.39	1,004,124	2.39	Total retained earnings		\$5,803,818	13.35	\$6,169,192	14.80
Utilities equipment		234,621	0.54	234,127	0.56	OTHER EQUITY ITEMS					
Computer- and telecommunications equipment		242,911	0.56	241,622	0.57	Contributions from shareholders	2	\$411,197	0.96	\$399,241	1.22
Transportation equipment		58,106	0.13	62,844	0.15	Net loss recognized as previous cost	28	(15,465)	(0.04)	(15,465)	(0.04)
Testing equipment		506,154	1.15	547,084	1.31	Unappropriated gain (loss) on disposal of investments		(336,663)	(0.77)	(418,807)	(1.00)
Office equipment		5,636	0.01	10,864	0.02	Treasury stock		(2,244,897)	(5.07)	(2,244,897)	(5.07)
Other equipment		154,246	0.35	154,174	0.37	Total other equity items					
Total assets		\$22,117,787	50.02	\$21,720,108	51.72						
Less consolidated depreciation		(11,284,414)	(25.97)	(10,266,819)	(24.60)						
Consolidative projects		-	-	162,862	0.39						
Properties for equipment		-	-	236,487	0.56						
Property, plant & equipment, net		155,333	0.35	\$1,765,714	25.01						
OTHER ASSETS											
Like assets	2.17	\$246,101	0.48	\$229,957	0.55						
Receivable deposits		5,363	0.01	7,543	0.02						
Deferred charges	2	19,164	0.05	25,476	0.06						
Deferred income tax assets - non-current	2.32	174,433	0.40	175,417	0.41						
Other assets	2.19	1,207,884	2.78	1,208,861	2.83						
Other assets - investments	35	6,000	0.01	7,607	0.02						
Restricted assets - non-current		\$1,620,863	3.73	\$1,654,842	3.74						
Total other assets		\$43,444,124	100.00	\$41,996,443	100.00						
TOTAL ASSETS						TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY					
						Total stockholders' equity		\$26,834,738	61.77	\$26,524,540	61.25
						TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		\$43,444,124	100.00	\$41,996,443	100.00

(The accompanying notes are an integral part of the financial statements.
with Chuse Hweith International audit report dated April 21, 2010.)

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YIEH PHUI ENTERPRISE CO., LTD.

INCOME STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars)

Item	Note	2009		2008	
		Amount	%	Amount	%
OPERATING REVENUE					
GROSS SALES		\$26,895,508	101.33	\$40,265,927	101.95
LESS: SALES RETURNS & ALLOWANCES		354,487	1.33	770,580	1.95
NET SALES	2	\$26,541,021	100.00	\$39,495,347	100.00
COST OF SALES	11	24,625,764	92.78	35,573,993	90.07
GROSS PROFIT (LOSS)		\$1,915,257	7.22	\$3,921,354	9.94
UNREALIZED GROSS PROFIT FROM AFFILIATE	2	26,500	0.10	8,572	0.02
REALIZED GROSS PROFIT FROM AFFILIATES	2	8,571	0.03	44,306	0.11
OPERATING EXPENSES					
Selling and Marketing		1,013,762	3.82	1,549,981	3.92
General and administrative		344,829	1.30	392,366	1.00
Total operating expenses		\$1,358,591	5.12	\$1,942,347	4.92
INCOME FROM OPERATIONS		\$538,737	2.03	\$2,014,741	5.11
NONOPERATING INCOME AND GAINS					
Interest income		\$8,273	0.03	\$18,341	0.05
Investment income		20,598	0.08	120,695	0.30
Gain on disposal of property, plant & equipment		3,288	0.01	-	-
Gain on disposal of investments		18,709	0.07	-	-
Foreign exchange gain	2	-	-	98,246	0.25
Valuation gain on financial assets	2	345,168	1.30	-	-
Miscellaneous income		49,459	0.19	56,285	0.14
Total nonoperating income and gains		\$445,495	1.68	\$293,567	0.74
NONOPERATING EXPENSES AND LOSSES					
Interest expense		\$284,351	1.07	\$345,109	0.87
Investment loss recognized under the equity method	2,14	189,685	0.72	319,392	0.81
Investment loss	30	2,003	-	-	-
Loss on disposal of property, plant & equipment		2,518	0.01	12,241	0.03
Loss on disposal of investments		-	-	129	-
Foreign exchange loss	2	36,807	0.14	-	-
Impairment loss	2,30	8,490	0.03	244,448	0.62
Valuation loss on financial assets	2	-	-	25,151	0.07
Miscellaneous expenses		17,235	0.07	31,360	0.08
Total nonoperating expenses and losses		\$541,089	2.04	\$977,830	2.48
INCOME BEFORE INCOME TAX		\$443,143	1.67	\$1,330,478	3.37
INCOME TAX EXPENSE	2,32	157,394	0.59	312,157	0.79
NET INCOME		\$285,749	1.08	\$1,018,321	2.58
		Before	After	Before	After
		Income Tax	Income Tax	Income Tax	Income Tax
EARNINGS PER SHARE					
Basic earnings per share	33	\$0.30	\$0.20	\$0.89	\$0.68

(The accompanying notes are an integral part of the financial statements
with Crowe Horwath International audit report dated April 21, 2010)

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NIH PHIL ENTERTAINMENT CO., LTD.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

	Capital stock issued		Retained earnings			Accumulating (loss in stockholders' equity)			Total Stockholders' Equity
	Shares outstanding	Amount	Stock dividend or N.S. distribution	Legal Reserve	Special Reserve	Unappropriated Earnings	Unappropriated Financial Instruments	Contributions in Kind	Equity Stock
		\$							\$
BALANCE AT JANUARY 1, 2008	1,389,671	\$13,906,718		\$1,971,653	\$6,013	\$4,231,153			\$25,516,49
Appropriation of prior year earnings									
Legal reserve				104,248		1,042,248			1,042,248
Special reserve					1,387	1,387			1,387
Cash dividends						1,994,335			1,994,335
Stock dividends	66,433	664,533				1,042,356			1,042,356
Remuneration to directors and supervisors						(1,224)			(1,224)
Bonus to employees						6,119			6,119
Capital surplus resulting from long term equity investments									
Adjustment making (loss) changes in percentage of ownership in investees						(5,910)			(5,910)
Adjustment due to change in invested equity									
Net income in 2008						2,665	3,332	(440)	5,557
Cumulative Translation adjustments									
Repurchase and disposal of treasury stock						1,008,321			1,008,321
BALANCE AT DECEMBER 31, 2008	1,459,154	\$14,291,463		\$2,011,931	\$10,400	\$4,176,386	(535,463)	263,103	\$26,354,969
Appropriation of prior year earnings (Net loss)									
Legal reserve				101,336		1,013,336			1,013,336
Cash dividends	42,336	423,336				2,282,372			2,282,372
Stock dividends						4,435,569			4,435,569
Reserve of special reserve						(10,400)			(10,400)
Adjustment due to change in invested equity						4,448	352,128	(1,440)	4,448
Net income in 2009						265,240			265,240
Cumulative Translation adjustments									
Repurchase of treasury stock	347,291	(472,910)							
BALANCE AT DECEMBER 31, 2009	1,844,159	\$18,542,192		\$2,113,467	\$	\$3,699,851	(530,463)	541,197	\$26,354,969
Net loss									
Remuneration to directors and supervisors and bonus to employees were NT\$3,181 thousand and NT\$3,985 thousand, respectively, and had been charged against earnings									

Note: Remuneration to directors and supervisors and bonus to employees were NT\$3,181 thousand and NT\$3,985 thousand, respectively, and had been charged against earnings.

The accompanying notes are an integral part of the financial statements.
We, Chiueh Hsuehshih (Incorporated), audit report dated April 21, 2010.

PUBLIC FILE 57

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YIEH PHUI ENTERPRISE CO., LTD.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars)

Item	2009	2008
1. Cash flows from operating activities		
Net income	\$285,749	\$1,018,321
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,000,969	974,084
Depreciation of idle assets	2,548	3,947
Amortization	6,312	5,371
Depreciation of other assets - others	1,229	1,228
Investment loss	2,003	-
Loss on purchase contract	(16,010)	16,010
Other income transferred from allowance for doubtful accounts	-	(12,332)
Impairment loss	8,490	244,448
Investment income (loss) recognized under the equity method	189,685	319,392
Loss (gain) on disposal of investments	(18,709)	129
Loss (gain) on disposal of property, plant and equipment	(3,288)	-
Loss on retirement of property, plant and equipment	2,518	12,241
Loss (gain) on disposal of noncurrent assets held for sale	-	387
Loss (gain) on disposal of idle assets	(316)	65
Loss (gain) on retirement of idle assets	150	-
Expense transferred from property, plant and equipment	941	561
Decrease (increase) in overdue receivables	3,600	3,600
Unrealized gross profit (loss) from affiliates	26,500	8,572
Realized gross profit (loss) from affiliates	(8,571)	(44,306)
Realized loss (gain) on foreign exchange	-	(69,335)
Valuation (gain) loss on financial assets	(345,168)	25,151
Provision for (reversal of) loss on inventories	(902,070)	811,585
Decrease (increase) in financial assets at fair value through profit or loss - current	38,081	(610,478)

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Item	2009	2008
Decrease (increase) in notes receivable	20,093	30,962
Decrease (increase) in accounts receivable	(175,209)	1,241,668
Decrease (increase) in accounts receivable - related parties	(1,096,057)	1,302,593
Decrease (increase) in other receivables - related parties	(5,261)	14,656
Decrease (increase) in other receivables	(22,470)	25,411
Decrease (increase) in inventories	1,208,212	(747,933)
Decrease (increase) in prepayments	(147,095)	31,984
Decrease (increase) in deferred income tax assets	192,826	(223,275)
Increase (decrease) in notes payable	(310,936)	(252,292)
Increase (decrease) in accounts payable	202,385	(341,399)
Increase (decrease) in accounts payable - related parties	108,569	23,748
Increase (decrease) in other payables	12,022	23,089
Increase (decrease) in income tax payable	(249,018)	28,415
Increase (decrease) in accrued expenses	38,075	(198,865)
Increase (decrease) in advance receipts	(1,661)	(5,399)
Increase (decrease) in compensation for accrued interest	-	1,162
Net cash provided by operating activities	<u>\$49,118</u>	<u>\$3,663,166</u>
2. Cash flows from investing activities		
Decrease (increase) in financial assets at fair value through profit or loss - noncurrent	(\$280,000)	\$ -
Decrease (increase) in restricted assets	26,756	76,055
Proceeds from disposal of property, plant and equipment	13,307	508
Proceeds from disposal of noncurrent assets held for sale	-	177,479
Proceeds from disposal of idle assets	14,286	-
Decrease (increase) in sinking fund	-	76,500
Increase in investments accounted for using the equity method	(381,240)	(9,555,365)
Increase in financial assets carried at cost - noncurrent	(486,057)	(272,901)
Acquisition of property, plant and equipment	(234,407)	(504,172)

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Item	2009	2008
Decrease (increase) in guarantee deposits paid	2,180	61,187
Decrease (increase) in deferred charges	-	(22,000)
Proceeds from disposal of bond investments with no active market	2,000	22,000
Withdrawal from investment accounted for using the equity method	-	3,180,590
Withdrawal from financial assets carried at cost - noncurrent	32,901	-
Decrease in other receivables at beginning balance	12,600	301,266
Decrease (Increase) in other assets - others	(20,258)	(12,745)
Net cash used in investing activities	<u>(\$1,297,932)</u>	<u>(\$6,471,598)</u>
3.Cash flows from financing activities		
Increase (decrease) in short-term loans	\$1,061,087	\$2,214,786
Increase (decrease) in short-term bills payable	50,499	149,174
Increase (decrease) in long-term loans	281,500	3,508,000
Increase (decrease) in bonds payable	-	(75,586)
Decrease (increase) in treasury stock	-	(418,867)
Cash dividends paid	(282,372)	(694,835)
Bonus to employees	-	(6,119)
Remuneration to directors and supervisors	-	(1,224)
Net cash provided by financing activities	<u>\$1,110,714</u>	<u>\$4,675,329</u>
4.Net increase (decrease) in cash and cash equivalents	<u>(\$138,100)</u>	<u>\$1,866,897</u>
5.Cash and cash equivalents at beginning of the period	<u>2,439,657</u>	<u>572,760</u>
6.Cash and cash equivalents at end of the period	<u><u>\$2,301,557</u></u>	<u><u>\$2,439,657</u></u>
7.Supplementary information of cash flows:		
(1) Interest paid	\$296,069	\$354,340
Less: Interest capitalized	<u>(4,146)</u>	<u>(11,284)</u>
Interest paid, excluding interest capitalized	<u>\$291,923</u>	<u>\$343,056</u>
(2) Income tax paid	<u>\$213,586</u>	<u>\$507,017</u>
(3) Non-cash investing and financing activities:		
Current portions of long-term loans	<u>\$782,000</u>	<u>\$1,011,500</u>
Transfer of financial assets carried at cost to investments accounted for using the equity method	<u>\$ -</u>	<u>\$285,000</u>
Transfer of properties to noncurrent assets held for sale	<u>\$12,977</u>	<u>\$ -</u>
Transfer of properties to inventories	<u>\$464</u>	<u>\$9,215</u>

