

CHENG UEI PRECISION INDUSTRY CO., LTD.
CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2007 AND 2008

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.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM
CHINESE-LANGUAGE

PWCR08000504

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, 2007 and 2008, 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), Glory Science Co., Ltd., a subsidiary of the Company, was included in the consolidated financial statements based on its consolidated financial statements which were audited by other independent accountants as of and for the year ended December 31, 2008. Total assets of the subsidiary amounted to NT\$945,262 thousand, representing 2.39% of the consolidated total assets as of December 31, 2008, and total operating revenues amounted to NT\$405,409 thousand, representing 0.84% of the consolidated total operating revenues for the year then ended. We did not audit the financial statements of certain long-term investments accounted for under the equity method amounting to \$193,240 thousand, representing 0.5% of consolidated total assets as of December 31, 2007. The related investment loss of \$7,552 thousand, representing 0.26% of consolidated income before income tax for the year then ended. Those statements were audited by other auditors, whose reports there on have been furnished to us and our opinion expressed here in, in so far as it relates to the amounts included for such long-term investments, is based solely on the reports of other auditors.

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, assessing the accounting principles used and significant estimates made by management, and 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, 2007 and 2008, and the results of their operations and their cash flows for the years then ended in conformity with the “Rules Governing Preparation of the Financial Statements by Securities Issuers” and generally accepted accounting principles in the Republic of China.

As disclosed in Note 3, effective January 1, 2008, the Company adopted R.O.C. SFAS No. 39, “Accounting for Share-based Payment” and EITF96-052 of the Accounting Research and Development Foundation, R.O.C., “Accounting for Employees’ Bonuses and Directors’ and Supervisors’ Remuneration”. Under EITF 96-052, the costs of employees’ bonuses and directors and supervisors’ remuneration are accounted for as expenses and liabilities provided that such a recognition is required under legal or constructive obligation and those amounts can be estimated reasonably.

The consolidated financial statements as of and for the year ended December 31, 2008, 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\$32.8 at December 31, 2008. This basis of translation is not in accordance with generally accepted accounting principles in the Republic of China.

PricewaterhouseCoopers

April 23, 2009

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)

	2007	2008	2008
	New Taiwan Dollars		US Dollars
<u>ASSETS</u>			(Unaudited)
<u>CURRENT ASSETS</u>			(Note 2)
Cash (Note 4(1))	\$ 6,879,799	5,647,969	\$ 172,194
Financial assets at fair value through profit or loss - current	46,030	41,230	1,257
Notes receivable, net	2,126	937	29
Accounts receivable, net – third parties (Note 4(2))	9,990,555	6,624,723	201,973
Accounts receivable, net - related parties (Note 5)	1,436,025	2,524,432	76,964
Other receivables - third parties	460,211	575,010	17,531
Other receivables – related parties	10,738	28,862	880
Inventories - net (Note 4(3))	4,979,608	6,200,363	189,036
Prepaid expenses	34,860	8,076	246
Prepayments	142,655	257,189	7,841
Deferred income tax assets - current (Note 4(15))	197,423	176,664	5,386
	<u>24,180,030</u>	<u>22,085,455</u>	<u>673,337</u>
<u>LONG-TERM INVESTMENTS</u>			-
Financial assets carried at cost - non-current	74,259	71,809	2,189
Long-term investments accounted for under the equity method (Note 4(4))	1,748,568	1,710,233	52,141
	<u>1,822,827</u>	<u>1,782,042</u>	<u>54,330</u>
Other financial assets - non-current (Note 6)	52,329	117,127	3,571
<u>PROPERTY, PLANT AND EQUIPMENT</u> (Notes 4(5), 5 and 6)			
Cost			
Land	137,207	160,321	4,888
Building	5,908,361	6,647,855	202,679
Machinery and equipment	6,177,526	8,888,830	271,001
Transportation equipment	29,459	30,716	936
Office equipment	233,929	280,863	8,563
Leasehold improvements	156,142	213,374	6,505
Other equipment	3,133,286	3,147,169	95,950
	<u>15,775,910</u>	<u>19,369,128</u>	<u>590,522</u>
Less: Accumulated depreciation	(5,163,448)	(6,772,715)	(206,485)
Prepayments for equipment and construction in progress	926,326	1,569,298	47,844
	<u>11,538,788</u>	<u>14,165,711</u>	<u>431,881</u>
<u>INTANGIBLE ASSETS</u>			
Computer software costs	-	92,863	2,831
Deferred pension costs (Note 4(11))	12,147	19,384	591
Other intangible assets - other (Note 6)	260,374	559,980	17,073
	<u>272,521</u>	<u>672,227</u>	<u>20,495</u>
<u>OTHER ASSETS</u>			-
Leased assets	424,855	344,066	10,490
Idle assets	-	17,260	526
Refundable deposits	29,271	34,393	1,049
Deferred assets	84,331	34,258	1,044
Other assets - others	314,656	347,801	10,604
	<u>853,113</u>	<u>777,778</u>	<u>23,713</u>
<u>TOTAL ASSETS</u>	<u>\$ 38,719,608</u>	<u>\$ 39,600,340</u>	<u>\$ 1,207,327</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>2007</u>	<u>2008</u>	<u>2008</u>
	<u>New Taiwan Dollars</u>		<u>US Dollars</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
<u>CURRENT LIABILITIES</u>			
			(Unaudited) (Note 2)
Short-term loans (Notes 4(6) and 6)	\$ 3,825,503	4,585,562	\$ 139,804
Notes and bills payable	-	69,937	2,132
Financial liabilities at fair value through profit or loss - current (Note 4(7))	122,725	108,347	3,303
Accounts payable	8,331,581	6,542,090	199,454
Accounts payable - related parties (Note 5)	263,081	172,066	5,246
Income tax payable (Note 4(15))	379,561	332,219	10,129
Accrued expenses (Note 4(8))	2,256,527	2,294,167	69,944
Other payables (Note 5)	553,580	711,960	21,706
Receipts in advance	345,804	325,437	9,922
Current portion of long-term liabilities (Note 4(9) and 4(10))	-	4,950,123	150,918
	<u>16,078,362</u>	<u>20,091,908</u>	<u>612,558</u>
<u>LONG-TERM LIABILITIES</u>			
Bonds payable (Note 4(9))	4,512,810	-	-
Long-term loans (Notes 4(10) and 6)	654,993	564,027	17,196
	<u>5,167,803</u>	<u>564,027</u>	<u>17,196</u>
<u>OTHER LIABILITIES</u>			
Accrued pension liabilities (Note 4(11))	95,980	114,686	3,496
Deferred income tax liabilities - non-current (Note 4(15))	124,356	248,154	7,566
Other liabilities - other	23,523	4,882	149
	<u>243,859</u>	<u>367,722</u>	<u>11,211</u>
Total Liabilities	<u>21,490,024</u>	<u>21,023,657</u>	<u>640,965</u>
<u>STOCKHOLDERS' EQUITY</u>			
Capital			
Common stock (Note 4(12))	4,015,818	4,374,609	133,372
Capital reserve (Note 4(13))			-
Paid in capital in excess of par value of common stock	6,681,441	6,681,441	203,702
Additional paid-in capital - treasury stock transactions (Note 4(9))	-	3,065	93
Capital reserve from long-term investments	182,699	157,593	4,805
Capital reserve from stock warrants (Note 4(9) and 4(14))	423,494	619,386	18,884
Retained earnings (Note 4(14))			-
Legal reserve	833,606	1,064,045	32,440
Unappropriated earnings (Note 4(15))	4,378,112	4,473,389	136,384
Other adjustments to stockholders' equity			
Cumulative translation adjustments	284,384	636,122	19,394
Minority interest	430,030	567,033	17,288
Total Stockholders' Equity	<u>17,229,584</u>	<u>18,576,683</u>	<u>566,362</u>
Significant commitments and contingent liabilities (Note 7)			
Significant subsequent event (Note 9)			
<u>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</u>	<u>\$ 38,719,608</u>	<u>\$ 39,600,340</u>	<u>\$ 1,207,327</u>

The accompanying notes are an integral part of these financial statements.

