

CHENG UEI PRECISION INDUSTRY CO., LTD.
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2008 AND 2009

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM
CHINESE-LANGUAGE

PWCR09000487

To the Board of Directors and Stockholders of Cheng Uei Precision Industry Co., Ltd.

We have audited the accompanying consolidated balance sheets of Cheng Uei Precision Industry Co., Ltd. and its subsidiaries as of December 31, 2008 and 2009, and the related consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended, expressed in thousands of New Taiwan dollars. 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. As stated in Note 1 (2), certain companies' financial statements for 2008 and 2009 were audited by other auditors. Total assets of the subsidiaries amounted to NT\$1,909,582 thousand and NT\$945,262 thousand, representing 4.95% and 2.39% of the consolidated total assets as of December 31, 2008 and 2009, respectively, and total operating revenues amounted to NT\$977,954 thousand and NT\$405,409 thousand, representing 2.31% and 0.84% of the consolidated total operating revenues for the years then ended, respectively.

We conducted our audits in accordance with the "Rules Governing the Examination of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit 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 other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cheng Uei Precision Industry Co., Ltd. and its subsidiaries as of December 31, 2008 and 2009, and the results of their operations and their cash flows for the years then ended in conformity with the “Rules Governing the Preparation of the Financial Statements by Securities Issuers” and generally accepted accounting principles in the Republic of China.

As stated in Note 3, effective January 1, 2008, the Company adopted R.O.C. SFAS No. 39, “Accounting for Share-based Payment”, and EITF 96-052 of the Accounting Research and Development Foundation, R.O.C., “Accounting for Employees’ Bonuses and Directors’ and Supervisors’ Remuneration”. Under the EITF 96-052, the costs of employees’ bonuses and directors’ and supervisors’ remuneration are accounted for as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and the amounts can be estimated reasonably. In addition, effective January 1, 2009, Cheng Uei Precision Industry Co., Ltd. adopted the revised R.O.C. SFAS No. 10, “Accounting for Inventories”.

The consolidated financial statements as of and for the year ended December 31, 2009, expressed in United States (US) dollars are presented solely for the convenience of the readers and were translated from the financial statements expressed in New Taiwan dollars using the exchange rate of US\$1.00:NT\$31.99 at December 31, 2009. This basis of translation is not in accordance with generally accepted accounting principles in the Republic of China.

PricewaterhouseCoopers

April 29, 2010

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31,
(EXPRESSED IN THOUSANDS OF DOLLARS)

	2008	2009	2009
	New Taiwan Dollars	New Taiwan Dollars	US Dollars
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash (Note 4(1))	\$ 5,647,969	4,821,603	\$ 150,722
Financial assets at fair value through profit or loss - current (Note 4(2))	41,230	477,442	14,925
Notes receivable, net	937	2,616	81
Notes receivable, net- related parties	-	19,337	603
Accounts receivable, net – third parties (Note 4(3))	6,624,723	8,673,540	271,133
Accounts receivable, net - related parties (Note 5)	2,524,432	265,972	8,314
Other receivables - third parties	575,010	849,120	26,543
Other receivables – related parties (Note 5)	28,862	72,231	2,258
Other financial assets - current (Note 6)	117,127	82,017	2,564
Inventories - net (Note 4(4))	6,200,363	4,671,058	146,016
Prepaid expenses	8,076	63,659	1,990
Prepayments	257,189	105,267	3,291
Deferred income tax assets - current (Note 4(15))	176,664	82,210	2,570
	<u>22,202,582</u>	<u>20,186,072</u>	<u>631,010</u>
<u>LONG-TERM INVESTMENTS</u>			
Financial assets carried at cost - non-current	71,809	259,241	8,104
Long-term investments accounted for under the equity method (Note 4(5))	1,710,233	2,047,371	64,000
	<u>1,782,042</u>	<u>2,306,612</u>	<u>72,104</u>
<u>PROPERTY, PLANT AND EQUIPMENT</u> (Notes 4(6), 5 and 6)			
Cost			
Land	160,321	160,321	5,012
Building	6,647,855	8,264,998	258,362
Machinery and equipment	8,888,830	9,984,319	312,108
Transportation equipment	30,716	23,575	737
Office equipment	280,863	273,566	8,552
Leasehold improvements	213,374	223,043	6,972
Other equipment	3,147,169	3,433,554	107,332
	<u>19,369,128</u>	<u>22,363,376</u>	<u>699,075</u>
Less: Accumulated depreciation	(6,772,715)	(8,611,949)	(269,208)
Less: Accumulated impairment loss	-	(1,950)	(61)
Prepayments for equipment and construction in progress	1,569,298	1,111,891	34,757
	<u>14,165,711</u>	<u>14,861,368</u>	<u>464,563</u>
<u>INTANGIBLE ASSETS</u>			
Computer software costs	92,863	68,271	2,134
Deferred pension costs (Note 4(11))	19,384	15,416	482
Other intangible assets (Note 6)	559,980	519,193	16,230
	<u>672,227</u>	<u>602,880</u>	<u>18,846</u>
<u>OTHER ASSETS</u>			
Leased assets	344,066	312,046	9,755
Idle assets	17,260	-	-
Refundable deposits	34,393	64,759	2,024
Deferred assets	34,258	44,869	1,402
Other assets - others	347,801	198,973	6,220
	<u>777,778</u>	<u>620,647</u>	<u>19,401</u>
<u>TOTAL ASSETS</u>	<u>\$ 39,600,340</u>	<u>\$ 38,577,579</u>	<u>\$ 1,205,924</u>

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CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
DECEMBER 31
(EXPRESSED IN THOUSANDS OF DOLLARS)

	<u>2008</u>	<u>2009</u>	<u>2009</u>
	<u>New Taiwan Dollars</u>		<u>US Dollars</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			(Unaudited)
<u>CURRENT LIABILITIES</u>			(Note 2)
Short-term loans (Notes 4(7) and 6)	\$ 4,585,562	4,060,089	\$ 126,917
Notes and bills payable	69,937	99,902	3,123
Financial liabilities at fair value through profit or loss - current (Note 4(2))	108,347	3,982	124
Notes payable	-	29,540	923
Accounts payable	6,252,330	6,098,752	190,646
Accounts payable - related parties (Note 5)	172,066	215,310	6,731
Income tax payable (Note 4(15))	332,219	364,239	11,386
Accrued expenses (Note 4(8))	2,351,149	2,278,013	71,210
Other payables (Note 5)	944,737	726,323	22,705
Receipts in advance	325,438	228,951	7,157
Current portion of long-term liabilities (Notes 4(9) and 4(10))	4,950,123	3,427,383	107,139
	<u>20,091,908</u>	<u>17,532,484</u>	<u>548,061</u>
<u>LONG-TERM LIABILITIES</u>			
Bonds payable (Note 4(9))	-	-	-
Long-term loans (Notes 4(10) and 6)	564,027	1,730,889	54,107
	<u>564,027</u>	<u>1,730,889</u>	<u>54,107</u>
<u>OTHER LIABILITIES</u>			-
Accrued pension liabilities (Note 4(11))	114,686	124,091	3,879
Deferred income tax liabilities - non-current (Note 4(15))	248,154	175,604	5,489
Other liabilities - other	4,882	15,166	474
	<u>367,722</u>	<u>314,861</u>	<u>9,842</u>
Total Liabilities	<u>21,023,657</u>	<u>19,578,234</u>	<u>612,010</u>
<u>STOCKHOLDERS' EQUITY</u>			
Capital			
Common stock (Note 4(12))	4,374,609	4,539,655	141,908
Stock subscriptions received in advance	-	6,809	213
Capital reserve (Note 4(13))			
Paid in capital in excess of par value of common stock	6,681,441	7,193,710	224,874
Additional paid-in capital - treasury stock transactions (Note 4(9))	3,065	3,065	96
Capital reserve from long-term investments	157,593	57,790	1,806
Capital reserve from stock warrants (Notes 4(9) and 4(14))	619,386	408,898	12,782
Retained earnings (Note 4(14))			
Legal reserve	1,064,045	1,253,576	39,187
Unappropriated earnings (Note 4(15))	4,473,389	4,368,447	136,556
Other adjustments to stockholders' equity			
Cumulative translation adjustments	636,122	520,662	16,276
Minority interest	567,033	646,733	20,216
Total Stockholders' Equity	<u>18,576,683</u>	<u>18,999,345</u>	<u>593,914</u>
Significant commitments and contingent liabilities (Note 7)			
Significant subsequent event (Note 9)			
<u>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</u>	<u>\$ 39,600,340</u>	<u>\$ 38,577,579</u>	<u>\$ 1,205,924</u>

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated April 29, 2010.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNT)

	<u>2008</u>		<u>2009</u>		<u>2009</u>	
	New Taiwan Dollars				US Dollars	
					(Unaudited)	
					(Note 2)	
Operating revenues						
Sales (Note 5)	\$ 48,890,781	\$ 42,679,024	\$ 1,334,137			
Sales returns	(164,276)	(185,024)	(5,784)			
Sales allowances	(431,717)	(260,845)	(8,154)			
Net sales	<u>48,294,787</u>	<u>42,233,155</u>	<u>1,320,199</u>			
Operating costs						
Cost of goods sold (Notes 4(4), 4(18) and 5)	(42,196,983)	(36,445,631)	(1,139,282)			
Gross profit	<u>6,097,804</u>	<u>5,787,524</u>	<u>180,917</u>			
Operating expenses (Notes 4(18) and 5)						
Sales and marketing expenses	(548,741)	(511,935)	(16,003)			
General and administrative expenses	(2,119,166)	(2,853,734)	(89,208)			
Research and development expenses	(1,191,684)	(956,261)	(29,892)			
Total operating expenses	<u>(3,859,591)</u>	<u>(4,321,930)</u>	<u>(135,103)</u>			
Operating income	<u>2,238,213</u>	<u>1,465,594</u>	<u>45,814</u>			
Non-operating income and gains						
Interest income	108,184	35,002	1,094			
Gain on valuation of financial assets	-	9,212	288			
Gain on valuation of financial liabilities (Notes 4(2) and 4(9))	12,652	97,362	3,044			
Investment income accounted for under the equity method (Note 4(5))	65,509	108,115	3,379			
Dividend income	-	1,006	31			
Gain on disposal of investments	5,204	1,112	35			
Foreign exchange gain - net	335,743	176,300	5,511			
Rental income	14,579	48,271	1,509			
Other non-operating income (Note 5)	156,804	325,363	10,171			
Total non-operating income and gains	<u>698,675</u>	<u>801,743</u>	<u>25,062</u>			
Non-operating expenses and losses						
Interest expense	(380,283)	(256,687)	(8,024)			
Loss on valuation of financial liabilities	(4,294)	-	-			
Loss on disposal of property, plant and equipment	(11,355)	(45,295)	(1,416)			
Impairment loss	(31,281)	(56,548)	(1,768)			
Other non-operating losses	(122,385)	(112,682)	(3,522)			
Total non-operating expenses and losses	<u>(549,598)</u>	<u>(471,212)</u>	<u>(14,730)</u>			
Income before income tax	2,387,290	1,796,125	56,146			
Income tax expense (Note 4(15))	(693,596)	(464,671)	(14,525)			
Consolidated net income	<u>\$ 1,693,694</u>	<u>\$ 1,331,454</u>	<u>\$ 41,621</u>			
Attributable to:						
Equity holders of the Company	\$ 1,895,302	\$ 1,396,971	\$ 43,669			
Minority interest	(201,608)	(65,517)	(2,048)			
	<u>\$ 1,693,694</u>	<u>\$ 1,331,454</u>	<u>\$ 41,621</u>			
Earnings per common share (in dollars) (Note 4(17))						
	<u>Before tax</u>	<u>After tax</u>	<u>Before tax</u>	<u>After tax</u>	<u>Before tax</u>	<u>After tax</u>
Basic earnings per share						
Consolidated net income	\$ 5.35	\$ 3.80	\$ 3.96	\$ 2.93	\$ 0.12	\$ 0.09
Minority interest	0.19	0.45	0.07	0.15	0.00	0.00
Net income attributable to equity holders of the Company	<u>\$ 5.54</u>	<u>\$ 4.25</u>	<u>\$ 4.03</u>	<u>\$ 3.08</u>	<u>\$ 0.12</u>	<u>\$ 0.09</u>
Diluted earnings per share						
Consolidated net income	\$ 4.93	\$ 3.57	\$ 3.70	\$ 2.75	\$ 0.12	\$ 0.09
Minority interest	0.17	0.39	0.06	0.13	0.00	0.00
Net income attributable to equity holders of the Company	<u>\$ 5.10</u>	<u>\$ 3.96</u>	<u>\$ 3.76</u>	<u>\$ 2.88</u>	<u>\$ 0.12</u>	<u>\$ 0.09</u>

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated April 29, 2010.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Common stock	Stock subscriptions received in advance	Capital reserve			Retained earnings		Other adjustments to stockholders' equity			Total
			Paid-in capital in excess of par value of common stock	Additional paid-in capital - treasury stock transactions	Capital reserve from long-term investments	Capital reserve from stock options	Legal reserve	Unappropriated earnings	Cumulative translation adjustments	Minority interest	
<u>2008 - New Taiwan Dollars</u>											
Balance at January 1, 2008	\$ 4,015,818	\$ -	\$ 6,681,441	\$ -	\$ 182,699	622,494	\$ 833,606	\$ 4,179,112	\$ 284,384	\$ 430,030	\$ 17,229,584
Appropriations of 2007 income:											
Legal reserve	-	-	-	-	-	-	230,439	(230,439)	-	-	-
Stock dividends	200,791	-	-	-	-	-	-	(200,791)	-	-	-
Employees' stock bonus	158,000	-	-	-	-	-	-	(164,471)	-	-	(6,471)
Remuneration to directors and supervisors	-	-	-	-	-	-	-	(1,370)	-	-	(1,370)
Cash dividends	-	-	-	-	-	-	-	(1,003,954)	-	-	(1,003,954)
Net income for 2008	-	-	-	-	-	-	-	1,895,302	-	(201,608)	1,693,694
Adjustment due to change in ownership of investee	-	-	-	-	(25,106)	-	-	-	-	-	(25,106)
Cumulative translation adjustments	-	-	-	-	-	-	-	-	351,738	-	351,738
Minority interest adjustments	-	-	-	-	-	-	-	-	-	338,611	338,611
Redemption of convertible bonds	-	-	-	3,065	-	(3,108)	-	-	-	-	(43)
Balance at December 31, 2008	<u>\$ 4,374,609</u>	<u>\$ -</u>	<u>\$ 6,681,441</u>	<u>\$ 3,065</u>	<u>\$ 157,593</u>	<u>\$ 619,386</u>	<u>\$ 1,064,045</u>	<u>\$ 4,473,389</u>	<u>\$ 636,122</u>	<u>\$ 567,033</u>	<u>\$ 18,576,683</u>
<u>2009 - New Taiwan Dollars</u>											
Balance at January 1, 2009	\$ 4,374,609	\$ -	\$ 6,681,441	\$ 3,065	\$ 157,593	\$ 619,386	\$ 1,064,045	\$ 4,473,389	\$ 636,122	\$ 567,033	\$ 18,576,683
Appropriations of 2008 income:											
Legal reserve	-	-	-	-	-	-	189,531	(189,531)	-	-	-
Stock dividends	87,492	-	-	-	-	-	-	(87,492)	-	-	-
Cash dividends	-	-	-	-	-	-	-	(1,224,890)	-	-	(1,224,890)
Net income for 2009	-	-	-	-	-	-	-	1,396,971	-	(65,517)	1,331,454
Adjustment due to change in ownership of investee	-	-	-	-	(99,803)	-	-	-	-	-	(99,803)
Cumulative translation adjustments	-	-	-	-	-	-	-	-	(115,460)	-	(115,460)
Employees' stock bonus	77,554	-	270,663	-	-	-	-	-	-	-	348,217
Employee stock option	-	6,809	31,118	-	-	-	-	-	-	-	37,927
Put options exercised	-	-	210,488	-	-	(210,488)	-	-	-	-	-
Minority interest adjustments	-	-	-	-	-	-	-	-	-	145,217	145,217
Balance at December 31, 2009	<u>\$ 4,539,655</u>	<u>\$ 6,809</u>	<u>\$ 7,193,710</u>	<u>\$ 3,065</u>	<u>\$ 57,790</u>	<u>\$ 408,898</u>	<u>\$ 1,253,576</u>	<u>\$ 4,368,447</u>	<u>\$ 520,662</u>	<u>\$ 646,733</u>	<u>\$ 18,999,345</u>

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CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY- (Continued)
(EXPRESSED IN THOUSANDS OF DOLLARS)

			Capital reserve				Retained earnings		Other adjustments to stockholders' equity		
	Common stock	Stock subscriptions received in advance	Paid-in capital in excess of par value of common stock	Additional paid-in capital - treasury stock transactions	Capital reserve from long-term investments	Capital reserve from stock options	Legal reserve	Unappropriated earnings	Cumulative translation adjustments	Minority interest	Total
<u>2009 - United States Dollars (Unaudited and Note 2)</u>											
Balance at January 1, 2009	\$ 136,749	\$ -	\$ 208,860	\$ 96	\$ 4,926	\$ 19,362	\$ 33,262	\$ 139,837	\$ 19,885	\$ 17,725	\$ 580,702
Appropriations of 2008 income:	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	5,925	(5,925)	-	-	-
Stock dividends	2,735	-	-	-	-	-	-	(2,735)	-	-	-
Cash dividends	-	-	-	-	-	-	-	(38,290)	-	-	(38,290)
Net income for 2009	-	-	-	-	-	-	-	43,669	-	(2,048)	41,621
Adjustment due to change in ownership of investee	-	-	-	-	(3,120)	-	-	-	-	-	(3,120)
Cumulative translation adjustments	-	-	-	-	-	-	-	-	(3,609)	-	(3,609)
Employees' stock bonus	2,424	-	8,461	-	-	-	-	-	-	-	10,885
Employee stock option	-	213	973	-	-	-	-	-	-	-	1,186
Put options exercised	-	-	6,580	-	-	(6,580)	-	-	-	-	-
Minority interest adjustments	-	-	-	-	-	-	-	-	-	4,539	4,539
Balance at December 31, 2009	<u>\$ 141,908</u>	<u>\$ 213</u>	<u>\$ 224,874</u>	<u>\$ 96</u>	<u>\$ 1,806</u>	<u>\$ 12,782</u>	<u>\$ 39,187</u>	<u>\$ 136,556</u>	<u>\$ 16,276</u>	<u>\$ 20,216</u>	<u>\$ 593,914</u>

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated April 29, 2010.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009
(EXPRESSED IN THOUSANDS OF DOLLARS)

	2008	2009	2009
	New Taiwan Dollars		US Dollars
			(Unaudited) (Note 2)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Consolidated net income	\$ 1,693,694	\$ 1,331,454	\$ 41,621
Adjustments to reconcile consolidated net income to net cash provided by operating activities:			
Provision for bad debts	11,088	738	23
Amortization	69,203	95,693	2,991
Depreciation	1,935,742	2,096,690	65,542
Gain on valuation of financial assets and liabilities	(8,358)	(106,574)	(3,331)
Provision for inventory obsolescence and market price decline	29,730	-	-
Impairment loss	31,281	56,548	1,768
Loss on disposal of property, plant and equipment	11,355	45,295	1,416
Recognition of write-off of allowance for doubtful accounts as other income	(20,000)	(87,391)	(2,732)
Reversal of provision for inventory obsolescence and market price declines	-	(122,791)	(3,838)
Loss on disposal of inventory	-	3,340	104
Investment income accounted for under the equity method	(65,509)	(108,115)	(3,380)
Cash dividends received	81,719	61,710	1,929
Gain on disposal of financial assets carried at cost	(2,015)	-	-
Amortization of discount of cost of convertible bonds	124,830	117,162	3,662
Loss on redemption of convertible bonds	436	86,762	2,712
Changes in assets and liabilities			-
Financial assets at fair value through profit or loss - current	3,372	(427,000)	(13,348)
Notes receivable	1,189	(1,679)	(52)
Notes receivable - related parties	-	(19,337)	(604)
Accounts receivable - third parties	3,374,763	(1,839,027)	(57,488)
Accounts receivable - related parties	(1,088,426)	2,258,460	70,599
Other receivables - third parties	(114,799)	(274,110)	(8,569)
Other receivables - related parties	(18,124)	(43,369)	(1,356)
Inventories	(1,250,485)	1,737,543	54,315
Prepaid expenses and prepayments	(87,750)	96,339	3,012
Deferred income tax assets	27,311	103,778	3,244
Notes payable	-	29,540	923
Accounts payable - third parties	(2,082,200)	(269,496)	(8,424)
Accounts payable - related parties	(88,066)	43,244	1,352
Income tax payable	(47,342)	32,020	1,001
Accrued expenses	94,622	214,931	6,719
Other payables	315,023	(162,728)	(5,087)
Receipts in advance	(20,366)	(96,487)	(3,016)
Accrued pension liabilities	11,469	13,373	418
Other liabilities - other	(18,641)	10,284	321
Other assets - other	(55,082)	72,591	2,269
Net cash provided by operating activities	<u>2,849,664</u>	<u>4,949,391</u>	<u>154,716</u>

(Continued)

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS-(Continued)
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009
(EXPRESSED IN THOUSANDS OF DOLLARS)

	2008	2009	2009
	New Taiwan Dollars	New Taiwan Dollars	US Dollars
			(Unaudited)
			(Note 2)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in notes and bills payable	\$ 69,937	\$ 29,965	\$ 937
Financial liabilities at fair value through profit or loss - current	(3,725)	(2,867)	(90)
Increase in refundable deposits	(5,122)	(30,366)	(949)
Other financial assets - non-current	52,329	-	-
Proceeds from disposal of financial assets carried at cost	4,463	-	-
Increase in financial assets carried at cost - non current	-	(187,432)	(5,859)
Increase in long-term investments - non-subsidiary	(170,349)	(329,571)	(10,302)
Acquisition of property, plant and equipment	(4,016,804)	(2,593,274)	(81,065)
Proceeds from disposal of property, plant and equipment	27,782	40,864	1,277
(Increase) decrease in other financial assets - current	(117,127)	35,110	1,098
Increase in deferred assets and other intangible assets	(208,646)	(70,723)	(2,211)
Proceeds from disposal of deferred expenses	221	3,312	104
Net cash used in investing activities	(4,367,041)	(3,104,982)	(97,060)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of cash dividends	(1,003,954)	(1,224,890)	(38,290)
Increase in long-term loans	497,641	1,517,186	47,427
Decrease in long-term loans	(242,412)	(371,771)	(11,621)
Redemption of convertible bonds	(35,058)	(1,686,700)	(52,726)
Capital reserve from employee stock warrants	-	37,926	1,186
Increase in minority interest	-	(401,774)	(12,559)
Increase (decrease) in short-term loans	760,059	(581,693)	(18,184)
Net cash used in financing activities	(23,724)	(2,711,716)	(84,767)
Effect of change in exchange rates	116,031	(85,863)	(2,684)
Effect of change in consolidated subsidiaries	193,240	126,804	3,964
Net decrease in cash	(1,231,830)	(826,366)	(25,832)
Beginning balance of cash	6,879,799	5,647,969	176,554
Ending balance of cash	\$ 5,647,969	\$ 4,821,603	\$ 150,722
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid for interest (Excluding interest capitalized)	\$ 260,247	\$ 141,087	\$ 4,410
Cash paid for income tax	\$ 713,627	\$ 218,001	\$ 6,815
INVESTING AND FINANCING ACTIVITIES WITH NO EFFECTS ON CASH FLOWS			
Employees' stock bonus	\$ 158,000	\$ 348,217	\$ 10,885
Long-term liabilities - current portion	\$ 4,950,123	\$ 3,427,383	\$ 107,139
Partial cash flows from investing and financing activities:			
Acquisition of property, plant and equipment	\$ 4,085,097	\$ 2,537,588	\$ 79,324
Add: Beginning balance of other payables	390,545	458,838	14,343
Less: Ending balance of other payables	(458,838)	(403,152)	(12,602)
Cash paid	\$ 4,016,804	\$ 2,593,274	\$ 81,065

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated April 29, 2010.