Item	2009	2008
(4) Acquisition of properties by providing cash and making loans:		
Acquisition of properties	\$255,880	\$537,636
Transfer of other assets - others to properties	(20,085)	-
Transfer of inventories to properties	(7,869)	(40,029)
Decrease (increase) in equipment payable	6,481	8,392
Transfer of idle assets to properties	-	(1,827)
Cash paid	<u>\$234,407</u>	<u>\$504,172</u>
(5) Disposal of financial assets carried at cost by receiving cash and increasing receivables:		
Proceeds from disposal of financial assets carried at cost - noncurrent	\$38,781	\$12,600
Increase in other receivables	(5,880)	(12,600)
Cash received	<u>\$32,901</u>	<u>\$ -</u>
(6) Cash dividends received from equity method investees:		
Cash dividends received from equity method investees	\$33,300	\$29,400
Increase in other receivables	(33,300)	(29,400)
Cash received	<u>\$ -</u>	<u>\$ -</u>

(The accompanying notes are an integral part of the financial statements with Crowe Horwath International audit report dated April 21, 2010)

YIEH PHUI ENTERPRISE CO., LTD.**PUBLIC FILE****NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008****(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)****1. GENERAL**

(1) Yieh Phui Enterprise Co., Ltd. (the Company) was incorporated on April 14, 1978. The Company's shares are currently traded on the Taiwan Stock Exchange. The Company engages in the processing, marketing and exporting of rolled steel coils, refined steel, molded steel, steel and iron wires, galvanized, pre-painted, and surface treated metal.

(2) The Company's board of directors resolved on May 23, 2005 to merge (simplified merger) with Lien Kang Heavy Industrial Co., Ltd. with the Company as the surviving company. The record date of the merger was set on August 30, 2005. Every 2.5 common shares of Lien Kang Heavy Industrial Co., Ltd. were converted into 1 common share of the Company. The Company issued additional 4,859 thousand common shares for this merger. Rights of the newly issued shares were the same as those of the Company's original shares.

(3) Lien Kang Heavy Industrial Co., Ltd. was incorporated on November 23, 1989. Its main activities include the manufacturing, processing and trading of the various mechanical spare parts and pipe installation, manufacturing and engineering design.

(4) As of December 31, 2009 and 2008, the Company had 1,499 and 1,521 employees, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES**Basis of Presentation**

The Company's financial statements have been presented in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting and accounting principles generally accepted in the Republic of China.

For the convenience of readers, the Company's financial statements have been translated into English from the original Chinese version prepared and used in the ROC. 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 financial statements shall prevail.

The Company's significant accounting policies are summarized as follows:

(1) Accounting for Long-term Construction Contracts

The percentage-of-completion method of accounting for long-term construction projects is adopted when the construction period exceeds one year and the contract price, the completion cost, and the extent of construction progress can be reasonably estimated. The construction costs incurred are recorded as "work in progress". Advance receipts on construction contracts are recorded as "advance contract receipts". At each year-end, the percentage-of-completion method is used for estimating aggregate contract gain less aggregate contract gain recognized in prior period, and the resulting difference is recognized currently. However, if the aggregate gain recognized in prior period exceed that computed at the end of the current period, the excess is recognized as contract loss currently. When a loss is estimated on construction contracts, the entire estimated loss should be recognized immediately. If in the future such estimated loss is reduced, then the loss should be reversed and the resulting gain recognized currently.

(2) Current and Noncurrent Assets and Liabilities**A. Rolled Steel Department:**

Current assets are assets held for trading purposes and assets expected to be converted to cash, sold or consumed within one year from the balance sheet date. Current liabilities are obligations incurred for trading purposes and obligations expected to be settled within one year from the balance sheet date. Assets and liabilities that are not classified as current are non-current assets and liabilities, respectively.

B. Heavy Industry Department:

The assets and liabilities related to construction business are classified either as current or noncurrent based on the Company's operating cycle.

(3) Cash Equivalents

Cash equivalents include treasury bills, time deposits rescindable anytime, commercial papers, bankers' acceptance, and repurchase agreements collateralized by bonds with maturities of three months or less from the date of purchase. The carrying value approximates their fair value.

(4) Financial Instruments at Fair Value Through Profit or Loss

Financial instruments at fair value through profit or loss include financial assets or liabilities held for trading, and financial assets or liabilities designated on initial recognition as at fair value through profit or loss. These financial instruments are initially recognized at fair value with transaction costs expensed as incurred. When subsequently measured at fair value, the changes in fair value are recognized in earnings. Cash dividends received, including those received in the year of investment, are recognized as current income. A regular way purchase or sale of financial assets is accounted for using settlement date accounting.

Derivatives that do not meet the criteria for hedge accounting are treated as financial assets or liabilities held for trading. When the fair value is a positive amount, the derivative is treated as a financial asset; when the fair value is a negative amount, the derivative is treated as a financial liability.

The fair value is determined as follows: (a) publicly traded stocks are based on the closing price on the balance sheet date; (b) beneficiary certificates - open-end-funds are based on the net asset value on the balance sheet date; (c) bonds are based on the reference prices in the OTC market on the balance sheet date; (d) financial assets and financial liabilities without quoted prices in an active market are determined using valuation techniques.

Financial assets or liabilities designated at fair value through profit or loss are hybrid financial instruments. Financial instruments are designated as financial assets at fair value through profit or loss upon initial recognition to remove significant accounting inconsistency. Portfolios of assets and liabilities jointly managed in accordance with the Company's risk management policies and specific investment strategies were also designated at fair value.

(5) Bond Investments With No Active Market

Investment that does not have a quoted market price in an active market and the receipt upon maturity is fixed or definite is carried at the amortized cost. Those financial assets are initially recognized at fair value plus transaction cost that are directly attributable to the acquisition. Earnings or losses are recognized at the time of derecognition, impairment or amortization. A regular way purchase or sale of financial assets is accounted for using settlement date accounting.

If there is objective evidence that a financial asset is impaired, an impairment loss is recognized. If, in a subsequent period, the amount of the impairment loss decreases and the decrease is clearly attributable to an event which occurred after the impairment loss was recognized, the previously recognized impairment loss is reversed to the extent of the decrease. The reversal should not result in a carrying amount of the financial asset that exceeds the amortized cost.

(6) Allowance for Doubtful Accounts

Allowance for doubtful accounts is estimated based on bad debt experience and also examining the collectibility and aging analysis of notes receivable, accounts receivable, overdue receivables and various credits.

(7) Inventories

A. Rolled Steel department

Inventories include raw materials, supplies, work in process, and finished goods. Prior to January 1, 2009, inventories were stated at the lower of cost or market value. Any write-down was made on a total-inventory basis. Market value represented replacement cost for raw materials and supplies, and net realizable value for work in process and finished goods. As stated in Note 3, effective January 1, 2009, inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made on an item-by-item basis, 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 necessary selling costs. Inventory cost is determined by the weighted-average method.

B. Heavy Industry Department

The construction in progress is based on "Accounting for Long-term Construction Contracts".

(8) Prepayments - Deferred Marketing Expenses

The deferred marketing expenses are incurred to contracts within 1 year adopted the completed contract method for the construction. The related marketing expenses of the construction in progress will be deferred to the year of completion in order to be in accordance with the income.

(9) Investments Accounted for Using the Equity Method

Investments accounted for using the equity method in which the Company owns 20% or more of the outstanding voting shares or where the Company has significant influence on the investees are accounted for using the equity method.

Prior to January 1, 2006, the difference between the acquisition cost and the Company's proportionate share in the investee's equity was amortized by the straight-line method over five years. Effective January 1, 2006, pursuant to the revised Statement of Financial Accounting Standards, the acquisition cost in excess of the Company's share of the fair value of the identifiable net assets acquired is recognized as goodwill. Such goodwill is not amortized but instead is tested for impairment annually or whenever there are indications that the investments are impaired.

The excess of the fair value of the net identifiable assets acquired over the acquisition cost is used to reduce the fair value of each of the noncurrent assets acquired (except for financial assets other than investments accounted for by the equity method, noncurrent assets held for sale, deferred income tax assets, prepaid pension or other postretirement benefit) in proportion to the respective fair values of the noncurrent assets, with any excess recognized as an extraordinary gain. Effective January 1, 2006, the accounting treatment for the unamortized investment premium arising on acquisitions before January 1, 2006 is the same as that for goodwill and the premium is no longer being amortized. For any investment discount arising on acquisitions before January 1, 2006, the unamortized amount continues to be amortized over the remaining years.

If the investment in and investee and any advances to the investee have been reduced to zero, the Company will discontinue recognizing its investment loss. But if (a) the Company commits to provide financial support to an investee or (b) if the investee's losses are temporary and evidence sufficiently shows imminent return to profitability, the Company will continue to recognize its investment loss. Any credit balance on the carrying value of a long-term investment and advances are reclassified to receivables or other liabilities-others in the balance sheets.

If an investee issues additional shares and the Company acquires shares at a percentage different from its current equity in the investee, capital surplus is adjusted for the difference between the cost of the investments and the Company's equity in the investee's net assets. If the cost of the investments is less than equity in net assets, the difference is added to capital surplus. If the cost of the investments is more than equity in net assets, the difference is deducted from capital surplus, or from unappropriated earnings when capital surplus is not enough for debiting purposes.

The Company's shares held by subsidiaries are recorded as treasury stocks. The Company's dividends appropriated to subsidiaries are debited to investment income and adjusted to capital surplus - treasury stock transaction.

When an indication of impairment is identified in an investment, the carrying amount of the investment is reduced, with the related impairment loss charged to current income.

Stock dividends are accounted for only as an increase in the number of shares held, and the cost per share is re-calculated based on the new number of shares. Upon sale of stocks, the weighted-average method is adopted in calculating the cost and gain or loss on disposal thereof.

If an investee's functional currency is foreign currency, translation adjustments will result from the translation of the investee's financial statements into the reporting currency of the Company. Such adjustments are accumulated and reported as a separate component of shareholders' equity.

According to the Order 0960034217 issued by SEC, beginning 2008, in addition to the second quarter and the fourth quarter, the consolidated financial report should also be prepared for the first quarter and the third quarter for the listed companies.

Unrealized inter-company profits or losses resulting from transactions between the Company and its investees accounted for under the equity method are deferred until such profits or losses are realized. The profits or losses resulting from depreciated or amortized assets are recognized over the estimated useful lives of such assets.

(10) Financial Assets Carried at Cost

Investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at original cost, such as non-publicly traded stocks. Stock dividends received are accounted for only as an increase in the number of shares held, and the cost per share is re-calculated based on the new numbers of shares. If there is objective evidence that a financial asset is impaired, an impairment loss is recognized. A subsequent reversal of such impairment loss is not allowed.

(11) Property, and Equipment and Idle Assets

Property, plant and equipment are stated at cost. Interest expense for the purchase or construction of properties is capitalized as property cost. Major additions, renewals and betterments are capitalized, while maintenance and repairs are expensed currently. The economic useful lives of major property and equipment are as follows: buildings, 20 to 55 years; machinery and equipment, 5 to 35 years; and other equipments, 3 to 15 years.

Depreciation is computed using the straight-line method with the guideline service lives prescribed by the Government Tax Agency. Assets still in use after full depreciation may continue to be depreciated based on the remaining estimated economic lives and salvage values using the straight-line method.

Upon sale or disposal of properties, the related cost and accumulated depreciation are removed from the accounts, and the related gain or loss is credited or charged to income.