See report of independent accountants dated April 23, 2009.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2008
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNT)

	2007		2008		2008	
	New Taiwan Dollars		New Taiwan Dollars		US Dollars	
					(Unaudited) (Note 2)	
Operating revenues						
Sales (Note 5)	\$	45,019,479	\$	48,890,781	\$	1,490,572
Sales returns	(	338,597)	(	164,276)	(	5,008)
Sales allowances	(	107,326)	(	431,717)	(	13,162)
Net sales		44,573,556		48,294,788		1,472,402
Operating costs						-
Cost of goods sold (Notes 4(18) and 5)	(	38,795,993)	(	42,332,848)	(	1,290,636)
Gross profit		5,777,563		5,961,940		181,766
Operating expenses (Notes 4(18) and 5)						-
Sales and marketing expenses	(	440,123)	(	548,741)	(	16,730)
General and administrative expenses	(	1,713,136)	(	2,119,166)	(	64,609)
Research and development expenses	(	866,778)	(	1,191,684)	(	36,332)
Total operating expenses	(	3,020,037)	(	3,859,591)	(	117,671)
Operating income		2,757,526		2,102,349		64,095
Non-operating income and gains						-
Interest income		128,439		108,184		3,298
Gain on valuation of financial liabilities		86,775		12,652		386
Investment income accounted for under the equity method (Note 4(4))		167,475		65,509		1,997
Gain on disposal of property, plant and equipment		7,647		-		-
Gain on disposal of investments		39,499		5,204		159
Foreign exchange gain - net		24,054		335,743		10,236
Rental income		15,158		14,579		444
Income from sales of scrapped inventory		141,586		165,595		5,049
Other non-operating income		108,936		156,804		4,781
Total non-operating income and gains		719,569		864,270		26,350
Non-operating expenses and losses						-
Interest expense	(	403,724)	(	380,283)	(	11,594)
Loss on valuation of financial liabilities		-	(	4,294)	(	131)
Loss on disposal of property, plant and equipment		-	(	11,355)	(	346)
Loss on physical count of inventories	(	750)	(	146)	(	4)
Provision for inventory obsolescence and market price decline	(	1,659)	(	29,730)	(	906)
Impairment loss	(	108,559)	(	31,281)	(	954)
Other non-operating losses	(	23,222)	(	122,240)	(	3,727)
Total non-operating expenses and losses	(	537,914)	(	579,329)	(	17,662)
Income before income tax		2,939,181		2,387,290		72,783
Income tax expense (Note 4(15))	(	725,488)	(	693,596)	(	21,146)
Consolidated net income	\$	2,213,693	\$	1,693,694	\$	51,637
Attributable to:						
Equity holders of the Company	\$	2,304,395	\$	1,895,302	\$	57,784
Minority interest	(	90,702)	(	201,608)	(	6,147)
	\$	2,213,693	\$	1,693,694	\$	51,637
Earnings per common share (in dollars) (Note 4(17))						
		Before tax	After tax	Before tax	After tax	Before tax
Basic earnings per share						
Consolidated net income	\$	6.72	\$	5.06	\$	5.46
Minority interest		0.19		0.21		0.19
Net income attributable to equity holders of the Company	\$	6.91	\$	5.27	\$	5.65
Diluted earnings per share						
Consolidated net income	\$	6.16	\$	4.66	\$	5.03
Minority interest		0.18		0.19		0.16
Net income attributable to equity holders of the Company	\$	6.34	\$	4.85	\$	5.19

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated April 23, 2009.

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

	Common Stock	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>2007 - New Taiwan Dollars</u>										
Balance at January 1, 2007	\$ 3,732,207	\$ 6,681,441		\$ 121,429	423,494	\$ 592,826	\$ 3,800,587	\$ 95,586	\$ 179,165	\$ 15,626,735
Appropriations of 2006 income:										
Legal reserve	-	-		-	-	240,780	(240,780)	-	-	-
Stock dividends	186,611	-		-	-	-	(186,611)	-	-	-
Cash dividends	-	-		-	-	-	(1,119,663)	-	-	(1,119,663)
Employees' stock bonus	97,000	-		-	-	-	(178,330)	-	-	(81,330)
Remuneration to directors and supervisors	-	-		-	-	-	(1,486)	-	-	(1,486)
Net income for 2007	-	-		-	-	-	2,304,395	-	(90,702)	2,213,693
Adjustment due to change in ownership of investee	-	-		61,270	-	-	-	-	-	61,270
Cumulative translation adjustments	-	-		-	-	-	-	188,798	-	188,798
Minority interest adjustments	-	-		-	-	-	-	-	341,567	341,567
Balance at December 31, 2007	<u>\$ 4,015,818</u>	<u>\$ 6,681,441</u>	<u>\$ -</u>	<u>\$ 182,699</u>	<u>\$ 423,494</u>	<u>\$ 833,606</u>	<u>\$ 4,378,112</u>	<u>\$ 284,384</u>	<u>\$ 430,030</u>	<u>\$ 17,229,584</u>
<u>2008 - New Taiwan Dollars</u>										
Balance at January 1, 2008	\$ 4,015,818	\$ 6,681,441	\$ -	\$ 182,699	\$ 423,494	\$ 833,606	\$ 4,378,112	\$ 284,384	\$ 430,030	\$ 17,229,584
Prior adjustments (Note 4(9))	-	-	-	-	199,000	-	(199,000)	-	-	-
Appropriations of 2007 income:	4,015,818	6,681,441	-	182,699	622,494	833,606	4,179,112	284,384	430,030	17,229,584
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>\$ 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>

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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)

	Common Stock	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 - United States Dollars (Unaudited and Note 2)</u>										
Balance at January 1, 2008	\$ 122,433	\$ 203,702	\$ -	\$ 5,570	\$ 12,911	\$ 25,415	\$ 133,479	\$ 8,670	\$ 13,111	\$ 525,291
Prior adjustments	-	-	-	-	6,067	-	(6,067)	-	-	-
Appropriations of 2007 income:	122,433	203,702	-	5,570	18,978	25,415	127,412	8,670	13,111	525,291
Legal reserve	-	-	-	-	-	7,025	(7,026)	-	-	(1)
Stock dividends	6,122	-	-	-	-	-	(6,122)	-	-	-
Employees' stock bonus	4,817	-	-	-	-	-	(5,014)	-	-	(197)
Remuneration to directors and supervisors	-	-	-	-	-	-	(42)	-	-	(42)
Cash dividends	-	-	-	-	-	-	(30,608)	-	-	(30,608)
Net income for 2008	-	-	-	-	-	-	57,784	-	(6,147)	51,637
Adjustment due to change in ownership of investee	-	-	-	(765)	-	-	-	-	-	(765)
Cumulative translation adjustments	-	-	-	-	-	-	-	10,724	-	10,724
Minority interest adjustments	-	-	-	-	-	-	-	-	10,324	10,324
Redemption of convertible bonds	-	-	93	-	(94)	-	-	-	-	(1)
Balance at December 31, 2008	<u>\$ 133,372</u>	<u>\$ 203,702</u>	<u>\$ 93</u>	<u>\$ 4,805</u>	<u>\$ 18,884</u>	<u>\$ 32,440</u>	<u>\$ 136,384</u>	<u>\$ 19,394</u>	<u>\$ 17,288</u>	<u>\$ 566,363</u>

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated April 23, 2009.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2008
(EXPRESSED IN THOUSANDS OF DOLLARS)

	2007	2008	2008
	New Taiwan Dollars		US Dollars
			(Unaudited) (Note 2)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Consolidated net income	\$ 2,213,693	\$ 1,693,694	\$ 51,637
Adjustments to reconcile consolidated net income to net cash provided by operating activities:			-
Provision for bad debts	902	11,088	338
Amortization	121,117	69,203	2,110
Depreciation	1,614,777	1,935,742	59,017
Gain on valuation of financial assets and liabilities	(86,775)	(8,358)	(255)
Provision for inventory obsolescence and market price decline	1,659	29,730	906
Impairment loss	108,559	31,281	954
Recognition of write-off of allowance for doubtful accounts as other income	(30,770)	(20,000)	(610)
Gain on disposal of investments	(28,286)	-	-
Loss on disposal of property, plant and equipment	30,974	11,355	346
Gain on disposal of idle assets	(38,621)	-	-
Investment income accounted for under the equity method	(167,475)	(65,509)	(1,997)
Cash dividends received	96,932	81,719	2,491
Gain on disposal of financial assets carried at cost		(2,015)	(61)
Amortization of discount of cost of convertible bonds	121,783	124,830	3,806
Loss on redemption of convertible bonds	-	436	13
Changes in assets and liabilities			-
Financial assets at fair value through profit or loss - current	318,685	3,372	103
Notes receivable	3,838	1,189	36
Accounts receivable - third parties	(1,240,331)	3,374,763	102,889
Accounts receivable - related parties	(249,815)	(1,088,426)	(33,184)
Other receivables - third parties	(139,707)	(114,799)	(3,500)
Other receivables - related parties	495,978	(18,124)	(553)
Inventories	(11,457)	(1,250,485)	(38,125)
Prepaid expenses and prepayments	62,735	(87,750)	(2,675)
Deferred income tax assets	35,616	27,311	833
Notes payable	(60,514)	-	-
Accounts payable - third parties	1,667,972	(1,792,440)	(54,648)
Accounts payable - related parties	(817,844)	(88,066)	(2,685)
Income tax payable	(159,539)	(47,342)	(1,443)
Accrued expenses	433,882	37,640	1,148
Other payables	(73,702)	315,023	9,604
Receipts in advance	(233,499)	(20,367)	(621)
Accrued pension liabilities	8,346	11,469	350
Other liabilities - other	21,415	(18,641)	(568)
Net cash provided by operating activities	<u>4,020,528</u>	<u>3,137,523</u>	<u>95,656</u>