CHENG UEI PRECISION INDUSTRY CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2009
 (EXPRESSED IN THOUSANDS OF DOLLARS,
 EXCEPT AS OTHERWISE INDICATED)
 (Unaudited)

1. HISTORY AND ORGANIZATION

1) Cheng Uei Precision Industry Co., Ltd.

Cheng Uei Precision Industry Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) on July 14, 1986. The Company engages in the manufacture of cable assemblies, connectors, battery packs, and power modules. Effective September 1999, the shares of the Company were listed on the Taiwan Stock Exchange. As of December 31, 2009, the Company and its subsidiaries had 39,661 employees.

2) Subsidiaries included in the consolidated financial statements and their changes

Investor	Subsidiary	Main activity	% of shares held as of December 31,		Description
			2008	2009	
The Company	Cu International Ltd. (Cu)	Manufacture of electronic telecommunication components and holding company	100%	100%	
"	Culink International Ltd. (Culink)	Holding company	100%	100%	
"	Foxlink International Investment Ltd. (FII)	Holding company	100%	100%	
"	Fu Uei International Investment Ltd. (FUII)	Holding company	100%	100%	
"	Darts Technologies Corporation (Darts)	Manufacture of electronic telecommunication and wireless components	97%	97%	
"	Foxlink (Vietnam) Inc.	Manufacture of electronic telecommunication components	100%	100%	Note 1
"	Du Precision Industry Co., Ltd. (Du Precision)	Manufacture of electronic telecommunication components	60%	100%	
Cu	Fu Gang Electronics (Dong Guan) Ltd. (FGEDG)	Manufacture of electronic telecommunication components	100%	100%	
"	New Star Industries Ltd. (New Star)	Holding company	100%	100%	

Investor	Subsidiary	Main activity	% of shares held as of December 31,		Description
			2008	2009	
Cu	Fu Gang Electronics (Kun Shan) Ltd. (FGEKS)	Manufacture of electronic telecommunication components	100%	100%	
"	Dong Guan Fu Shi Chang Co., Ltd. (FSC)	Manufacture of electronic telecommunication components	100%	100%	
"	Foxlink Electronics (Dong Guan) Co., Ltd. (FEDG)	Manufacture of electronic telecommunication components	100%	100%	
"	Foxlink Electronics (Tian Jin) Ltd. (FETJ)	Manufacture of electronic telecommunication components	25%	25%	Note 3
"	Dong Guan Fu Qiang Electronics Ltd. (DGFQ)	Manufacture of electronic telecommunication components	100%	100%	
"	Fu Yang Electronics (Kun Shan) (FYEKS)	Manufacture of electronic telecommunication components	100%	100%	
"	Foxlink Beijing Co., Ltd. (FB)	Sales agent	100%	100%	
"	Neosonic Energy Technology (Tianjin) Ltd. (NE)	Manufacture of electronic telecommunication components	100%	100%	
"	Kunshan Fushijing Electronics Co., Ltd. (KFE)	Manufacture of electronic telecommunication components	100%	100%	
"	Future Victory Ltd.	Holding company	100%	100%	
"	Solteras Limited	General investments holding	100%	100%	
"	Fushiming Electronics (Kun Shan) Co. Ltd.	Manufacture of electronic telecommunication components	100%	100%	Note 1
"	Fushilin Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	100%	100%	Note 1
"	Fushiwei Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	100%	100%	Note 1
"	Funshipeng Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	100%	100%	Note 1
"	Fushineng Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	-	100%	Note 2
New Star	Fu Gang Electronics (Tian Jin) Ltd. (FGETJ)	Manufacture of electronic telecommunication components	100%	100%	

Investor	Subsidiary	Main activity	% of shares held as of December 31,		Description
			2008	2009	
New Star	Foxlink Tianjin Co., Ltd. (Foxlink Tianjin)	Manufacture of electronic telecommunication components	75%	75%	Note 3
"	Solteras Inc. (Solteras)	Manufacture of electronic telecommunication components	-	51%	Notes 2 and 4
FGETJ	Shang Hai World Circuit Technology Co., Ltd. (SHWCT)	Manufacture of electronic telecommunication components	-	46.93%	Note 2
Culink	Foxlink Singapore Pte. Ltd. (Foxlink Singapore)	Sales agent	99.99%	99.99%	
"	Pacific Wealth Limited (Pacific Wealth)	General investments holding	100%	100%	
Pacific Wealth	Foxlink International Inc. (Foxlink)	Sales agent	100%	100%	
"	Microlink International Inc. (Microlink)	Sales agent	100%	100%	Note 2
FII	Vegamedia Technology Co., Ltd. (VT)	Manufacture of electronic telecommunication components	100%	100%	Note 6
"	World Circuit Technology Co., Ltd. (WCT)	Manufacture of electronic telecommunication components and flexible printed circuit	69.56%	69.56%	
"	Proconn Technology Co., Ltd. (PROCONN)	Manufacture of electronic telecommunication components	-	50.03%	Note 2
WCT	Value Success Ltd. (VS)	Holding company	100%	100%	
"	Knowledge United Limited (Knowledge)	"	100%	100%	Note 5
VS	Capital Guardian Limited (Capital)	"	100%	100%	
Capital	World Circuit Technology Holding, Limited (WCTH)	Holding company	100%	100%	Note 8
"	World Circuit Technology (Hong Kong) Limited (WCTHK)	"	-	100%	Note 10
WCTH	World Circuit Production (WCP)	"	100%	100%	Note 9
"	World Circuit Technology (Hong Kong) Limited (WCTHK)	Holding company	100%	100%	Note 10
WCTHK	Shang Hai World Circuit Technology Co., Ltd. (SHWCT)	Manufacture of electronic telecommunication components	100%	53.07%	

Investor	Subsidiary	Main activity	% of shares held as of December 31,		Description
			2008	2009	
Darts	BENEFIT RIGHT LTD. (BENEFIT)	Holding company	100%	100%	
FV	Darts Technologies (Shang Hai) Co., Ltd. (DTSH)	Research and development of telecommunication components	100%	100%	
Du Precision	Celink International Ltd. (CELINK)	"	100%	100%	
Solteras Limited	Solteras Inc.	"	49%	49%	Note 4
FUII	Glory Science Co., Ltd. (Glory Science)	"	21.70%	21.70%	Note 7
"	Sollink Inc. (Sollink)	"	100%	100%	Note 1
"	Studio A Inc. (Studio)	"	-	51.00%	Notes 2 and 11
"	Va Product Inc.	"	-	51.00%	Notes 2 and 11
"	Valiant Plus Co., Ltd. (Valiant)	"	-	51.00%	Note 2
"	Proconn Technology Co., Ltd. (PROCONN)	"	-	1.30%	Note 2
PROCONN	Advance Electronic Ltd. (Advance Electronic)	General investments holding	100%	100%	
"	Byford International Ltd. (BYFORD)	General international trade	100%	100%	
"	Media Universe Inc. (Media Universe)	"	100%	100%	
Studio A Inc.	Tayih Digital Technology Co., Ltd. (TAYIH)	Manufacture of electronic telecommunication components	60%	40%	
"	Jing Sheng Technology Co., Ltd.	"	100%	100%	
"	Growing Computer Ltd.	"	100%	100%	
Glory Science Co., Ltd.	Glory Tek (BVI) Co., Ltd. (Glory Tek (BVI))	General investments holding	100%	100%	
Glory Tek (BVI)	Glory Tek (Samoa) Co., Ltd. (Glory Tek Samoa)	General investments holding	100%	100%	
"	Glory Optics (BVI) Co., Ltd. (Glory Optics (BVI))	"	100%	100%	
Glory Tek (Samoa)	Glory Tek (Suzhou) Ltd.	Manufacture of electronic telecommunication components	100%	100%	
Advance Electronic	Proconn Technology Co., Ltd. (PROCONN)	General investments holding	100%	100%	
"	Smart Technology International Ltd. (SMART)	"	100%	100%	

Investor	Subsidiary	Main activity	% of shares held as of December 31,		Description
			2008	2009	
PROCONN	Proconn Technology (Shenzhen) Co., Ltd.	Manufacture of electronic telecommunication components	100%	100%	
SMART	Proconn Technology (Suzhou) Co., Ltd.	"	100%	100%	

Note 1: Investment or incorporation began during the last half of 2008.

Note 2: Investment or incorporation began during the first half of 2009.

Note 3: Cu and New Star, the two subsidiaries' consolidated equity holding is 100%.

Note 4: New Star and Solteras Limited's consolidated equity holding is 100%.

Note 5: It had been liquidated on September 4, 2008.

Note 6: It ceased operations in August 2005, and had applied to resume operations in July 2009.

Note 7: Gained control in 2008.

Note 8: It had been liquidated in November 2009.

Note 9: It had been liquidated in March 2009.

Note 10: Subsidiary - World Circuit Technology Holding Limited sold its shares of World Circuit Technology Limited to CAPITAL in 2009.

Note 11: As the amounts of the subsidiary's financial statements were insignificant to the Company's consolidated financial statements, the subsidiary was included in the consolidated financial statements based on its financial statements for the corresponding periods, which were not audited by independent auditors.

3) The Company does not have over 50% of the voting rights of the subsidiaries in direct or indirect way but still regard it as the subsidiary:

Investor	Subsidiary	Main activity	% of shares held as of December 31,		Description
			2008	2009	
Solteras Limited	Solteras	Manufacture of electronic telecommunication components	49%	100%	Note 1
FII	Glory Science	"	21.70%	21.70%	Note 2
CU	Fox-E Holding Co., (FOX-E)	Holding company	33.33%	33.33%	Noet 3

Note 1: The Company invested in the subsidiary in 2006. As over half of the members of the Board of Directors of the subsidiary were designated by the Company in 2007, the Company had control over it.

Note 2: The Company invested in the subsidiary in 2007. As the general manager of the subsidiary was designated by the Company in 2008, the Company had control over it.

Note 3: The income (loss) for 2009 was excluded from the consolidated statement of income effective July 1, 2009 during which the Company lost control over it.

4) Subsidiaries not included in the consolidated financial statements:

<u>Investor</u>	<u>Main activity</u>	<u>% of shares held as of December 31,</u>		<u>Description</u>
		<u>2008</u>	<u>2009</u>	
Everflow Precision Industrial Co., Ltd. (Everflow)	Manufacture of electronic telecommunication components	75.00%	75.00%	Note

Note: The ratio of total assets to the Company's total assets was insignificant, and it was approved by the Ministry of Economics on October 5, 2004 to dissolve and is currently undergoing liquidation procedures. Thus, the ratio of total assets was not included in the consolidated financial statements.

- 5) Difference in accounting period of the parent company and the subsidiaries : None.
- 6) Special operating risk of foreign subsidiaries : None.
- 7) Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company : None.
- 8) Information about subsidiaries holding the parent company's securities : None.
- 9) Information about subsidiaries' issuance of convertible bonds and stocks :

CU, Dong Guan Fu Shi Chang Co., Ltd., Fu Yang Electronics (Kun Shan) Ltd. and BENEFIT increased cash capital by US\$36,800 thousand, US\$8,500 thousand, US\$10,600 thousand and US\$7,710 thousand, respectively, in 2009, which was all subscribed for by the Company indirectly. Those stock capital increases had been approved by the Investment Commission, MOEA and capital verification had all been completed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Company and its subsidiaries (collectively referred herein as the Group) are prepared in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers", Business Entity Accounting Law, "Regulation on Business Entity Accounting Handling" and generally accepted accounting principles in the Republic of China. The Group's significant accounting policies are summarized below:

1) Basis for preparation of consolidated financial statements

All majority-owned subsidiaries and controlled entities are included in the consolidated financial statements. Effective January 1, 2008, the Company prepares consolidated financial statements on a quarterly basis. The income (loss) of the subsidiaries is included in the consolidated statement of income effective on the date the Company gains control over

the subsidiaries. The income (loss) of the subsidiaries is excluded from the consolidated statement of income effective the date on which the Company loses control over the subsidiaries. All of the intercompany transactions and assets and liabilities arising from intercompany transactions are eliminated in the consolidated financial statements.

2) Translation of financial statements of foreign subsidiaries

Assets and liabilities of foreign subsidiaries are translated into New Taiwan dollars using the exchange rates at the balance sheet date. Equity accounts are translated at historical rates except for beginning retained earnings, which is carried forward from prior year's balance. Dividends are translated at the rates prevailing at the date of declaration. Profit and loss accounts are translated at weighted-average rates of the year. The resulting translation differences are included in "cumulative translation adjustments" under stockholders' equity.

3) Foreign currency transactions

A. The Company and its consolidated subsidiaries maintain their accounts in New Taiwan dollars and functional currencies, respectively. Transactions denominated in foreign currencies are translated into New Taiwan dollars and their functional currencies at the spot exchange rates prevailing at the transaction dates. Exchange gains or losses due to the difference between the exchange rate on the transaction date and the exchange rate on the date of actual receipt and payment are recognized in current year's profit or loss.

B. Receivables, other monetary assets and liabilities denominated in foreign currencies are translated at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses are recognized in profit or loss.

4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- a) Assets arising from operating activities that are expected to be realized or consumed, or are intended to be sold within the normal operating cycle;
- b) Assets held mainly for trading purposes;
- c) Assets that are expected to be realized within twelve months from the balance sheet date; and
- d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- a) Liabilities arising from operating activities that are expected to be paid off within the normal operating cycle;

- b) Liabilities arising mainly from trading activities;
- c) Liabilities that are to be paid off within twelve months from the balance sheet date; and
- d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

5) Financial assets and financial liabilities at fair value through profit or loss

- A. Equity and beneficiary certificates are recognized and derecognized using trade date accounting and are recognized initially at fair value.
- B. Financial assets at fair value through profit or loss are subsequently remeasured and stated at fair value, and the gain or loss is recognized in profit or loss. The fair value of listed stocks, OTC stocks, closed-end mutual funds, and depositary receipts is based on latest quoted fair prices of the accounting period. The fair value of open-end and balanced mutual funds is based on the net asset value at the balance sheet date.
- C. Derivative instruments that do not qualify for hedge accounting are recognized at a fair value of zero on the trading date. At the balance sheet date, instruments are revalued at fair value. Changes in the fair value are recognized in profit or loss and as adjustments to the carrying amounts of assets and liabilities.
- D. For call options and put options which are embedded in bonds payable, please refer to Note 4 (9).

6) Allowance for doubtful accounts

Allowance for doubtful accounts is provided according to the evaluation of the collectibility of the ending balances of notes receivable, accounts receivable and other receivables.

7) Inventories

Inventories are recorded at standard costs. The difference between standard costs and actual costs is allocated to operating costs and inventories on a proportional basis at end of period. Such allocation reflects actual costs using the weighted-average method. Fixed manufacturing overhead is allocated on the basis of the normal capacity of the production equipment. If production fluctuates over interim periods, the cost variances resulting from such fluctuation are deferred in the interim financial statements. At end of period, inventories are evaluated at the lower of cost or net realizable value, and the individual item approach is used in the comparison of cost and net realizable value. The calculation of net realizable value is based on the estimated selling price in the normal course of business, net of estimated costs of completion and estimated selling expenses. In addition, in accordance with the Tai-Tsai-Tz Letter No. 01644, dated April 21, 1999 of the Securities and Futures Commission, Ministry of Finance, R.O.C., the goods held by overseas subsidiaries or indirect subsidiaries but not yet sold are accounted for as the Company's inventories.

8) Long-term investments accounted for under the equity method

- A. Long-term equity investments in which the Group holds at least 20% of the investee company's voting shares or has the ability to exercise significant influence on the investee's operational decisions are accounted for under the equity method. The excess of the initial investment cost over the acquired net asset value of the investee attributable to goodwill is subject to impairment test periodically. Retrospective adjustment of the amount of goodwill amortized in previous years is not required. All majority-owned subsidiaries and controlled entities are accounted for under the equity method and included in the consolidated annual and semi-annual financial statements. Effective January 1, 2008, the Company prepares first-quarter and third-quarter consolidated financial statements.
- B. When the Group's proportionate equity interest in any investee changes due to issuance of common shares by the investee, the variance between the investment cost and the Group's proportionate share of the net assets of the investee is adjusted to capital reserve. If the capital reserve arising from long-term investment is not sufficient, retained earnings is debited.
- C. For foreign investments accounted for under the equity method, the Group's proportionate share of the foreign investee's cumulative translation adjustment resulting from translating the foreign investee's financial statements into New Taiwan dollars is recognized by the Group and is included in a cumulative translation adjustments account in the shareholders' equity.

9) Property, plant and equipment / rental assets

- A. Property, plant and equipment are stated at cost. Cost includes all expenditures incurred before the assets are ready for their intended use. Major improvements and renewals are capitalized and depreciated accordingly. Maintenance and repairs are expensed as incurred.
- B. When fixed assets are sold or scrapped, their cost and accumulated depreciation are both written off from their respective accounts. Gain (loss) on disposal of such assets is recognized in current profit or loss.
- C. Depreciation is provided under the straight-line method based on the assets' estimated economic service lives. Salvage value of the fully depreciated assets that are still in use is depreciated based on the re-estimated economic service lives. The estimated economic service lives of property, plant and equipment are 50 to 60 years except for buildings, the estimated economic service life of which is 2 to 8 years.
- D. Fixed assets that are not used in operations are reclassified as rental / idle assets and stated at the lower of book value or net realizable value. Depreciation of these assets is shown under non – operating expenses.

10) Intangible assets

- A. Computer software expenditures are stated at cost and amortized over the estimated life of 3 to 5 years using the straight-line method.
- B. Other intangible assets, mainly land use rights, are amortized over the legal life or contract life.

11) Impairment of non-financial assets

- A. The Group recognizes impairment loss when there is indication that the recoverable amount of an asset is less than its carrying amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction after deducting any direct incremental disposal costs. The value in use is the present value of estimated future cash flows to be derived from continuing use of the asset and from its disposal at the end of its useful life. When the impairment no longer exists, the impairment loss recognized in prior years shall be recovered.
- B. The recoverable amount of goodwill, intangible assets with indefinite useful lives and intangible assets which have not yet been available for use shall be evaluated periodically. Impairment loss will be recognized whenever there is indication that the recoverable amount of these assets is less than their respective carrying amount. Impairment loss of goodwill recognized in prior years is not recoverable in the following years.

12) Pension plan

Under the defined benefit pension plan, net periodic pension costs are recognized in accordance with the actuarial calculations. Net periodic pension costs include service cost, interest cost, expected return on plan assets, and amortization of unrecognized net transition obligation and gains or losses on plan assets. Unrecognized net transition obligation is amortized on a straight-line basis over 15 years. Under the defined contribution pension plan, net periodic pension costs are recognized as incurred.

13) Convertible bonds

- A. For bonds payable issued after January 1, 2006, the issuer of a financial instrument shall classify the instrument, or its component parts, on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument. These bonds are accounted for as follows:
 - (A) The difference between the issue price and face value of convertible corporate bonds is accounted for as premium or discount which is required to be amortized over the period from the date of issuance to maturity date using the interest method and is recorded as "interest expense".

- (B) The value of any derivative features (such as a call option, put option and resetting option) embedded in the compound financial instrument is recognized as “financial assets or financial liabilities at fair value through profit or loss”. These derivative features are subsequently remeasured and stated at fair value on each balance sheet date, and the gain or loss is recognized in “gain or loss on valuation of financial assets or financial liabilities”. At the maturity of the redemption period, if the fair value of common stock exceeds the redemption price, the fair value of the put option is recognized as “paid-in capital”; however, if the fair value of common stock is lower than the redemption price, the fair value of the put option is recognized as “gain or loss”. The amount of fair value reduction due to the reset of conversion price was reclassified to “Stockholders’ equity”.
- (C) A conversion option embedded in the bonds issued by the Company, which is convertible to an equity instrument, is recognized and included in “capital reserve from stock warrants”. When a bondholder exercises his/her conversion rights, the liability component of the bonds (including corporate bonds and embedded derivatives) shall be revalued at fair value on the conversion date, and the resulting difference shall be recognized as “gain or loss” in the current period. The book value of the common stock issued due to the conversion shall be based on the adjusted book value of the above-mentioned liability component plus the book value of the stock warrants.
- (D) Cost incurred on issuance of convertible bonds is proportionately charged to the liabilities and equity of the underlying instruments based on initial recognition costs.
- B. In the event that the bondholders may exercise put options within the following year, the underlying bonds payable shall be reclassified to current liabilities. Bonds payable whose put options are unexercised during the exercisable period shall be reversed to non-current liabilities.

14) Income tax

- A. Inter-period and intra-period income taxes are allocated in accordance with the R.O.C. SFAS No. 22, “Accounting for Income Taxes”.
- B. In accordance with R.O.C. SFAS No. 12, “Accounting for Investment Tax Credits”, investment tax credits resulting from expenditures for acquisition of machinery or technology, research and development, employees trainings, and equity investments are recognized in the period the related expenditures are incurred.
- C. Over or under provision of previous years’ income tax liabilities is included in current period's income tax.
- D. The additional 10% tax on the undistributed earnings is recorded as tax expense in the period the stockholders resolve to retain the earnings.

- E. When a change in the tax laws is enacted, the deferred tax liability or asset is recomputed accordingly in the period of change. The difference between the new amount and the original amount, that is, the effect of changes in the deferred tax liability or asset, is recognized as an adjustment to current income tax expense (benefit).

15) Share-based payment - employee compensation plan

The employee stock options granted from January 1, 2004 through December 31, 2007 are accounted for in accordance with EITF 92-070, EITF 92-071 and EITF 92-072 “Accounting for Employee Stock Options”, prescribed by the R.O.C. Accounting Research and Development Foundation. Under the share-based employee compensation plan, compensation cost is recognized using the intrinsic value method and pro forma disclosures of net income and earnings per share are prepared in accordance with the R.O.C. SFAS No. 39, “Accounting for Share-based Payment”.

16) Employees’ bonuses and directors’ and supervisors’ remuneration

Effective January 1, 2008, pursuant to EITF 96-052 of the Accounting Research and Development Foundation, R.O.C., dated March 16, 2007, “Accounting for Employees’ Bonuses and Directors’ and Supervisors’ Remuneration”, the costs of employees’ bonuses and directors’ and supervisors’ remuneration are accounted for as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and the amounts can be estimated reasonably. However, if the accrued amounts for employees’ bonuses and directors’ and supervisors’ remuneration are significantly different from the actual distributed amounts resolved by the stockholders at their annual stockholders’ meeting subsequently, the differences shall be recognized as gain or loss in the following year. In addition, according to EITF 97-127 of the Accounting Research and Development Foundation, R.O.C., dated March 31, 2008, “Criteria for Listed Companies in Calculating the Number of Shares of Employees’ Stock Bonus”, the Company calculates the number of shares of employees’ stock bonus based on the closing price of the Company’s common stock at the previous day of the stockholders’ meeting held in the year following the financial reporting year, after taking into account the effects of ex-rights and ex-dividends.