Property, plant and equipment not used in operations are stated at the lower of net realizable value or carrying amount transferred to other assets-idle assets.

(12)Deferred Charges

Deferred charges are line subsidies, bond issue cost and telephone installation fee, which are amortized over 3 to 10 years using the straight-line method.

(13)Pension

The Company has a Pension Plan covering all permanent employees and makes a monthly contribution equivalent to 4.2% of the total salary to the special pension fund account held at the Bank of Taiwan in accordance with the Labor Standards Law. Pension payments are made from the special pension fund account and any deficiency is paid by the Company and recognized as current expense.

The Company accounted for employees' pension costs in accordance with SFAS No. 18 "Accounting for Pension" and recognized net pension cost and accrued pension liabilities in accordance with the standards.

Pension cost under a defined benefit plan is determined by actuarial valuations and recorded as expenses. Contributions made under a defined contribution plan are recognized as pension costs during the year in which employees render services.

(14)Deferred Credits – Profit From Affiliates

Related to sale of merchandise and assets to subsidiaries or elimination of unrealized internal gain by equity-method investees in accordance with generally accepted accounting principles. The accounting treatments are carried out in accordance with SFAS No. 5 "Long-term Investments Accounted for Using the Equity Method". Unrealized gains or losses arising from downstream transactions between the investor and equity-method investees over which the investor has control, are eliminated in full. Where the investor has no control but only exercises significant influence over the investee company, any unrealized gains or losses arising from downstream transactions between the investor and investee shall be eliminated in proportion of the investor's ownership percentages in the investees.

(15)Classification of Capital and Income Expenditures

Expenditures producing material economic benefits in future periods are capitalized as assets, while others are recorded as expenses or losses.

(16)Revenue Recognition**A. Operating Revenue**

The Company recognizes revenue when evidence of the revenue generation process is complete and the revenue is realized or the collectability is reasonably assured. Any sale not in satisfaction of the aforementioned criteria are recognized as revenue upon satisfaction of the criteria.

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

B. Construction Revenue

The SFAS No. 11 prescribes the adoption of the percentage-of-completion method to account for gains and losses on a construction project with a duration of more than 1 year or the complete-contract method for a construction project with a duration of less than 1 year.

(17) Bonus to Employees and Remuneration to Directies and Supervisors

Starting January 1, 2008, the Company adopted Interpretation 96-052, "Accounting for Bonuses to Employees, Directors and Supervisors" issued by the ARDF and makes an accrual for the amount of directors and supervisors' remuneration in the accounts as either "costs of operation" or "operating expenses" according to their nature. Any variance between the accrued or actual amounts adopted in shareholders' meeting is treated as accounting estimate change and charged or credited to current income.

(18) Foreign-currency Transactions

Foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Exchange gains or losses derived from foreign-currency transactions or monetary assets and liabilities denominated in foreign currencies are recognized in earnings. At the balance sheet date, foreign-currency assets and liabilities are revalued at prevailing exchange rates with the resulting gains or losses recognized in earnings.

(19) Treasury stock

The Company's purchase of common stock issued is recognized as treasury stock and stated at cost. The Company's stock held by subsidiaries is treated as treasury stock as well. When the price of disposal of treasury stock is higher than book value or cash dividends received by the subsidiaries from the Company, the difference or the dividends shall be recorded as "capital surplus - treasury stock transactions". When the price of disposal of treasury stock is lower than book value, the difference is recorded as a reduction from "capital surplus - treasury stock transactions" or retained earnings when "capital surplus - treasury stock transactions" is insufficient. The book value of treasury stock is calculated based on the average weight method for each purchase.

When the Company retires treasury stock, the treasury stock account is reduced and the common stock as well as the capital surplus - additional paid-in capital are reversed on a pro rata basis. When the book value of the treasury stock exceeds the sum of the par value and additional paid-in capital, the difference is debited to capital surplus - treasury stock transactions and to retained earnings for any remaining amount. When the book value of the treasury stock is lower than the sum of the par value and additional paid-in capital, the difference is credited to capital surplus - treasury stock transactions.

(20)Income Tax

The Company adopted SFAS No. 22, "Income Taxes", and makes inter-period and intra-period tax allocations. Furthermore, it complies with the requirements to recognize deferred income tax liabilities resulting from taxable temporary differences and to recognize deferred income tax assets resulting from deductible temporary differences, prior year loss carry forwards, and investment tax credits. The realization of deferred income tax assets is further assessed, and a valuation account, if needed, is provided accordingly. A deferred tax asset or liability is classified as current or non-current in accordance with the classification of its related asset or liability. However, if a deferred tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or non-current based on the expected length of time before it is realized or settled.

Income tax on unappropriated earnings at a rate of 10% is expensed in the year of stockholders' approval, which is the year subsequent to the year the earnings are generated.

The Income Basic Tax Act (the "IBTA") became effective on January 1, 2006. The alternative minimum tax ("AMT") imposed under the IBTA is a supplemental tax levied at a rate of 10% which is payable if the income tax payable determined pursuant to the Income Tax Act is below the minimum amount prescribed under the IBTA. The taxable income for calculating the AMT includes most of the income that is exempted from income tax under various laws and statutes. The Company has considered the impact of the IBTA in the determination of its tax liabilities.

Once the corporate tax law is amended, the deferred tax assets and liabilities will be recalculated and the differences will be recognized as tax expense or benefit.

(21)Asset Impairment

The Company assesses at each balance sheet date whether there is any indication that an asset may have been impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The Company recognizes impairment loss for an asset whose carrying value is higher than the recoverable amount.

The Company reverses an impairment loss recognized in prior periods for assets other than goodwill if there is any indication that the impairment loss recognized no longer exists or has decreased. The carrying value after the reversal should not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized in prior periods. Subsequent reversal of a previous recognized impairment loss on goodwill is not allowed.

3. ACCOUNTING CHANGES

(1) Effective January 1, 2009, the Company adopted the newly revised SFAS No. 10, "Accounting for Inventories." The main revisions are (1) inventories are stated at the lower of cost or net realizable value, and inventories are written down to net realizable value item-by-item except when the grouping of similar or related items is appropriate; (2) unallocated overheads are recognized as expenses in the period in which they are incurred; and (3) abnormal cost, write-downs of inventories and any reversal of write-downs are recorded as cost of sales for the period. The adoption of SFAS No. 10 resulted in a decrease of \$18,759 thousand in net income and a decrease of \$0.01 in earnings per share (after tax) for the year ended December 31, 2009.

To present fairly the product related cost, the Company considered cost of merchandise sales, unallocated fixed overheads, abnormal manufacturing cost, and loss on inventory valuation and obsolescence (or gain on inventory value recoveries) as part of cost of goods sold.

(2) On January 1, 2008, the Company adopted newly released Statements of Financial Accounting Standards No. 39 "Share-based payment" (SFAS No. 39) and No. 52 Explanation made by Accounting Research and Development Foundation in 2007. The effects of the adoption as of and for the year ended December 31, 2008 were as follows:

Accrued expenses: increase by NT\$7,089 thousand; Tax payable: decrease by NT\$1,772 thousand; Net income : decrease by NT\$5,317 thousand; EPS (after tax): decrease by NT\$0.004.

4. CASH AND CASH EQUIVALENTS

Item	December 31	
	2009	2008
Petty cash	\$1,650	\$1,650
Checking account	275,476	214,597
Savings account	6,229	489
Foreign currency account	1,718,202	1,890,121
Time deposits	300,000	332,800
Total	\$2,301,557	\$2,439,657

5. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Item	December 31	
	2009	2008
Financial assets held for trading - current		
Domestic listed stock	\$910,486	\$606,916
Beneficiary certificates - funds	64,768	43,446
Corporate bonds	15,124	13,538
Subordinate financial debentures	9,996	-

Item	2009	2008
Financial assets designated as at fair value through profit or loss - current		
Investment-linked life insurance	6,906	6,927
Investment-linked commodities	-	9,901
Total	<u>\$1,007,280</u>	<u>\$680,728</u>
Financial assets at fair value through profit or loss - noncurrent		
Compound commodities	<u>\$279,243</u>	<u>\$ -</u>
Total	<u>\$279,243</u>	<u>\$ -</u>

Net gain (loss) on financial assets held for trading for the years ended December 31, 2009 and 2008 were NT\$364,395 thousand and (NT\$18,206) thousand, respectively. Net gain (loss) on financial liabilities held for trading for the years ended December 31, 2009 and 2008 were (NT\$847) thousand and NT\$0 thousand, respectively.

6. BOND INVESTMENTS WITH NO ACTIVE MARKET

Item	December 31	
	2009	2008
Bond investments - current		
Baohwa Bank subordinate bank debenture	\$5,000	\$5,000
Chinfon Bank subordinate bank debenture	<u>2,000</u>	<u>2,000</u>
Subtotal	\$7,000	\$7,000
Less: accumulated impairment	<u>(5,000)</u>	<u>(5,000)</u>
Net	<u>\$2,000</u>	<u>\$2,000</u>
Bond investments - noncurrent		
Chinfon Bank subordinate bank debenture	<u>\$4,000</u>	<u>\$6,000</u>
Total	<u>\$4,000</u>	<u>\$6,000</u>

7. NOTES RECEIVABLE, NET

Item	December 31	
	2009	2008
Notes receivable	\$132,612	\$152,704
Less: allowance for doubtful accounts	<u>(380)</u>	<u>(1,720)</u>
Notes receivable, net	<u>\$132,232</u>	<u>\$150,984</u>

Please refer to Note 34 for the information of notes receivable between related parties.

8. ACCOUNTS RECEIVABLE, NET

Item	December 31	
	2009	2008
Accounts receivable - general	\$1,338,395	\$1,183,478
Less: allowance for doubtful accounts	(25,401)	(44,560)
Accounts receivable - general, net	\$1,312,994	\$1,138,918
Accounts receivable - related parties	\$1,752,657	\$656,599
Less: allowance for doubtful accounts - related parties	(6,959)	(3,152)
Accounts receivable - related parties, net	\$1,745,698	\$653,447
Accounts receivable, net	\$3,058,692	\$1,792,365

(1) Please refer to Note 34 for the information of accounts receivable between related parties.

(2) As of December 31, 2009 and 2008, accounts receivable totaling NT\$137,463 thousand and NT\$114,000 thousand were provided to financial institutions as collateral for loans.

Please refer to Note 35 for details of the Company's pledged assets.

9. OTHER RECEIVABLES

Item	December 31	
	2009	2008
Purchase discount receivable	\$17,260	\$17,341
Interest receivable	763	1,459
Business tax refundable	165,000	141,000
Receivable from capital reduction	5,880	12,600
Other receivables	78	8,697
Total	\$188,981	\$181,097
Less: allowance for doubtful accounts	-	(7,865)
Net	\$188,981	\$173,232

10. OTHERS RECEIVABLE - RELATED PARTIES

Item	December 31	
	2009	2008
Dividends receivable	\$62,700	\$29,400
Purchase discount receivable	4,287	-
Others	3,413	2,439
Total	\$70,400	\$31,839

11. INVENTORIES

Item	December 31	
	2009	2008
Rolled Steel Department:		
Raw materials	\$1,243,953	\$1,513,760
Supplies	36,261	47,559
Work in process	511,391	694,041
Finished goods	1,319,128	1,921,343
Scraps	54,284	46,400
Subtotal	\$3,165,017	\$4,223,103
Less: valuation allowance	(7,742)	(898,402)
Net	\$3,157,275	\$3,324,701
Heavy Industry Department:		
Construction in progress	\$3,067,621	\$2,755,610
Less: transferred into deduction of advance construction receipts	(403,292)	(263,157)
Less: transferred from advance construction receipts	(1,913,858)	(1,584,448)
Subtotal	\$750,471	\$908,005
Less: valuation allowance	(36,574)	(47,986)
Net	\$713,897	\$860,019
Total	\$3,871,172	\$4,184,720

(1)According to Statements of Financial Accounting Standards No. 11“Construction Contracts ”, if the balance of construction in progress exceeds the balance of partial advance construction receipts, partial advance construction receipts are deducted from construction in progress. Please refer to Note 23 for the information.

If the balance of partial advance construction receipts exceeds the balance of construction in progress, construction in progress is deducted from partial advance construction receipts.