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CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS-(Continued)
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2008
(EXPRESSED IN THOUSANDS OF DOLLARS)

	2007	2008	2008
	New Taiwan Dollars		US Dollars
			(Unaudited)
			(Note 2)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in notes and bills payable	\$ -	\$ 69,937	\$ 2,132
Financial liabilities at fair value through profit or loss - current	(	3,725)	(114)
Acquisition of property, plant and equipment	(2,788,044)	(4,249,581)	(129,560)
Proceeds from disposal of property, plant and equipment	20,990	27,782	847
Proceeds from disposal of idle assets	143,922	-	-
Decrease (increase) in refundable deposits	10,037	(5,122)	(156)
Other financial assets - non-current	(52,329)	(64,798)	(1,976)
Proceeds from disposal of financial assets carried at cost	-	4,463	136
Proceeds from disposal of long-term investments accounted for under the equity method	45,280	-	-
Increase in long-term investments - non-subsiary	(312,593)	(170,349)	(5,194)
Increase in deferred assets and other intangible assets	(107,449)	(208,646)	(6,361)
Proceeds from disposal of deferred expense	1,483	221	7
Decrease (increase) in other assets - other	27,296	(55,082)	(1,679)
Net cash used in investing activities	(3,011,407)	(4,654,900)	(141,918)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Cash dividends	(1,119,663)	(1,003,954)	(30,608)
Increase in short-term loans	774,249	760,059	23,173
Increase in long-term loans	247,084	497,641	15,172
Decrease in long-term loans	(2,013,605)	(242,412)	(7,391)
Redemption of convertible bonds	-	(35,058)	(1,069)
Net cash used in financing activities	(2,111,935)	(23,724)	(723)
Effect of change in exchange rates	204,284	116,031	3,538
Effect of change in consolidated subsidiaries	87,319	193,240	5,891
Net decrease in cash	(811,211)	(1,231,830)	(37,556)
Beginning balance of cash	7,691,010	6,879,799	209,750
Ending balance of cash	\$ 6,879,799	\$ 5,647,969	\$ 172,194
<u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u>			
Cash paid for interest (Excluding interest capitalized)	\$ 282,414	\$ 260,247	\$ 7,934
Cash paid for income tax	\$ 849,411	\$ 713,627	\$ 21,757
Partial cash flows from investing and financing activities:			
Acquisition of property, plant and equipment	\$ 2,561,046	\$ 4,085,097	\$ 124,546
Add: Beginning balance of other payables	617,543	390,545	11,906
Less: Ending balance of other payables	(390,545)	(226,061)	(6,892)
Cash paid	\$ 2,788,044	\$ 4,249,581	\$ 129,560

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated April 23, 2009.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2008

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

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, 2008, the Company and its subsidiaries had approximately 33,520 employees.

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

Investor	Subsidiary	Main activity	% of shares held as of December 31,		Description
			2007	2008	
The Company	Cu International Ltd. (Cu)	Electronic telecommunication components and holding company	100%	100%	
"	Culink International Ltd. (Culink)	Holding company	100%	100%	Note 1
"	Foxlink International Investment Ltd. (FII)	Holding company	100%	100%	
"	Fu Uei International Investment Ltd. (FUII)	Holding company	100%	100%	
"	Darts Technologies Corporation (Darts)	Electronic telecommunication and wireless components	97%	97%	
"	Foxlink (Vietnam) Inc.	Electronic telecommunication components	-	100%	Note 4
"	Du Pre Cision Industry Co., Ltd. (Du Pricision)	Electronic telecommunication components	60%	60%	Note 2
Cu	Fu Gang Electronics (Dong Guan) Ltd. (FGEDG)	Electronic telecommunication components	100%	100%	
"	New Start Industries Ltd. (New Star)	Holding company	100%	100%	

Investor	Subsidiary	Main activity	% of shares held as of December 31,		Description
			2007	2008	
Cu	Fu Gang Electronics (Kun Shan) Ltd. (FGEKS)	Electronic telecommunication components	100%	100%	
"	Dong Guan Fu Shi Chang Co., Ltd. (FSC)	Electronic telecommunication components	100%	100%	Note 1
"	Foxlink Electronics (Dong Guan) Co., Ltd. (FEDG)	Electronic telecommunication components	100%	100%	
"	Foxlink Electronics (Tian Jin) Ltd. (FETJ)	Electronic telecommunication components	25%	25%	Note 3
"	Dong Guan Fu Qiang Electronics Ltd. (DGFQ)	Electronic telecommunication components	100%	100%	
"	Fu Yang Electronics (Kun Shan) (FYEKS)	Electronic telecommunication components	100%	100%	
"	Foxlink Beijing Co., Ltd. (FB)	Sales agent	100%	100%	
"	Neosonic Energy Technology (Tianjin) Ltd. (NE)	Electronic telecommunication components	100%	100%	
"	Kunshan Fushijing Electronics Co., Ltd. (KFE)	Electronic telecommunication components	100%	100%	
"	Fox-e Holding Co.	Holding company	33.33%	33.33%	
"	Future Victory Ltd.	Holding company	100%	100%	
"	Solteras Limited	General investments holding	100%	100%	
"	Fushiming Electronics (Kun Shan) Co., Ltd.	Electronic telecommunication components	-	100%	Note 4
"	Fushilin Electronics (Kun Shan) Co., Ltd.	Electronic telecommunication components	-	100%	Note 4
"	Fushiwei Electronics (Kun Shan) Co., Ltd.	Electronic telecommunication components	-	100%	Note 4
"	Funshipeng Electronics (Kun Shan) Co., Ltd.	Electronic telecommunication components	-	100%	Note 4
New Star	Fu Gang Electronics (Tian Jin) Ltd. (FGETJ)	Electronic telecommunication components	100%	100%	"

Investor	Subsidiary	Main activity	% of shares held as of December 31,		Description
			2007	2008	
New Star	Foxlink Tianjin Co., Ltd. (Foxlink Tianjin)	Electronic telecommunication components	75%	75%	Note 3
Culink	Foxlink Singapore Pte. Ltd. (Foxlink Singapore)	Sales agent	99.99%	99.99%	Note 1
"	Pacific Wealth Limited	Holding Company	100%	100%	Note 2
PACIFIC WEALTH LIMITED	Foxlink International Inc. (Foxlink)	Electronic telecommunication Components	100%	100%	Note 2
"	Microlink International Inc. (Microlink)	Electronic telecommunication Components	-	100%	Note 4
FII	Vegamedia Technology Co., Ltd. (VT)	Electronic telecommunication components	100%	100%	Note 5
"	World Circuit Technology Co., Ltd (WCT)	Electronic components and flexible printed circuit	69.56%	69.56%	
WCT	Value Success Ltd. (VS)	Holding company	100%	100%	
"	Knowledge United Limited (Knowledge)	Holding company	100%	100%	Note 6
VS	Capital Guardian Limited (Capital)	Holding company	100%	100%	
Capital	World Circuit Technology Holding, Limited (WCTH)	Holding company	100%	100%	
WCTH	World Circuit Production (WCP)	Holding company	100%	100%	
"	World Circuit Technology (Hong Kong) Limited (WCTHK)	Electronic components	100%	100%	
WCTHK	Shang Hai World Circuit Technology Co., Ltd. (SHWCT)	Electronic components	100%	100%	
Darts	BENEFIT RIGHT LTD (BENEFIT)	Holding company	100%	100%	Note 2
FV	Darts Technologies (Shang Hai) Co., Ltd. (DTSH)	Research and development of telecommunication (Shang Hai) components	100%	100%	
Fox-e Holding	Fox-Electronics (Shang Hai) Co., Ltd. (FESH)	Electronic components	100%	100%	
Du Precision Industry Co., Ltd. (Du Pricision)	Celink International Ltd. (CELINK)	Electronic components	100%	100%	Note 2
Sloteras Limited	Solteras Inc. (SOLTERAS)	Electronic components	49%	49%	Note 7
Fu Uei	Glory Science Co., Ltd.	Electronic components	-	21.7%	Notes 2 and 8
"	Sollink Inc.	Electronic components	-	100%	Note4

Note 1 : Financial statements as of and for the year ended December 31, 2007 were consolidated based on the unaudited financial statements.