17) Revenues and expenses

Revenues are recognized when the earning process is substantially completed and they are realized or realizable. Costs and expenses are recognized as incurred.

18) Earnings per share

- A. Basic earnings per share is calculated by dividing net income by the weighted-average number of shares outstanding during the period after taking into consideration the retroactive effect of stock dividends and capital reserve capitalized.
- B. Basic and diluted earnings per share are disclosed if there are potential common stocks resulting from issuance of convertible bonds and employee stock options.

19) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and amounts of revenues and expenses during the reporting period. Actual results could differ from those assumptions and estimates.

20) Convenience translation into US dollars

The Group maintains its accounting records and prepares its financial statements in New Taiwan dollars. The United States dollar amounts disclosed in the financial statements as of and for the year ended December 31, 2009 are presented solely for the convenience of the reader and were translated to US dollars using the average of buying and selling exchange rates of US\$1.00 (in dollar): NT\$31.99 (in dollars) at December 31, 2009. Such translation amounts are unaudited and should not be construed as representations that the New Taiwan dollar amounts represent, have been, or could be converted into United States dollars at that or any other rate.

3. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

1) Employees' bonuses and directors' and supervisors' remuneration

Effective January 1, 2008, the Group adopted the EITF 96-052, "Accounting for Employees' Bonuses and Directors' and Supervisors' Remuneration", prescribed by the R.O.C. Accounting Research and Development Foundation. As a result of the adoption of EITF 96-052, net income decreased by \$261,163 (US\$8,164) and earnings per share decreased by \$0.59 for the year ended December 31, 2008.

2) Share-based payment - employee compensation plan

Effective January 1, 2008, the Company adopted R.O.C. SFAS No. 39, "Accounting for Share-based Payment". This change in accounting principle had no effect on the financial statements as of and for the year ended December 31, 2008.

3) Inventories

Effective January 1, 2009, the Group adopted the amendments to R.O.C. SFAS No. 10, "Accounting for Inventories". As a result of this change in accounting principle, operating costs and non-operating revenue associated with inventories decreased by \$265,711 (US\$8,306) and \$426,680 (US\$13,338), respectively for the year ended December 31, 2009. Further, net income decreased by \$128,775 (US\$4,025) and earnings per share decreased by \$0.28 for the year ended December 31, 2009.

4. DETAILS OF SIGNIFICANT ACCOUNTS

1) Cash

	December 31,		
	2008	2009	2009
	New Taiwan Dollars		US Dollars
			(Unaudited -Note 2)
Cash on hand	\$ 6,688	\$ 10,641	\$ 333
Checking accounts	30,786	5,279	165
Demand deposits	3,270,309	2,727,221	85,252
Time deposits	2,340,186	2,078,462	64,972
	<u>\$ 5,647,969</u>	<u>\$ 4,821,603</u>	<u>\$ 150,722</u>

2) Financial assets at fair value through profit or loss

	December 31,		
	2008	2009	2009
	New Taiwan Dollars		US Dollars
			(Unaudited -Note 2)
Financial assets held for trading			
Beneficiary certificates - fund	\$ 6,030	\$ 433,030	\$ 13,536
Derivative financial assets	-	4,692	147
Convertible bonds	35,200	39,720	1,242
	<u>\$ 41,230</u>	<u>\$ 477,442</u>	<u>\$ 14,925</u>
Financial liability held for trading			
Corporate bonds	\$ 105,481	\$ 3,982	\$ 124
Derivative financial assets	2,866	-	-
	<u>\$ 108,347</u>	<u>\$ 3,982</u>	<u>\$ 124</u>

The trading characteristics and contract information of the derivative financial assets are as follows:

	December 31, 2008			December 31, 2009		
	Contract Amount	Contract Period		Contract Amount	Contract Period	
Forward exchange contracts	USD 19,000	2008/12~2009/02		USD 43,000	2009/12~2010/03	

3) Accounts receivable - third parties

	December 31,		
	2008	2009	2009
	New Taiwan Dollars		US Dollars
			(Unaudited -Note 2)
Accounts receivable	\$ 6,988,488	\$ 8,950,491	\$ 279,790
Less: Allowance for doubtful accounts	(363,765)	(276,951)	(8,657)
	<u>\$ 6,624,723</u>	<u>\$ 8,673,540</u>	<u>\$ 271,133</u>

4) Inventories

	December 31, 2009		
	Cost	Allowance	Book value
	New Taiwan Dollars		
Raw materials	\$ 2,100,976	(\$ 157,579)	\$ 1,943,397
Work in process	123,219	-	123,219
Finished goods	2,765,500	(236,651)	2,528,849
Inventory in transit	75,593	-	75,593
	<u>\$ 5,065,288</u>	<u>(\$ 394,230)</u>	<u>\$ 4,671,058</u>

	December 31, 2009		
	Cost	Allowance	Book value
	US Dollars		
	(Unaudited-Note 2)		
Raw materials	\$ 65,676	(\$ 4,926)	\$ 60,750
Work in process	3,852	-	3,852
Finished goods	86,449	(7,398)	79,051
Inventory in transit	2,363	-	2,363
	<u>\$ 158,340</u>	<u>(\$ 12,324)</u>	<u>\$ 146,016</u>

	December 31, 2008		
	Cost	Allowance	Book value
Raw materials	\$ 2,831,114	(\$ 328,323)	\$ 2,502,791
Work in process	91,407	-	91,407
Finished goods	3,767,367	(190,690)	3,576,677
Inventory in transit	29,488	-	29,488
	<u>\$ 6,719,376</u>	<u>(\$ 519,013)</u>	<u>\$ 6,200,363</u>

Expenses and losses incurred on inventories during the period:

	For the years ended December 31,		
	2008	2009	2009
	New Taiwan Dollars		US Dollars
			(Unaudited -Note 2)
Cost of inventories sold	\$ 42,332,848	\$ 36,711,342	\$ 1,147,588
Loss on market price decline and gain from price recovery	29,730	(122,791)	(3,838)
Others	(165,595)	(142,920)	(4,468)
	<u>\$ 42,196,983</u>	<u>\$ 36,445,631</u>	<u>\$ 1,139,282</u>

Note: Due to disposal of and scrapping of inventory in this year, inventory decreased and gain from price recovery of inventory arose accordingly, which was recognized as a deduction to cost of goods sold.

5) Long-term equity investments accounted for under the equity method

Investee	2009 ownership percentage (%)	December 31,		
		2008	2009	2009
		New Taiwan Dollars		US Dollars
				(Unaudited -Note 2)
<u>Equity method:</u>				
Foxlink Image Technology Co., Ltd.	30.89%	\$ 683,230	\$ 727,471	\$ 22,741
Well Shin Technology Co., Ltd.	20.97%	821,918	883,638	27,622
Microlink Communications Inc.	21.43%	50,841	41,063	1,283
Nesonic Lo-Polymer Energy Technology Corp.	37.00%	154,244	125,884	3,935
Sharetronic Digital Electronic (Shen Zhen) Co., Ltd.	27.00%	-	269,315	8,419
		<u>\$ 1,710,233</u>	<u>\$ 2,047,371</u>	<u>\$ 64,000</u>

Investment income (loss) accounted for under the equity method of the years ended December 31, 2009 and 2008 was \$108,115 and \$65,509, respectively. The investment income (loss) recognized for these investees was based on their financial statements for the corresponding periods, which were audited by independent auditors.

6) Property, plant and equipment

The details of accumulated depreciation were as follows:

	December 31,		
	2008	2009	2009
	New Taiwan Dollars		US Dollars
			(Unaudited -Note 2)
Buildings	\$ 452,524	\$ 581,005	\$ 18,162
Machinery and equipment	4,621,187	6,181,741	193,241
Transportation equipment	15,347	25,158	786
Office equipment	143,342	159,637	4,990
Leasehold improvements	72,607	31,948	999
Other equipment	1,467,708	1,632,460	51,030
	<u>\$ 6,772,715</u>	<u>\$ 8,611,949</u>	<u>\$ 269,208</u>

Interest capitalized to the property, plant and equipment amounted to \$17,558 and \$16,318 for the years ended December 31, 2009 and 2008, respectively.

7) Short-term loans

	December 31,		
	2008	2009	2009
	New Taiwan Dollars		US Dollars
			(Unaudited -Note 2)
Secured loans	\$ -	\$ 78,286	\$ 2,447
Unsecured loans	4,585,562	3,981,803	124,470
	<u>\$ 4,585,562</u>	<u>\$ 4,060,089</u>	<u>\$ 126,917</u>
Annual interest rates	<u>1/10%~7.56%</u>	<u>0.81%~7.56%</u>	<u>0.81%~7.56%</u>

8) Accrued expenses

	December 31,		
	2008	2009	2009
	New Taiwan Dollars		US Dollars
			(Unaudited -Note 2)
Accrued conversion fee	\$ 504,184	\$ 543,601	\$ 16,992
Accrued salary and bonus	801,005	780,463	24,397
Accrued sales commission	348,217	100,181	3,132
Others	697,743	853,768	26,689
	<u>\$ 2,351,149</u>	<u>\$ 2,278,013</u>	<u>\$ 71,210</u>

9) Bonds payable

	December 31,		
	2008	2009	2009
	New Taiwan Dollars		US Dollars
			(Unaudited -Note 2)
Unsecured convertible bonds	\$ 5,000,000	\$ 5,000,000	\$ 156,299
Less: Amount repurchased	(36,700)	(36,700)	(1,147)
Less: Amount of put options exercised	-	(1,686,700)	(52,726)
Less: Discount on bonds payable	(359,372)	(151,312)	(4,730)
	4,603,928	3,125,288	97,696
Less: Current portion	(4,603,928)	(3,125,288)	(97,696)
	\$ -	\$ -	\$ -

A. On July 28, 2006, the Company issued its first unsecured convertible bonds. The major terms of the bonds are summarized below:

- (A) Principal amount: \$5,000,000
- (B) Issuance price: \$100
- (C) Coupon rate: 0%
- (D) Issue period: 5 years (October 9, 2006 to October 8, 2011)
- (E) Conversion period: November 9, 2006 to September 28, 2011
- (F) Conversion right:

The bonds are convertible into the Company's common shares at the conversion price in effect on the conversion date.

(G) Conversion price:

- a. The initial conversion price at issuance of the bonds is \$154.1 (in dollars) per share. The conversion price was adjusted for the first time from \$154.1 (in dollars) per share to \$125.4 (in dollars) per share on April 10, 2007, and adjusted for the second time from \$125.4 (in dollars) per share to \$113.2 (in dollars) per share on August 7, 2007, and adjusted for the third time from \$113.2 (in dollars) per share to \$99.6 (in dollars) per share on August 16, 2008, and adjusted for the fourth time from \$99.6 (in dollars) per share to 91.7 (in dollars) per share on August 3, 2009.
- b. The conversion price is subject to adjustment based on the prescribed formula upon the occurrence of certain events, including (i) distribution of stock dividends, (ii) distribution of cash dividends, (iii) distribution of employee bonus by issuing new shares, (iv) the issuance of shares due to cash infusion, (v) cash infusion for the

issuance of global depository receipts, or (vi) other events set out in the trust deed that will have a dilutive effect on the bondholders' rights.

- c. In the event that the average closing price of the common shares for a period of 20 consecutive trading days is lower than or equal to 80% of the conversion price, the conversion price will be adjusted and reset at the lowest of the average closing price of the common shares of 1, 3 or 5 consecutive trading days prior to the next day of the last day of the underlying 20 consecutive trading days multiplied by the conversion premium rate of 110%. The adjusted conversion price shall be higher than the sampling basic price upon reset and not be less than 80% of the conversion price at issuance of the bonds.
- d. In the event that the average closing price of the common shares for a period of 20 consecutive trading days is higher than or equal to 120% of the conversion price, the conversion price will be adjusted and reset at the lowest of the average closing price of the common shares of 1, 3 or 5 consecutive trading days prior to the next day of the last day of the underlying 20 consecutive trading days multiplied by the conversion premium rate of 110%. The adjusted conversion price shall be higher than the sampling basic price upon reset and not be higher than 110% of the conversion price at issuance of the bonds.
- e. The effective interest rate of convertible bonds issued by the Company was 2.77%.

(H) Call option: The Company may purchase the outstanding bonds at face value within 30 trading days after the following events, provided that (i) the closing price of the shares for a period of 30 consecutive trading days is above 50% of the conversion price, or (ii) the amount of the outstanding bonds is less than 10% of the initial issuance amount of convertible bonds, from the day after the first month of issuance of the bonds to 30 days prior to the maturity date of the bonds.

(I) Put option: The Company should redeem such bonds in the third year and fourth year after the issuance of convertible bonds at face value upon the request of the bondholders.

(J) Under the terms of the convertible bonds, the rights and obligations of the new shares converted from convertible bonds are the same as the issued and outstanding common stock.

B. The fair value of convertible option was separated from bonds payable, and was recognized in "Capital reserve from stock warrants" in the amount of \$423,494 (US\$13,238) in accordance with ROC SFAS No. 36. In accordance with EITF 97-331 and EITF 98-046 of the R.O.C. Accounting Research and Development Foundation, the fair value reduction in

the amount of \$199,000 due to the reset of conversion price was reclassified to “Capital reserve from stock warrants” for the year ended December 31, 2007. The redemption of convertible bonds in the amount of \$3,108 was recognized in “Capital reserve from stock warrants” for the year ended December 31, 2008, and the difference between book value and fair value of the bonds in the amount of \$3,065 was reclassified to “Capital reserve-treasury stock transaction”. As the bondholders exercised put options in 2009, an amount of \$210,488 was reclassified from “Capital reserve from stock warrants” to “Capital reserve - additional paid-in capital in excess of par - common stock”. As of December 31, 2009, the balance of “Capital reserve from stock warrants” amounted to \$408,898. The fair value of put and call options embedded in bonds payable was separated from bonds payable, and was recognized in “Financial assets or liabilities at fair value through profit or loss” in the net amount of \$3,982 (US\$124) in accordance with SFAS No. 34. The Company recognized net gain of \$97,362 and \$12,652 for the years ended December 31, 2009 and 2008, respectively, for the market value change of put and call options.

10) Long-term loans

		December 31,		
		2008	2009	2009
		New Taiwan Dollars		US Dollars
		(Unaudited -Note 2)		
Secured bank loans	Principal payable in lump sum at maturity on March 19, 2010	\$ 13,600	\$ 19,197	\$ 600
Unsecured bank loans	Payable in installments starting from September 2010 to December 2012	896,622	563,787	17,623
Medium-term and long-term syndicated loans	From March 2009 to March 2012	-	1,450,000	45,327
Bonds payable	Holder can carry out the put option from October 9, 2009	4,603,928	3,125,288	97,696
		5,514,150	5,158,272	161,246
Less: Current portion		(4,950,123)	(3,427,383)	(107,139)
		<u>\$ 564,027</u>	<u>\$ 1,730,889</u>	<u>\$ 54,107</u>
Annual interest rate		<u>3.17%~3.63%</u>	<u>0.89%~4.86%</u>	<u>0.89%~4.86%</u>

On March 18, 2009, the Company entered into a three-year syndicated revolving credit facility agreement with 13 banks – Cathay United Bank as the lead bank - and obtained a credit line in the amount of \$4,800,000. The terms of agreement are summarized below:

- A. Duration of loan: three years from the contract date.
- B. Credit line and draw-down: credit line is revolving within \$4,800,000; each draw-down is required to be a minimum of \$100,000.
- C. Principal repayment: the duration of each loan drawn down is either 90 days or 180 days at the Company’s option. The Company, if without any default, may submit an application to the

banks to draw down a new loan with principal equal to the old one before its maturity, and the new loan is directly used to repay the original loan. Banks and the Company are not required to make remittances for such draw-down and repayment, which is viewed that the Company has received the new loan on the maturity of original loan.

D. Commitment: the Company should maintain the following financial ratios during the contract duration for annual non-consolidated and consolidated financial statements and quarterly non-consolidated financial statements:

- a) Current assets to current liabilities ratio of at least 1:1 effective from January 1, 2010;
- b) Liabilities not exceeding 150% of tangible net equity;
- c) Interest coverage of at least 400%; and
- d) Tangible net equity of at least NT\$15,000,000,000.
- e) The loan period is decided by the borrower. The borrower may choose to early repay the loans during the contract period according to the syndicated loan contract.

11) Retirement plan

A. The Company and its domestic subsidiaries have a non-contributory and funded defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Trust Department of Bank of Taiwan, under the name of the independent retirement fund committee.

The following sets forth the pension information based on the actuarial report:

- a) Actuarial assumptions

	December 31,	
	2008	2009
Discount rate	2.75%	2.00%~2.25%
Effect of future salary increments	3.00%	1.00%~3.00%
Expected return rate on plan assets	1.50%	2.00%~2.25%

b) Funded status of the pension plan

	December 31,		
	2008	2009	2009
	New Taiwan Dollars	US Dollars	
Benefit obligation:			
Vested benefit obligation	(\$ 30,298)	(\$ 34,365)	(\$ 1,074)
Non-vested benefit obligation	(136,352)	(145,842)	(4,559)
Accumulated benefit obligation	(166,650)	(180,207)	(5,633)
Effect of future salary increments	(87,187)	(100,611)	(3,145)
Projected benefit obligation	(253,837)	(280,818)	(8,778)
Fair value of plan assets	51,972	58,650	1,833
Funded status	(201,865)	(222,168)	(6,945)
Unrecognized net transition obligation	829	1,415	44
Unrecognized prior service cost	24,065	20,976	656
Unrecognized gain or loss on plan assets	81,677	92,326	2,886
Adjustments to accrued pension liabilities	(19,384)	(15,416)	(482)
Under provision of prior year's income	(8)	(1,224)	(38)
Accrued pension liability	(\$ 114,686)	(\$ 124,091)	(\$ 3,879)
Vested benefit	<u>\$ 37,457</u>	<u>\$ 41,017</u>	<u>\$ 1,282</u>

c) Net pension cost comprises the following:

	December 31,		
	2008	2009	2009
	New Taiwan Dollars	US Dollars	
Service cost	\$ 6,062	\$ 6,841	\$ 214
Interest cost	7,242	7,045	220
Expected return on plan assets	(1,256)	(875)	(27)
Amortization of unrecognized net transition obligation	276	406	13
Amortization of unrecognized service cost	3,088	3,088	97
Amortization of unrecognized net gain on plan assets	2,371	4,257	133
Gain from contraction of pensions	-	(240)	(8)
Net periodic pension cost	<u>\$ 17,783</u>	<u>\$ 20,522</u>	<u>\$ 642</u>

B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a funded defined contribution pension plan (the "New Plan") under the Labor Pension Act. Employees have the option to be covered under the New Plan. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are portable when the employees are terminated. The pension costs under the defined contribution pension plan for the years ended December 31, 2009 and 2008 were \$53,932 and \$48,561, respectively.

- C. Foxlink Singapore, FOXLINK, MICROLINK, and the Company's mainland subsidiaries have a funded defined contribution plan. Monthly contributions are based on the employees' monthly salaries and wages to an independent fund administered by the government in accordance with the pension regulations.

12) Common stock

- A. As of December 31, 2008 and 2009, the Company's authorized common stock was both \$5,500,000 (US\$167,632) (including 50,000,000 and 0 shares reserved for the issuance of convertible bonds as of December 31, 2008 and 2009, respectively, and 50,000,000 shares reserved for the issuance of employees' warrants as of December 31, 2008 and 2009), and the issued and outstanding shares were 437,460,865 shares and 453,965,472 shares, respectively, with a par value of \$10 (in dollars) per share.
- B. On June 10, 2009, the stockholders at their annual stockholders' meeting adopted a resolution to capitalize unappropriated earnings of \$87,492 and employees' bonus of \$348,217, with the effective date set on July 28, 2009. Employees' stock bonus of 7,755,000 shares totaling \$348,217 was distributed at \$44.9 (in dollars) per share, which was decided based on the closing price, \$48.6 (in dollars) per share, of the Company's common stock at the previous day of the stockholders' meeting, dated June 9, 2009, and taking into account the effects of ex-rights and ex-dividends. A total of 16,504,000 shares of new stocks were issued for this capital increase. The capital increase was approved by the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan, R.O.C. on June 25, 2009, and had been registered on August 19, 2009.

13) Capital reserve

- A. The R.O.C. Securities and Exchange Law requires that capital reserve shall be exclusively used to cover accumulated deficit or to increase capital and shall not be used for any other purpose.
- B. Please see Notes 4 (9) and (14) for detailed information of Capital reserve from stock warrants.

14) Retained earnings

- A. Based on the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder shall be appropriated as (a) 0.10% as remuneration to directors and supervisors; (b) at least 8% as bonus to employees, and (c) as dividends to stockholders.

- B. According to the Company's Articles of Incorporation, no more than 90% of the distributable retained earnings shall be distributed as stockholders' bonus, of which a major portion is payable by shares and the balance by cash, which will be defined and approved during the stockholders' meeting. In general, cash dividend distributed in any calendar year shall be at least 20% of the total distributable earnings in that year.
- C. The legal reserve can only be used to offset losses or to increase capital when the Company's accumulated legal reserve has reached 50% of its paid-in capital, and only one half of the legal reserve balance may be capitalized.
- D. In accordance with the applicable laws and regulations, in addition to the appropriation for legal reserve and prior to distribution of earnings, the Company should set aside a special reserve from retained earnings equal to the net reduction of shareholders' equity as of the end of the current year, resulting from adjustments such as cumulative translation adjustments and unrealized losses on long-term investments.
- E. The appropriation of 2007 and 2008 earnings had been resolved at the stockholders' meeting in 2008 and 2007, respectively. Details are summarized below:

	2007		2008	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
	New Taiwan Dollars		New Taiwan Dollars	
Legal reserve	\$ 230,439	\$ -	\$ 189,531	\$ -
Stock dividends	200,791	0.50	87,492	0.20
Cash dividends	1,003,954	2.50	1,224,890	2.80
Directors' and supervisors' remuneration	1,370	-	Note	-
Employees' stock bonus	158,000	-	-	-
Employees' cash bonus	6,471	-	-	-
Total	<u>\$ 1,601,025</u>	<u>\$ 3.00</u>	<u>\$ 1,501,913</u>	<u>\$ 3.00</u>

Note: The actual distribution of 2008 earnings was stated in the previous paragraph. Employees' stock bonus of 7,755,000 shares was distributed at \$44.9 (in dollars) per share. The difference between the employees' bonus and directors' and supervisors' remuneration of 2008 as resolved by the stockholders at the stockholders' meeting and the amount of \$348,217 accrued in the 2008 financial statements, totaling \$1,662, had been recognized as an adjustment in the statement of income for 2009. The resolution for the distribution of 2009 earnings has not been adopted by the Board of Directors. The resolutions in relation to the Company's distribution of earnings, which have been adopted by the Board of Directors and approved in the stockholders' meetings, are posted in the "Market Observation Post System" at the website of Taiwan Stock Exchange.