(2)The related inventory gain (loss) recognised as operating cost for the years ended December 31, 2009 and 2008 were as follows:

Item	2009	2008
Cost of goods sold	\$24,237,904	\$33,280,166
Construction cost	1,120,701	1,466,232
Loss (gain) on inventory valuation	(902,070)	811,585

Item	2009	2008
Unallocated fixed overheads	185,239	-
Provision for (reverse of) loss on irrevocable purchase contract	(16,010)	16,010
Total	<u>\$24,625,764</u>	<u>\$35,573,993</u>

(3) As of December 31, 2009 and 2008, fire insurance coverages for inventory were NT\$1,634,022 thousand and NT\$1,915,175 thousand; construction insurance coverages were NT\$2,235,442 thousand and NT\$2,204,317 thousand, respectively.

12. PREPAYMENTS

Item	December 31	
	2009	2008
Prepayment for material purchase	\$154,506	\$5,323
Prepaid insurance	18,053	19,284
Prepaid (overpaid) business tax	4,009	3,105
Prepaid royalties	2,607	2,607
Prepaid rent	2,992	3,748
Others	1,034	2,038
Total	<u>\$183,201</u>	<u>\$36,105</u>

Please refer to Notes 34 and 36 for details of prepaid royalties.

13. NONCURRENT ASSETS HELD FOR SALE

Item	December 31	
	2009	2008
Land	\$12,977	\$ -
Less: accumulated impairment	(3,302)	-
Net	<u>\$9,675</u>	<u>\$ -</u>

(1) The land of Section Bao Dian Si was compulsory purchased by the Government, and the registration was finished in January 2010. The Company reclassified the land as noncurrent assets held for sale, and recognized related impairment loss caused by the compulsory purchase amounting to NT\$3,302 thousand.

(2) According to SFAS No. 38, an entity shall not reclassify assets and liabilities in the balance sheets for prior periods if the entity reclassifies noncurrent assets as held for sale in the current period.

(3) The Company provided partial noncurrent assets held for sale as collateral for the borrowings. Please refer to Note 35 for the information.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Name of Investee Companies	December 31, 2009	
	Carrying Amount	% of Ownership
Yieh Mau Corporation	\$505,967	23.00%
Cheng Shin House Management Consulting Co., Ltd.	874	32.00%
Widax Taiwan Corp.	24,668	84.45%
Shin Phui steel Corporation	244,385	100.00%
Eliter International Corp.	699,191	28.75%
Good Honor Holdings Ltd.	349,837	100.00%
Worthing Honor Holdings Ltd.	53,336	100.00%
Excellent Rewards International Co., Ltd.	331,544	100.00%
Top Point Investment Properties Limited	368	100.00%
United Brightening Development Corp.	999,209	44.56%
EMMT Systems Corp.	173,009	78.59%
Tian-Yue Hot Spring and Resort International Corp.	4,649	19.50%
Global Partners Link Co., Ltd.	8,045	33.33%
Synn Industrial Co., Ltd.	464,888	30.00%
Mickey Regent Inc.	4,257,417	100.00%
Best Perfect Holding Limited	244	100.00%
Asiazone Co., Ltd.	408,760	19.50%
Kuo Chang Enterprise Co., Ltd.	530,555	45.00%
Yieh Hsing Enterprise Co., Ltd.	3,013,675	54.82%
Tycoons Steel International Co., Ltd.	372,247	49.00%
Hsing Jui Investments Limited	135,326	31.00%
Da Yao Engineering & Consulting Co., Ltd.	10,203	49.00%
E-DA Development Corp.	1,063,463	29.07%
Zheng Xin Security Co., Ltd.	17,244	35.00%
Champion Logistic Inc.	2,861,917	49.44%
E United Japan Co., Ltd.	5,828	47.00%
E-DA cultural creative industries Co., Ltd.	9,404	19.00%
Subtotal	<u>\$16,546,253</u>	
Prepayments for investments		
Hsing Jui Investments Limited	<u>\$78,509</u>	-
Subtotal	<u>\$78,509</u>	
Total	<u><u>\$16,624,762</u></u>	

Name of Investee Companies	December 31, 2008	
	Carrying Amount	% of Ownership
Yieh Mau Corporation	\$501,361	23.00%
Cheng Shin House Management Consulting Co., Ltd.	4,425	32.00%
Widax Taiwan Corp.	27,036	84.45%
Shin Phui steel Corporation	229,342	100.00%
Eliter International Corp.	695,264	28.57%
Good Honor Holdings Ltd.	282,911	100.00%
Worthing Honor Holdings Ltd.	54,667	100.00%
Excellent Rewards International Co., Ltd.	318,368	100.00%
Top Point Investment Properties Limited	377	100.00%
United Brightening Development Corp.	792,596	44.56%
EMMT Systems Corp.	163,871	74.26%
Tian-Yue Hot Spring and Resort International Corp.	6,892	19.50%
Global Partners Link Co., Ltd.	7,861	33.33%
Synn Industrial Co., Ltd.	446,926	30.00%
Mickey Regent Inc.	4,474,865	100.00%
Best Perfect Holding Limited	249	100.00%
Asiazone Co., Ltd.	435,915	19.50%
Kuo Chang Enterprise Co., Ltd	398,183	45.00%
Yieh Hsing Enterprise Co., Ltd	3,093,117	54.82%
Tycoons Steel international Co., Ltd	429,357	49.00%
Hsing Jui Investments Limited	136,039	31.00%
Da Yao Engineering & Consulting Co., Ltd.	9,958	49.00%
E-DA Development Corp.	780,969	29.07%
Zheng Xin Security Co., Ltd.	13,917	35.00%
Champion Logistic Inc.	2,919,760	49.44%
Subtotal	<u>\$16,224,226</u>	
Prepayments for investments		
Hsing Jui investments Limited	<u>\$52,841</u>	
Subtotal	<u>\$52,841</u>	
Total	<u><u>\$16,277,067</u></u>	

(1) The investment income (loss) accounted for using the equity method were as follows:

Item	2009	2008
Audited financial statements	(\$170,723)	(\$215,859)
Financial statements exempted from CPA audits	(2,384)	415
Audited financial statements by the other auditors	(16,578)	(103,948)
Total	<u>(\$189,685)</u>	<u>(\$319,392)</u>

As of December 31, 2009 and 2008, the carrying values of investments accounted for using the equity method of NT\$416,805 thousand and NT\$3,536,893 thousand, respectively, were recognized based on the reports of the other auditors. Investment income (loss) recognized for the years ended December 31, 2009 and 2008 were NT\$(16,578) thousand and NT\$(103,948) thousand, respectively.

15. FINANCIAL ASSETS CARRIED AT COST - NONCURRENT

Name of Investee Companies	December 31, 2009	
	Carrying Amount	% of Ownership
Yieh United Steel Corp.	\$2,665,825	14.61%
Shuo Huang Enterprise Co., Ltd.	-	19.60%
Universal Venture Capital Investment Co., Ltd.	9,130	0.91%
Chateau Bridgetop Inc.	-	10.00%
Pacific Harbour Stevedoring Corporation	1,650	3.00%
Grand Fortune Special Steel Co., Ltd.	-	5.73%
Ascentek Venture Capital Corp.	23,520	6.42%
Asia Pacific Telecom Co., Ltd.	-	0.14%
Neoflex Technology Co., Ltd.	1,060	0.59%
Strategic Advisory Investment Limited.	-	10.00%
Kuo Fu Venture Investment Corp.	15,880	10.00%
Dance & Jump Software Co., Ltd.	535	1.60%
Ambicom Corporation Ltd.	1,500	3.42%
Auto Parts Industrial Ltd.	100,000	4.41%
Microlinks Technology Corp.	4,440	11.63%
Taiwan Vespa Co., Ltd.	81,105	3.60%
Windance Co., Ltd.	-	2.68%
New Springs Construction Corp.	41,833	19.31%
Yieh Corporation Limited	2,002	6.67%
Subtotal	<u>\$2,948,480</u>	

Name of Investee Companies	December 31, 2008	
	Carrying Amount	% of Ownership
Yieh United Steel Corporation	\$2,179,768	12.60%
Shuo Huang Enterprise Co., Ltd.	-	19.60%
Universal Venture Capital Investment Co., Ltd.	9,130	0.91%
Chateau Bridgetop Inc.	-	10.00%
Pacific Harbour Stevedoring Corp.	1,650	3.00%
Grand Fortune Special Steel Co., Ltd.	-	5.73%
Ascentek Venture Capital Corp.	29,400	6.42%
Asia Pacific Telecom Co., Ltd.	-	0.14%
Neoflex Technology Co., Ltd.	3,063	0.98%
Strategic Advisory Investment Ltd.	-	10.00%
Kuo Fu Venture Investment Corp.	15,880	10.00%
Dance & Jump Software Co., Ltd.	535	1.60%
Ambeon Corporation Ltd.	1,500	3.42%
Auto Parts Industrial Ltd.	100,000	4.41%
Microlinks Technology Corp.	4,440	11.63%
Taiwan Vespa Co., Ltd.	81,105	3.60%
Windance Co., Ltd.	-	2.68%
New Springs Construction Corp.	41,833	19.31%
Yieh Corporation Limited	2,002	6.67%
Subtotal	<u>\$2,470,306</u>	
Prepayments for investments		
Aceros De China, S.L.	<u>\$32,901</u>	
Subtotal	<u>\$32,901</u>	
Total	<u><u>\$2,503,207</u></u>	

- (1) The above equity investments, which had no quoted prices in active market and of which fair value could not be reliably measured, were carried at cost.
- (2) Due to serious operation difficulty and financial crisis of certain investees, the Company has recognized impairment loss for these assets.

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16. PROPERTY, PLANT & EQUIPMENT, NET

(1) Property, plant and equipment as of December 31, 2009 were as follows:

Item	Cost	Accumulated Depreciation	Carrying Value
Land	\$1,804,652	\$ -	\$1,804,652
Buildings	4,056,825	1,929,210	2,127,615
Machinery and equipment	13,958,093	7,671,899	6,286,194
Molding equipment	1,038,493	721,343	317,150
Utilities equipment	234,621	172,788	61,833
Computer and telecommunication equipment	242,911	191,146	51,765
Testing equipment	58,106	39,688	18,418
Transportation equipment	566,154	460,029	106,125
Office equipment	5,686	3,579	2,107
Other equipment	154,246	94,732	59,514
Prepayments for equipment	155,333	-	155,333
Total	<u>\$22,275,120</u>	<u>\$11,284,414</u>	<u>\$10,990,706</u>

(2) Property, plant and equipment as of December 31, 2008 were as follows:

Item	Cost	Accumulated Depreciation	Carrying Value
Land	\$1,769,291	\$ -	\$1,769,291
Buildings	3,857,201	1,714,432	2,142,769
Machinery and equipment	13,838,515	7,082,202	6,756,313
Molding equipment	1,004,124	647,444	356,680
Utilities equipment	234,327	160,364	73,963
Computer and telecommunication equipment	241,822	165,482	76,340
Testing equipment	62,844	43,818	19,026
Transportation equipment	547,084	452,606	94,478

Item	Cost	Accumulated Depreciation	Carrying Value
Office equipment	10,866	7,441	3,425
Other equipment	154,124	83,024	71,100
Construction in progress	162,642	-	162,642
Prepayments for equipment	236,687	-	236,687
Total	<u>\$22,119,527</u>	<u>\$10,356,813</u>	<u>\$11,762,714</u>

- (3) Partial property, plant and equipment has been pledged for the borrowings. Please refer to Note 35 for the information.
- (4) Insurance coverages on property, plant and equipment amounted to NT\$18,746,265 thousand, and NT\$18,605,087 thousand as of December 31, 2009 and 2008, respectively. Insurance coverages on operation break off amounted to NT\$2,354,457 thousand, and NT\$2,508,337 thousand as of December 31, 2009 and 2008, respectively.
- (5) The details of interest capitalized were as follows:

Item	2009	2008
Capitalized interest expense	<u>\$4,146</u>	<u>\$11,284</u>
Capitalized interest rates	<u>1.93%-2.30%</u>	<u>2.832%-3.300%</u>

17. IDLE ASSETS, NET

- (1) As of December 31, 2009, the idle assets were as follows:

Item	Cost	Accumulated Depreciation	Carrying Value
Land	<u>\$208,101</u>	<u>\$ -</u>	<u>\$208,101</u>
Total	<u>\$208,101</u>	<u>\$ -</u>	<u>\$208,101</u>
Less: accumulated impairment			<u>-</u>
Net			<u>\$208,101</u>

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(2) As of December 31, 2008, the idle assets were as follows:

Item	Cost	Accumulated Depreciation	Carrying Value
Land	\$208,101	\$ -	\$208,101
Machinery and equipment	32,614	14,061	18,553
Transportation equipment	8,141	3,135	5,006
Facilities	31	13	18
Utilities equipment	2,753	1,005	1,748
Other equipments	80	49	31
Total	<u>\$251,720</u>	<u>\$18,263</u>	<u>\$233,457</u>
Less: accumulated impairment			(3,500)
Net			<u>\$229,957</u>

(3) Idle assets are the assets transferred from the consolidation with Lien Guan Co., Ltd.