Note 2 : Investment or incorporation began in 2007.

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

Note 4: Investment or incorporation began in 2008.

Note 5: It has ceased operations in August 2005.

Note 6: It had been liquidated on September 4, 2008.

Note 7: Gained control over the subsidiary during 2007.

Note 8: Gained control over the subsidiary during 2008.

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 a subsidiary :

Investor	Subsidiary	Main activity	% of shares held as of December 31,		Description
			2007	2008	
Solteras Limited	SOLTERAS	Electronic components	49%	49%	Note 1
FUII	Glory Science Co., Ltd.	Electronic components	-	21.70%	Note 2

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.

4) Subsidiaries not included in the consolidated financial statements :

Subsidiary	Main activity	% of shares held as of December 31,		Description
		2007	2008	
Everflow Precision Industrial Co., Ltd.	Electronic components	75%	75%	Note

Note: As the percentage of its total assets to the Company's total assets was minimal and on October 5, 2004, it had been approved by the Ministry of Economic Affairs to be dissolved, and is currently in the process of liquidation, it was not included in the consolidated financial statements.

5) Adjustments for subsidiaries with different balance sheet dates : 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) Contents of subsidiaries' securities issued by the parent company : None.

9) Information on convertible bonds and common stock issued by subsidiaries :

FGEDG, DGFQ, Fushiming Electronics Ltd., Fu Yang Electronics (Kun Shan) Ltd., Fushipeng Electronics (Kun Shan) Co., Ltd., Fushilin Electronics (Kun Shan) Co., Ltd. and Fushiwei Electronics (Kun Shan) Co., Ltd. increased cash capital of HK\$60,000 thousand, US\$8,000 thousand, US\$6,000 thousand, US\$3,700 thousand, US\$1,900 thousand, US\$1,900 thousand and US\$1,800 thousand, respectively, in 2008. Those capital increases had been approved by the Investment Commission, MOEA and capital verification procedures had been completed. All the stocks issued for capital increases were subscribed to by the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated 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", 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. 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. Significant inter-company transactions and assets and liabilities arising from inter-company transactions are eliminated.

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 their 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 date of transactions. Exchange gain or losses due to the difference between the exchange rate on the transaction date and 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 included in current results of operations.

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, and derivatives are recognized and derecognized using trade date accounting and are recognized initially at fair value.

B. Financial assets and financial liabilities 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) Financial assets carried at cost

A. Investment in unquoted equity instruments is recognized or derecognized using trade date accounting and is stated initially at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

B. If there is any objective evidence that the financial asset is impaired, the impairment loss is recognized in profit or loss. Such impairment loss shall not be reversed when the fair value of the asset subsequently increases.

7) Allowance for doubtful accounts

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

8) Inventories

Inventories are stated at cost. The cost is determined using the standard cost method. At the end of year, the difference between standard cost and actual cost is proportionally allocated to operating costs and inventories. Inventories are evaluated at the lower of aggregate cost or market value. The market value is based on the replacement cost for raw materials and supplies and net realizable value for work in process, finished goods and merchandise. Allowance for slow moving items and decline in the market value is provided when necessary. Loss for market price decline and obsolete and slow-moving inventories is recognized as incurred. 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 manufactured by the Company, which are consigned to overseas subsidiaries or indirect subsidiaries for selling, but have not been sold out at end of year, are accounted for as the Company's inventories.

9) 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.

- 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. Exchange difference arising from translation of the financial statements of overseas investee companies accounted for under the equity method are recorded as "cumulative translation adjustments".

10) Property, plant and equipment / rental assets

- A. Property, plant and equipment are stated at cost. Interests incurred on the loans used to bring the assets to the condition and location necessary for their intended uses are capitalized.
- B. When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts and the resultant gain or loss is included in the current year's results of operations.
- 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 2 to 8 years except for buildings, the estimated economic service life of which is 50 to 60 years.
- D. Major renewals and improvements are capitalized and depreciated accordingly. Maintenance and repairs are expensed as incurred.
- E. Fixed assets that are not used in operations are reclassified to rental or idle assets and stated at the lower of book value or net realizable value. Depreciation provided on these assets is charged to non-operating expenses.

11) 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.

12) 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.

13) Pension plan

A. The Company

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.

B. The Darts Technologies Corporation

Under the defined benefit pension plan, minimum pension liability is recognized in accordance with the actuarial calculations effective December 31, 2005 and net periodic pension costs are recognized in accordance with the actuarial calculations effective January 1, 2006.

14) Bonds payable

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 proportionally charged to the liabilities and equity of the underlying instruments based on initial recognition costs.
- B. If the difference between payment amount before the maturity date and the book value at liquidation date is significant, it should be recognized as extraordinary gain or loss in the current period.
 - C. 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.

15) Income tax

- A. Provision for income tax includes deferred income tax resulting from temporary differences, investment tax credits and loss carryforward. Valuation allowance on deferred tax assets is provided to the extent that it is more likely than not that the tax benefit will not be realized. Over or under provision of prior years’ income tax liabilities is included in current year’s income tax.
- B. Investment tax credits arising from expenditures incurred on acquisition of equipment or technology, research and development, employees’ trainings, and equity investments are recognized in the year the related expenditures are incurred.
- C. The additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

16) 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”.

17) 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, in accordance with 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.

18) Revenues and expenses

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

19) 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.

20) 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.

21) Convenience translation into US dollars

The Company 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, 2008 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\$32.8 (in dollars) at December 31, 2008. 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

Effective January 1, 2008, the Group adopted the EITF 96-052 the Accounting Research and Development Foundation R.O.C., dated March 16, 2007, "Accounting for Employees' Bonuses and Directors' and Supervisors' Remuneration". As a result of the adoption of EITF 96-052, net income decreased by \$261,163 (US\$7,962) and earnings per share decreased by \$0.6 for the year ended December 31, 2008.

4. DETAILS OF SIGNIFICANT ACCOUNTS

1) Cash

	December 31,		
	2007	2008	2008
	New Taiwan Dollars		US Dollars (Unaudited) (Note 2)
Cash on hand	\$ 8,431	6,688	204
Checking accounts	280,865	30,786	939
Demand deposits	2,989,243	3,270,309	99,704
Time deposits	3,601,260	2,340,186	71,347
	<u>\$ 6,879,799</u>	<u>\$ 5,647,969</u>	<u>\$ 172,194</u>

2) Accounts receivable - third parties

	December 31,		
	2007	2008	2008
	New Taiwan Dollars		US Dollars
			(Unaudited) (Note 2)
Accounts receivable	\$ 10,363,232	6,988,488	\$ 213,063
Less: Allowance for doubtful accounts	(372,677)	(363,765)	(11,090)
	<u>\$ 9,990,555</u>	<u>\$ 6,624,723</u>	<u>\$ 201,973</u>

3) Inventories

	December 31,		
	2007	2008	2008
	New Taiwan Dollars		US Dollars
			(Unaudited) (Note 2)
Finished goods	\$ 2,769,006	\$ 3,767,367	\$ 114,859
Work in process	102,547	91,407	2,787
Raw materials	2,416,706	2,831,114	86,314
Inventory in transit	78,027	29,488	899
	5,366,286	6,719,376	204,859
Less: Allowance for inventory obsolescence and decline in market value	(386,678)	(519,013)	(15,823)
	<u>\$ 4,979,608</u>	<u>\$ 6,200,363</u>	<u>\$ 189,036</u>

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

Investee	2008 ownership percentage (%)	December 31,		
		2007	2008	2008
		New Taiwan Dollars		US Dollars
				(Unaudited) (Note 2)
<u>Accounted for under the equity method:</u>				
Foxlink Image Technology Co., Ltd.	28.68%	\$ 684,767	683,230	\$ 20,830
Well Shin Technology Co., Ltd.	21.16%	802,014	821,918	25,058
Microlink Communications Inc.	21.43%	68,547	50,841	1,550
Glory Science Co., Ltd.	-	193,240	-	-
Neosonic Li-Polymer Energy Technology Corp.	37.00%	-	154,244	4,703
		<u>\$ 1,748,568</u>	<u>\$ 1,710,233</u>	<u>\$ 52,141</u>

The total net investment income recognized by the Group under the equity method based on the audited financial statements of the non-consolidated subsidiaries was \$167,475 and \$65,509 (US\$1,997) in 2007 and 2008, respectively.