- F. The estimated amount of employees' bonus and directors' and supervisors' remuneration for the years ended December 31, 2008 and 2009 amounted to \$348,217 and \$100,181 (US\$3,132), respectively, based on a certain percentage (prescribed by the Company's Articles of Incorporation) of net income in 2008 and 2009 after taking into account the legal reserve and other factors, and are recognized as operating costs or operating expenses for 2008 and 2009. If, however, the estimated amounts differ from the amounts approved by the stockholders subsequently, the difference is recognized as gain or loss in the following year.
- G. In accordance with EIFT 97-331 of the R.O.C. Accounting Research and Development Foundation, "Accounting for equity element of convertible bonds", the amount of fair value reduction of financial liabilities due to the reset of conversion price shall be reclassified to "Stockholders' equity". The conversion price of the convertible bonds issued by the Company was reset in year 2007, and the amount of fair value reduction of financial liabilities due to the reset of conversion price was recognized as "Gain on valuation of financial liability". Accordingly, pursuant to EITF 97-331, retained earnings at beginning of 2008 shall be adjusted retroactively, however, as the effect on net income/loss did not reach 5% of the Company's paid-in capital or 1% of the Company's operating revenue for the year ended December 31, 2007, the financial statements as of and for the year ended December 31, 2007 are not required to be restated in accordance with Article 6, Item 1, Section 2 of the enforcement rules of the Securities Exchange Law. As a result of the adjustment, retained earnings decreased by \$199,000 and capital reserve from stock warrants increased by \$199,000 as of January 1, 2008, and the effects on stockholders' equity items for the year ended December 31, 2008 are as follows:

	<u>For the year ended December 31, 2008</u>		
	<u>Initial amount</u>		
	<u>recognized</u>	<u>Adjustment</u>	<u>Adjusted amount</u>
Retained earnings at beginning of period-unappropriated	\$ 4,378,112	(\$ 199,000)	\$ 4,179,112
Capital reserve at beginning of period-stock warrant	423,494	199,000	622,494

15) Income tax

A. Income tax expense and income tax payable are reconciled as follows:

	December 31,		
	2008	2009	2009
	New Taiwan Dollars		US Dollars
			(Unaudited -Note 2)
Income tax payable	\$ 332,219	\$ 364,239	\$ 11,386
Tax effect of change in income tax rate	-	11,246	351
Net change of deferred income tax assets and liabilities	27,311	92,532	2,893
Income tax payable at beginning of period	(83,850)	(177,539)	(5,550)
Under provision of prior year's income tax	15,362	9,450	295
Prepaid income tax	402,554	164,743	5,150
	<u>\$ 693,596</u>	<u>\$ 464,671</u>	<u>\$ 14,525</u>
Current income tax expense	\$ 622,302	\$ 425,332	\$ 13,295
10% income tax on prior year's undistributed earnings	71,294	39,339	1,230
Income tax expense	<u>\$ 693,596</u>	<u>\$ 464,671</u>	<u>\$ 14,525</u>

B. The temporary differences and related amounts of deferred income tax assets (liabilities) were as follows:

	December 31,			
	2008		2009	
	Amount	Tax effect	Amount	Tax effect
	New Taiwan Dollars		New Taiwan Dollars	
Current (shown as part of other current assets):				
Temporary differences				
Allowance for doubtful accounts	\$ 205,485	\$ 51,371	\$ 155,579	\$ 31,116
Unrealized exchange loss	3,167	972	1,127	225
Allowance for inventory loss	380,590	95,148	217,388	43,468
Unrealized gain from intercompany transactions	86,229	21,557	16,779	3,356
Others	31,184	7,796	20,225	4,045
		<u>\$ 176,844</u>		<u>\$ 82,210</u>
Non-Current:				
Temporary differences				
Pension expense	\$ 95,302	\$ 23,826	\$ 112,703	\$ 22,541
Foreign long-term investment (income) loss accounted for under the equity method	(150,287)	(37,572)	171,488	34,298
Loss carryforwards	14,025	3,506	313,239	62,648
Others	171,962	42,991	24,250	5,089
Investment tax credits		<u>60,107</u>		<u>14,459</u>
		92,858		139,035
Valuation allowance		(128,972)		(137,260)
Cumulative translation adjustments		<u>(212,040)</u>		<u>(177,379)</u>
		<u>(\$ 248,154)</u>		<u>(\$ 175,604)</u>

	December 31, 2009	
	Amount	Tax effect
	US Dollars	
	(Unaudited-Note 2)	
Current (shown as part of other current assets):		
Temporary differences		
Allowance for doubtful accounts	\$ 4,863	\$ 973
Unrealized exchange loss	35	7
Allowance for inventory loss	6,795	1,359
Unrealized gain from intercompany transactions	525	105
Others	632	126
		<u>\$ 2,570</u>
Non-Current:		
Temporary differences		
Pension expense	\$ 3,523	\$ 705
Foreign long-term investment loss accounted for under the equity method	5,361	1,072
Loss carryforwards	9,792	1,957
Others	758	159
Investment tax credits		<u>452</u>
		4,346
Valuation allowance		(4,291)
Cumulative translation adjustments		<u>(5,545)</u>
		<u>(\$ 5,489)</u>

C. As of December 31, 2008 and 2009, the imputation tax credit account balance and the creditable tax ratio of the total distributed retained earnings were as follows:

	December		
	2008	2009	2009
	New Taiwan Dollars		US Dollars
			(Unaudited- Note 2)
Imputation tax credit account balance	\$ 836,565	\$ 994,028	\$ 31,073
Creditable tax ratio of the total distributed retained earnings	30.57%	28.25%	28.25%

The creditable tax rate for 2009 is estimated based on the balance of the imputation tax credit account on December 31, 2009. As the amount of imputation tax credits distributable to stockholders is computed based on the balance of the imputation tax credit account on the dividends appropriated date, the creditable tax rate applicable to the stockholders for the appropriation of 2009 earnings shall be adjusted based on the Company's various tax credits under the Income Tax Law prior to the dividends or earnings appropriated date.

D. As of December 31, 2008 and 2009, the details of unappropriated retained earnings are as follows:

	December 31,		
	2008	2009	2009
	New Taiwan Dollars		US Dollars
			(Unaudited- Note 2)
Earnings generated in 1997 and prior years	\$ 40,389	\$ 40,389	\$ 1,262
Earnings generated in 1998 and thereafter	4,433,000	4,328,058	135,294
	<u>\$ 4,473,389</u>	<u>\$ 4,368,447</u>	<u>\$ 136,556</u>

E. As of December 31, 2009, unused loss carryforwards of Darts Technologies Corporation, Glory Science Co., Ltd., Du Precision Industry Co., Ltd., Studio A Inc. and World Circuit Technology Co., Ltd. can be carried forward as follows:

<u>Effective date</u>	<u>Amount New Taiwan Dollars</u>	<u>US Dollars</u>
2014	\$ 7,135	\$ 223
2015	101,159	3,162
2016	83,036	2,596
2017	12,847	402
2018	79,744	2,493
2019	29,318	916
Total	<u>\$ 313,239</u>	<u>\$ 9,792</u>

F. As of December 31, 2009, the income tax returns of the Company through 2007 had been assessed by the Tax Authority. The Company's additional income tax of \$7,982 (US\$250), \$17,217 (US\$538), \$100,900 (US\$3,154) and \$185,034 (US\$5,784) was assessed for year 1999, year 2002, year 2006 and year 2007, respectively. The Company disagreed with the Tax Authority's ruling on the 1999, 2002, 2006 and 2007 income tax returns, and had filed a tax administrative remedy for the assessment of additional income tax payable for 1999. The related administrative legal process is still on going. Relative to the additional income tax payable for 2002, the Company had filed an appeal for reassessment with the Tax Authority, and the related petition procedures are also ongoing. The Company has applied for reinvestigation of 2006 income tax return for additional tax payable assessed by the Tax Authority. Further, the Company has applied for tax reinvestigation of its 2007 income tax return for additional tax payable assessed by the Tax Authority. For conservative purposes, the Company had accrued relevant liabilities stated above.

G. The consolidated subsidiaries of the Group, FGEDG and FGEKS, etc. are foreign-invested enterprises established in PRC. Under the income tax laws for foreign invested enterprises and foreign enterprises of PRC and related regulations, these companies are exempt from corporate income tax for the first two profit-making years and enjoy a 50% income tax reduction from the third to the fifth profit-making years. FGETJ, NE, FETJ, FGEKS and FEDG are eligible for the tax exemption starting from 2003, 2005, 2006 and 2007, respectively. Other Mainland China subsidiaries are eligible for the tax exemption starting from January 1, 2008 in accordance with the "New Corporate Income Tax Law of the PRC".

H. In accordance with the amendment of the Income Tax Law, published by the Zong-Tong-Hua-Zong-Yi-Yi-Zi Order No. 09800129131, dated May 27, 2009, effective from January 1, 2010, the profit-seeking enterprise income tax rate will be reduced from 25% to 20%. The effect of changes in the deferred tax asset or liability resulting from recomputation of deferred tax asset or liability due to the change in Income Tax Law had

been recognized by the Company as an adjustment to current income tax expense.

16) Share-based payment - employee compensation plan

A. As of December 31, 2009, the Company's share-based payment transactions are set forth below:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions	Actual resignation rate in the current period	Estimated future resignation rate
Employee stock options	2007.12.28	40,000,000	7 years	The stock options may be exercised in installments after two years of issuance of stock options.	0.21%	-

B. Details of the employee stock options are set forth below:

	For the year ended December 31, 2008		For the year ended December 31, 2009	
	No. of shares (in thousand shares)	Weighted-average exercise price (in dollars)(Note)	No. of shares (in thousand shares)	Weighted-average exercise price (in dollars)(Note)
Options outstanding at beginning of year	40,000	\$ 60.5	39,884	\$ 55.7
Options granted	-	-	(681)	55.7
Options revoked	(116)	60.5	(83)	55.7
Options outstanding at end of year	39,884	60.5	39,120	\$ 55.7
Options exercisable at end of year	-	-	11,259	-

C. For the employee stock options granted in 2007, since their grant date was before the effectivity of EITF 92-072, "Accounting for Employee Stock Options", as prescribed by the R.O.C. Accounting Research and Development Foundation, compensation cost under the share-based employee compensation plan is not required to be recognized retroactively for those stock options.

D. As of December 31, 2008 and 2009, the exercise price of stock options outstanding was \$60.5 and \$55.7 (in dollars), respectively, and the weighted-average remaining vesting period was 6 years and 5 years, respectively.

E. The following sets forth the pro forma net income and earnings per share based on the assumption that the compensation cost is accounted for using the fair value method (the intrinsic value method) for the stock options granted before the effectivity of R.O.C. SFAS No. 39, "Accounting for Share-based Payment":

		2008		2009	
		New Taiwan Dollars		US dollars	
				(Unaudited- Note 2)	
Net income	Net income stated in the statement of income	\$ 1,895,302	\$ 1,396,971	\$ 43,669	
	Pro forma net income	1,523,156	1,028,101	32,138	
Basic earnings per share (EPS) (in dollars)	EPS stated in the statement of income	4.25	3.08	0.10	
	Pro forma net income	3.41	2.26	0.07	
Diluted earnings per share (EPS) (in dollars)	EPS stated in the statement of income	3.96	2.88	0.09	
	Pro forma net income	3.01	2.09	0.07	

For the stock options granted before January 1, 2008 with the compensation cost accounted for using the fair value method, their fair value on the grant date is estimated using the Black-Scholes option-pricing model. The weighted average parameters used in the estimation of the fair value are as follows:

Type of arrangement	Grant date	Stock price	Exercise price (Note)	Expected price volatility	Expected vesting period	Expected dividend yield rate	Risk-free interest rate	Fair value per unit
Employee stock options	2007.12.28	68.8	60.5	39.98%	5.05 years	-	2.44%	26.66

17) Earnings per common share

For the year ended December 31, 2008						
	Amount		Weighted-average Outstanding Common Shares (in thousand shares)	Earnings Per Share (in dollars)		
	Before tax	After tax		Before tax	After tax	
Consolidated net income attributable to equity holders of the Company	\$ 2,470,118	\$ 1,895,302	446,210			
Basic earnings per share				\$ 5.54	\$ 4.25	
Dilutive effect of common stock equivalents:						
Employees' warrants	112,178	112,178	(Note 1)			
Convertible bonds	-	-	49,832.00			
Employees' bonus	-	-	10,485			
Diluted earnings per share						
Consolidated net income	\$ 2,582,296	\$ 2,007,480	506,527	\$ 5.10	\$ 3.96	

For the year ended December 31, 2009

	Amount		Weighted-average Outstanding Common Shares (in thousand shares)	Earnings Per Share (in dollars)	
	Before tax	After tax		Before tax	After tax
	Consolidated net income attributable to equity holders of the Company	\$ 1,828,262		\$ 1,396,971	453,965
Basic earnings per share				\$ 4.03	\$ 3.08
				(US\$ 0.13)	(US\$ 0.10)
Dilutive effect of common stock equivalents					
Employees' warrants	-	-	Note 1		
Convertible bonds	17,671	17,671	35,732		
Employees' bonus (Note 1)	-	-	1,402		
Diluted earnings per share					
Consolidated net income	\$ 1,845,933	\$ 1,414,642	491,099	\$ 3.76	\$ 2.88
	(US\$ 57,703)	(US\$ 44,221)		(US\$ 0.12)	(US\$ 0.09)

Note 1: These would have anti-dilutive effect if the treasury stock method is adopted; accordingly, these were not included as the shares were anti-dilutive.

Note 2: Effective January 1, 2008, as employees' bonus could be distributed in the form of stock, the diluted EPS computation shall include those estimated shares that would increase from employees' stock bonus issuance in the calculation of the weighted-average number of common shares outstanding during the reporting year, taking into account the dilutive effects of stock bonus on potential common shares; whereas, basic EPS shall be calculated based on the weighted-average number of common shares outstanding during the reporting year that include the shares of employees' stock bonus for the appropriation of prior year earnings, which have already been resolved at the stockholders' meeting held in the reporting year. Since capitalization of employees' bonus no longer belongs to distribution of stock dividends (or retained earnings and capital reserve capitalized), the calculation of basic EPS and diluted EPS for all periods presented shall not be adjusted retroactively. However, the accounting treatment for the appropriation of employees' bonus for 2007 earnings resolved at the stockholders' meeting held in 2008 is still in accordance with the regulations on capitalization of employees' bonus under paragraphs 19 and 39 of R.O.C. SFAS No. 24, "Earnings per Share".

Note 3: The weighted-average outstanding common shares for 2008 have been adjusted retroactively based on the dividends distribution rate of 2% for the retained earnings capitalized in 2009.

18) Personnel, depreciation and amortization expenses

The Group's personnel, depreciation and amortization expenses are as follows:

	For the year ended December 31, 2008		
	Cost of	Operating	Total
	goods sold	expenses	
New Taiwan Dollars			
Personnel expenses			
Salaries	\$ 3,900,071	\$ 2,080,710	\$ 5,980,781
Insurance	86,112	112,802	198,914
Pension	9,252	56,616	65,868
Others	202,096	125,139	327,235
Depreciation	1,304,493	587,992	1,892,485
Amortization	3,313	65,890	69,203

	For the year ended December 31, 2009		
	Cost of	Operating	Total
	goods sold	expenses	
New Taiwan Dollars			
Personnel expenses			
Salaries	\$ 3,599,648	\$ 2,177,817	\$ 5,777,465
Insurance	28,309	85,185	113,494
Pension	12,924	61,530	74,454
Others	144,295	156,877	301,172
Depreciation	1,421,734	645,513	2,067,247
Amortization	14,013	81,680	95,693

	For the year ended December 31, 2009		
	Cost of	Operating	Total
	goods sold	expenses	
US Dollars			
(Unaudited-Note 2)			
Personnel expenses			
Salaries	\$ 112,524	\$ 68,078	\$ 180,602
Insurance	885	2,663	3,548
Pension	404	1,923	2,327
Others	4,511	4,904	9,415
Depreciation	44,443	20,179	64,622
Amortization	438	2,553	2,991

Note a : Portion of depreciation was capitalized and included in the production costs of molds.

Note b : Depreciation included in non-operating expenses amounted to \$22,133 and \$29,443 (US\$920) for the years ended December 31, 2008 and 2009, respectively.

5. RELATED PARTY TRANSACTIONS

A. Names and relationship of related parties

<u>Name of related parties</u>	<u>Relationship with the Company</u>
Hon Hai Precision Industry Co., Ltd. (Hon Hai)	The CEOs of Hon Hai and the Company are brothers
Well Shin Technology Co., Ltd. (WST)	Investee company accounted for under the equity method
Foxlink Image Technology Co., Ltd. (Foxlink Image)	An indirect investee company accounted for under the equity method
Microlink Communications Inc. (Microlink)	"
Accu-Image Technology Limited (ACCU)	An affiliate
Nu Cam Corporation (Nu Cam)	An indirect investee company accounted for under the equity method
ViewLink Technology Co., Ltd. (ViewLink)	Same chairman
Suntain Co., Ltd. (Suntain)	An affiliate
Jhin-Cyun Co., Ltd. (Jhin-Cyun)	A supervisor of Jhin-Cyun is a senior manager of the Company
Fu Lin International Investments Co., Ltd. (FLII)	A supervisor of FLII is a senior manager of the Company
Taiwan Fulin Investments Co., Ltd. (TFI)	A director of TFI is a manager of the Company
Jen Fa Investments Co., Ltd. (JFI)	Same director
Fine Best Technology Limited	Same director

Note : For other related party transactions with other controlled subsidiaries, please refer to Note 11 for additional disclosures as required by SFB.

B. Significant related party transactions and balances

1) Sales

	For the years ended December 31,		
	2008	2009	2009
	New Taiwan Dollars		US Dollars
	(Unaudited- Note 2)		
Hon Hai	\$ 3,543,823	\$ 668,240	\$ 20,889
WST	213,483	214,726	6,712
Suntain	256,517	54,368	1,700
Foxlink Image	47,006	38,739	1,211
Others	17,037	21,657	677
	<u>\$ 4,077,866</u>	<u>\$ 997,730</u>	<u>\$ 31,189</u>

Sales of finished goods to Hon Hai are at arm's-length. All other sales to related parties are based on negotiated terms because the related products are unique and not available to third parties. For the years ended December 31, 2008 and 2009, the credit term on sales to related parties was 120 to 180 days after monthly billings. The credit term on sales to third parties was 30~120 days after monthly billing opr upon shipment of goods, except for receivables arising from the sales of tooling that are collectible upon acceptance by customers.

2) Purchases

	For the years ended December 31,		
	2008	2009	2009
	New Taiwan Dollars		US Dollars
	(Unaudited -Note 2)		
WST	\$ 1,022,076	\$ 810,467	\$ 25,335
Hon Hai	621,143	469,547	14,678
Foxlink Image	138,721	5,118	160
Nu Cam	58,778	-	-
Others	1,253	-	-
	<u>\$ 1,841,971</u>	<u>\$ 1,285,132</u>	<u>\$ 40,173</u>

All purchases from related parties are at arm's-length. Payment period was 60~120 days after receipt of goods from suppliers.

3) Non-operating income - other income

	For the years ended December 31,		
	2008	2009	2009
	New Taiwan Dollars		US Dollars
	(Unaudited -Note 2)		
Suntain	\$ -	\$ 67,052	\$ 2,096

The Company received technical compensation receivable from Suntain for the year ended December 31, 2009, which was recognized in "non-operating income-other income".

4) Accounts receivable

	December 31,		
	2008	2009	2009
	New Taiwan Dollars		US Dollars
			(Unaudited -Note 2)
Hon Hai	\$ 2,335,322	\$ 117,812	\$ 3,683
WST	62,020	83,518	2,611
Suntain	109,506	44,922	1,404
Others	39,584	41,720	1,304
	<u>2,546,432</u>	<u>287,972</u>	<u>9,002</u>
Less: Allowance for doubtful accounts	(22,000)	(22,000)	(688)
	<u>\$ 2,524,432</u>	<u>\$ 265,972</u>	<u>\$ 8,314</u>

5) Other receivables

	December 31,		
	2008	2009	2009
	New Taiwan Dollars		US Dollars
			(Unaudited -Note 2)
Technical compensation receivable-			
Suntain	\$ -	\$ 70,315	\$ 2,198
Others	28,862	1,916	60
	<u>\$ 28,862</u>	<u>\$ 72,231</u>	<u>\$ 2,258</u>

For details of the Suntain technical compensation receivable, please see Note 5.B.3.

6) Accounts payable

	December 31,		
	2008	2009	2009
	New Taiwan Dollars		US Dollars
			(Unaudited -Note 2)
WST	\$ 94,371	\$ 182,136	\$ 5,694
Foxlink Image	47,126	-	-
Hon Hai	12,133	11,694	366
Nu Cam	4,449	-	-
Others	13,987	21,480	671
	<u>\$ 172,066</u>	<u>\$ 215,310</u>	<u>\$ 6,731</u>

The above payables pertain to receipts of payments for goods on behalf of Microlink.

7) Other payables

	December 31,		
	2008	2009	2009
	New Taiwan Dollars		US Dollars
	(Unaudited -Note 2)		
Microlink	\$ 11,522	\$ 10,035	\$ 314

The above payables pertain to receipts of payment for goods on behalf of Microlink.

8) Financing activities and guarantees

See Note 11.

9) Information on remuneration to directors and supervisors

	For the years ended December 31,		
	2008	2010	2010
	New Taiwan Dollars		US Dollars
	(Unaudited -Note 2)		
Salaries	\$ 46,609	\$ 47,967	\$ 1,499
Bonus	13,342	7,149	223
Profits distributions	98,652	21,116	660
Total	\$ 158,603	\$ 76,232	\$ 2,382

A. Salaries includes wages, premium, pension and severance pay etc.

B. Bonus includes all kinds of bonus and rewards.

C. Profits distributions represent the current estimations of remuneration to directors and supervisors and employees' bonus.

D. For other related information, please refer to the Company's annual report.

6. PLEDGED ASSETS

	December 31,		Purpose of collateral
	2008	2009	
	Book value-New Taiwan Dollars		
Bank deposits (Other financial assets-non-current)	\$ 117,127	\$ 82,017 (US\$ 2,564)	Tariff duty quarantee
Other intangible asset - land use rights	\$ 22,367	\$ 23,114 (US\$ 723)	Short-term loans
Land	\$ 23,114	\$ - US\$ -	Long-term loans
Buildings	\$ 359,916	\$ - US\$ -	Short-term loans
Buildings	\$ 20,100	\$ 19,634 (US\$ 614)	Long-term loans

7. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

A) See Note 11 for guarantee information.

B) As of December 31, 2009, equipment purchase commitments amounted to \$910,012 (US\$28,447) and the amount outstanding was \$316,337 (US\$9,889).

C) As of December 31, 2009, the construction commitments amounted to \$2,150,234 (US\$67,216) and the amount outstanding was \$233,908 (US\$7,312).

8. SIGNIFICANT LOSSES FROM DISASTERS

None.

9. SIGNIFICANT SUBSEQUENT EVENT

None.

10. OTHER INFORMATION

1) Financial statement presentation

Certain accounts in the 2008 financial statements were reclassified to conform with the 2009 financial statement presentation.