(4) Partial idle assets have been pledged for the borrowings. Please refer to Note 35 for the information.

18. OVERDUE RECEIVABLE, NET

Item	December 31	
	2009	2008
Overdue receivable	\$4,500	\$8,100
Less: allowance for doubtful accounts	(4,500)	(8,100)
Net	<u>\$ -</u>	<u>\$ -</u>

19. OTHER ASSETS - OTHERS

Item	December 31	
	2009	2008
Prepaid royalties	\$98,133	\$100,740
Prepaid pension cost	60,346	48,082
Land in use	8,516	18,001
Assets with suspended expansion - Ping nan factory construction	1,040,809	1,042,038
Total	<u>\$1,207,804</u>	<u>\$1,208,861</u>

(1) Please refer to Note 34 and 36 for the information related to prepaid royalties.

20. SHORT-TERM LOANS

Item	December 31, 2009	
	Amount	Interest rates
Unsecured loans	\$1,528,000	1.59%-2.40%
Material loans	4,134,756	0.81%-2.61%
Mortgage loans	109,726	1.01%
Total	<u>\$5,772,482</u>	

Item	December 31, 2008	
	Amount	Interest rates
Unsecured loans	\$660,000	2.65%-3.25%
Material loans	3,937,395	1.82%-4.70%
Mortgage loans	114,000	3.20%-3.91%
Total	<u>\$4,711,395</u>	

The Company provided part of its assets as collaterals for the borrowings. Please refer to Note 35 for the information.

21. SHORT-TERM BILLS PAYABLE

Item	December 31	
	2009	2008
Promissory notes	\$550,000	\$500,000
Less: unamortized discount	(635)	(1,134)
Net	<u>\$549,365</u>	<u>\$498,866</u>
Interest rates	<u>1.45%-1.50%</u>	<u>2.6%-3.25%</u>

The Company provided part of its assets as collaterals for short-term bills payable. Please refer to Note 35 for the information.

22. OTHER PAYABLES

Item	December 31	
	2009	2008
Equipment payable	\$11,707	\$18,188
Cash dividends payable	22,189	22,149
Quantity discount payable	34,568	22,651
Payable on purchase contract loss	-	16,010
Other payables	141	76
Total	<u>\$68,605</u>	<u>\$79,074</u>

23. ADVANCE RECEIPTS

Item	December 31	
	2009	2008
Advance sales receipts	\$88,810	\$60,057
Advance other receipts	11,132	5,771
Advance construction receipts	2,366,990	1,933,220
Less: transferred from construction in progress	(403,292)	(263,157)
Less: transferred into deduction of construction in progress	(1,913,858)	(1,584,448)
Net	\$149,782	\$151,443

- (1) According to Statements of Financial Accounting Standards No. 11 "Construction Contracts", if the balance of construction in progress exceeds the balance of partial advance construction receipts, partial advance construction receipts are deducted from construction in progress.
- (2) If the balance of partial advance construction receipts exceed the balance of construction in progress, construction in progress is deducted from partial advance construction receipts. Please refer to Note 11 for the information.

**24. LONG -TERM LIASILITIES AND CURRENT PORTION OF LONG -
TERM LIABILITIES**

Item	December 31	
	2009	2008
Bank loans	\$8,742,000	\$8,460,500
Less: portion due within one year	(782,000)	(1,011,500)
Long-term liabilities	\$7,960,000	\$7,449,000
Interest rates	1.52%-2.535%	2.06%-3.3636%

- (1) Please refer to Note 35 for details of collaterals provideds for the above bank loans.

25. PENSION

- a. The defined benefit plan under the Labor Standards Law is disbursed based on the units of service years and the average salary in the last six months of the service year. Two units per year are entitled for the first 15 years of services while one unit per year is entitled after the completion of the fifteenth year. The total units shall not exceed 45 units.
- b. In accordance with SFAS No.18, the Company carried out actuarial valuations with measurement dates of December 31, 2009 and 2008. Pension information on the defined benefit plan were summarized as follows:

(a) Components of net pension cost:

Item	2009	2008
Service cost	\$12,909	\$13,236
Interest cost	13,016	15,449
Projected return on plan assets	(11,954)	(13,164)
Amortization of net transition obligation	2,621	2,621
Amortization of unrecognized net gain or loss	1,253	2,107
Net pension cost	<u>\$17,845</u>	<u>\$20,249</u>

(b) Reconciliation of funded status of the plans and accrued pension liability as of December 31, 2009 and 2008:

Item	December 31	
	2009	2008
Benefit obligation:		
Vested benefit obligation	(\$38,435)	(\$28,978)
Non-vested benefit obligation	<u>(421,197)</u>	<u>(342,824)</u>
Accumulated benefit obligation	(\$459,632)	(\$371,802)
Additional benefits based on future salaries	<u>(94,706)</u>	<u>(148,854)</u>
Projected benefit obligation	(\$554,338)	(\$520,656)
Fair value of plan assets	<u>505,914</u>	<u>478,150</u>
Funded status	(\$48,424)	(\$42,506)
Unrecognized transition benefit obligation	9,666	12,286
Unrecognized pension gain(loss)	<u>96,332</u>	<u>75,877</u>
Accrued pension liabilities	<u>\$57,574</u>	<u>\$45,657</u>
Vested benefit	<u>\$49,751</u>	<u>\$33,512</u>

(c) As of December 31, 2009, the Company's prepaid pension cost amounted to NT\$57,574 thousand, which was classified as other assets - others of NT\$60,346 thousand and accrued expenses of NT\$2,772 thousand.

(d) As of December 31, 2008, the Company's prepaid pension cost amounted to NT\$45,657 thousand, which was classified as other assets - others of NT\$48,082 thousand and accrued expenses of NT\$2,425 thousand.

(e) Actuarial assumptions:

Item	2009	2008
Discount rate	2.0%	2.5%
Future salary increase rate	1.5%	1.5%
Expected rate of return on plan assets	2.0%	2.5%

c. The Labor Pension Act of R.O.C (the Act), which adopts a defined contribution plan, became effective on July 1, 2005. Employees may choose either the Act, by retaining their seniority before the enforcement of the Act, or the pension mechanism of the Labor Standards Law. According to the Act, the rate of contribution by any employer to an employee's pension account per month shall not be less than 6% of each employee's monthly salary. The Company has made monthly contributions based on each individual employee's salary to employees' pension accounts since July 1, 2005, which amounted to NT\$34,741 thousand and NT\$40,016 thousand for the years ended December 31, 2009 and 2008, respectively.

26. CAPITAL STOCK

Item	December 31	
	2009	2008
Authorized capital	\$20,000,000	\$20,000,000
Issued capital	14,542,192	14,591,543
Issued shares (in thousand shares)	1,454,219	1,459,154
Par value (NT dollars)	10	10

The Company's shareholders' meeting approved earnings transferred to capital by NT\$423.559 thousand on June 16, 2009. In addition, the Ministry of Economic Affairs has approved the retirement of treasury stock and the capital reduction of NT\$472.910 thousand on March 27, 2009.

27. TREASURY STOCK

(1)		(Shares in thousands)	
Reason	Item	2009	2008
To maintain the Company's creditability and shareholders' interest	Beginning shares	47,291	-
	Addition	-	47,291
	Reduction	(47,291)	-
	Ending shares	-	47,291

(2) Under the Securities and Exchange Law, the buyback amount of treasury stock should not exceed 10% of total issued shares, and the buyback cost should not exceed the sum of the retained earnings, additional paid-in capital in excess of par value and realized capital surplus. On October 23, 2008, the Company's board of directors approved a share buyback plan to repurchase up to 100,000 thousand shares of the Company's common stock between October 24, 2008 and December 23, 2008, and 47,291 thousand shares were repurchased at totalling \$418,867 thousand during this period. The Company's board of directors resolved March 12, 2009 as the record date of the capital reduction on February 17, 2009, and the capital reduction was registered with the authority on March 27, 2009.

(3) Under the Securities and Exchange Act, the Company shall neither pledge treasury stock nor exercise shareholders' rights on these shares, such as right of dividend and right to vote.

28. CAPITAL SURPLUS

In accordance with regulations of R.O.C. Company Law, the capital surplus shall first be used to offset losses from the previous years; afterwards, it, so-called the realized capital surplus, if any, can be transferred to the Company's capital. The above-mentioned realized capital surplus includes the excess of the issue price over the par-value of the capital stocks and the donations. Under the regulations of the Security Exchange Law, the maximum amount transferred from capital surplus to the Company's capital per year shall not be over 10% of the Company's issued capital. In addition, capital increase by transferring paid-in capital in excess of par value can be commenced in the following year.

29. APPROPRIATION OF RETAINED EARNINGS AND DIVIDEND POLICY

(1) As part of a growing enterprise, the Company considers its expanding plan and profitability in determining the stock or cash dividends to be paid. That is, the Company's dividend distribution is based on the availability of excess funds.

According to the Company Law of the R.O.C. and the Company's Articles of Incorporation, 10% of the Company's annual net income less any deficit should first be set aside as legal reserve. The remainder of the unappropriated earnings, less special reserve based on relevant laws and regulations or business requirements, should be distributed as dividends and bonus. The appropriation of earnings should be resolved in the shareholders' meeting. However, there should be appropriations of 1% as bonuses to employees and not more than 0.2% as remuneration to directors and supervisors. In consideration of its expanding plan and future cash demands, the Company intends to distribute stock dividends. The Company's dividend policy stipulates that at least 20% of total dividends may be distributed as cash dividends, and no more than 80% of total dividends may be distributed as stock dividends.

(2) Pursuant to Article 41 of the Securities and Exchange Law of the R.O.C., a special reserve is set aside from the current net income and prior unappropriated earnings with an amount equal to the amount of items that is accounted for as deductions to stockholders' equity such as unrealized loss on long-term investment and cumulative translation adjustments. When the deductions to stockholders' equity are reversed, the set-aside special reserve can be distributed.

(3) Employees' bonus and remuneration to directors and supervisors

A. Based on the resolutions made by the annual shareholders' meetings held on June 16, 2009, the information on employees' bonus, and directors' and supervisors' remuneration appropriated from the distributable retained earnings of 2008 was as follows:

Item	Amount
Bonus to employees - cash	\$2,858
Remuneration to directors and supervisors - cash	572
Total	<u>\$3,430</u>

The above distributions of retained earnings were consistent with the resolution of the board of Directors held on April 23, 2009.

B. The appropriations of earnings for 2008 and 2007 had been approved by the shareholders' meetings in June 2009 and 2008. The appropriations and dividends per share were as follows:

Item	Appropriation of Earnings		Dividends Per Share	
	2008	2007	2008	2007
Legal reserve	\$101,536	\$160,248		
Special reserve	-	1,387		
Cash dividends	282,372	694,835	0.2	0.5
Stock dividends	423,559	694,835	0.3	0.5
Remuneration to directors and supervisors	-	1,224		
Bonus to employees	-	6,119		
Total	<u>\$807,467</u>	<u>\$1,558,648</u>		

Bonus to employees and remuneration to directors and supervisors for 2008, which amounted to NT\$2,858 thousand and NT\$572 thousand, respectively, were resolved by the shareholders' meeting held on June 16, 2009. Bonus to employees and remuneration to directors and supervisors recognized in the 2008 financial statements were NT\$5,908 thousand and NT\$1,181 thousand, respectively. The variation of NT\$3,050 thousand and NT\$609 thousand was due to profit adjustment, and was adjusted currently in profit or loss of 2009.

C. The related information regarding employees' bonus and directors' and supervisors' remuneration is available at the Market Observation Post System website.