5) Property, plant and equipment

The details of accumulated depreciation were as follows:

	December 31,		
	2007	2008	2008
	New Taiwan Dollars		US Dollars
			(Unaudited) (Note 2)
Buildings	\$ 460,203	\$ 452,524	\$ 13,797
Machinery and equipment	3,211,248	3,607,292	109,978
Transportation equipment	18,022	1,029,242	31,379
Office equipment	113,512	143,342	4,370
Leasehold improvements	95,181	72,607	2,214
Other equipment	1,265,282	1,467,708	44,747
	<u>\$ 5,163,448</u>	<u>\$ 6,772,715</u>	<u>\$ 206,485</u>

Interest capitalized on property, plant and equipment amounted to \$19,616 and \$0 for the years ended December 31, 2007 and 2008, respectively.

6) Short-term loans

	December 31,		
	2007	2008	2008
	New Taiwan Dollars		US Dollars
			(Unaudited) (Note 2)
Unsecured loans	\$ 3,825,503	\$ 4,585,562	\$ 139,804
Annual interest rates	<u>4.95%~7.66%</u>	<u>1.01%~7.56%</u>	

7) Financial liabilities at fair value through profit or loss

	December 31,		
	2007	2008	2008
	New Taiwan Dollars		US Dollars
			(Unaudited) (Note 2)
Current items:			
Financial liabilities held for trading			
Corporate bonds	\$ 119,000	\$ 105,481	\$ 3,216
Derivatives	3,725	2,866	87
Total	<u>\$ 122,725</u>	<u>\$ 108,347</u>	<u>\$ 3,303</u>

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

	December 31, 2007		December 31, 2008	
	Contract Amount	Contract Period	Contract Amount	Contract Period
Forward exchange contracts	USD 29,000	2007/12~2008/02	USD 19,000	2008/12~2009/02

8) Accrued expenses

	December 31,		
	2007	2008	2008
	New Taiwan Dollars		US Dollars
			(Unaudited) (Note 2)
Accrued conversion fee	\$ 815,418	\$ 504,184	\$ 15,372
Accrued salary and bonus	733,329	801,005	24,421
Accrued sales commission	-	348,217	10,616
Others	707,780	640,761	19,535
	<u>\$ 2,256,527</u>	<u>\$ 2,294,167</u>	<u>\$ 69,944</u>

9) Bonds payable/ Current portion of long-term liabilities

	December 31,		
	2007	2008	2008
	New Taiwan Dollars		US Dollars
			(Unaudited) (Note 2)
Unsecured convertible bonds	\$ 5,000,000	\$ 4,963,300	\$ 4,963,300
Less: Discount on bonds payable	(487,190)	(359,372)	(359,372)
	4,512,810	4,603,928	4,603,928
Less: Current portion	-	(4,603,928)	(4,603,928)
Total	<u>\$ 4,512,810</u>	<u>\$ -</u>	<u>\$ -</u>

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.
- 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.

- (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 40 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 of \$423,494 (US\$12,911) was separated from bonds payable, and was recognized as “Capital reserve from stock warrants” in accordance with SFAS No. 36. In accordance with EITF97-331 and EITF98-046 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 of December 31, 2008, the balance of “Capital reserve from stock warrants” amounted to \$619,386. The fair value of put options, call options and resetting options embedded in bonds payable of \$184,000 (US\$5,610) was separated from bonds payable, and was recognized as “Financial assets or liabilities at fair value through profit or loss” in accordance with R.O.C SFAS No. 34. The effective annual interest rate of the bonds after separation is 2.77%.

10) Long-term loans

		December 31,		
		2007	2008	2008
		New Taiwan Dollars		US Dollars
		(Unaudited) (Note 2)		
Secured bank loans	Payable in installments starting from September 13, 2005	\$ 654,993	\$ 13,600	\$ 414
Unsecured bank loans	Principal payable in lump sum at maturity between October 2009 and October 2011	-	896,622	27,336
Bonds Payable	Holder can carry out the put option from October 9, 2009.	-	4,603,928	140,364
		-	5,514,150	168,114
Less: Current portion		-	(4,950,123)	(150,918)
		<u>\$ 654,993</u>	<u>\$ 564,027</u>	<u>\$ 17,196</u>
Annual interest rate		<u>5.19%~5.78%</u>	<u>3.17%~3.63%</u>	

11) Pension plans

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 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 Bank of Taiwan, the trustee, 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,	
	2007	2008
Discount rate	3.50%	2.75%
Rate of increase in compensation	3.00%	3.00%
Expected return rate on plan assets	2.75%	1.50%

b) Funded status of the pension plan

	December 31,		
	2007	2008	2008
	New Taiwan Dollars		US Dollars
			(Unaudited) (Note 2)
Benefit obligation:			
Vested benefit obligation	(\$ 23,289)	(\$ 30,298)	(\$ 924)
Nonvested benefit obligation	(118,364)	(136,352)	(4,157)
Accumulated benefit obligation	(141,653)	(166,650)	(5,081)
Additional benefits based on future salaries increase	(65,251)	(87,187)	(2,658)
Projected benefit obligation	(206,904)	(253,837)	(7,739)
Fair value of plan assets	45,682	51,972	1,585
Funded status	(161,222)	(201,865)	(6,154)
Unrecognized net transition obligation	1,105	829	25
Unrecognized prior service cost	27,153	24,065	734
Unrecognized pension loss	49,140	81,677	2,490
Additional pension liabilities	(12,147)	(19,384)	(591)
Difference between the amount of accrued pension liability per actuarial report and per books	(9)	(8)	-
Accrued pension liability	(\$ 95,980)	(\$ 114,686)	(\$ 3,496)
Vested benefit	\$ 28,661	\$ 37,457	\$ 1,142

c) Net pension cost comprises the following

	For the years ended December 31,		
	2007	2008	2008
	New Taiwan Dollars		US Dollars
			(Unaudited)
			(Note 2)
Service cost	\$ 5,835	\$ 6,062	\$ 185
Interest cost	6,823	7,242	221
Expected return on plan assets	(1,394)	(1,256)	(38)
Amortization of unrecognized net transition obligation	276	276	8
Amortization of prior service cost	3,088	3,088	94
Amortization of unrecognized pension loss	495	2,371	72
Net periodic pension cost	<u>\$ 15,123</u>	<u>\$ 17,783</u>	<u>\$ 542</u>

B. Effective July 1, 2005, the Company and its domestic subsidiaries established an additional 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 upon termination of employment. The net pension costs recognized under the New Plan for the years ended December 31, 2007 and 2008 were \$42,919 and \$48,561 (US\$1,481), respectively.

C. Foxlink Singapore, Foxlink, Microlink and the Company's subsidiaries in the People's Republic of China (PRC) 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, 2007 and 2008, the Company's authorized common stock was both 550,000,000 shares (including 50,000,000 shares reserved for the issuance of both convertible bonds and employees' warrants), and the issued and outstanding shares were 401,581,776 shares and 437,460,865 shares, respectively, with a par value of NT\$10 (in dollars) per share.

B. On June 20, 2008, the stockholders at their annual stockholders' meeting adopted a resolution to capitalize unappropriated earnings of \$200,791 and employees' bonus of \$158,000, with the effective date set on August 16, 2008. The capital increase was approved by the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan, R.O.C. on August 22, 2008, and had been registered.

13) Capital reserve

A. The R.O.C. Company 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. However, capital reserve arising from paid-in capital in excess of par value on issuance of common stock and donations can be capitalized once a year, provided that the Company has no accumulated deficit and the amount to be capitalized does not exceed 10% of the paid-in capital.

B. Please see Note 4 (9) and (14) for detailed information.

14) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's 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% of bonus to employees, and (c) as dividends to stockholders.

B. Under the Company's Articles of Incorporation, at most 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. Except for covering accumulated deficits or increasing capital, the legal reserve shall not be used for any other purpose. Capitalization of the legal reserve is permitted, provided that the balance of the reserve exceeds 50% of the Company's paid-in capital and the amount capitalized does not exceed 50% of the balance of the reserve.