2) Fair value of financial instruments

	December 31, 2008			December 31, 2009			December 31, 2009		
	Book value	Fair value		Book value	Fair value		Book value	Fair value	
		Quotations in an active market	Estimated using a valuation technique		Quotations in an active market	Estimated using a valuation technique		Quotations in an active market	Estimated using a valuation technique
New Taiwan Dollars		New Taiwan Dollars		US Dollars					
<u>Non-derivative financial instruments</u>									
<u>Assets</u>									
Financial assets with fair values equal to book values	\$ 15,436,326	\$ -	\$ 15,436,326	\$ 14,769,178	\$ -	\$ 14,769,178	\$ 461,681	\$ -	\$ 461,681
Financial assets at fair value through profit or loss	41,230	41,230	-	477,442	477,442	-	14,925	14,925	-
Financial assets carried at cost	71,809	-	71,809	259,241	-	259,241	8,104	-	8,104
Refundable deposits	34,393	-	34,393	64,759	-	64,759	2,024	-	2,024
<u>Liabilities</u>									
Financial liabilities with fair values equal to book values	19,325,905	-	19,325,905	16,935,312	-	16,935,312	529,394	-	529,394
Financial liabilities at fair value through profit or loss	108,347	-	108,347	3,982	-	3,982	124	-	124
Long-term loans	564,027	-	564,027	1,730,889	-	1,730,889	54,107	-	54,107
Bonds payable	4,603,928	-	4,603,928	3,125,288	-	3,125,288	97,696	-	97,696
<u>Derivative financial instruments</u>									
<u>Assets (Liabilities)</u>									
Forward exchange contracts for non-trading purposes	(2,866)	(2,866)	-	(4,692)	(4,692)	-	(147)	(147)	-

(Unaudited-Note 2)

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- For financial assets and liabilities with fair values equal to book values, the fair values were determined based on their carrying values because of the short maturities of the instruments. This method was applied to cash, notes receivable, accounts receivable, other receivables, refundable deposits, short-term loans, short-term notes payable, notes payable and accounts payable, income tax payable, accrued expenses, other payables and long-term liabilities-current portion and other current liabilities.
- Financial assets carried at cost were measured at cost since their fair value cannot be measured reliably.
- Convertible bonds are expected to be converted totally. As the Company estimates that all the bonds payable will be converted into common stocks, the Company uses their book value as their fair value.
- The fair values of derivative financial instruments which include unrealized gains or losses on unsettled contracts were determined based on the amounts to be received or paid assuming that the contracts were settled as of the reporting date.
- As the interest rate of long-term liabilities is approximate to the market interest rate, the present value of expected cash flow amount (i.e. fair value) is approximately equal to the book value.

3) Strategies for financial risk control and hedge

The Group adopted total risk management and control system to identify all the Group's risks and enable the Group's management to control and measure market risk, credit risk, and operational risk. Considering the effects of economic circumstances, competition, and market price risk, the objective of the Group's market risk control is to achieve optimal risk position, maintain adequate liquidity position, and manage all market risks collectively.

4) Information of financial risk

A. Market risk

a) Exchange rate risk

The fair value of foreign exchange forward contract was affected by the exchange rate fluctuations. The Group has set a stop-loss point according to the risk of the contract price variation; therefore, it does not expect to have significant market risk.

The Group primarily uses US dollars as the valuation unit in purchases and sales, and the fair value of foreign currency will change as the market exchange rate changes. If the short-term position gap arises, the Group will enter into foreign exchange forward contract, so it does not expect to have significant market risk. The amount of fair value would decrease by \$17,594, which was based on the assumption that the exchange rate is increased by 1% at the balance sheet date.

b) Interest rate risk

The Group's short-term loans are due within one year or at a fixed rate and accordingly, interest rate risk is low.

c) Price risk

The Group's investments in equity instruments are subject to price fluctuations. The Group has set stop-loss points and accordingly, market risk is low.

B. Credit risk

The Group's derivative counterparties are well-known banks or asset management companies, and the Group also trades with different banks or asset management companies to distribute the risk, accordingly, the counterparties are expected to comply with the contracts. The largest amount of the credit risk is the book value.

The debtors of the Group's accounts or notes receivable have good credit standing. The Group has credit insurance coverage for majority of its customers. Accordingly, credit risk is low.

C. Liquidity risk

The Group expects the foreign exchange forward contracts to result in a cash inflow of US\$43,000 and outflow of NT\$1,382,726 in January and February 2010. The exchange rate is reasonably assured and the Group has sufficient operating capital to meet the above cash needs.

The equity instruments are traded in active markets and accordingly are expected to be sold at approximately fair value quickly and easily.

D. Cash flow risk

The Group's short-term loans are due within one year and accordingly, cash flow risk arising from interest rate change is low. The Group's long-term loans are at fixed interest rate plus markup and accordingly, cash flow risk is low.

The Group's bonds payable are zero coupon bonds and accordingly, cash flow risk is low.

11. ADDITIONAL DISCLOSURE INFORMATION OF INVESTEE COMPANY REQUIRED BY SFB

1) Related information of significant transactions

A. Financing activities to any company or person:

a) The Company:

Number	Creditor	Borrower	General ledger account	Maximum outstanding balance during the	Balance at December 31, 2009	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short – term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted
				year ended December 31, 2009							December 31, 2009	Item		
0	Cheng Uei Precision Industry Co., Ltd.	Fu Gang Electronics (Tian Jin) Ltd.	Other receivables - related parties		NT\$145,702 (US\$4,555) (Note 2)		2	\$-	Operating	\$-	-	\$-	The ceiling for total amount of withdrawals was 20% of the Company's net assets NT\$3,670,522 (US\$114,740)	The ceiling for total amount of withdrawals was NT\$7,341,045 (US\$229,479), which was 40% of the Company's net assets.
0	"	Dong Gong Fu Qiang Electronics Ltd.	"		NT\$85,223 (US\$2,664) (Note 2)	-	2	-	"	-	-	-	"	"
0	"	Fu Yang Electronics (Kun Shan) Ltd.	"		NT\$53,481 (US\$1,672) (Note 2)	-	2	-	"	-	-	-	"	"
1	World Circuit Technology Co., Ltd.	World Circuit Technology (Hong Kong) Limited	"		NT\$86,878 (US\$2,716)	-	2	-	"	-	-	-	"	"
1	"	World Circuit Technology (Hong Kong) Limited	"		US\$183	-	2	-	"	-	-	-	"	"
1	"	Shanghai World Circuit Technology Co., Ltd.	"		NT\$25,870 (US\$809)	-	2	-	"	-	-	-	"	"
2	World Circuit Technology (Hong Kong) Limited	Shanghai World Circuit Technology Co., Ltd.	"		US\$1,700	-	2	-	"	-	-	-	"	"
2	"	World Circuit Production (Hong Kong) Limited	"		HKD\$971 (US\$125)	-	2	-	"	-	-	-	"	"
3	Fu Gang Electronics (Kun Shan) Ltd.	Darts Technologies (Shang Hai) Co., Ltd.	"		RMB\$35,600 (US\$5,215)	-	2	-	"	-	-	-	"	"
3	Fu Gang Electronics (Kun Shan) Ltd.	Fu Hong Jin Real Estate (Kun Shan) Co., Ltd.	Other receivables - related parties		RMB\$122 (US\$18)	-	2	\$-	Build plant	\$-	-	\$-	"	"

Number	Creditor	Borrower	General ledger account	Maximum outstanding balance during the year ended December 31, 2009	Balance at December 31, 2009	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short – term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted
											Item	Value		
3	Fu Gang Electronics (Kun Shan) Ltd.	Fushineng Electronics (Kun Shan) Co., Ltd.	"	RMB\$271 (US\$40)	-	-	2	-	Build Plant	-	-	-	The ceiling for total amount of withdrawals was 20% of the Company's net assets NT\$3,670,522 (US\$107,240)	The ceiling for total amount of withdrawals was NT\$7,341,045 (US\$214,479), which was 40% of the Company's net assets.
3	"	Fu Yang Electronics (Kun Shan) Ltd.	"	RMB\$100 (US\$15)	-	-	2	-	Build Plant	-	-	-	"	"
4	Fu Gang Electronics (Tian Jin) Ltd.	Shang Hai World Circuit Technology Co., Ltd.	"	RMB\$15,000 (US\$2,197)	-	-	2	-	"	-	-	-	"	"
5	Fushlin Electronics (Dong Gong) Co., Ltd.	Dong Guan Fu Qiang Co., Ltd.	"	RMB\$5,000 (US\$732)	RMB\$5,000 (US\$732)	-	2	-	"	-	-	-	"	"
6	Glory Science Co., Ltd.	Glory Tek (Suzhou) Ltd.	"	NT\$240,375 (US\$7,514)	NT\$121,803 (US\$3,808)	-	2	-	"	-	-	-	"	"
7	Fu Gang Electronics (Dong Guan) Ltd.	Dong Guan Fu Qiang Co., Ltd.	"	RMB\$22,000 (US\$3,222)	RMB\$22,000 (US\$3,222)	-	2	-	"	-	-	-	"	"
8	PROCONN TECHNOLOGY CO.,LTD	MEDIA UNIVERSE INC.	"	NT\$19,161 (US\$599)	NT\$19,161 (US\$599)	-	2	-	Operating	-	-	-	"	"
8	PROCONN TECHNOLOGY CO.,LTD	MEDIA UNIVERSE INC.	"	US\$4,323	US\$3,905	-	2	-	"	-	-	-	"	"
9	MEDIA UNIVERSE INC	Proconn Technology (Shenzhen) Co., Ltd.	"	NT\$25,987 (US\$812)	NT\$25,987 (US\$812)	-	2	-	"	-	-	-	"	"
9	MEDIA UNIVERSE INC	Proconn Technology (Suzhou) Co., Ltd.	"	US\$4,186	US\$4,055	-	2	-	"	-	-	-	"	"

Note 1: The numbers as follows represent the nature of loan:

- a) Business transaction is labeled as "1".
- b) Short-term financing is labeled as "2".

Note 2: Securities and Futures Institution (SFI) Ruling (93) Chi-Mi-Tzu No. 167 requires overdue receivables to be regarded as loans to related parties and reclassified to other receivables, if the credit terms of the related parties are obviously longer than the normal credit terms of the third parties.

B. Guarantee information:

Number	Endorser/guarantor	Party being endorsed / guaranteed	Relationship with the endorser/guarantor	Limit on endorsements / guarantees provided for a single party	Maximum outstanding endorsement/guarantee amount during the year ended December 31, 2009	Outstanding endorsement /guarantee amount at December 31, 2009	Amount of endorsements/guarantees secured with collateral	Ratio of accumulated endorsement/guarantee amount to net asset value of the Company	Ceiling on total amount of endorsements/guarantees provided
0	Cheng Uei Precision Industry Co., Ltd.	Fu Gang Electronics (Kun Shan) Ltd.	An indirect wholly-owned subsidiary	The ceiling of total outstanding guarantees and guarantee for single party except for subsidiaries is 50% and 40% of the Company's net assets, respectively.	US\$45,000	US\$45,000	None	8%	The Company's guarantee to others should not exceed 60% of the Company's net assets. As of December 31, 2009, the maximum amount of guarantee that the Company could provide was NTS\$11,011,567 (US\$344,129).
0	"	Fu Gang Electronics (Dong Guan) Ltd.	"	"	US\$26,000	US\$15,000	"	3%	"
0	"	Dong Guan Fu Qiang Electronics Ltd.	"	"	US\$31,000 RMB\$80,000 (US\$11,718)	US\$30,000	"	5% 3%	"
0	"	Shanghai World Circuit Technology Co., Ltd.	"	"	US\$5,000	US\$5,000	"	1%	"
0	"	Fu Yang Electronics (Kun Shan) Ltd.	"	"	US\$34,000	US\$34,000	"	6%	"
0	"	Fushiming Electronics (Kun Shan) Co., Ltd.	"	"	US\$3,000	US\$3,000	"	1%	"
0	"	VALIANT PLUS CO., LTD.	"	"	US\$10,000	US\$10,000	"	2%	"
1	Du Precision Industry Co., Ltd.	CELINK International Ltd.	Subsidiary	"	US\$6,000	US\$6,000	"	1%	"
2	Glory Science Co., Ltd.	Glory Tek (Suzhou) Ltd.	An indirect wholly-owned subsidiary	"	US\$4,000	US\$3,000	"	1%	"
3	Proconn Technology Co., Ltd.	Proconn Technology (Suzhou) Co., Ltd.	Subsidiary	"	NT\$19,279 (US\$603)	NT\$19,279 (US\$603)	"	0%	"

C. Marketable securities held by the Company at December 31, 2009:

				As of December 31, 2009				
Securities held by	Marketable securities	Relationship of the securities		Number of shares	Book value	Ownership (%)	Market value	Remark
		issuer with the Company	General ledger account	(in thousands)				
Cheng Uei Precision Industry Co., Ltd.	Bao-li Securities	Not applicable	Financial assets at fair value through profit or loss	603	NT\$6,030 (US\$188)	-	NT\$6,030 (US\$188)	
"	Investment Trust Fund	"	"	9,619	NT\$150,000 (US\$4,689)		US\$150,000 (US\$4,689)	
"	Polaris Fu-Li Strategic Income Fund	"	"	12,442	NT\$180,000 (US\$5,627)		US\$180,000 (US\$5,627)	
"	Yuanta Wan Tai Bond Fund	"	"	182,908	NT\$7,510,640 (US\$234,781)	100.00%	NT\$7,510,640 (US\$234,781)	
"	Cu International Ltd.	A wholly-owned subsidiary	Long-term investments accounted for under the equity method	500	NT\$30,710 (US\$960)	100.00%	NT\$30,710 (US\$960)	
"	Foxlink International Investment Ltd.	"	"	126,000	NT\$1,346,374 (US\$42,087)	100.00%	NT\$1,346,374 (US\$42,087)	
"	Fu Uei International Investment Ltd.	"	"	85,000	NT\$869,957 (US\$27,195)	100.00%	NT\$869,777 (US\$27,195)	
"	Well Shin Technology Co., Ltd.	"	"	21,417	NT\$883,638 (US\$27,622)	20.97%	NT\$847,084 (US\$26,480)	
"	Darts Technologies Corporation	"	"	48,500	NT\$685,453 (US\$21,427)	97.00%	NT\$587,662 (US\$18,370)	
"	Du Precision Industry Co., Ltd.	"	"	60,000	NT\$297,458 (US\$9,298)	100.00%	NT\$319,160 (US\$9,977)	
"	Foxlink (Vietnam) Inc.	"	"	not applicable	NT\$65,819 (US\$2,057)	100.00%	NT\$65,819 (US\$2,057)	
Darts Technology Corporation	Benefit Right Ltd.	"	"	9,846	NT\$324,231 (US\$10,135)	100.00%	NT\$324,231 (US\$10,135)	
Benefit Right Ltd.	Sharetronic Digital Electronic (Shen Zhen) Co., Ltd.	An indirect investee company accounted for under the equity method	Long-term investments accounted for under the equity method	not applicable	NT\$267,861 (US\$8,373)	27%	NT\$202,074 (US\$8,373)	
Cu International Ltd.	Fu Gang Electronics (Dong Guan) Ltd.	A wholly-owned subsidiary	"	not applicable	NT\$2,454,580 (US\$76,730)	100.00%	NT\$2,454,580 (US\$76,730)	
"	New Star Industries Ltd.	"	"	8,600	NT\$682,773 (US\$21,343)	100.00%	NT\$682,773 (US\$21,343)	
"	Foxlink Tianjin Co., Ltd.	"	"	not applicable	NT\$44,156 (US\$1,380)	25.00%	NT\$44,156 (US\$1,380)	
"	Fu Gang Electronics (Kun Shan) Ltd.	"	"	not applicable	NT\$848,854 (US\$26,535)	100.00%	NT\$848,854 (US\$26,535)	
"	Dong Guan Fu Shi Chang Co., Ltd.	"	"	not applicable	NT\$3,216 (US\$101)	100.00%	NT\$3,216 (US\$101)	
"	Foxlink Electronics (Dong Guan) Co., Ltd.	"	"	not applicable	NT\$105,708 (US\$3,304)	100.00%	NT\$105,708 (US\$3,304)	
"	Foxlink-E Holding Co., Ltd.	An indirect investee company accounted for under the equity method	"	700	(NT\$4,188) US\$131	33.33%	(NT\$4,188) US\$131	
"	Dong Guan Fu Qiang Electronics Ltd.	A wholly-owned subsidiary	"	not applicable	NT\$1,439,840 (US\$45,009)	100.00%	NT\$1,439,840 (US\$45,009)	
"	Fu Yang Electronics (Kun Shan) Ltd.	"	"	not applicable	NT\$882,078 (US\$27,574)	100.00%	NT\$882,078 (US\$27,574)	
"	Foxlink Beijing Co., Ltd.	"	"	not applicable	NT\$20,448 (US\$639)	100.00%	NT\$20,448 (US\$639)	
"	Neosonic Energy Technology (Tianjin) Ltd.	"	"	not applicable	NT\$180,709 (US\$5,649)	100.00%	NT\$180,709 (US\$5,649)	

As of December 31, 2009

Securities held by	Marketable securities	Relationship of the securities		Number of shares (in thousands)	Book value	Ownership (%)	Market value	Remark
		issuer with the Company	General ledger account					
Cu International Ltd.	Kunshan Fushijing Electronic Co., Ltd.	A wholly-owned subsidiary	Long-term investments accounted for under the equity method	not applicable	NT\$271,870 (US\$8,499)	100.00%	NT\$271,870 (US\$8,499)	
"	Future Victory Limited	"	"	2,000	NT\$51,628 (US\$1,614)	100.00%	NT\$51,628 (US\$1,614)	
"	Solteras Ltd.	"	"	2,000	NT\$62,436 (US\$1,952)	100.00%	NT\$62,436 (US\$1,952)	
"	Fushiming Electronics (Kun Shan) Co., Ltd.	"	"	not applicable	NT\$375,484 (US\$11,738)	100.00%	NT\$375,484 (US\$11,738)	
"	Neosonic Li-Polymer Energy Technology Corp.	An indirect investee company accounted for under the equity method	"	not applicable	NT\$125,884 (US\$3,935)	37.00%	NT\$107,438 (US\$3,935)	
"	Fushiwei Electronics (Kun Shan) Co., Ltd.	A wholly-owned subsidiary	"	not applicable	NT\$51,801 (US\$1,619)	100.00%	NT\$51,801 (US\$1,619)	
"	Fushipeng Electronics (Kun Shan)	"	"	not applicable	NT\$54,558 (US\$1,705)	100.00%	NT\$54,558 (US\$1,705)	
"	Fushilin Electronics (Kun Shan) Co., Ltd.	"	"	not applicable	NT\$54,505 (US\$1,704)	100.00%	NT\$54,505 (US\$1,704)	
"	Fushineng Electronics (Kun Shan) Co., Ltd.	"	"	not applicable	NT\$54,526 (US\$1,704)	100.00%	NT\$54,526 (US\$1,704)	
Culink International Ltd.	Foxlink Singapore Pte Ltd.	A wholly-owned subsidiary	"	100	(NT\$4,095) (US\$128)	99.99%	(NT\$4,095) (US\$128)	
"	Pacific Wealth Limited	"	"	1,000	NT\$33,203 (US\$1,038)	100.00%	NT\$33,203 (US\$1,038)	
Foxlink International Investment Co., Ltd.	Foxlink Image Technology	An indirect investee company accounted for under the equity method	"	51,480	NT\$727,471 (US\$22,741)	30.89%	NT\$727,471 (US\$22,741)	
"	Everflow Precision Industrial Co., Ltd.	A wholly-owned subsidiary	"	6,000	0	75.00%	0	
"	Microlink Communications Inc.	An indirect investee company accounted for under the equity method	"	6,857	NT\$41,063 (US\$1,284)	21.43%	NT\$41,063 (US\$1,284)	
"	World Circuit Technology Co., Ltd.	A wholly-owned subsidiary	"	15,650	NT\$243,786 (US\$7,621)	69.56%	NT\$243,786 (US\$7,621)	
"	Vegamedia Technology Co., Ltd.	"	"	4,000	NT\$24,652 (US\$771)	100.00%	NT\$24,652 (US\$771)	
"	Calin Technology Co., Ltd.	None	Financial assets carried at cost	3,000	NT\$37,500 (US\$1,172)	3.80%	NT\$37,500 (US\$1,172)	
"	Proconn Technology Co., Ltd.	A wholly-owned subsidiary	Long-term investments accounted for under the equity method	31,190	NT\$225,696 (US\$7,055)	50.03%	NT\$255,307 (US\$7,981)	
Du Precision Industry Co., Ltd.	Ce-Link International Ltd.	A wholly-owned subsidiary	Long-term investments accounted for under the equity method	16,536	NT\$248,744 (US\$7,776)	100.00%	NT\$248,744 (US\$7,776)	
Fu Uei International Investment Ltd.	C-Media Electronics Inc.	None	Financial assets at fair value through profit or loss	400	NT\$39,720 (US\$1,242)	-	NT\$39,720 (US\$1,242)	
"	Newmax Technology Co., Ltd.	"	Financial assets carried at cost	2,515	NT\$34,309 (US\$1,072)	4.06%	NT\$34,309 (US\$1,072)	
"	Glory Science Co., Ltd.	"	Long-term investments accounted for under the equity method	10,000	NT\$117,667 (US\$3,678)	21.69%	NT\$57,340 (US\$1,792)	
"	Solink Inc.	"	"	50,000	NT\$563,974 (US\$17,630)	100.00%	NT\$563,974 (US\$17,630)	
"	Studio A Inc.	"	"	5,100	NT\$52,514 (US\$1,642)	51.00%	NT\$41,867 (US\$1,309)	