(4) Based on the Company's Articles and average allocation percentage of employees' bonus and directors and supervisors' remuneration of previous years, the Company estimated employees' bonus and directors and supervisors' remuneration of NT\$3,533 and NT\$7,089 thousand for the years ended December 31, 2009 and 2008, respectively. However, the variation between the actual amounts resolved by the shareholders' meeting and the estimation should be seen as in accounting estimate change.

30. IMPAIRMENT LOSS

Item	2009	2008
Impairment loss on financial assets carried at cost	\$ -	\$164,448
Impairment loss on idle assets	5,188	3,500
Impairment loss on noncurrent assets held for sale	3,302	-
Impairment loss on other assets - others	-	76,500
Total	<u>\$8,490</u>	<u>\$244,448</u>

31. EXPENSES OF EMPLOYEES, DEPRECIATION AND AMORTIZATION

Item	Year ended December 31, 2009		
	Operating cost	Operating expenses	Total
Labor cost			
Salaries	\$651,841	\$267,902	\$919,743
Insurance	55,799	18,825	74,624
Pension (Note1)	37,948	14,331	52,279
Others	97,574	25,990	123,564
Depreciation	939,039	61,930	1,000,969
Amortization (Note2)	-	1,912	1,912
Total	<u>\$1,782,201</u>	<u>\$390,890</u>	<u>\$2,173,091</u>

Note 1: Excluding NT\$307 thousand of pension cost under prepayments for equipment.

Note 2: Excluding interest expense for amortization of syndicated loan of NT\$4,400 thousand.

Item	Year ended December 31, 2008		
	Operating cost	Operating expenses	Total
Labor cost			
Salaries	\$711,418	\$289,214	\$1,000,632
Insurance	58,791	17,884	76,675
Pension (Note1)	44,780	15,067	59,847
Others	199,375	46,719	246,094
Depreciation	923,691	50,393	974,084
Amortization (Note2)	-	2,071	2,071
Total	<u>\$1,938,055</u>	<u>\$421,348</u>	<u>\$2,359,403</u>

Note 1: Excluding NTS 418 thousand of pension cost under prepayments for equipment

Note 2: Excluding interest expense for amortization of syndicated loan of NTS3,300 thousand.

32. INCOME TAX

(1) Deferred income tax assets and liabilities were as follows:

A.Current:

Item	December 31	
	2009	2008
Unrealized bad debt expenses	\$1,019	\$11,322
Unrealized foreign exchange loss (gain)	5,481	7,886
Unrealized sales discounts	6,914	27,409
Unrealized gain (loss) on sales	5,300	2,143
Unrealized loss on inventories	8,863	53,793
Difference on sales between financial and tax basis	2,362	48,160
Others	996	5,088
Net	<u>\$30,935</u>	<u>\$155,801</u>

B.Noncurrent:

Item	December 31	
	2009	2008
Depreciation difference between financial and tax basis	\$5,734	\$8,070
Investment loss recognized under cost method	71,426	89,282
Investment loss (income) recognized under the equity method	318,040	428,361
Provision for foreign investment loss	(84,657)	(120,479)
Others	11,917	13,766
Loss carryforwards	13,807	-
Subtotal	\$336,267	\$419,000
Less: valuation allowance	(59,062)	(73,835)
Total	\$277,205	\$345,165
Cumulative translation adjustments	(102,774)	(169,748)
Net	\$174,431	\$175,417

(2) Income tax expense (benefit):

Item	2009	2008
Income tax expense for current period	\$ -	\$525,690
10% incremental tax on the unappropriated retained earnings	20,276	1,798
Deferred income tax expense (benefit)	115,791	(223,275)
Adjustment of prior years' income tax	(55,708)	7,944
Adjustment arising from the amendment of the Income Tax Law	77,035	-
Income tax expense	\$157,394	\$312,157

(3) Income tax payable

Item	December 31	
	2009	2008
Income tax expense for current period	\$ -	\$525,690
10% incremental tax on the unappropriated retained earnings	20,276	1,798
Adjustment of prior years' income tax	-	-
Less: prepaid income tax	(769)	(258,963)
Income tax payable (refundable)	\$19,507	\$268,525

- (4) Reconciliation between the income tax expense (benefit) and the income tax calculated on pre-tax financial income based on the statutory tax rate was as follows:

Item	2009	2008
Income tax on pre-tax income	\$110,776	\$332,609
Adjustment on income tax expense:		
(1) Unrealized (realized) foreign exchange loss (gain)	(1,035)	11,340
(2) Tax-exempt income	(5,570)	(19,570)
(3) Investment loss (income) recognized under the equity method	47,421	79,848
(4) Reverse of (provision for) foreign investment loss	14,658	25,559
(5) Unrealized (realized) profit on sales between affiliates	4,482	(8,933)
(6) Difference on pension expense between financial and tax basis	(3,066)	(3,760)
(7) Provision for (reversal of) loss on inventories	(46,908)	20,092
(8) Realized (unrealized) valuation loss (gain) on financial assets (liabilities)	(86,292)	6,288
(9) Loss on capital reduction or impairment	(71,224)	61,112
(10) Others	(9,426)	21,105
Loss carryforwards	46,184	-
Income tax expense for current period	<u>\$ -</u>	<u>\$525,690</u>

- (5) Income tax returns through 2007 had been examined and cleared by the tax authorities as of December 31, 2009.
- (6) As of December 31, 2009, the investment tax credits that can be used to offset the Company's future income taxes were as follows: none

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(7) Information regarding to imputation income tax system:

Items	December 31	
	2009	2008
Balance of imputation credit account(ICA)	\$1,455,439	\$1,555,954
Unappropriated earnings generated before January 1, 1998	111,907	111,907
Unappropriated earnings generated on and after January 1, 1998	3,557,644	4,064,954
	2009	2008
Estimated (Actual) creditable tax ratio	41.46%	43.50%
	(Estimated)	(Actual)

The imputation credit allocated to shareholders is based on its balance as of the date distribution. The estimated creditable ratio for distribution of 2009 may change when the actual distribution of imputation credit is made.

33. EARNINGS PER SHARE

Item	2009	2008
A. Basic earning per share		
Income before income tax	\$443,143	\$1,330,478
Net income	\$285,749	\$1,018,321
Weighted average shares outstanding (in thousand shares)	1,454,219	1,451,272
Weighted average shares outstanding after retroaction (in thousand shares)	1,454,219	1,494,810
Basic earnings per share:		
Income before income tax	\$0.30	\$0.89
Net income	\$0.20	\$0.68

Weighted average shares outstanding after retroaction in 2009 = $(1,459,154 - 47,291) * 1.03 = 1,454,219$

Weighted average shares outstanding after retroaction in 2008 = $1,451,272 * 1.03 = 1,494,810$

B. Diluted earnings per share

Income before income tax	<u>\$443,143</u>	<u>\$1,330,478</u>
Net income	<u>\$285,749</u>	<u>\$1,018,321</u>
Convertible bonds adjustment	\$ -	\$1,162
Adjusted income before income tax for diluted EPS calculation	443,143	1,331,640
Adjusted net income for diluted EPS calculation	285,749	1,019,193
Weighted average shares outstanding after retroaction (in thousand shares)	1,454,219	1,494,810
Estimated shares of convertible bonds adjustment (in thousand shares)	-	4,179
Weighted average shares outstanding for diluted EPS (in thousand shares)	1,454,219	1,498,989
Diluted earnings per share:		
Income before income tax	<u>\$0.30</u>	<u>\$0.89</u>
Net income	<u>\$0.20</u>	<u>\$0.68</u>

34. RELATED PARTY TRANSACTIONS

The significant transactions with related parties are as follows:

(1) Relationship with Related Parties

Related Party	Relationship with the Company
Yieh Hsing Enterprise Co., Ltd.	Subsidiary
Yieh Mau Corporation	Equity method investee
Yieh United Steel Corp.	Same president
Shin Phui Steel Corporation	Subsidiary
I-Shou University	Same president
Yieh Corp.	The president of this company is the secondary relative of the Company's president
Cheng Shin House Management Consulting Co., Ltd.	Equity method investee
E-DA Hospital	Same president

Related Party	Relationship with the Company
Wei Hung Investment & Development Co., Ltd.	Same president
Widax Taiwan Corp.	Subsidiary
Chain Dollars Enterprise Co., Ltd.	The president of this company is the secondary relative of the Company's general manager
Broad Victory Enterprise Co., Ltd.	Substantial related party
Yieh Hong Enterprise Co., Ltd.	Substantial related party
Synn Industrial Co., Ltd.	Equity method investee
United Brightening Development Corp.	Equity method investee
Eliter International Corp.	Equity method investee
Asiazone Co., Limited.	Equity method investee
Unipattern Co.	Substantial related party
Good Honor Holdings Ltd.	Subsidiary
Worthing Honor Holdings Ltd.	Subsidiary
Glorious Falcon International Limited.	Equity method investee of Good Honor Holdings Ltd.
Top Point Investment Properties Ltd.	Subsidiary
Best Perfect Holding Limited.	Subsidiary
Pacific Harbour Stevedoring Corp.	The president of this company is the Company's vice president
Sym Wang Iron Steel Co., Ltd.	The president of this company is the helpmate of the Company's vice president
Yeou Yih Steel Co., Ltd.	The president of this company is the Company's vice president
	Substantial related party
TwSAFE Inc.	The president of this company is the secondary relative of the Company's president (The president resigned in August 2008)
Excellent Rewards International Co., Ltd.	Subsidiary
Mickey Regent Inc.	Subsidiary
EMMT Systems Corp.	Subsidiary
Changshu Chief Leading Edge Construction Materials Co., Ltd.	Subsidiary of Excellent Rewards International Co., Ltd.

Related Party	Relationship with the Company
Jiangsu J&Y Engineering Co., Ltd.	Subsidiary of Excellent Rewards International Co., Ltd.
Yieh Phui(China) Technometerial Co., Ltd.	Subsidiary of Mickey Regent Inc.
Lien zhong Stainless Steel Corp.	Substantial related party
Lin Mei-Feng	Substantial related party
Lu Yi Enterprise Co., Ltd.	Substantial related party
Groupco Technology Inc.	Subsidiary of EMMT Systems Corp.
Yu Hong Enterprise Co.Ltd.	Substantial related party
E-DA Development Co., Ltd.	Equity method investee
Yieh Corporation Limited.	The president of this company is the secondary relative of the Company's president
Zheng Xin Security Co., Ltd.	Equity method investee
Chen Yung-Hsien	The vice financial general manager

(2) Purchases

Related Party	2009	
	Amount	% to Total
Asiazone Co., Limited	\$743,868	3.52%
Yieh Hong Enterprise Co., Ltd.	2,668,593	12.62%
Yieh Phui (China) Technometal Co., Ltd.	113,283	0.54%

Related Party	2008	
	Amount	% to Total
Asiazone Co., Limited	\$627,292	1.96%
Yieh Hong Enterprise Co., Ltd.	4,133,233	12.91%
Yieh Phui (China) Technometal Co., Ltd.	1,093,921	3.42%
Yieh United Steel Corp.	143,103	0.45%

(3) Sales

Related Party	2009	
	Amount	% to Total
Operating Revenue:		
Yieh Hsing Enterprise Co., Ltd.	\$427,740	1.61%
Yieh United Steel Corp.	44,652	0.17%
Chain Dollars Enterprise Co., Ltd.	45,295	0.17%
Asiazone Co., Limited.	2,200,106	8.29%
Glorious Falcon International Ltd.	5,074,849	19.12%
Shin Phui Steel Corporation	594,814	2.24%
Yieh Corporation Limited.	592,251	2.23%
Lu Yi Enterprise Co., Ltd.	6,702	0.03%
Others	5,170	0.02%
Construction revenue:		
Yieh Hsing Enterprise Co., Ltd.	43,105	0.16%
Eliter Intemation Corp.	14,912	0.06%
Others	281	-
Revenue from sale of scraps:		
Yieh United Steel Corp.	288,565	1.09%
Processing revenue:		
Others	483	-

Related Party	2008	
	Amount	% to Total
Operating Revenue:		
Yieh United Steel Corp.	\$50,408	0.13%
Chain Dollars Enterprise Co., Ltd.	201,851	0.51%
Asiazone Co., Limited.	2,874,243	7.28%
Glorious Falcon International Ltd.	7,592,831	19.22%
Shin Phui Steel Corporation.	885,053	2.24%
Yieh Corporation Limited	743,743	1.88%
Lu Yi Enterprise Co., Ltd.	86,407	0.22%
Others	6,117	0.02%
Revenue from sale of scraps:		
Yieh United Steel Corp.	531,600	1.35%
Processing revenue:		