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. In 2007 and 2008, the stockholders at their meeting adopted a resolution to issue cash and stock dividends as follows:

	2006		2007	
	Amount	Per share	Amount	Per share
Legal reserve	\$ 240,780	\$ -	\$ 230,439	\$ -
Stock dividend (in dollars)	186,611	0.50	200,791	0.50
Cash dividend (in dollars)	1,119,663	3.00	1,003,954	2.50
Remuneration to				
directors and supervisors	1,486	-	1,370	-
Employees' stock dividend	97,000	-	158,000	-
Employees' cash dividend	81,330	-	6,471	-
Total	\$ 1,726,870	\$ 3.5	\$ 1,601,025	\$ 3

- F. The resolution for the distribution of 2008 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 on the official website of the Taiwan Stock Exchange. The information on the distribution of 2007 earnings in accordance with the resolution adopted by the Board of Directors and approved in the stockholders' meeting is as follows:

Appropriation

(1) Cash bonuses to employees	\$ 6,471
(2) Stock bonuses to employees	
① Shares	15,800,000
② Amount	3.93%
③ % of outstanding shares as of December 31, 2007.	\$ 0.04
(3) Remuneration to directors and supervisors	\$ 1,370

a) Earnings per common share

(1) Original earnings per common share	\$ 7.53
(2) Retroactively adjusted earnings per common share	\$ 7.11

- G. The estimated amount of employees' bonus and directors' and supervisors' remuneration for 2008 amounted to \$348,217(US\$10,616), based on a certain percentage (prescribed by the Company's Articles of Incorporation) of net income in 2008 after taking into account the legal reserve and other factors, and are recognized as operating costs or operating expenses for 2008. If, however, the estimated amounts differ from the amounts approved by the stockholders subsequently, the difference is recognized as gain or loss in 2009.

H. In accordance with EITF97-331 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 EITF97-331, 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>As of January 1, 2008</u>		
	<u>Initial amount recognized</u>	<u>Adjustment</u>	<u>Adjusted amount</u>
Retained earnings at beginning of year- unappropriated	\$ 4,378,112	(\$ 199,000)	\$ 4,179,112
Capital reserve at beginning of year- stock warrant	423,494	199,000	622,494

15) Income tax

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

	<u>December 31,</u>		
	<u>2007</u>	<u>2008</u>	<u>2008</u>
	<u>New Taiwan Dollars</u>		<u>US Dollars</u>
			(Unaudited) (Note 2)
Income tax payable	\$ 379,561	\$ 332,219	\$ 10,129
Net change of deferred income tax assets and liabilities	35,616	27,311	832
Unpaid beginning income tax payable	-	(83,850)	(2,556)
Under provision of prior year's income tax	13,451	15,362	468
Prepaid income tax	296,860	402,554	12,273
	<u>\$ 725,488</u>	<u>\$ 693,596</u>	<u>\$ 21,146</u>
Current income tax expense	\$ 657,022	\$ 622,302	\$ 18,973
10% income tax on prior year's undistributed earnings	68,466	71,294	2,173
Income tax expense	<u>\$ 725,488</u>	<u>\$ 693,596</u>	<u>\$ 21,146</u>

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

	<u>New Taiwan Dollars</u>		<u>New Taiwan Dollars</u>	
Current (shown as part of other current assets):				
Temporary differences				
Allowance for doubtful accounts	\$ 242,633	\$ 60,658	\$ 205,485	\$ 51,371
Unrealized exchange loss	72	18	3,167	792
Allowance for inventory loss	380,590	95,147	380,590	95,148
Unrealized sales gain			86,229	21,557
Others	166,397	<u>41,600</u>	31,184	<u>7,796</u>
		<u>\$ 197,423</u>		<u>\$ 176,664</u>
Non-Current:				
Temporary differences				
Pension expense	\$ 95,979	\$ 23,995	\$ 95,302	\$ 23,826
Foreign long-term investment loss accounted for under the equity method	(188,124)	(47,031)	(150,287)	(37,572)
Loss carryforward		-	14,025	3,506
Others		-	171,962	<u>42,991</u>
		(23,036)		32,751
Investment tax credits		27,641		60,107
Valuation allowance		(34,166)		(128,972)
Cumulative translation adjustments		<u>(94,795)</u>		<u>(212,040)</u>
		<u>(\$ 124,356)</u>		<u>(\$ 248,154)</u>
			<u>December 31, 2008</u>	
			<u>Amount</u>	<u>Tax effect</u>
			<u>US Dollars</u>	
			(Unaudited)	
			(Note 2)	
Current (shown as part of other current assets):				
Temporary differences				
Allowance for doubtful accounts			\$ 6,265	\$ 1,566
Unrealized exchange loss			97	24
Allowance for inventory loss			11,603	2,901
Unrealized sales gain			2,629	657
Others			951	<u>238</u>
				<u>\$ 5,386</u>
Non-Current:				
Temporary differences				
Pension expense			\$ 2,906	\$ 726
Foreign long-term investment loss accounted for under the equity method			(4,582)	(1,146)
Loss carryforward			428	107
Others			5,243	<u>1,311</u>
				998
Investment tax credits				1,833
Valuation allowance				(3,932)
Cumulative translation adjustments				<u>(6,465)</u>
				<u>(\$ 7,566)</u>

C. As of December 31, 2007 and 2008, the imputation tax credit account balance and the creditable tax ratio of the total distributed retained earnings were as follows:

	December 31,		
	2007	2008	2008
	New Taiwan Dollars		US Dollars
			(Unaudited) (Note 2)
Imputation tax credit account balance	\$ 725,502	\$ 836,565	\$ 25,505
Creditable tax ratio of the total distributed retained earnings	35.70%	30.57%	

D. As of December 31, 2007 and 2008, the details of unappropriated retained earnings are as follows:

	December 31,		
	2007	2008	2008
	New Taiwan Dollars		US Dollars
			(Unaudited) (Note 2)
Earnings generated in 1997 and prior years	\$ 40,389	\$ 40,389	\$ 1,231
Earnings generated in 1998 and thereafter	4,337,723	4,433,000	135,152
	<u>\$ 4,378,112</u>	<u>\$ 4,473,389</u>	<u>\$ 136,384</u>

E. The assessment status of the Company's and its subsidiaries' income tax returns is as follows:

	Assessment status
The Company、World Circuit Technology Co., Ltd.、Darts Technology Corporation、Glory Science Co., Ltd.、Foxlink International Investment Co., Ltd. and Fu Uei International Investment Ltd. Solink Inc.	Income tax returns through year 2006 have been assessed and approved by the Tax Authority.
Du Pre Cision Industry Co., Ltd.	Income tax returns have not been assessed because it was newly established during the current year. Income tax returns have not been assessed because it was newly established in 2007.

F. As of December 31, 2008, the Company's income tax returns through 2006 have been approved by the Tax Authority and additional income tax of \$7,982 (US\$246), \$17,217 (US\$531), and \$100,900(US\$3,076) was assessed for year 1999, year 2002, and year 2006, respectively. The Company has filed an appeal for reassessment with the Tax Authority. The tax litigation filed for the additional tax payable assessed for the Company's 1999 income tax return has entered the stage of administrative proceedings. Further, the Company has applied for tax appeal and tax reinvestigation of 2002 income tax return and 2006 income tax return, respectively, for additional tax payable assessed for the two years. The Company has provided for the additional income tax liabilities stated above. In addition, the investment tax credits filed by Darts were assessed to be reduced by \$97,590 (US\$2,975) and \$27,594 (US\$841) for year 2004 and 2006, respectively. The assessment results had no effect on the Darts's income tax payable. Darts had filed a tax administrative remedy for the above assessment. The related administrative legal process is ongoing. Darts has included the reduction of invest tax credits stated above in its financial statements for the years 2006 and 2008, respectively.

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".

16) Share-based payment - employee compensation plan

A. As of December 31, 2008, 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.	0.29%	-

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

	December 31, 2007		December 31, 2008	
	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	\$ 68.8	400,000	\$ 60.5
Options revoked	-	-	116	60.5
Options outstanding at end of period	40,000	68.8	400,116	60.5
Options exercisable at end of period	-	-	-	-

Note: The weighted-average exercise price at beginning of year was adjusted in proportion to changes in the number of common shares based on the terms of the stock-based employee compensation plan.

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, the range of exercise price of stock options outstanding was \$60.5 (in dollars), and the weighted-average remaining vesting period was 6 years.