As of December 31, 2009

Securities held by	Marketable securities	Relationship of the securities		General ledger account	Number of shares				Remark
		issuer with the Company			(in thousands)	Book value	Ownership (%)	Market value	
Fu Uei International Investment Ltd.	Va Product Inc.	None		Long-term investments accounted for under the equity method	765	NT\$9,558 (US\$299)	51.00%	NT\$8,311 (US\$260)	
"	VALIANT PLUS. CO., LTD.	"		"	510	NT\$7,427 (US\$232)	51.00%	NT\$7,427 (US\$232)	
"	Proconn Technology Co.,Ltd.	"		"	810	NT\$3,992 (US\$125)	1.30%	NT\$2,565 (US\$80)	
New Star Industries Ltd.	Fu Gang Electronics (Tian Jin) Ltd.	A wholly-owned subsidiary		"	not applicable	NT\$459,322 (US\$14,358)	100.00%	NT\$458,362 (US\$14,358)	
"	Foxlink Tianjin Co., Ltd.	"		"	not applicable	NT\$132,467 (US\$4,141)	75.00%	NT\$132,467 (US\$4,141)	
"	Solteras Inc.	"		"	2,040	NT\$90,820 (US\$2,839)	51.00%	NT\$64,985 (US\$2,031)	
Fu Gang Electronics (Tian Jin)	Shanghai World Circuit Technology Co., Ltd.	A wholly-owned subsidiary		"	not applicable	NT\$24,141 (US\$755)	46.93%	NT\$24,141 (US\$755)	
"	Shenzhen Luxshare Precision Industry Co., Ltd.	Not applicable		Financial assets carried at cost	4,000	NT\$187,432 (US\$5,859)	3.08%	NT\$187,432 (US\$5,859)	
Neosonic Li-Polymer Energy Technology Corp.	Neosonic Li-Polymer Energy (Zhu Hai) Corp.	A wholly-owned subsidiary		Long-term investments accounted for under the equity method	not applicable	NT\$253,402 (US\$7,921)	100.00%	NT\$253,402 (US\$7,921)	
Fox-E Holding Co.,	Fox-electronics (Shang Hai) Ltd.	A wholly-owned subsidiary		"	not applicable	(NT\$35,618) (US\$1,113)	100.00%	(NT\$35,618) (US\$1,113)	
Future Victory Limited	Darts Technologies (Shang Hai) Co., Ltd.	A wholly-owned subsidiary		"	not applicable	NT\$51,571 (US\$1,612)	100.00%	NT\$51,571 (US\$1,612)	
Solteras Limited	Solteras Inc.	A wholly-owned subsidiary		"	1,960	NT\$62,436 (US\$1,952)	49.00%	NT\$62,436 (US\$1,952)	
Pacific Wealth Limited	Foxlink International Inc.	A wholly-owned subsidiary		"	500	NT\$16,636 (US\$520)	100.00%	NT\$16,325 (US\$510)	
"	Microlink International, Inc.	A wholly-owned subsidiary		"	500	NT\$16,567 (US\$518)	100.00%	NT\$16,567 (US\$518)	
World Circuit Technology Co., Ltd.	YUANTA WAN TAI BOND FUND	Not applicable		Financial assets at fair value through profit or loss	2,558	NT\$37,000 (US\$1,157)	-	NT\$37,000 (US\$1,157)	
"	Value Success Ltd.	A wholly-owned subsidiary		Long-term investments accounted for under the equity method	5,000	NT\$8,040 (US\$251)	100.00%	NT\$8,040 (US\$251)	
Value Success Ltd.	Capital Guardian Limited	A wholly-owned subsidiary		"	3,005	NT\$7,900 (US\$247)	100.00%	NT\$7,900 (US\$247)	
Capital Guardian Limited	World Circuit Technology Holding, Limited	A wholly-owned subsidiary		Long-term investments accounted for under the equity method	not applicable	NT\$7,098 (US\$222)	100.00%	NT\$7,098 (US\$222)	
World Circuit Technology Holding, Limited	Shanghai World Circuit Technology Co., Ltd.	A wholly-owned subsidiary		"	not applicable	NT\$27,295 (US\$853)	53.07%	NT\$27,295 (US\$853)	
Studio A Inc.	Tayih Digital Technology Co., Ltd.	A wholly-owned subsidiary		"	480	NT\$4,590 (US\$143)	60.00%	NT\$4,590 (US\$143)	
"	Jing Sheng Technology Co., Ltd.	"		"	50	NT\$489 (US\$15)	100.00%	NT\$489 (US\$15)	
"	Growing Computer Ltd.	"		"	500	NT\$368 (US\$12)	100.00%	NT\$368 (US\$12)	
Glory Science Co., Ltd.	Glory Tek (BVI) Co., Ltd.	A wholly-owned subsidiary		"	11,370	NT\$222,274 (US\$6,948)	90.88%	NT\$222,274 (US\$6,948)	
Glory Tek (BVI) Co., Ltd.	Glory (SAMOA) Co., Ltd.	A wholly-owned subsidiary		"	7,380	NT\$82,173	100.00%	NT\$82,173	
"	Glory Optics (BVI) Co., Ltd.	"		"	5,000	NT\$159,196 (US\$4,976)	100.00%	NT\$159,196 (US\$4,976)	

As of December 31, 2009

Securities held by	Marketable securities	Relationship of the securities		General ledger account	Number of shares				Remark
		issuer with the Company			(in thousands)	Book value	Ownership (%)	Market value	
Glory Tek (SAMOA) Co., Ltd.	Glory Tek (Suzhou) Co., Ltd.	A wholly-owned subsidiary		"		NT\$82,148 (US\$2,568)	100.00%	NT\$82,148 (US\$2,568)	
Proconn Technology Co., Ltd.	Advance Electronic Ltd.	A wholly-owned subsidiary		"	7,380	NT\$14,083 (US\$440)	100.00%	NT\$14,083 (US\$440)	
"	Byford International Ltd.	"		"	7,083	NT\$1,824 (US\$57)	100.00%	NT\$1,824 (US\$57)	
"	Media Universe Inc.	"		"	20	(NT\$8) (US\$0)	100.00%	(NT\$8) (US\$0)	
Advance Electronic Ltd.	Proconn Technology Co., Ltd.	A wholly-owned subsidiary		"	2,083	NT\$24,912 (US\$779)	100.00%	NT\$24,912 (US\$779)	
"	Smart Technology Co., Ltd.	"		"	5,000	(NT\$10,831) (US\$339)	100.00%	(NT\$10,831) (US\$339)	
Proconn Technology Co., Ltd.	Proconn Technology (Shenzhen) Co., Ltd.	A wholly-owned subsidiary		"	not applicable	NT\$24,912 (US\$779)	100.00%	NT\$24,912 (US\$779)	
Smart Technology Co., Ltd.	Proconn Technology (Suzhou) Co., Ltd.	"		"	not applicable	(NT\$10,831) (US\$339)	100.00%	(NT\$10,831) (US\$339)	

D. Acquisition or sale of the same security with the accumulated cost exceeding \$100 million or 20% of the Company's paid-in capital during the year ended December 31, 2009

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the Company	Balance as at January 1, 2009		Addition		Disposal			Balance as at December 31, 2009		
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Selling price	Book value	Gain (loss) on disposal	Number of shares (in thousands)	Amount
Cheng Uei Precision Industry Co., Ltd.	Polaris Fu-Li Strategic Income Fund	Financial assets at fair value through profit or loss	Not applicable	Not applicable	0	0	9,618	NT\$150,000 (US\$4,689)	-	\$ -	\$ -	\$ -	9,618	NT\$150,000 (US\$4,689)
"	Yuanta Wan Tai Bond Fund	"	"	"	0	0	116,516	NT\$1,685,000 (US\$52,673)	104,074	NT\$1,505,150 (US\$47,051)	NT\$1,505,150 (US\$47,051)	NT\$150 (US\$5)	12,442	NT\$18,000 (NT\$563)
"	Cu International Ltd.	Long-term investment accounted under the equity method	Issuance of common stock	Not applicable	146,108	NT\$4,777,843 (US\$149,354)	36,800	NT\$1,202,712 (US\$37,596)	-	-	-	-	182,908	NT\$5,980,555 (US\$186,951)
"	Du Precision Industry Co., Ltd.	Long-term investment accounted under the equity method	ELITEGRO UP COMPUTER SYSTEMS CO., LTD.	"	36,000	NT\$247,247 (US\$7,729)	2,400	NT\$120,000 (US\$3,751)	0	-	-	-	60,000	NT\$367,247 (US\$11,480)
"	Foxlink International Investment Ltd.	Long-term investment accounted under the equity method	Issuance of common stock	"	116,000	NT\$1,160,000 (US\$36,261)	10,000	NT\$100,000 (US\$3,126)	0	-	-	-	126,000	NT\$1,260,000 (US\$39,387)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the Company	Balance as at January 1, 2009		Addition		Disposal			Balance as at December 31, 2009		
					Number of shares (in thousands)	Amount (US\$)	Number of shares (in thousands)	Amount (US\$)	Number of shares (in thousands)	Selling price	Book value	Gain (loss) on disposal	Number of shares (in thousands)	Amount (US\$)
Cu International Ltd.	New Start Industries Ltd.	Long-term investment accounted under the equity method	Issuance of common stock	"	5,200	NT\$173,663 (US\$5,429)	3,400	NT\$112,354 (US\$3,512)	-	-	-	-	8,600	NT\$286,017 (US\$8,941)
"	Fushiming Electronics (Kun Shan) Co., Ltd.	Long-term investment accounted under the equity method	Issuance of common stock	"	Not applicable	NT\$193,020 (US\$6,034)	Not applicable	NT\$191,940 (US\$6,000)	-	-	-	-	Not applicable	NT\$384,960 (US\$12,034)
"	Dong Guan Fu Qiang Electronics Ltd.	Long-term investment accounted under the equity method	Issuance of common stock	"	Not applicable	NT\$1,040,443 (US\$32,524)	Not applicable	NT\$271,915 (US\$8,500)	-	-	-	-	Not applicable	NT\$1,312,358 (US\$41,024)
"	Fu Yang Electronics (Kun Shan)	Long-term investment accounted under the equity method	Issuance of common stock	"	Not applicable	NT\$540,631 (US\$16,900)	Not applicable	NT\$339,094 (US\$10,600)	-	-	-	-	Not applicable	NT\$879,725 (US\$27,500)
Darts Technology Corporation	Benefit Right Ltd.	Long-term investment accounted under the equity method	"	"	2,136	NT\$70,000 (US\$2,188)	7,710	NT\$257,489 (US\$8,049)	-	-	-	-	9,846	NT\$327,489 (US\$10,237)
Benefit Right Ltd.	Sharetronic Digital Electronic (Shen Zhen) CO., Ltd.	Long-term investment accounted under the equity method	Sharetronic Group Limited	"	-	-	Not applicable	NT\$257,489 (US\$8,049)	-	-	-	-	Not applicable	NT\$257,489 (US\$8,049)
New Start Industries Ltd.	Solteras Inc.	Long-term investment accounted under the equity method	Natural person	"	-	-	2,040	NT\$113,549 (US\$3,550)	-	-	-	-	2,040	NT\$113,549 (US\$3,550)
Foxlink International Investment Ltd.	Proconn Technology Co., Ltd.	Long-term investment accounted under the equity method	Issuance of common stock	"	-	-	24,000	NT\$192,000 (US\$6,002)	-	-	-	-	24,000	NT\$192,000 (US\$6,002)
"	"	Long-term investment accounted under the equity method	Natural person	"	-	-	7,190	NT\$35,952 (US\$1,124)	-	-	-	-	7,190	NT\$35,952 (US\$1,124)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the Company	Balance as at January 1, 2009		Addition		Disposal			Balance as at December 31, 2009	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Selling price	Book value	Gain (loss) on disposal	Number of shares (in thousands)
Fu Gang Electronics (Tian Jin) Ltd.	Shenzhen Luxshare Precision Industry Co., Ltd.	Financial assets carried at cost	Issuance of common stock	Not applicable	-	-	4,000	NT\$187,432 (US\$5,859)	-	-	-	4,000	NT\$187,432 (US\$5,859)

E. Acquisition of real estate properties exceeding \$100 million or 20% of the Companies' paid-in capital during 2009: None

F. Disposal of real estate properties exceeding \$100 million or 20% of the Companies' paid-in capital during 2009: None.

G. Purchases from or sales to related parties exceeding \$100 million or 20% of the Company's paid-in capital during 2009: For the Company's sales to investees, please refer to Notes 5(2)1 and 5(2)5; for the Company's purchases from investees, please refer to Notes 5(2)2 and 5(2)9.

Purchaser/seller	Counterparty	Relationship with the Company	Transaction		Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Remark	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
Cheng Uei Precision Industry Co., Ltd.	Foxlink International Inc.	Indirect subsidiary	Sales	(NT\$7,392,802) (US\$231,097)	-21%	NOTE 1	NOTE 1	NOTE 1	NT\$1,020,723 (US\$31,908)	13%	
"	Microlink International Inc.	"	"	(NT\$2,337,233) (US\$73,061)	-7%	"	"	"	NT\$587,388 (US\$18,362)	7%	
"	Darts Technologies Corporation	A direct controlled subsidiary	"	(NT\$1,794,133) (US\$56,084)	-5%	"	"	"	NT\$172,412 (US\$5,390)	2%	
"	Hon Hai Precision Industry Co., Ltd.	The CEOs of Hon Hai and the Company are brothers	"	(NT\$688,240) (US\$21,514)	-2%	NOTE 1	NOTE 1	NOTE 1	NT\$117,812 (US\$3,683)	2%	
"	Fu Gang Electronics (Kun Shan) Co., Ltd.	Indirect subsidiary	"	(NT\$130,891) (US\$4,092)	0%	"	"	"	NT\$445,608 (US\$13,930)	6%	
"	Foxlink Electronics (Dong Guan) Co., Ltd.	"	"	(NT\$173,431) (US\$5,421)	0%	"	"	"	NT\$51,331 (US\$1,605)	1%	
"	Well Shin Technology Co., Ltd.	Investment accounted under the equity method	"	(NT\$214,726) (US\$6,712)	-1%	"	"	"	NT\$83,518 (US\$2,611)	1%	
"	Fu Gang Electronics (Dong Guan) Co., Ltd.	An indirect wholly-owned subsidiary	"	(NT\$514,294) (US\$16,077)	-1%	"	"	"	-	-	
"	Benefit Right Ltd.	Indirect subsidiary	"	(NT\$238,943) (US\$7,469)	-1%	"	"	"	NT\$57,795 (US\$1,807)	1%	
"	Dong Guan Fu Qiang Electronics Ltd.	An indirect wholly-owned subsidiary	"	(NT\$130,621) (US\$4,083)	0%	"	"	"	NT\$9,863 (US\$308)	-	
"	Foxlink Tianjin Co., Ltd.	An indirect wholly-owned subsidiary	Purchases	NT\$2,678,372 (US\$83,725)	10%	NOTE 2	NOTE 2	NOTE 2	(NT\$241,681) US\$7,555	-7%	
"	Well Shin Technology Co., Ltd.	Investment accounted under the equity method	"	NT\$810,467 (US\$25,335)	3%	"	"	"	(NT\$182,136) (US\$5,694)	-5%	
"	Hon Hai Precision Industry Co., Ltd.	The CEOs of Hon Hai and the Company are brothers	"	NT\$469,547 (US\$14,678)	2%	"	"	"	(NT\$11,694) (US\$366)	-	
"	Shang Hai World Technology Co., Ltd. (SHWCT)	Indirect subsidiary	"	NT\$478,557 (US\$14,960)	2%	"	"	"	(NT\$1,192) (US\$37)	-	
"	Fu Gang Electronics (Dong Guan) Co., Ltd.	Indirect subsidiary	"	NT\$10,877,124 (US\$340,016)	41%	"	"	"	(NT\$1,068,105) (US\$33,389)	-29%	
"	Fu Gang Electronics (Kun Shan) Co., Ltd.	Indirect subsidiary	"	NT\$6,495,148 (US\$203,037)	25%	"	"	"	NT\$0 US\$0	-	
Cheng Uei Precision Industry Co., Ltd.	Dong Guan Fu Qiang Electronics Ltd.	Indirect subsidiary	Purchases	NT\$196,831 (US\$6,153)	1%	NOTE 1	NOTE 1	NOTE 1	NT\$0 US\$0	-	
"	Fu Gang Electronics (Tianjin) Co., Ltd.	Indirect subsidiary	"	NT\$164,608 (US\$5,146)	0%	"	"	"	NT\$0 US\$0	-	
Foxlink International Inc.	Cheng Uei Precision Industry Co., Ltd.	Ultimate parent company of the Company	"	NT\$7,392,802 (US\$231,097)	100%	"	"	"	(NT\$1,020,723) (US\$5,390)	-100%	

Purchaser/seller	Counterparty	Relationship with the Company	Transaction		Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Remark	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
Microlink International Inc.	Cheng Uei Precision Industry Co., Ltd.	Ultimate parent company of the Company	Purchases	NTS2,337,233 (US\$73,061)	100%	NOTE 1	NOTE 1	NOTE 1	(NT\$587,388) (US\$18,362)	-100%	
Darts Technologies Corporation	"	"	"	NTS1,794,133 (US\$56,084)	100%	"	"	"	(NT\$172,412) (US\$5,390)	-100%	
Fu Gang Electronics (Kun Shan) Co., Ltd.	"	"	"	NTS130,891 (US\$4,092)	100%	"	"	"	(NT\$445,608) (US\$13,930)	-100%	
Foxlink Electronics (Dong Guan) Co., Ltd.	"	"	"	NTS173,431 (US\$5,421)	100%	"	"	"	(NT\$51,331) (US\$1,605)	-100%	
Fu Gang Electronics (Dong Guan) Co., Ltd.	"	"	"	NTS\$14,294 (US\$16,077)	100%	"	"	"	NT\$0 US\$0	-	
Benefit Right Ltd.	"	"	"	NTS\$238,943 (US\$7,469)	100%	"	"	"	(NT\$57,795) (US\$1,807)	-100%	
Dong Guan Fu Qiang Electronics Ltd.	"	"	"	NTS130,621 (US\$4,083)	100%	"	"	"	(NT\$9,863) (US\$308)	-	
Foxlink Electronics (Tianjin) Co., Ltd.	"	"	Sales	(NTS2,678,372) (US\$83,725)	(100%)	NOTE 2	NOTE 2	NOTE 2	NT\$241,681 (US\$7,555)	100%	
Fu Gang Electronics (Dong Guan) Co., Ltd.	"	"	"	(NTS\$10,877,124) (US\$340,016)	(81%)	"	"	"	NT\$1,068,105 (US\$33,389)	77%	
Shang Hai World Technology Co., Ltd. (SHWCT)	"	"	"	(NTS\$487,557) (US\$15,241)	(100%)	"	"	"	NT\$1,192 (US\$37)	100%	
Fu Gang Electronics (Kun Shan) Ltd.	"	"	"	(NTS\$6,495,148) (US\$203,037)	(100%)	"	"	"	NT\$0 US\$0	-	
Dong Guan Fu Qiang Electronics Ltd.	"	"	"	(NTS\$196,831) (US\$6,153)	(100%)	"	"	"	NT\$0 US\$0	-	
Fu Gang Electronics (Tianjin) Ltd.	"	"	"	(NTS\$164,608) (US\$5,146)	(100%)	"	"	"	NT\$0 US\$0	-	
Fu Gang Electronics (Dong Guan) Co., Ltd.	Microlink International Inc.	An affiliate	"	(NTS\$1,935,263) (US\$60,496)	(14%)	NOTE 3	NOTE 3	NOTE 3	NT\$774,888 (US\$24,223)	20%	

Note 1 : See Note 5, B.1).

Note 2 : See Note 5, B.2).

Note 1: Sales to related parties are based on negotiated terms because the related products are unique. Receivables and payables between the two parties are offset against each other and the resulting net amount is collected depending on the counterparty's financial condition.

H. Receivables from related parties exceeding \$100 million or 20% of the Company's paid-in capital as at December 31, 2009:

Creditor	Counterparty	Relationship with the Company	Balance as at		Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			December 31, 2009	Turnover rate	Amount	Action taken		
Cheng Uei Precision Industry Co., Ltd.	Foxlink International Inc.	An indirect wholly-owned subsidiary	NTS\$1,020,723 (US\$31,908)	7.24	None	Not applicable	NTS\$1,020,723 (US\$31,908)	None
"	Microlink International Inc.	"	NTS\$587,388 (US\$18,362)	3.98	None	"	NTS\$587,388 (US\$18,362)	"
"	Darts Technologies Corporation	A direct controlled subsidiary	NTS\$172,412 (US\$5,390)	10.41	None	"	NTS\$172,412 (US\$5,390)	"
"	Hon Hai Precision Industry Co., Ltd.	The CEOs of Hon Hai and the Company are brothers	NTS\$117,812 (US\$3,683)	5.67	None	"	NTS\$117,812 (US\$3,683)	"
"	Fu Guang Electronics (Kun Shan) Ltd.	An indirect wholly-owned subsidiary	NTS\$445,608 (US\$13,930)	2.02	None	Not applicable	NTS\$445,608 (US\$13,930)	"
"	"	"	NTS\$1,414,216 (US\$44,208)	Note 1	None	"	NTS\$310,194 (US\$9,697)	"
"	Fu Gang Electronics (Tian Jin)	An indirect wholly-owned subsidiary	NTS\$145,702 (US\$4,555)	"	NTS\$145,702 (US\$4,555)	To be collected in 2010	-	"

Creditor	Counterparty	Relationship with the Company	Balance as at		Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			December 31, 2009	Turnover rate	Amount	Action taken		
Cheng Uei Precision Industry Co., Ltd.	Kunshan Fushijing Electronics Co., Ltd.	An indirect wholly-owned subsidiary	NT\$160,718 (US\$5,024)	Note 1	None	Not applicable	-	"
Fu Gang Electronics (Kun Shan) Ltd.	Darts Technologies (Shang Hai) Co., Ltd.	An affiliate	NT\$229,286 (US\$7,167)	"	NT\$229,286 (US\$7,167)	To be collected in 2010	-	"
Fu Gang Electronics (Dong Guan) Ltd.	Microlink International Inc.	"	NT\$774,888 (US\$24,223)	2.5	None	Not applicable	-	"
"	Dong Guan Fu Qiang Electronics Ltd.	An indirect wholly-owned subsidiary	NT\$103,088 (US\$3,223)	Note 1	NT\$103,088 (US\$3,223)	To be collected in 2010	-	"

I. Information on derivative transactions:

(a) The Company: See Note 10

(b) Investee Company: None

2) Information on investee companies for the year ended December 31, 2009

A. Detailed information of investee companies disclosed by the subsidiaries based on their unaudited financial statements

Investor	Investee	Location	Main activities	Initial investment amount		Shares held as at December 31, 2009			Net income (loss) of the investee	Investment income (loss) recognized by the Company
				Balance as at 12/31/09	Balance as at 12/31/08	No. of shares (in thousands)	Ownership (%)	Book value		
Cheng Uei Precision Industry Co., Ltd.	Cu International Ltd.	British Virgin Islands	Manufacture of electronic telecommunication components and investment holdings	US\$182,908	US\$146,108	182,908	100.00%	NT\$7,510,640 (US\$234,781)	NT\$289,019 (US\$9,035)	NT\$364,358 (US\$11,390)
"	Culink International Ltd.	"	Investment holdings	US\$500	US\$500	500	100.00%	NT\$30,710 (US\$960)	(NT\$7,560) (US\$236)	(NT\$7,560) (US\$236)
"	Foxlink International Investment Co., Ltd.	Taipei	"	NT\$1,260,000 (US\$39,387)	NT\$1,160,000 (US\$36,261)	126,000	100.00%	NT\$1,346,374 (US\$42,087)	(NT\$50,651) (US\$1,583)	(NT\$50,651) (US\$1,583)
"	Fu Uei International Investment Ltd.	"	"	NT\$850,000 (US\$26,571)	NT\$850,000 (US\$26,571)	85,000	100.00%	NT\$869,957 (US\$27,195)	NT\$41,776 (US\$1,306)	NT\$41,776 (US\$1,306)
"	Well Shin Technology Co., Ltd.	"	Manufacture of electronic telecommunication components	NT\$270,065 (US\$8,442)	NT\$270,065 (US\$8,442)	21,417	20.97%	NT\$883,638 (US\$27,622)	NT\$516,344 (US\$16,141)	NT\$108,277 (US\$3,385)
"	Darts Technologies Corporation	"	Manufacture of electronic telecommunication and wireless components	NT\$966,266 (US\$30,205)	NT\$966,266 (US\$30,205)	48,500	97.00%	NT\$685,453 (US\$21,427)	NT\$13,371 (US\$418)	(NT\$84,821) (US\$2,651)
"	Du Precision Industry Co., Ltd.	"	Manufacture of connectors	NT\$600,000 (US\$18,756)	NT\$360,000 (US\$11,254)	60,000	100.00%	NT\$297,458 (US\$9,298)	(NT\$85,399) (US\$2,670)	(NT\$62,702) (US\$1,960)
"	Foxlink (Vietnam) Inc.	Vietnam	Manufacture of connectors	US\$3,358	US\$3,358	Not applicable	100.00%	NT\$65,819 (US\$2,057)	(NT\$11,767) (US\$368)	(NT\$11,767) (US\$368)
"	Fu Gang Electronics (Dong Guan) Ltd.	Dong Guan, China	Manufacture of electronic telecommunication components	HKD\$297,808 (US\$38,410)	HKD\$297,808 (US\$38,410)	Not applicable	100.00%	NT\$2,454,580 (US\$76,730)	NT\$543,245 (US\$16,982)	Not applicable
"	New Star Industries Ltd.	British Virgin Islands	Investment holdings	US\$8,600	US\$5,200	8,600	100.00%	NT\$682,773 (US\$21,343)	NT\$104,622 (US\$3,270)	"
"	Fu Gang Electronics (Kun Shan) Ltd.	Kun Shan, China	Manufacture of electronic telecommunication components	US\$18,000	US\$18,000	Not applicable	100.00%	NT\$848,854 (US\$26,535)	NT\$31,339 (US\$980)	"
Cu International Ltd.	Dong Guan Fu Shi Chang Co., Ltd.	Dong Guan, China	"	HKD\$936 (US\$121)	HKD\$936 (US\$121)	Not applicable	100.00%	NT\$3,216 (US\$101)	-	"
"	Foxlink Electronics (Dong Guan) Co., Ltd.	"	"	HKD\$4,505 (US\$581)	HKD\$4,505 (US\$581)	Not applicable	100.00%	NT\$105,708 (US\$3,304)	NT\$43,704 (US\$1,366)	"
"	Foxlink Tianjin Co., Ltd.	Tian Jin, China	"	US\$1,000	US\$1,000	Not applicable	25.00%	NT\$44,156 (US\$1,380)	(NT\$6,438) (US\$201)	"