Related Party	Amount	% to Total
Others	608	-
Construction revenue:		
Yieh United Steel Corp.	72,872	0.18%
Others	17,252	0.04%

(4) Transaction of Property, Plant and Equipment

(a) Purchase

Related Party	2009	
	Item	Amount
Yieh Hsing Enterprise Co., Ltd.	Purchase 35,100 thousand shares of Yieh United steel Corp.	\$486,057
Others	Purchase of equipment	191
Related Party	2008	
	Item	Amount
Yieh United Steel Corp.	Purchase of construction	\$1,068
Yieh Mau Corporation	Purchase of equipments & construction	1,143
Yieh Mau Corporation	Acquisition of 24,000 thousand shares of Yieh United steel Corp.	240,000
	Acquisition of 2,000 thousand shares of Eliter International Corp.	20,000
Unipattern Co.	Purchase of equipment	1,125
Others	Purchase of equipment	58

(b) Sale

2009: None

Related Party	Item	2008	
		Amount	Gain (Loss)
Others	Sale of equipment	\$507	\$ -

(5) Building Contracts

As of December 31, 2009:

Related Party	Item	Contract	Construction in
		Amount	Progress/Advance construction receipts
E-DA Development Co., Ltd.	Steel structure construction	\$336,310	291,317
Eliter Inetrnational Corp.	Steel structure construction	49,136	38,942
Yieh Hsing Enterprise Corp.	Overhead crane construction	11,026	4,711
Others	Overhead crane construction	13,226	6,878

As of December 31, 2008:

Related Party	Item	Contract	Construction in
		Amount	Progress/Advance construction receipts
Yieh Hsing Enterprise Co., Ltd.	Steel structure and steel rail construction	\$45,738	\$23,747
Eliter Inetrnational Corp.	Steel structure construction	15,312	31,023
E-DA Development Co., Ltd.	Steel structure, infrastrudure construction, and bridge construction	230,555	13,901
			9,810
			55,843
			-

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(6) Balance of Receivables and Payables

Related Party	December 31, 2009	
	Amount	Percentage
(a) Notes Receivable		
Others	\$144	0.11%
Total	\$144	0.11%
(b) Accounts receivable		
Yieh United Steel Corp.	\$34,481	1.11%
Glorious Falcon International Ltd.	917,450	29.68%
Shin Phui Steel Corporation	15,173	0.49%
Chain Dollars Enterprise Co., Ltd.	8,793	0.28%
Asiazone Co., Limited.	417,244	13.50%
Yieh Corporation Ltd.	13,841	0.45%
Yieh Hsing Enterprise Co., Ltd.	345,675	11.18%
Total	\$1,752,657	56.69%
(c) Other Receivables		
Yieh Hong Enterprise Co., Ltd.	\$4,304	1.66%
Synn Industrial Co., Ltd.	63,199	24.37%
Others	2,897	1.11%
Total	\$70,400	27.14%
(d) Prepayments		
Others	\$1,456	0.79%
(e) Notes Payables		
Others	\$6,219	1.77%
(f) Accounts Payable		
Asiazone Co., Limited.	\$133,125	24.94%
Others	1,638	0.31%
Total	\$134,763	25.25%
(g) Accrued Expenses		
E-DA Hospital	\$5,041	1.27%
Pacific Harbour Stevedoring Corp.	1,639	0.41%
Others	1,077	0.27%
Total	\$7,757	1.95%
(h) Other Payables		
Others	\$288	0.42%

Related Party	Amount	Percentage
(i) Advance Receipts		
Others	\$79	0.05%
December 31, 2008		
Related Party	Amount	Percentage
(a) Notes Receivable		
Others	\$153	0.10%
Total	\$153	0.10%
(b) Accounts Receivable		
Yieh United Steel Corp.	\$15,327	0.83%
Glorious Falcon International Ltd.	550,830	29.93%
Shin Phui Steel Corporation	26,255	1.43%
Asiazone Co., Limited.	43,982	2.39%
Yieh Corporation Ltd.	13,934	0.76%
Others	6,271	0.34%
Total	\$656,599	35.68%
(c) Other Receivables		
Synn Industrial Co., Ltd.	\$29,874	14.03%
Others	1,965	0.92%
Total	\$31,839	14.95%
(d) Accounts Payable		
Yieh Phui (China) Technometal Co., Ltd.	\$26,198	11.76%
(e) Accrued Expenses		
E-DA Hospital	\$6,203	1.73%
Pacific Harbour Stevedoring Corp.	6,578	1.83%
Others	829	0.23%
Total	\$13,610	3.79%
(f) Other Payables		
Others	\$258	0.33%

(7) Financing Activities

Related Party	Highest Balance / Date	December 31, 2009	
		Amount	Interest Expense / Rate
Other receivables:			
Yieh Hsing Enterprise Co., Ltd.	\$300,000 2009. 3. 9	\$ -	\$1,265 2.75%

2008: none

(8) Rental Expense

Related Party	2009	2008
Shin Phui Steel Corp.	\$8,400	\$8,400
Others	5,777	6,419

(9) Other Income

Related Party	Amount	December 31, 2009	
		Description	Account
Others	\$23,724	mainframe usage charges and computer maintenance, etc.	Interest income, rent income and other income, etc.

Related Party	Amount	December 31, 2008	
		Description	Account
Others	\$23,979	Mainframe usage charges	Other income

(10) Other Expenses

Related Party	Amount	December 31, 2009	
		Account	
Zheng Xin Security Co., Ltd.	\$24,231	Miscellaneous expenses	
Pacific Harbour Stevedoring Corp.	47,867	Export fees	
E-DA Hospital	10,213	Miscellaneous expenses	

Related Party	Amount	Account
I-Shou University	11,289	Professional service fees and miscellaneous expenses, etc.
Others	10,615	Miscellaneous expenses, etc.

December 31, 2008

Related Party	Amount	Account
Cheng Shin House Management Consulting Co., Ltd.	\$25,072	Miscellaneous expenses
Pacific Harbour Stevedoring Corp.	76,807	Export fees
E-DA Hospital	12,054	Miscellaneous expenses
Others	14,205	Professional service fees

(11) Endorsement and Guarantees

a. As of December 31, 2009 and, 2008, the Company provided bank notes amounting to US\$3,000 thousand as endorsement for the bank loans of Changshu Chief Leading Edge Construction Materials Co., Ltd.

b. As of December 31, 2009 and, 2008, the Company provided bank notes amounting to US\$38,000 thousand and RMB250,000 thousand, and US\$43,000 thousand and RMB\$250,000 thousand as endorsement for the bank loans of Yieh Phui (China) Technometal Co., Ltd.

c. As of December 31, 2009 and, 2008, the Company provided bank notes amounting to US\$169,500 thousand and US\$163,500 thousand as endorsement for the bank loans of Mickey Regent Inc.

d. As of December 31, 2009, the Company provided bank notes amounting to \$2,500,000 thousand as endorsement for the bank loans of Yieh Hsing Enterprise Co., Ltd.

e. As of December 31, 2009 and 2008, Shin Phui Steel Corp. both provided its rental land as endorsement for the Company's bank loan of NT\$439,000 thousand.

(12) To obtain the right of land usage, Yieh Phui Enterprise Co., Ltd. signed a contract with Shin Phui Steel Corp. The content was as follows:

(a) Contract Term: 50 years from June 15, 2001 to June 14, 2051.

(b) Payment Term: one-time payment of NT\$120,000 thousand.

(c) As of December 31, 2009, the right of land usage has been amortized for NT\$20,500 thousand.

- (d) As of December 31, 2009 and 2008, the current portion of royalty prepayment to land lease of Pintung Plant - Shin Phui Steel Corporation was both NT\$2,400 thousand. Non-current portion was accounted as other assets - others at NT\$97,100 thousand and NT\$99,500 thousand, respectively.
- (13) The 'other assets - others' cannot be registered under the Company's name due to the legal restriction and was registered under Lin Mei-Feng name. However, Lin had issued a promise note to promise that once the legal restriction is lifted, the assets would be transferred back to the name of the Company unconditionally. As the restructure of land category has enabled the land free from legal restrictions, the ownership of land has thus been transferred to the Company in March 2009, and the land had been reclassified as property, plant and equipment-land from other assets - others.
- (14) The land of No.107, Sanyepi Duan, Luzhu Township, which was recorded as land in use under other assets - others, has been registered under the name of the Company's vice financial general manager, Chen Yung Hsien. Please refer to Note 19 for the details.
- (15) Compensation of directors, supervisors and management personnel:

Item	Years Ended December 31	
	2009	2,008
Salaries and incentives	\$49,236	\$56,632
Bonus	1,974	1,561
Service fees	1,008	1,008
Total	\$52,218	\$59,201

The information about compensation of directors, supervisors and management personnel is available in the annual report for the shareholders' meeting.

35. ASSETS MORTGAGED OR PLEDGED

The following assets have been mortgaged or pledged as collateral for the borrowings:

Item	December 31	
	2009	2008
Restricted assets - current (time deposits)	\$120,015	\$145,170
Restricted assets - noncurrent (time deposits)	6,000	7,600
Restricted assets - current (account for repayment)	-	1
Accounts receivable	137,463	114,000
Financial asset at fair value through profit or loss - noncurrent	279,243	-
Noncurrent assets held for sale	7,466	-

Item	2009	2008
Land	1,644,153	1,440,169
Buildings (net)	1,871,466	1,870,107
Machinery and equipment (net)	5,990,918	6,412,593
Transportation equipment (net)	5,057	8,409
Utilities equipment (net)	39,781	45,318
Other assets - others	964,798	965,640
Idle assets (net)	208,101	-
Total	<u>\$11,274,461</u>	<u>\$11,009,007</u>

36. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Item	December 31	
	2009	2008
(1) Guarantee notes issued for loans and material purchase	\$24,736,517	\$24,651,122
(2) Performance guarantee notes received from customers	271,628	243,001
(3) Unused L/C	-	-

(In Thousands)

December 31, 2009		December 31, 2008	
L/C Amount	Guarantee Deposit	L/C Amount	Guarantee Deposit
USD 12,607	USD -	USD 3,175	USD -
NTD 270,953	NTD -	NTD 131	NTD -
JPY 13,406	JPY -	JPY 11,045	JPY -
	EUR -	EUR 139	EUR -

(4) IMPORTANT CONTRACTS

A.To expand the manufacturing base for the production of galvanized steel, the Company entered into a contract with Taiwan Sugar Corporation to obtained the right for land usage. The contract is summarized below:

a.Duration: From Jan 1, 1996 to Dec 31, 2045.

b.Rents and payment: Annual rate of 10% of the declared land value is used for the calculation of annual rents. If the declared land value fluctuates, the rent will be changed accordingly.

c.Royalty: The quadruple of annual rent was paid for the first 20 years of the lease while the agreement took effect. Afterwards, the royalty is paid every 20 years.

d. As of December 31, 2009 and 2008, the prepaid land royalties to Taiwan Sugar Corp. due within one year were both NT\$207 thousand, which were accounted as prepayments. Prepayments over one year were NT\$1,033 thousand and NT\$1,240 thousand, respectively, which were accounted as other assets - others.

B. To expand the plant, the Company signed a superficies pledged contract to acquire the superficies. Please refer to Note 34 for the information.