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 for the stock options granted before the effectivity of R.O.C. SFAS No. 39, “Accounting for Share-based Payment”:

		2007		2008	
		New Taiwan Dollars		US dollars	
Net income	Net income stated in the statement of income	\$ 2,304,395	\$ 1,895,302	\$ 57,784	
	Pro forma net income	2,298,670	1,523,156	46,438	
Basic earnings per share (EPS) (in dollars)	EPS stated in the statement of income	5.27	4.33	0.13	
	Pro forma net income	5.25	3.48	0.11	

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, 2007					
	Amount		Weighted-average Outstanding Common Shares (in thousand of shares)	Earnings Per Share (in dollars)	
	Before tax	After tax		Before tax	After tax
	Consolidated net income attributable to equity holders of the Company	\$ 3,022,962	\$ 2,304,395	437,461	\$ 6.91	$ 5.27
Basic earnings per share					
Effect of dilutive common stock equivalents					
Convertible bonds	31,283	31,283	44,170		
Diluted earnings per share consolidated net income	\$ 3,054,245	\$ 2,335,678	481,631	\$ 6.34	\$ 4.85

For the year ended December 31, 2008					
	Amount		Weighted-average Outstanding Common Shares (in thousand of 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	437,461	
Basic earnings per share				\$ 5.65	\$ 4.33
Effect of dilutive common stock equivalents					
Employees' warranties			Note 1		
Convertible bonds	112,178	112,178	49,832		
Employees' bonus	-	-	10,485		
Diluted earnings per share consolidated net income	\$ 2,582,296	\$ 2,007,480	497,778	\$ 5.19	\$ 4.03

Note 1: They would produce anti-dilution effect if treasury stock method is adopted;

accordingly, they were not included in the anti-dilution shares.

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 be increased 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 2007 have been adjusted retroactively based on the dividends distribution rate of 8.934% for the retained earnings capitalized in 2008.

18) Personnel, depreciation and amortization expenses

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

	For the year ended December 31, 2007		
	Cost of	Operating	Total
	goods sold	expenses	
New Taiwan Dollars			
Personnel expenses			
Salaries	\$ 2,715,972	\$ 1,266,085	\$ 3,982,057
Insurance	21,379	53,758	75,137
Pension	16,804	40,724	57,528
Others	337,767	92,305	430,072
Depreciation (Notes a and b)	1,140,755	430,140	1,570,895
Amortization	6,708	114,254	120,962
	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 (Notes a and b)	1,304,493	587,992	1,892,485
Amortization	3,313	65,890	69,203

	<u>For the year ended December 31, 2008 (Unaudited)</u>		
	<u>Cost of</u>	<u>Operating</u>	
	<u>goods sold</u>	<u>expenses</u>	<u>Total</u>
	<u>US Dollars</u>		
	(Note 2)		
Personnel expenses			
Salaries	\$ 118,905	\$ 63,436	\$ 182,341
Insurance	2,625	3,439	6,064
Pension	282	1,726	2,008
Others	6,161	3,815	9,976
Depreciation (Notes a and b)	39,771	17,927	57,698
Amortization	101	2,009	2,110

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 \$23,631 and \$22,133 (US\$675) for the years ended December 31, 2007 and 2008, 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)	An indirect investee company accounted for under the equity method
Accu-Image Technology Limited (ACCU)	An affiliate
Global Smart Technology Limited (GSTL)	An indirect investee company accounted for under the equity method
Nu Cam Corporation (Nu Cam)	An indirect investee company accounted for under the equity method
ViewLink Technology Co., Ltd. (ViewLink)	Same chairman
Foxlink International Inc. (Foxlink)	Foxlink formally became the Company's indirect wholly-owned subsidiary in December 2007
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 the Securities and Futures Bureau (SFB).

B. Significant related party transactions and balances

1) Sales

	For the years ended December 31,		
	2007	2008	2008
	New Taiwan Dollars		US Dollars
			(Unaudited) (Note 2)
Foxlink	\$ 12,709,154	\$ -	\$ -
Hon Hai	2,152,199	3,543,823	108,043
Suntain	343,760	256,517	7,821
WST	-	213,483	6,509
Foxlink Image	45,575	47,006	1,433
Others	29,922	17,037	519
	<u>\$ 15,280,610</u>	<u>\$ 4,077,866</u>	<u>\$ 124,325</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, 2007 and 2008, 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 or 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,		
	2007	2008	2008
	New Taiwan Dollars		US Dollars
			(Unaudited) (Note 2)
Hon Hai	\$ 580,706	\$ 621,143	\$ 18,937
WST	656,995	1,022,076	31,161
Foxlink Image	68,177	138,721	4,230
Nu Cam	36,316	58,778	1,792
Others	2,131	1,253	38
	<u>\$ 1,344,325</u>	<u>\$ 1,841,971</u>	<u>\$ 56,158</u>

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

3) Accounts receivable

	December 31,		
	2007	2008	2008
	New Taiwan Dollars		US Dollars
			(Unaudited) (Note 2)
Hon Hai	\$ 1,272,916	\$ 2,335,322	\$ 71,199
Suntain	156,085	109,506	3,338
WST	-	62,020	1,891
Others	29,024	39,584	1,207
	<u>1,458,025</u>	<u>2,546,432</u>	<u>77,635</u>
Less: Allowance for doubtful accounts	(22,000)	(22,000)	(671)
	<u>\$ 1,436,025</u>	<u>\$ 2,524,432</u>	<u>\$ 76,964</u>

4) Accounts payable

	December 31,		
	2007	2008	2008
	New Taiwan Dollars		US Dollars
			(Unaudited) (Note 2)
WST	168,416	94,371	2,877
Foxlink Image	27,865	47,126	1,437
Hon Hai	45,498	12,133	370
Nu Cam	20,538	4,449	136
Others	764	13,987	426
	<u>\$ 263,081</u>	<u>\$ 172,066</u>	<u>\$ 5,246</u>

5) Other payables

	December 31,		
	2007	2008	2008
	New Taiwan Dollars		US Dollars
			(Unaudited) (Note 2)
Microlink	\$ 64,097	\$ 11,522	\$ 351

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

6) Purchases of raw materials through subsidiary

Foxlink, a subsidiary located in the U.S.A., purchased raw materials in the U.S.A. on behalf of the Company. The total purchases for 2007 amounted to \$2,789,271 which has been fully paid for by the Company.

7) Financing activities and guarantees

Please see Note 11.

8) Significant property transactions

The Company sold a machine to ACCU at book value of \$85,730 on September 2006, and was fully paid for by ACCU paid up as of June 15, 2007.

9) Long – term investment

The Company expected to invest US\$500,000 in Foxlink International Inc. indirectly through Cu International Ltd., and Fine Best Technology Limited, subsidiaries of the Company. The investment was registered in December, 2007.

10) Information on remuneration to directors and supervisors

	For the years ended December 31,		
	2007	2008	2008
	New Taiwan Dollars		US Dollars
			(Unaudited) (Note 2)
Salaries	\$ 43,049	\$ 46,609	\$ 1,421
Bonus	17,339	13,342	407
Profits distributions	27,750	98,652	3,007
Total	<u>\$ 88,138</u>	<u>\$ 158,603</u>	<u>\$ 4,835</u>

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

B. Bonus includes all kinds of bonus and rewards.

C. Profits distributions were 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,		Borrowings
	2007	2008	
	Book value-New Taiwan Dollars		
Bank deposits (Other financial assets - non-current)	<u>\$ 52,329</u>	<u>\$ 117,127</u> (US\$ 3,571)	Tariff duty guarantee
Other intangible assets - land use rights	<u>\$ 25,936</u>	<u>\$ 22,367</u> (US\$ 682)	Short-term loans
Buildings	<u>\$ 476,151</u>	<u>\$ 359,916</u> (US\$ 10,973)	Short-term loans
Buildings	<u>\$ -</u>	<u>\$ 20,100</u> (US\$ 613)	Long-term loans
Land	<u>\$ -</u>	<u>\$ 23,114</u> (US\$ 705)	Long-term loans

7. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

- A) Please see Note 11 for guarantee information.
- B) As of December 31, 2008, equipment purchase commitments amounted to \$1,030,741 (US\$31,425) and the amount outstanding was \$411,477 (US\$12,545).
- C) As of December 31, 2008, the construction commitments amounted to \$1,791,710 (US\$54,625) and the amount outstanding was \$533,138 (US\$16,254).

8. SIGNIFICANT LOSSES FROM DISASTERS

None.