Investor	Investee	Location	Main activities	Initial investment amount		Shares held as at December 31, 2009				Investment income	
				Balance as at 12/31/09	Balance as at 12/31/08	No. of shares (in thousands)	Ownership (%)	Book value	Net income (loss) of the investee	(loss) recognized by the Company	
Cu International Ltd.	Dong Gang Fu Qiang Electronics Ltd.	Dong Guan, China	Manufacture of electronic telecommunication components	US\$41,024	US\$32,524	Not applicable	100.00%	NT\$1,439,840 (US\$45,009)	(NT\$22,200) (US\$694)	"	
"	Fu Yang Electric (Kun Shan) Co., Ltd.	Kun Shan, China	"	US\$27,500	US\$16,900	Not applicable	100.00%	NT\$882,078 (US\$27,574)	(NT\$51,815) (US\$1,620)	"	
"	Foxlink Beijing Co., Ltd.	Beijing, China	Sales agent	US\$1,000	US\$1,000	Not applicable	100.00%	NT\$20,448 (US\$639)	(NT\$497) (US\$16)	"	
"	Kunshan Fushijing Electronics Co., Ltd.	Kun Shan, China	Manufacture of electronic telecommunication components	US\$3,000	US\$3,000	Not applicable	100.00%	NT\$271,870 (US\$8,499)	(NT\$5,752) (US\$180)	"	
"	Future Victory Limited	British Virgin Islands	Investment holdings	US\$1,705	US\$1,705	2,000	100.00%	NT\$51,628 (US\$1,614)	(NT\$4,985) (US\$156)	"	
"	Neosonic Energy Technology (Tianjin) Ltd.	Tian Jin, China	Manufacture of electronic telecommunication components	US\$4,000	US\$4,000	Not applicable	100.00%	NT\$180,709 (US\$5,649)	NT\$1,611 (US\$50)	"	
"	Solteras Limited	British Virgin Islands	Investment holdings	US\$2,000	US\$2,000	2,000	100.00%	NT\$62,436 (US\$1,952)	(NT\$52,287) (US\$1,634)	"	
"	FOX-E Holding Co.,	Mauritius	"	US\$700	US\$700	700	33.33%	NT\$4,188 (US\$131)	(NT\$10,714) (US\$335)	"	
"	Fushiming Electronics (Kun Shan) Co., Ltd.	Kun Shan, China	Manufacture of electronic telecommunication components	US\$12,000	US\$6,000	Not applicable	100.00%	NT\$375,484 (US\$11,738)	(NT\$8,328) (US\$260)	"	
"	Neosonic Li-Polymer Energy Technology Corp.	British Virgin Islands	Investment holdings	US\$5,400	US\$5,400	5400	37.00%	NT\$125,884 (US\$3,935)	(NT\$68,244) (US\$2,133)	"	
"	Fushiwei Electronics (Kun Shan) Co., Ltd.	Kun Shan, China	Manufacture of electronic telecommunication components	US\$1,800	US\$1,800	Not applicable	100.00%	NT\$51,801 (US\$1,619)	(NT\$6,039) (US\$189)	"	
"	Fushipeng Electronics (Kun Shan) Co., Ltd.	Kun Shan, China	"	US\$1,900	US\$1,900	Not applicable	100.00%	NT\$54,558 (US\$1,705)	(NT\$6,537) (US\$204)	"	
"	Fushilin Electronics (Kun Shan) Co., Ltd.	Kun Shan, China	"	US\$1,900	US\$1,900	Not applicable	100.00%	NT\$54,505 (US\$1,704)	(NT\$6,554) (US\$205)	"	
"	Fushineng Electronics (Kun Shan) Co., Ltd.	Kun Shan, China	"	US\$1,800	US\$0	Not applicable	100.00%	NT\$54,526 (US\$1,704)	(NT\$3,187) (US\$100)	"	
New Star Industries Ltd.	Fungang Electronic (Tian Jin) Ltd.	Tian Jin, China	"	US\$5,200	US\$5,200	Not applicable	100.00%	NT\$459,322 (US\$14,358)	(NT\$81,257) (US\$2,540)	"	
"	Foxlink Tianjin Co., Ltd.	Tian Jin, China	"	US\$3,000	US\$3,000	Not applicable	75.00%	NT\$132,467 (US\$4,141)	(NT\$6,438) (US\$201)	"	
"	Solteras Inc.	America	Sales agent	US\$3,400	0	2,040	51.00%	NT\$90,820 (US\$2,839)	(NT\$52,287) (US\$1,634)	"	
Fu Gang Electronics (Tianjin) Ltd.	Shang Hai World Technology Co., Ltd. (SHWCT)	Shang Hai, China	Manufacture of electronic telecommunication components	US\$7,040	0	Not applicable	46.93%	NT\$24,141 (US\$755)	(NT\$111,089) (US\$3,473)	"	
FOX-E Holding Co.,	Fox-electronics (Shang Hai) Ltd.	Shang Hai, China	Manufacture of electronic telecommunication components	US\$2,000	US\$2,000	Not applicable	100.00%	(NT\$35,618) US\$1,113	(NT\$8,341) (US\$261)	"	
Culink International Ltd.	Foxlink Singapore Pte Ltd.	Singapore	Sales agent	US\$61	US\$61	100	99.99%	(NT\$4,095) US\$128	(NT\$3,777) (US\$118)	"	
"	Pacific Wealth Limited	British Virgin Islands	Investment holdings	US\$1,000	US\$1,000	1,000	100.00%	NT\$33,203 (US\$1,038)	(NT\$3,785) (US\$118)	"	
Pacific Wealth Limited	Foxlink International Inc.	America	Sales agent	US\$500	US\$500	500	100.00%	NT\$16,636 (US\$520)	(NT\$3,892) (US\$122)	"	
Pacific Wealth Limited	Microlink International Inc.	America	"	US\$500	US\$410	500	100.00%	NT\$16,567 (US\$518)	NT\$107 (US\$3)	"	
Future Victory Ltd.	Darts Technologies (Shang Hai) Co., Ltd.	Shang Hai, China	Research and development of telecommunication components	US\$1,705	US\$1,705	Not applicable	100.00%	NT\$51,571 (US\$1,612)	(NT\$4,985) (US\$156)	"	
Neosonic Li-Polymer Energy Technology Corp.	Neosonic Li-Polymer Energy (Zhu Hai) Corp.	Zhu Hai, China	Manufacture of electronic telecommunication components	US\$10,700	US\$10,700	Not applicable	100.00%	NT\$253,402 (US\$7,921)	(NT\$53,163) (US\$1,662)	"	

Investor	Investee	Location	Main activities	Initial investment amount		Shares held as at December 31, 2009			Investment income	
				Balance	Balance	No. of shares (in thousands)	Ownership (%)	Book value	Net income (loss) of the investee	(loss) recognized by the Company
				as at 12/31/09	as at 12/31/08					
Foxlink International Investment Co., Ltd.	Foxlink Image Technology	Hsinchu	Manufacture of image scanners and electronic telecommunication components	NT\$400,814 (US\$12,529)	NT\$325,989 (US\$10,190)	51,480	30.89%	NT\$727,471 (US\$22,741)	NT\$50,637 (US\$1,583)	"
"	Everflow Precision Industries Co., Ltd.	Taipei	Manufacture of electronic components and instruments	NT\$60,000 (US\$1,876)	NT\$60,000 (US\$1,876)	6,000	75.00%	-	-	"
"	Microlink Communications Inc.	"	Manufacture of wireless communication instruments	NT\$80,000 (US\$2,501)	NT\$80,000 (US\$2,501)	6,857	21.43%	NT\$41,063 (US\$1,284)	(NT\$45,085) (US\$1,409)	"
"	World Circuit Technology Co., Ltd.	"	Manufacture of electronic components and flexible printed circuit	NT\$469,500 (US\$14,676)	NT\$469,500 (US\$14,676)	15,650	69.56%	NT\$243,786 (US\$7,621)	(NT\$66,046) (US\$2,065)	"
"	Vegamedia Technology Co., Ltd.	"	Manufacture of electronic components	NT\$40,000 (US\$1,250)	NT\$1,000 (US\$31)	4,000	100.00%	NT\$24,652 (US\$771)	(NT\$5,613) (US\$175)	"
"	Proconn Technology Co., Ltd.	Taoyuan	Manufacture of electronic components	NT\$227,952 (US\$7,126)	0	31,190	50.03%	NT\$225,696 (US\$7,055)	(NT\$130,186) (US\$4,070)	"
Solteras Limited	Solteras Inc.	America	Sales agent	US\$2,000	US\$2,000	1,960	49.00%	NT\$62,436 (US\$1,952)	(NT\$52,287) (US\$1,634)	"
World Circuit Technology Co., Ltd.	Value Success Limited	British Virgin Islands	Manufacture of electronic components	US\$6,400	US\$6,400	5,000	100.00%	NT\$8,040 (US\$251)	(NT\$64,322) (US\$2,011)	"
Value Success Limited	Capital Guardian Ltd.	Hong Kong	Manufacture of electronic components	US\$6,400	US\$6,400	3,005	100.00%	NT\$7,900 (US\$247)	(NT\$64,322) (US\$2,011)	"
Capital Guardian Limited	World Circuit Technology Holding Limited	"	"	HKD\$8,714 (US\$1,124)	HKD\$8,714 (US\$1,124)	Not applicable	100.00%	NT\$7,098 (US\$222)	(NT\$64,322) (US\$2,011)	"
World Circuit Technology (Hong Kong) Limited	Shang Hai World Circuit Technology Co., Ltd.	Shang Hai, China	Manufacture and trading of electronic components	US\$3,241	US\$3,241	Not applicable	53.07%	NT\$27,295 (US\$853)	(NT\$111,089) (US\$3,473)	"
Fu Uei International Investment Ltd. (Fu Uei)	Glory Science Co., Ltd.	Changhua	Manufacture of electronic components	NT\$200,000 (US\$625)	NT\$200,000 (US\$6,252)	10,000	21.69%	NT\$117,667 (US\$3,678)	(NT\$36,048) (US\$1,127)	"
"	Solink Inc.	Taipei	Manufacture of electronic components	NT\$500,000 (US\$15,240)	NT\$500,000 (US\$15,240)	50,000	100.00%	NT\$563,974 (US\$17,630)	NT\$62,312 (US\$1,948)	"
"	Studio A Inc.	Taipei	Manufacture of electronic components	NT\$55,400 (US\$1,732)	0	5,100	51.00%	NT\$52,514 (US\$1,642)	NT\$776 (US\$24)	"
"	Va Product Inc.	Taipei	Manufacture of electronic components	NT\$8,976 (US\$281)	0	765	51.00%	NT\$9,558 (US\$299)	NT\$1,465 (US\$46)	"
"	Valiant Plus.Co., Ltd	Korea	Manufacture of electronic components	NT\$7,427 (US\$232)	0	510	51.00%	NT\$7,427 (US\$232)	(NT\$4,936) US\$154	"
"	Proconn Technology Co., Ltd.	Taoyuan	Manufacture of electronic components	NT\$4,050 (US\$127)	0	810	1.30%	NT\$3,992 (US\$125)	(NT\$130,186) US\$4,070	"
Studio A Inc.	Tayih Digital Technology Co., Ltd.	Tainan	Manufacture of electronic components	NT\$4,800 (US\$150)	0	480	60.00%	NT\$4,590 (US\$143)	(NT\$533) US\$17	"
"	Jing Sheng Technology Co., Ltd.	Taipei	Manufacture of electronic components	NT\$500 (US\$16)	0	50	100.00%	NT\$489 (US\$15)	(NT\$11) US\$0	"
"	Growing Computer Ltd.	Taipei	Manufacture of electronic components	NT\$5,000 (US\$156)	0	500	100.00%	NT\$368 (US\$12)	(NT\$198) US\$6	"
Du Precision Industry Co., Ltd.	Celink International	British Virgin Islands	Manufacture of connectors	US\$16,536	US\$13,720	16,536	100.00%	NT\$248,744 (US\$7,776)	(NT\$83,855) (US\$2,621)	"
Darts Technologies Corporation	Benefit Right Ltd.	British Virgin Islands	Investment holdings	US\$9,846	US\$2,136	9,846	100.00%	NT\$324,231 (US\$10,135)	NT\$19,430 (US\$607)	"
Benefit Right Ltd.	Sharetronic Digital Electronic (Shen Zhen) Co., Ltd.	Shenzhen, China	Manufacture of electronic components	US\$7,710	0	Not applicable	27.00%	NT\$267,861 (US\$8,373)	NT\$77,690 (US\$2,429)	"
Glory Science Co., Ltd.	Glory Tek (BVI) Co., Ltd.	British Virgin Islands	Investment holdings	US\$11,370	US\$5,000	11,370	90.88%	NT\$222,274 (US\$6,948)	NT\$19,141 (US\$598)	"

Investor	Investee	Location	Main activities	Initial investment amount		Shares held as at December 31, 2009				Investment income	
				Balance	Balance	No. of shares		Ownership (%)	Book value	Net income (loss) of the investee	(loss) recognized by the Company
				as at 12/31/09	as at 12/31/08	(in thousands)					
Glory Tek (BVI) Co., Ltd.	Glory Tek (Samoa) Co., Ltd.	SAMOA	Investment holdings	US\$7,380	US\$6,000	7,380	100.00%	NT\$82,173 (US\$2,569)	NT\$7,618 (US\$238)		
"	Glory Optics (BVI) Co., Ltd.	British Virgin Islands	"	US\$5,000	US\$10	5,000	100.00%	NT\$159,196 (US\$4,976)	NT\$11,523 (US\$360)		
Glory Tek (Samoa) Co., Ltd.	Glory (Suzhou) Co., Ltd.	Suzhou, China	Manufacture of connectors	US\$7,380	US\$6,000	7,380	100.00%	NT\$82,148 (US\$2,568)	NT\$7,619 (US\$238)		
Proconn Technology Co., Ltd.	Advance Electronic Ltd.	SAMOA	Investment holdings	NT\$230,107 (US\$7,193)	NT\$230,107 (US\$7,193)	7,083	100.00%	NT\$14,083 (US\$440)	(NT\$140,432) (US\$4,390)		
"	Byford International Ltd.	SAMOA	Investment holdings	NT\$680 (US\$21)	NT\$680 (US\$21)	20	100.00%	NT\$1,824 (US\$57)	(NT\$962) (US\$30)		
"	Media Universe Inc.	SAMOA	Investment holdings	NT\$667 (US\$21)	NT\$667 (US\$21)	20	100.00%	(NT\$8) (US\$0)	(NT\$1,810) (US\$57)		
Advance Electronic Ltd.	Proconn Technology Co., Ltd.	SAMOA	Investment holdings	NT\$68,753 (US\$2,149)	NT\$68,753 (US\$2,149)	2,083	100.00%	NT\$24,912 (US\$779)	(NT\$48,996) (US\$1,532)		
"	Smart Technology Co., Ltd.	SAMOA	Investment holdings	NT\$162,219 (US\$5,071)	NT\$162,219 (US\$5,071)	5,000	100.00%	(NT\$10,831) (US\$339)	(NT\$91,436) (US\$2,858)		
Proconn Technology Co., Ltd.	Proconn Technology (Shenzhen) Co., Ltd.	Shenzhen, China	Manufacture of electronic components	NT\$68,753 (US\$2,149)	NT\$68,753 (US\$2,149)	Not applicable	100.00%	NT\$24,912 (US\$779)	(NT\$48,675) (US\$1,522)		
Smart Technology Co., Ltd.	Proconn Technology (Suzhou) Co., Ltd.	Suzhou, China	Manufacture of electronic components	NT\$162,219 (US\$5,071)	NT\$162,219 (US\$5,071)	Not applicable	100.00%	(NT\$10,831) (US\$339)	(NT\$91,436) (US\$2,858)		

B. Please see Note 11.1) for additional disclosure information of investee company required by SFB.

3) Disclosure of investments in Mainland China

A. The Company has Cu as subcontractor in 1997, which rents factories in Dong Guan and Shenzhen, for the manufacture of electronic telecommunication components and electronic wires.

B. Basic information

Name of investee in Mainland China	Main activities of investee	Capital	Investment method	Accumulated remittance as of January 1, 2009	Remitted or collected this period		Accumulated remittance as of December 31, 2009	Ownership held by the Company	Investment income (loss) recognized by the Company during the period (Note 2)	Ending balance of investment	Investment income (loss) remitted back as of December 31, 2009
					Remitted out	Collected					
Fu Gang Electronics (Dong Guan) Ltd.	Manufacture of electronic telecommunication components and electric wires	HKD\$297,808 (US\$38,410)	By third party	HKD\$297,808 (US\$38,410)	\$-	\$-	HKD\$297,808 (US\$38,410)	100%	NT\$543,245 (US\$16,982)	NT\$2,454,580 (US\$76,730)	\$-
Fu Gang Electronics (Tian Jin) Ltd.	Manufacture of electronic telecommunication components	US\$18,000	"	US\$5,200	-	-	US\$5,200	100%	(NT\$81,257) (US\$2,540)	NT\$459,322 (US\$14,358)	-
Fu Gang Electronics (Kun Shan) Ltd.	Manufacture of electronic telecommunication components	US\$18,000	"	US\$18,000	-	-	US\$1,800	100%	NT\$31,339 (US\$980)	NT\$848,854 (US\$26,535)	-
Dong Guan Fu Shi Chang Co., Ltd.	Manufacture of electronic telecommunication components and electronic wires	HKD\$936 (US\$121)	"	HKD\$936 (US\$121)	-	-	HKD\$936 (US\$121)	100%	-	NT\$3,216 (US\$101)	-
Foxlink Electronics (Dong Guan) Co., Ltd.	Manufacture of electronic telecommunication components	HKD\$4,505 (US\$581)	"	HKD\$4,505 (US\$581)	-	-	HKD\$4,505 (US\$581)	100%	NT\$43,704 (US\$1,366)	NT\$105,708 (US\$3,304)	-
Foxlink Tianjin Co., Ltd.	Manufacture of electronic telecommunication components	US\$4,000	"	US\$1,000	-	-	US\$1,000	100%	(NT\$6,438) (US\$201)	NT\$176,623 (US\$5,521)	-
Fox-Electronics (Shang Hai) Co., Ltd.	Manufacture of electronic telecommunication components	US\$2,000	"	US\$2,000	-	-	US\$2,000	33.33%	(NT\$8,341) (US\$261)	(NT\$35,618) (US\$1,113)	-
Fu Yang Electric (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	US\$27,500	"	US\$16,900	US\$10,600	-	US\$27,500	100%	(NT\$51,815) (US\$1,620)	NT\$882,078 (US\$27,574)	-
Dong Guan Fu Qiang Electronics Ltd.	Manufacture of electronic telecommunication components	US\$41,024	"	US\$32,524	US\$8,500	-	US\$41,024	100%	(NT\$22,200) (US\$694)	NT\$1,439,840 (US\$45,009)	-

Name of investee in Mainland China	Main activities of investee	Capital	Investment method	Accumulated remittance as of January 1, 2009	Remitted or collected this period		Accumulated remittance as of December 31, 2009 (Note 1)	Ownership held by the Company (Direct and indirect)	Investment income (loss)		Investment income (loss) remitted back as of December 31, 2009
					Remitted out	Collected			recognized by the Company during the period (Note 2)	Ending balance of investment	
Foxlink Beijing Co., Ltd.	Sales agent	US\$1,000	By third party	US\$1,000	-	-	US\$1,000	100%	(NT\$497) US\$16	NT\$20,448 (US\$639)	-
Neosonic Energy Technology (Tianjin) Ltd.	Manufacture of electronic telecommunication components	US\$4,000	"	US\$4,000	-	-	US\$4,000	100%	NT\$1,611 (US\$50)	NT\$180,709 (US\$5,649)	-
Kunshan Fushijing Electronics Co., Ltd.	Manufacture of electronic telecommunication components	US\$3,000	"	US\$3,000	-	-	US\$3,000	100%	(NT\$5,752) (US\$180)	NT\$271,870 (US\$8,499)	-
Darts Technologies (Shang Hai) Co., Ltd.	Research and development of telecommunication components	US\$2,000	"	US\$1,705	-	-	US\$1,705	100%	(NT\$4,985) (US\$156)	NT\$51,571 (US\$1,612)	-
Fushiming Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	US\$12,000	"	US\$6,000	US\$6,000	-	US\$12,000	100%	(NT\$8,328) (US\$260)	NT\$375,484 (US\$11,738)	-
Fushilin Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	US\$1,900	"	US\$1,900	-	-	US\$1,900	100%	(NT\$6,554) (US\$205)	NT\$54,505 (US\$1,704)	-
Fushipeng Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	US\$1,900	"	US\$1,900	-	-	US\$1,900	100%	(NT\$6,537) (US\$204)	NT\$54,558 (US\$1,705)	-
Fushiwei Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	US\$1,800	"	US\$1,800	-	-	US\$1,800	100%	(NT\$6,039) (US\$189)	NT\$51,801 (US\$1,619)	-
Fushineng Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	US\$1,800	"	US\$0	US\$1,800	-	US\$1,800	100%	(NT\$3,187) (US\$100)	NT\$54,526 (US\$1,704)	-
Neosonic Li-Polymer Energy (Zhu Hai) Corp.	Manufacture of electronic telecommunication components	US\$5,400	"	US\$5,400	-	-	US\$5,400	37%	(NT\$53,163) (US\$1,662)	NT\$253,402 (US\$7,921)	-

Accumulated amount remitted out from		Ceiling of investment amount of the	
Taiwan to Mainland China	Investment amount approved by FIC	Company in Mainland China	
HK\$303,249 (US\$39,112) and US\$129,229	HK\$345,441 (US\$44,554) and US\$150,908	NOTE 2	

Note 1: Investment was made through Cu International Ltd., an investee company. The investment was approved by the Foreign Investment Commission (FIC) of MOEA.

Note 2: Calculated in accordance with the financial statements of the subsidiaries, which were not reviewed by independent accountants.

Note 3: As the Company has obtained a certificate of conforming to the business scope of headquarters, issued by the Industrial Development Bureau, MOEA, in accordance with "Regulations Governing Investment and Technology Cooperation in Mainland China", amended on August 29, 2008, the amount of the Company's investments in Mainland China has no limitation.