- (5) Please refer to note 34(2) for other endorsements and guarantees.
- (6) As of December 31, 2009 and 2008, the Company provided guarantees amounting to NT\$55,650 thousand and NT\$104,217 thousand to perform the contracts and warranties.
- (7) The supplier, Trafigura Beheer B.V Company, terminated the contract due to Company's not being in accordance with the contract, which should issue the Letter of credit, and applied for arbitration in LME seeking monetary damages of US\$7,904 thousand plus interest. The Company contradicted no obligation to issue the Letter of credit or do the payment due to that Trafigura Beheer B.V didn't deliver certain quantities of zinc on the agreed day according to the contract. The result of the arbitration cannot be determined at this time.
- (8) Regarding the purchase transactions between the Company and Lin Kang Heary Industrial Co., Ltd. in 2004, National Tax Administration of southern Taiwan Province, Ministry of Finance had dispute on aforementioned business tax counterparty recognition in December 2008. The disputed business tax amount and related fine were both \$8,725 thousand, and the Company filed an application for recheck in January 2009. Upon consultation with legal experts, the Company is confident in winning the case. Based on conservatism, the Company estimated and recognized above amounts (as other loss and a write-off from tax refundable).
The application for recheck had been processed by National Tax Administration of southern Taiwan Province. As of April 21, 2010, the result of above-mentioned recheck hasn't be determined.
- (9) Significant construction contracts
 - (A) As of December 31, 2009, some constructions have been contracted but not yet completed. The estimated total cost, prepaid construction cost and projected completion years of the important constructions with the contract prices over \$150 million were as follows:

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Construction	Total contract price/ Estimated total cost	Prepaid construction cost/Completion percentage	Projected completion year/ Accumulated
			recognized gain (loss)
Idle Handling & Scrap	253,500	158,191	2010
Charging E.D.T Crane for Tung Ho Steel Taoyuan works	240,522	45.74%	5,936
Procurement Section			
One lot of E.D.T Crane	156,600	125,030	2010
for Tung Ho Steel Taoyuan works	152,792	69.57%	2,649
Procurement Section			
New Construction	330,394	376,370	2010
Project of Glory	391,619	93.28%	(61,225)
Collective Residence			
Lijin Consturction-A5	301,048	308,135	2010
Consturction	317,540	92.87%	(16,492)
New Construction	785,834	670,207	2010
Project of Da Qian	730,363	86.63%	48,056
Collective Residence			
New residential complex	185,702	115,451	2010
construction - Du Hsiou by Kun Hsing Chu Ho Fa	185,603	10.00%	10
Steel structure construction	150,906	126,451	2010
for Tzu Chi's Shuangho	135,149	90.57%	14,270
Ching szu Temple			
Consturction Project of	152,890	142,561	2010
E-Da Development Corp.	149,540	-	-
New residential complex	188,326	4,229	2011
construction - Yu shang Yuan for De Sheng	188,062	-	-
Development Co., Ltd.			

(B) As of December 31, 2008, some constructions have been contracted but not yet completed. The estimated total cost, prepaid construction cost and projected completion years of the important constructions with the contract prices over \$150 million were as follows:

Construction	Total contract price/ Estimated total cost	Prepaid construction cost/Completion percentage	Projected completion year/ Accumulated recognized gain/(loss)
New Construction	330,394	258,524	2010
Project of Glory Collective Residence	358,850	15.60%	(28,456)
New Construction	180,023	195,653	2010
Project of Tian xi 5th Collective Residence	211,196	52.87%	(31,173)
New Construction	785,834	633,542	2010
Project of Da Qian Collective Residence	730,363	52.15%	28,928
Minghung Construction- The Art of Sin Si Collective Housing Project	322,667	332,241	2009
Fu Tsu Construction Co.,Ltd.-CBU Building Project in Plant in Taichung base of AU Optronics Corp.	342,542	91.27%	(19,875)
Lijin Construction, Zhenyi Construction- A5 Construction	177,000	141,027	2009
Ladle Handling & Scrap Charging E.O.T Cranes for Tung Ho Steel Taoyuan works Procurement Section	176,469	89.76%	477
	301,048	308,166	2009
	317,540	88.55%	(16,492)
	253,500	5,295	2010
	240,522	20.00%	2,596

37. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

Assets and liabilities of the consolidated entities related to steel structure engineering businesses are classified as current and non-current according to their operating cycles. The amounts receivable or due and payable within or after one year after the balance sheet date were summarized as follows:

Item	December 31, 2009		
	Due within one year	Due after one year	Total
Assets			
Cash and cash equivalents	\$2,301,557	\$ -	\$2,301,557
Financial assets at fair value through profit or loss - current	1,007,280	-	1,007,280
Bond investments with no active market - current	2,000	-	2,000
Notes receivable	132,232	-	132,232
Accounts receivable (incl. related parties)	3,058,692	-	3,058,692
Other receivables (incl. related parties)	259,381	-	259,381
Inventories	3,758,602	112,570	3,871,172
Prepayments	183,201	-	183,201
Noncurrent assets held for sale	9,675	-	9,675
Deferred income tax assets - current	30,935	-	30,935
Restricted assets - current	120,015	-	120,015
Total	\$10,863,570	\$112,570	\$10,976,140
Liabilities			
Short - term loans	\$5,772,482	\$ -	\$5,772,482
Short - term bills payable	549,365	-	549,365
Notes payable	350,488	-	350,488
Accounts payable (incl. related parties)	533,748	-	533,748
Income tax payable	19,507	-	19,507
Accrued expenses	396,979	-	396,979
Other payables	68,605	-	68,605
Advance receipts	149,782	-	149,782
Long - term liabilities - current portion	782,000	-	782,000
Total	\$8,622,956	\$ -	\$8,622,956

Item	December 31, 2008		
	Due within one year	Due after one year	Total
Assets			
Cash and cash equivalents	\$2,439,657	\$ -	\$2,439,657
Financial assets at fair value through profit or loss - current	680,728	-	680,728
Bond investments with no active market - current	2,000	-	2,000
Notes receivable	150,984	-	150,984
Accounts receivable (incl. related parties)	1,792,365	-	1,792,365
Other receivables (incl. related parties)	205,071	-	205,071
Inventories	3,519,242	665,478	4,184,720
Prepayments	36,105	-	36,105
Deferred income tax assets - current	155,801	-	155,801
Restricted assets - current	145,171	-	145,171
Total	\$9,127,124	\$665,478	\$9,792,602
Liabilities			
Short - term loans	\$4,711,395	\$ -	\$4,711,395
Short - term bills payable	498,866	-	498,866
Notes payable	661,423	-	661,423
Accounts payable (incl. related parties)	222,794	-	222,794
Income tax payable	268,525	-	268,525
Accrued expenses	358,903	-	358,903
Other payables	79,074	-	79,074
Advance receipts	151,443	-	151,443
Long - term liabilities - current portion	1,011,500	-	1,011,500
Total	\$7,963,923	\$ -	\$7,963,923

38. FINANCIAL INSTRUMENTS

(1) Fair value of financial instruments

Non-derivative financial instruments		December 31, 2009	
Assets	Book Value	Fair Value	
Cash & cash equivalents	\$2,301,557	\$2,301,557	
Financial assets at fair value through profit or loss - current	1,000,374	1,000,374	
Bond investments with no active market - current	2,000	2,000	
Notes and accounts receivable	3,450,305	3,450,305	
Restricted assets - current	120,015	120,015	
Financial assets carried at cost - noncurrent	2,948,480	-	
Bond investments with no active market - noncurrent	4,000	4,000	
Refundable deposits	5,363	5,363	
Restricted assets - noncurrent	6,000	6,000	
Liabilities			
Short-term loans	5,772,482	5,772,482	
Short-term bills payable	549,365	549,365	
Notes and accounts payable	952,841	952,841	
Long-term liabilities - current portion	782,000	782,000	
Long-term liabilities	7,960,000	7,960,000	
Derivative financial instruments			
Assets			
Financial assets at fair value through profit or loss - current			
Investment-linked life insurance	6,906	6,906	
Financial asset at fair value through profit or loss assets- noncurrent			
Compound commodities	279,243	279,243	

Non-derivative financial instruments	December 31, 2008	
	Book Value	Fair Value
Assets		
Cash & cash equivalents	\$2,439,657	\$2,439,657
Financial assets at fair value through profit or loss - current	663,900	663,900
Bond investments with no active market - current	2,000	2,000
Notes and accounts receivable	2,148,420	2,148,420
Restricted assets - current	145,171	145,171
Financial assets carried at cost - noncurrent	2,503,207	-
Bond investments with no active market - noncurrent	6,000	6,000
Refundable deposits	7,543	7,543
Restricted assets - noncurrent	7,600	7,600
Liabilities		
Short-term loans	4,711,395	4,711,395
Short-term bills payable	498,866	498,866
Notes and accounts payable	963,291	963,291
Long-term liabilities - current portion	1,011,500	1,011,500
Long-term liabilities	7,449,000	7,449,000
Derivative financial instruments		
Assets		
Financial assets at fair value through profit or loss - current		
Investment-linked life insurance	6,927	6,927
Investment-linked commodities	9,901	9,901

A. The methods and assumptions applied on the fair values of financial instruments are summarized as follows:

- (A) For short-term instruments, the fair values were determined based on their carrying amounts because of the short maturities of the instruments. This method was applied to cash and cash equivalents, notes and accounts receivable, restricted assets - current and noncurrent, short-term loans, short-term bills payable, notes and accounts payable, long-term liabilities- current portion.

- 2
- (B) The fair value of financial instruments at fair value through profit or loss is based on quoted market prices in an active market, and its fair value can be reliably measured. If the securities do not have market prices, fair value is measured on the basis of financial or other information. The Company uses estimates and assumptions that are consistent with information that market participants would use in setting a price for these securities.
 - (C) The fair values of financial assets carried at cost that are not publicly traded are not measured since they do not have quoted prices in an active market.
 - (D) The fair value of bond investments with no active market is determined at amortized cost.
 - (E) The fair values of other noncurrent financial assets and liabilities including refundable deposits, restricted assets - noncurrent are determined at their carrying amounts as payments are either made or received in cash and the time to receive or the payment is certain.

(F) Derivative Financial Instruments:

The fair value of derivative financial instruments is determined by using the valuation method as no market price is available. The information used as basis for determining the Company's assumptions in applying valuation method is consistent with that used by market participants in determining the prices of the financial instruments. The fair value was provided by the counterparty financial institution.

(G) Long-term liabilities:

The fair values thereof are determined by the present values of future cash flows. The values discounted at the interest rates of similar long-term loan (with similar maturity date) available for the Company.

- B. The fair values of the Company's financial assets and liabilities at fair value through profit or loss excluding those of listed (OTC) shares and funds, which are determined at their quoted market prices, are determined using valuation techniques.
- C. Gain (loss) recognized for the changes in fair value of derivatives estimated using valuation techniques were NT\$2,592 thousand and NT\$(1,879) thousand for the years ended December 31, 2009 and 2008, respectively.
- D. As of December 31, 2009 and 2008, financial assets exposed to cash flow interest rate risk were NT\$1,730,431 thousand and NT\$1,898,611 thousand, respectively, and financial liabilities exposed to cash flow interest rate risk were NT\$14,514,483 thousand and NT\$13,171,895 thousand, respectively; financial assets exposed to fair value interest rate risk were NT\$426,015 thousand and NT\$485,570 thousand, respectively, and financial liabilities exposed to fair value interest rate risk were NT\$549,365 thousand and NT\$498,866 thousand, respectively.

E. Interest income from the financial assets other than the financial assets at fair value through profit or loss for the years ended December 31, 2009 and 2008 was NT\$8,273 thousand and NT\$18,341 thousand, respectively; interest expenses resulting from the financial assets other than the financial assets at fair value through profit or loss for the years ended December 31, 2009 and 2008 were NT\$284,351 thousand and NT\$345,109 thousand, respectively.

(2) Information of major financial risk

A. Market risk

- a. The Company's investment in funds and listed (OTC) stocks were classified as "financial assets at fair value through profit or loss - current". These assets were measured at their fair values, which will be influenced by the market interest rate change.
- b. The Company undertook investment in subordinate financial bonds, which are mostly issued at floating interest rates. The impact of market interest rate changes on the fair values was considered to be immaterial.

B. Credit risk

Credit risk represents the potential loss that would be incurred by the Company if the counter-parties or third parties breached the contracts. The Company's financial instruments are affected by its credit risk concentration, component, contract amounts and other receivables. The maximum credit risks associated with the financial instruments on hand as of the balance sheet date approximate their carrying amounts.

C. Liquidity risk

The Company maintained sufficient fund to meet our operating capital requirements. The Company does not anticipate any liquidity risks associated with failure to source required funding. Part of the Company's equity investments (financial assets at fair value through profit or loss) could be sold rapidly at prices approximating fair value. There are liquidity risks for the financial assets carried at cost and bond investments with no active market because no active market prices are available.

D. Cash flow risk due to changes in interest rate

The Company's short and long-term loans are mostly issued at floating interest rate. Accordingly, the yield rate of these debt instruments will fluctuate with changes in interest rate. 1% increase in interest rate will result in an additional cash outflow of NT\$ 145,145 thousand.

39. RECLASSIFICATION

Certain accounts in the financial statements as of and for the year ended December 31, 2008 have been reclassified to conform to the presentation of the financial statements as of and for the year ended December 31, 2009.