C. The significant direct or indirect transactions of the Company with the investee companies in Mainland China.

- a. Purchases amount and percentage of total purchases as well as the related accounts payable and percentage of total accounts payable:

For the year ended December 31, 2009

<u>Company name</u>	<u>Account</u>	<u>Amount</u>	<u>Percentage</u>
Fu Gang Electronics (Dong Guan) Ltd.	Purchases	NT\$10,877,124 (US\$340,016)	41%
Fu Gang Electronics (Kun Shan) Co., Ltd.	Purchases	NT\$6,495,148 (US\$203,037)	25%
Foxlink Tianjin Co., Ltd.	Purchases	NT\$2,678,372 (US\$83,725)	10%
Shanghai World Circuit Technology Co., Ltd.	Purchases	NT\$478,557 (US\$14,960)	2%
Fu Qiang Electronic (Dong Guan) Ltd.	Purchases	NT\$196,831 (US\$6,153)	1%
Fu Gang Electronic (Tianjin) Ltd.	Purchases	NT\$164,608 (US\$5,146)	0%

December 31, 2009

<u>Company name</u>	<u>Account</u>	<u>Amount</u>	<u>Percentage</u>
Fu Gong Electronics (Dong Guan) Ltd.	Accounts payable	NT\$1,068,105 (US\$33,389)	29%
Foxlink Tianjin Co., Ltd.	Accounts payable	NT\$241,681 (US\$7,555)	7%
Shanghai World Circuit Technology Co., Ltd.	Accounts payable	NT\$1,192 (US\$37)	0%

- b. Sales amount and percentage of total sales as well as the related accounts receivable and percentage of total accounts receivable:

For the year ended December 31, 2009

<u>Company name</u>	<u>Account</u>	<u>Amount</u>	<u>Percentage</u>
Fu Gang Electronics (Dong Guan) Ltd.	Sales	NT\$514,294 (US\$16,077)	1%
Fu Gang Electronics (Kun Shan) Co., Ltd.	Sales	NT\$130,891 (US\$4,092)	0%
Fushilin Electronics (Dong Guan) Ltd.	Sales	NT\$173,431 (US\$5,421)	0%
Fu Qiang Electronic (Dong Guan) Ltd.	Sales	NT\$130,621 (US\$4,083)	0%

<u>December 31, 2009</u>			
<u>Company name</u>	<u>Account</u>	<u>Amount</u>	<u>Percentage</u>
Fu Gang Electronics (Kun Shan) Ltd.	Accounts receivable	NT\$445,608 (US\$13,930)	6%
Fushilin Electronics (Dong Guan) Ltd.	Accounts receivable	NT\$51,331 (US\$1,605)	1%
Fu Qiang Electronic (Dong Guan) Ltd.	Accounts receivable	NT\$9,863 (US\$308)	0%

- c. Property transactions and gain (loss) on the transactions: None.
- d. Endorsements, guarantees and collateral provided: Please refer to Note 11.1).B.
- e. Information on loans granted: Please refer to Note 11.1).A.
- f. Transactions having significant effects on current period's income/loss and financial conditions:

<u>For the year ended December 31, 2009</u>			
<u>Company name</u>	<u>Account</u>	<u>Amount</u>	<u>Percentage</u>
Fu Gang Electronic (Tianjin) Ltd.	Prepayments	NT\$434,646 (US\$13,587)	68%
Fu Qiang Electronic (Dong Guan) Ltd.	Prepayments	NT\$178,348 (US\$5,575)	29%
Fu Gang Electronics (Dong Guan) Ltd.	Other payable	NT\$432,281 (US\$13,513)	17%
Kunshan Fushijing Electronics Co., Ltd.	Other receivable	NT\$160,718 (US\$5,024)	7%
Shanghai World Circuit Technology Co., Ltd.	Other receivable	NT\$48,070 (US\$1,503)	2%
Fu Gang Electronics (Kun Shan) Ltd.	Other receivable	NT\$1,414,216 (US\$44,208)	63%
Fushilin Electronics (Dong Guan) Ltd.	Other receivable	NT\$4,986 (US\$156)	0%
Fu Gang Electronic (Tianjin) Ltd.	Other receivable	NT\$145,702 (US\$4,555)	9%
Fu Qiang Electronic (Dong Guan) Ltd.	Other receivable	NT\$74,802 (US\$2,338)	4%
Fu Yang Electric (Kun Shan) Co., Ltd.	Other receivable	NT\$53,481 (US\$1,672)	3%

3) Significant transactions which occurred between the Company and its subsidiaries

(1) Subsidiaries included in the consolidated financial statements:

For the year ended December 31, 2009

Number	Name of the Company	Name of the Company	Relationship with the counterparty (Note 2)	Transactions			% of total sales or total assets
				Account	Amount	Terms	
0	Cheng Uei Precision Industry Co., Ltd.	Benefit Right Ltd.	1	Sales	NT\$238,943 US\$7,469	The prices are based on the costs plus the agreed-upon gross profit margin	1%
0	"	"	1	Accounts receivable	NT\$57,795 US\$1,807	The collection term is 120 to 180 days after monthly billing	0%
0	"	Microlink International Inc.	1	Sales	NT\$2,337,233 US\$73,061	The prices are based on the costs plus the agreed-upon gross profit margin	6%
0	"	"	1	Accounts receivable	NT\$587,388 US\$18,362	The collection term is 120 to 180 days after monthly billing	2%
0	"	Fushilin Electronics (Dong Guan) Co., Ltd	1	Sales	NT\$173,431 US\$5,421	The prices are based on the costs plus the agreed-upon gross profit margin	-
0	"	"	1	Accounts receivable	NT\$51,331 US\$1,605	The collection term is 120 to 180 days after monthly billing	-
0	"	Cu International Ltd.	1	Processing expenses	NT\$4,065,365 US\$127,082	The processing fee includes all expenditures every month	10%
0	"	"	1	Prepaid expenses	NT\$386,070 US\$12,068	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	1%
0	"	"	1	Other income	NT\$91,377 US\$2,856	According to the actual occurrence	-
0	"	Foxlink International Inc.	1	Sales	NT\$7,392,802 US\$231,097	The prices are based on the costs plus the agreed-upon gross profit margin	18%
0	"	"	1	Accounts receivable	NT\$1,020,723 US\$31,908	The collection term is 120 to 180 days after monthly billing	3%
0	"	Kunshan Fushijing Electronics Co., Ltd. (KFE)	1	Other receivables	NT\$160,718 US\$5,024	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
0	"	Dong Guan Fu Qiang Electronics Co., Ltd.	1	Sales	NT\$130,621 US\$4,083	The prices are based on the costs plus the agreed-upon gross profit margin	-
0	"	"	1	Other receivables	NT\$74,802 US\$2,338	Receivables and payables are offset against each other and resulting net amount is collected	-
0	"	"	1	Prepayments	NT\$178,348 US\$5,575	Receivables and payables are offset against each other and resulting net amount is collected	-
0	"	"	1	Purchases	NT\$196,831 US\$6,153	The prices are based on the costs plus the agreed-upon gross profit margin	-
0	"	Foxlink Tianjin Co., Ltd.	1	Purchases	NT\$2,678,372 US\$83,725	The prices are based on the costs plus the agreed-upon gross profit margin	6%
0	"	"	1	Accounts payable	NT\$241,681 US\$7,555	The payment term is 60~120 days after monthly billing	1%

Number	Name of the Company	Name of the Company	Relationship with the counterparty (Note 2)	Transactions			% of total sales or total assets
				Account	Amount	Terms	
0	Cheng Uei Precision Industry Co., Ltd.	Shang Hai World Circuit Technology Co., Ltd.	1	Purchases	NT\$478,557 US\$14,960	The prices are based on the costs plus the agreed-upon gross profit margin	1%
0	"	Fu Yang Electronics (Kun Shan) Co., Ltd.	1	Other receivables	NT\$53,481 (US\$2,507)	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
0	"	Fu Gang Electronics (Tian Jin) Ltd.	1	Other receivables	NT\$188,539 US\$5,894	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
0	"	"	1	Prepayments	NT\$434,646 US\$13,587	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	1%
0	"	"	1	Purchases	NT\$164,608 US\$5,146	The prices are based on the costs plus the agreed-upon gross profit margin	-
0	"	Fu Gang Electronics (Kun Shan) Ltd.	1	Sales	NT\$130,891 US\$4,092	The prices are based on the costs plus the agreed-upon gross profit margin	-
0	"	"	1	Accounts receivable	NT\$445,608 US\$13,930	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	1%
0	"	"	1	Purchases	NT\$6,495,148 US\$203,037	The prices are based on the costs plus the agreed-upon gross profit margin	15%
0	"	"	1	Other receivables	NT\$1,414,216 US\$44,208	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	4%
0	"	Fu Gang Electronics (Dong Guan) Ltd.	1	Sales	NT\$514,294 US\$16,077	The prices are based on the costs plus the agreed-upon gross profit margin	1%
0	"	"	1	Purchases	NT\$10,877,124 US\$340,016	The prices are based on the costs plus the agreed-upon gross profit margin	26%
0	"	"	1	Accounts payable	NT\$1,068,105 US\$33,389	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	3%
0	"	"	1	Other payables	NT\$432,281 US\$13,513	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	1%
0	"	Darts Technologies (Shang Hai) Co., Ltd.	1	Sales	NT\$1,794,133 US\$56,084	The prices are based on the costs plus the agreed-upon gross profit margin	4%
0	"	"	1	Accounts receivable	NT\$172,412 US\$5,390	The collection term is 120 to 180 days after monthly billing	-
1	Fu Gang Electronics (Dong Guan) Ltd.	Microlink Internatinoal Inc.	3	Sales	NT\$1,935,266 US\$60,496	The prices are based on the costs plus the agreed-upon gross profit margin	5%
1	"	"	3	Accounts receivable	NT\$774,888 US\$24,223	The payment term is 60 to 120 days after monthly billing	2%

Number	Name of the Company	Name of the Company	Relationship with the counterparty (Note 2)	Transactions			% of total sales or total assets
				Account	Amount	Terms	
1	Fu Gang Electronics (Dong Guan) Ltd.	Dong Guan Fu Qiang Electronics Ltd.	3	Other receivables	NT\$103,088 US\$3,223	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
3	Cu International Ltd.	Darts Technologies (Shang Hai) Co., Ltd.	3	Accrued expenses	NT\$204,213 US\$6,384	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	1%
3	"	Fu Guang Electronics (Tian Jin) Ltd.	3	Other receivables	NT\$79,021 US\$2,470	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
3	"	"	3	Accrued expenses	NT\$406,215 US\$12,698	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	1%
3	"	Fu Gang Electronics (Dong Guan) Ltd.	3	Accounts receivable	NT\$88,980 US\$2,781	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
3	"	"	3	Accrued expenses	NT\$84,143 US\$2,630	Note 5	-
3	"	"	3	Other receivables	NT\$175,545 US\$5,487	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
3	"	Dong Guan Fu Qiang Electronics Ltd.	3	Rent expenses	NT\$211,081 US\$6,598	Note 5	-
4	Kunshan Fushijing Electronics Co., Ltd.	Fu Gang Electronics (Kun Shan) Ltd..	3	Prepayments	NT\$303,873 US\$9,499	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	1%
4	Fu Gang Electronics (Kun Shan) Ltd..	Darts Technologies (Shang Hai) CO., Ltd.	3	Other payables	NT\$166,815 US\$5,215	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
4	"	"	3	Personal service fee	NT\$99,619 US\$3,114	Note 5	-
5	Foxlink Tianjin Co., Ltd.	Neosonic Energy Technology (Tian Jin) Ltd.	3	Accounts payable	NT\$54,070 US\$1,690	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-

Note 1: The numbers in the No. column represent as follows:

1. 0 for the parent company.
2. According to the sequential order, subsidiaries are numbered from 1.

Note 2: There are three types of relationships with the counterparties and they are labeled as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: Regarding the calculation of ratio of transaction amount to total consolidated operating revenue or total consolidated assets, for balance sheet items, it was computed based on the transaction amount at end of period to total consolidated assets, and for income statement items, it was computed based on accumulated transaction amount for the period to total consolidated operating revenue.

Note 4: Only related party transactions exceeding NT\$50,000,000 were disclosed.

Note 5: As no other transactions of same type are available, the transactions are based on negotiated terms.

For the year ended December 31, 2008

Number	Name of the Company	Name of the Company	Relationship with the counterparty	Transactions			% of total sales or total assets
				Account	Amount	Terms	
0	Cheng Uei Precision Industry Co., Ltd.	Foxlink International Inc.	1	Sales	NT\$12,422,378 (US\$378,731)	The prices are based on the costs plus the agreed-upon gross profit margin	26%
0	"	"	1	Accounts receivable	NT\$1,763,222 (US\$53,757)	The collection term is 120 to 180 days after monthly billing	4%
0	"	Cu International Ltd.	1	Processing expenses	NT\$5,333,268 (US\$162,600)	The processing fee includes all expenditures every month	11%
0	"	"	1	Prepaid expenses	NT\$230,458 (US\$7,026)	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	1%
0	"	"	1	Other income	NT\$152,101 (US\$4,637)	According to the actual occurrence	-
0	"	"	1	Other receivables	NT\$50,848 (US\$1,550)	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
0	"	Fu Gang Electronics (Kun Shan) Ltd.	1	Processing expenses	NT\$1,818,746	The processing fee includes all expenditures every month	4%
0	"	"	1	Accounts receivable	(US\$55,450) NT\$279,770 (US\$8,530)	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	1%
0	"	"	1	Sales	NT\$892,865 (US\$27,221)	The prices are based on the costs plus the agreed-upon gross profit margin	2%
0	"	Fu Gang Electronics (Dong Guan) Ltd.	1	Sales	NT\$294,093 (US\$8,966)	The prices are based on the costs plus the agreed-upon gross profit margin	1%
0	"	"	1	Purchases	NT\$5,407,510 (US\$164,863)	The prices are based on the costs plus the agreed-upon gross profit margin	11%
0	"	"	1	Processing expenses	NT\$127,527 (US\$3,888)	The processing fee includes all expenditures every month	-
0	Cheng Uei Precision Industry Co., Ltd.	Fu Gang Electronics (Dong Guan) Ltd.	1	Accounts payable	NT\$1,791,276 (US\$54,612)	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	5%
0	"	Fu Gang Electronics (Tian Jin) Ltd.	1	Processing expenses	NT\$125,224 (US\$3,818)	The processing fee includes all expenditures every month	-
0	"	"	1	Other receivables	NT\$65,774 (US\$2,005)	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
0	"	"	1	Prepayments	NT\$469,158 (US\$14,304)	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	1%
0	"	Dong Guan Fu Qiang Electronics Ltd.	1	Sales	NT\$218,744 (US\$6,669)	The prices are based on the costs plus the agreed-upon gross profit margin	-

Number	Name of the Company	Name of the Company	Relationship with the counterparty	Transactions			% of total sales or total assets
				Account	Amount	Terms	
0	Cheng Uei Precision Industry Co., Ltd.	Dong Guan Fu Qiang Electronics Ltd.	1	Processing expenses	NT\$148,596 (US\$4,530)	The processing fee includes all expenditures every month	-
0	"	"	1	Accounts receivable	NT\$230,121 (US\$7,016)	The collection term is 120 to 180 days after monthly billing	1%
0	"	"	1	Prepaid expenses	NT\$82,227 (US\$2,507)	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
0	"	Foxlink Tianjin Co., Ltd.	1	Purchases	NT\$3,023,208 (US\$92,171)	The prices are based on the costs plus the agreed-upon gross profit margin	6%
0	"	"	1	Accounts payable	NT\$221,621 (US\$6,757)	The payment term is 60~120 days after monthly billing	1%
0	"	Kunshan Fushijing Electronics Co., Ltd. (KFE)	1	Other receivables	NT\$149,154 (US\$4,547)	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
0	"	Darts Technologies Corporation	1	Sales	NT\$3,406,171 (US\$103,847)	The prices are based on the costs plus the agreed-upon gross profit margin	7%
0	"	Microlink International Inc.	1	Sales	NT\$1,336,901 (US\$40,759)	The prices are based on the costs plus the agreed-upon gross profit margin	3%
0	Cheng Uei Precision Industry Co., Ltd.	Microlink International Inc.	1	Accounts receivable	NT\$679,206 (US\$20,708)	The collection term is 120 to 180 days after monthly billing	2%
0	"	Fushilin Electronics (Dong Guan) Co., Ltd.	1	Sales	NT\$702,913 (US\$21,430)	The prices are based on the costs plus the agreed-upon gross profit margin	1%
0	"	"	1	Accounts receivable	NT\$203,281 (US\$6,198)	The collection term is 120 to 180 days after monthly billing	1%
0	"	Solteras Inc.	1	Sales	NT\$278,205 (US\$8,482)	The prices are based on the costs plus the agreed-upon gross profit margin	1%
0	"	Benefit Right Ltd.	1	Sales	NT\$236,633 (US\$7,214)	The prices are based on the costs plus the agreed-upon gross profit margin	-
0	"	"	1	Accounts receivable	NT\$62,032 (US\$1,891)	The collection term is 120 to 180 days after monthly billing	-
0	"	Shang Hai World Circuit Technology Co., Ltd.	1	Purchases	NT\$428,938 (US\$13,077)	The prices are based on the costs plus the agreed-upon gross profit margin	1%
0	"	Fu Yang Electronics (Kun Shan) Co., Ltd.	1	Other receivables	NT\$53,481 (US\$1,631)	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
1	Fu Gang Electronics (Dong Guan) Ltd.	Microlink Internatinoal Inc.	3	Sales	NT\$1,590,302 (US\$48,485)	The processing fee includes all expenditures every month	4%
1	"	"	3	Accounts receivable	NT\$425,328 (US\$12,967)	The payment term is 60 to 120 days after monthly billing	1%
2	Fu Gang Electronics (Tian Jin) Ltd.	Shang Hai World Circuit Technology Co., Ltd.	3	Other receivables	NT\$72,109 (US\$2,198)	The prices are based on the costs plus the agreed-upon gross profit margin	-
3	Cu International Ltd.	Darts Technologies (Shang Hai) Co., Ltd.	3	Accrued expenses	NT\$209,508 (US\$6,387)	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	1%

Number	Name of the Company	Name of the Company	Relationship with the counterparty	Transactions			% of total sales or total assets
				Account	Amount	Terms	
3	Cu International Ltd.	Fu Guang Electronics (Tian Jin) Ltd.	3	Accrued expenses	NT\$416,749 (US\$12,706)	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	1%
3	"	Dong Guan Fu Qiang Electronics Co., Ltd.	3	Rent expenses	NT\$128,622 (US\$3,921)	Note 5	-
3	"	Fu Gang Electronics (Dong Guan) Ltd.	3	Rent expenses	NT\$92,287 (US\$2,814)	Note 5	-
4	Fu Gang Electronics (Kun Shan) Ltd.	Kunshan Fushijing Electronics Co., Ltd.	3	Other receivables	NT\$311,010 (US\$9,482)	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	1%
4	"	Darts Technologies (Shang Hai) CO., Ltd.	3	Other receivables	NT\$171,138 (US\$5,218)	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
4	"	"	3	Personal service fee	NT\$85,980 (US\$2,621)	Note 5	-
5	Foxlink Tianjin Co., Ltd.	Neosonic Energy Technology (Tian Jin) Ltd.	3	Accounts payable	NT\$55,471 (US\$1,691)	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-

12. SEGMENT FINANCIAL INFORMATION

A. Operation in different industries: Not applicable as the Company and its consolidated subsidiaries are mainly engaged in a single segment, the manufacture and sales of electronic telecommunication components.

B. Information by area in 2008 and 2009 is set forth below:

	2008			
	NT\$			
	Domestic	Other foreign operations	Adjustment and elimination	Total
Operating revenues-external	\$ 27,494,991	\$ 20,799,797	\$ -	\$ 48,294,788
Operating revenues-internal	19,802,903	18,308,007	(38,110,910)	-
Total operating revenues	<u>\$ 47,297,894</u>	<u>\$ 39,107,804</u>	<u>(\$ 38,110,910)</u>	<u>\$ 48,294,788</u>
Segment income	<u>\$ 2,636,466</u>	<u>\$ 540,892</u>	<u>(\$ 475,294)</u>	\$ 2,702,064
Investment income accounted for under the equity method	-	-	-	65,509
Interest expense	-	-	-	(380,283)
Income before income tax	-	-	-	<u>\$ 2,387,290</u>
Identifiable assets	<u>\$ 32,580,631</u>	<u>\$ 54,846,806</u>	<u>(\$ 49,609,139)</u>	\$ 37,818,298
Long-term investments accounted for under the equity method	-	-	-	<u>1,782,042</u>
Total assets	-	-	-	<u>\$ 39,600,340</u>

2009				
NT\$				
	Domestic	Other foreign operations	Adjustment and elimination	Total
Operating revenues-external	\$ 26,385,662	\$ 15,847,493	\$ -	\$ 42,233,155
Operating revenues-internal	<u>12,673,266</u>	<u>27,512,483</u>	(40,185,749)	\$ -
Total operating revenues	<u>\$ 39,058,928</u>	<u>\$ 43,359,976</u>	(\$ 40,185,749)	\$ 42,233,155
Segment income	<u>\$ 2,026,731</u>	<u>\$ 81,395</u>	(\$ 475,294)	\$ 1,944,696
Investment income accounted for under the equity method	-	-	-	108,116
Interest expense	-	-	-	(256,687)
Income before income tax	-	-	-	<u>\$ 1,796,125</u>
Identifiable assets	<u>\$ 33,387,238</u>	<u>\$ 45,408,161</u>	(\$ 49,609,139)	\$ 36,270,967
Long-term investments accounted for under the equity method	-	-	-	<u>2,306,612</u>
Total assets	-	-	-	<u>\$ 38,577,579</u>

2009				
US\$				
(Unaudited-Note 2)				
	Domestic	Other foreign operations	Adjustment and elimination	Total
Operating revenues-external	\$ 824,810	\$ 495,389	\$ -	\$ 1,320,199
Operating revenues-internal	<u>396,163</u>	<u>860,034</u>	(1,256,197)	-
Total operating revenues	<u>\$ 1,220,973</u>	<u>\$ 1,355,423</u>	(1,256,197)	\$ 1,320,199
Segment income	<u>\$ 63,355</u>	<u>\$ 2,544</u>	(14,858)	\$ 60,791
Investment income accounted for under the equity method	-	-	-	3,380
Interest expense	-	-	-	(8,024)
Income before income tax	-	-	-	<u>\$ 56,146</u>
Identifiable assets	<u>\$ 1,043,677</u>	<u>\$ 1,419,449</u>	(\$ 1,550,770)	\$ 1,133,822
Long-term investments accounted for under the equity method	-	-	-	<u>72,104</u>
Total assets	-	-	-	<u>\$ 1,205,926</u>

C. Information about export sales: The export sales of the Group in 2008 and 2009 were as follows:

	<u>For the years ended December 31,</u>		
	<u>2008</u>	<u>2009</u>	<u>2009</u>
	<u>New Taiwan Dollars</u>		<u>US Dollars</u>
			(Unaudited) (Note 2)
Asia	\$ 22,426,539	\$ 25,132,086	\$ 785,623
Americas	19,322,630	14,684,172	459,024
Other areas	<u>3,032,160</u>	<u>2,162,035</u>	<u>67,585</u>
	<u>\$ 44,781,329</u>	<u>\$ 41,978,293</u>	<u>\$ 1,312,232</u>

D. Major customer information:

	<u>Customers</u>	<u>Sales amount</u>	<u>% of net sales</u>
<u>2008</u>			
	Customer A	NT\$5,486,351	11%
	Customer B	NT\$4,944,638	10%
<u>2009</u>			
	Customer C	NT\$4,156,988	10%
		US\$129,946	