9. SIGNIFICANT SUBSEQUENT EVENT

On March 18, 2009, the Company entered into a three-year syndicated revolving credit facility agreement with Cathay United Bank as the lead bank and obtained a credit line in the amount of NT\$4,800,000. As of the reporting date, the Company had not yet drawn down the loan.

10. OTHER INFORMATION

1) Financial statement presentation

Certain accounts in the December 31, 2007 financial statements were reclassified to conform with the December 31, 2008 financial statement presentation.

2) Fair value of financial instruments

	December 31, 2007			December 31, 2008			December 31, 2008		
	Book value	Fair value		Book value	Fair value		Book value	Fair value	
		Quotations in an active market New Taiwan Dollars	Estimated using a valuation technique		Quotations in an active market New Taiwan Dollars	Estimated using a valuation technique		Quotations in an active market US Dollars	Estimated using a valuation technique
								(Unaudited) (Note 2)	
<u>Non-derivative financial instruments</u>									
<u>Assets</u>									
Financial assets with fair values equal to book values	\$ 18,779,454	\$ -	\$ 18,779,454	\$ 15,436,326	\$ -	\$ 15,436,326	\$ 470,620	\$ -	\$ 470,620
Financial assets at fair value through profit or loss	46,030	46,030	-	41,230	41,230	-	1,257	1,257	-
Financial assets carried at cost	-	-	-	71,809	-	71,809	2,189	-	2,189
Deposits-out	29,271	-	29,271	34,393	-	34,393	1,049	-	1,049
<u>Liabilities</u>									
Financial liabilities with fair values equal to book values	15,230,272	-	15,609,833	19,325,905	-	19,325,905	589,204	-	589,204
Financial liabilities at fair value through profit or loss	122,725	-	122,725	108,347	-	108,347	3,303	-	3,303
Long-term loans	654,993	-	654,993	564,027	-	564,027	17,196	-	17,196
Bonds payable(Note b)	4,512,810	-	4,512,810	4,603,928	-	4,603,928	140,364	-	140,364
<u>Derivative financial instruments-Assets (Liabilities)</u>									
Forward exchange contracts for non-trading purposes (Note a)	(3,725)	(3,725)	-	(2,866)	(2,866)	-	(87)	(87)	-

Note a: They were recognized as financial assets and financial liabilities at fair value through profit or loss as of December 31, 2007 and 2008.

Note b: Bonds payable was recognized as long-term liabilities - current portion as of December 31, 2008.

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, deposits-out, short-term loans, short-term notes payable, notes payable and accounts payable, receipts in advance, 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.
- As floating interest rates are adopted for the long-term loans, their fair value is based on their book value.
- 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.

3) Strategies for financial risk control and hedge

The Group adopted total risk management and control system to identify all the Group's risk 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 risk 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 be increased 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

a) 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.

b) 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) Loan guarantees provided by the Group are in compliance with the Group's "Procedures for Provision of Endorsements and Guarantees" and are only provided to affiliated companies of which the Group owns directly or indirectly more than 50% ownership or a company which trades with the Company. As the Company is fully aware of the credit conditions of these related parties, it has not asked for collateral for the loan guarantees provided. In the event that these related parties fail to comply with loan agreements with banks, the maximum loss to the Group is the total amount of loan guarantees as listed above.

C. Liquidity risk

The Group expects the foreign exchange forward contracts to result in a cash inflow of US\$19,000 and outflow of NT\$620,677 in January and February 2009. 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 readily sold at approximately fair value.

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	Balance at	Interest	Nature of loan	Amount of	Reason for	Allowance	Collateral		Limit on loans	Ceiling on total	
				outstanding balance							December	with			short – term	for doubtful	Item	Value	granted to a	loans granted
				year	31, 2008	rate	(Note 1)	the borrower	financing	accounts			single party		
0	Cheng Uei Precision Industry Co., Ltd.	Fu Gang Electronics (Tian Jin) Ltd.	Other receivables - related parties	ended December	NT\$189,747 (US\$5,785) (Note 2)	NT\$65,774 (US\$2,005) (Note 2)	-	2	\$-	Operating	\$-	-	\$-	The ceiling for total amount of withdrawals was 20% of the Company's net assets	The ceiling for total amount of withdrawals was NT\$7,203,860 (US\$219,630), which was 40% of the Company's net assets.
0	"	Dong Gong Fu Qiang Electronics Ltd.	"		NT\$172,294 (US\$5,253) (Note 2)	NT\$23,396 (US\$713)	-	2	-	"	-	-	-	"	"
1	World Circuit Technology Co., Ltd.	World Circuit Technology (Hong Kong) Limited	"		NT\$86,878 (US\$2,649)	NT\$86,878 (US\$2,649)	-	2	-	"	-	-	-	"	"
1	"	World Circuit Technology (Hong Kong) Limited	"		US\$183	US\$183	-	2	-	"	-	-	-	"	"
1	"	Shanghai World Circuit Technology Co., Ltd.	"		NT\$25,870 (US\$789)	NT\$25,870 (US\$789)	-	2	-	"	-	-	-	"	"
2	World Circuit Technology (Hong Kong) Limited	Shanghai World Circuit Technology Co., Ltd.	"		US\$1,700	US\$1,700	-	2	-	"	-	-	-	"	"
2	"	World Circuit Production (Hong Kong) Limited	"		HKD\$971 (US\$125)	HKD\$971 (US\$125)	-	2	-	"	-	-	-	"	"
3	Fu Gang Electronics (Kun Shan) Ltd.	Darts Technologies (Shang Hai) Co., Ltd.	"		RMB\$35,600 (US\$5,217)	RMB\$35,600 (US\$5,217)	-	2	-	"	-	-	-	"	"

Number	Creditor	Borrower	General ledger account	Maximum outstanding balance during the year ended December	Balance at December	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
				31, 2008	31, 2008				Item	Value				
3	Fu Gang Electronics (Kun Shan) Ltd.	Kunshan Fushijing Electronics Co., Ltd.	Other receivables - related parties	RMB\$2,800 (US\$410)	-	-	2	\$-	Operating	\$-	-	\$-	The ceiling for total amount of withdrawals was 20% of the Company's net assets	The ceiling for total amount of withdrawals was NT\$7,203,860 (US\$219,630), which was 40% of the Company's net assets.
3	"	Fushilin Electronics (Kun Shan) Co., Ltd.	"	RMB\$12,333 (US\$1,808)	RMB\$12,333 (US\$1,808)	-	2	-	Build Plant	-	-	-	"	"
3	Fu Gang Electronics (Kun Shan) Ltd.	Fushiming Electronics (Kun Shan) Co., Ltd.	"	RMB\$12,146 (US\$1,780)	-	-	2	-	"	-	-	-	"	"
3	"	Fushipeng Electronics (Kun Shan) Co., Ltd.	"	RMB\$12,333 (US\$1,808)	RMB\$12,333 (US\$1,808)	-	2	-	"	-	-	-	"	"
3	"	Fushiwei Electronics (Kun Shan) Co., Ltd.	"	RMB\$11,793 (US\$1,728)	RMB\$11,793 (US\$1,728)	-	2	-	"	-	-	-	"	"
3	"	Fu Hong Jin Real estate (Kun Shan) Co., Ltd.	"	RMB\$122 (US\$18)	RMB\$122 (US\$18)	-	2	-	"	-	-	-	"	"
3	"	Fushineng Electronics (Kun Shan) Co., Ltd.	"	RMB\$270 (US\$40)	RMB\$270 (US\$40)	-	2	-	"	-	-	-	"	"
3	"	Yangzhou Fu De Electronic Co., Ltd.	"	RMB\$36 (US\$5)	-	-	2	-	"	-	-	-	"	"
3	"	Yangzhou Fushiqiang Electronic Co., Ltd.	"	RMB\$140 (US\$21)	-	-	2	-	"	-	-	-	"	"
3	"	Fu Yang Electronics Ltd.	"	RMB\$100 (US\$ 15)	-	-	2	-	"	-	-	-	"	"
3	"	Kun-Shan Fooching Co., Ltd.	"	RMB\$3,000 (US\$440)	-	-	2	-	"	-	-	-	"	"

Number	Creditor	Borrower	General ledger account	Maximum outstanding balance during the year ended December 31, 2008	Balance at December 31, 2008	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
				RMB\$15,000 (US\$2,198)	RMB\$15,000 (US\$2,198)						Item	Value		
4	Fu Gang Electronics (Tian Jin) Ltd.	Shanghai World Circuit Technology Co., Ltd.	Other receivables - related parties	RMB\$15,000 (US\$2,198)	RMB\$15,000 (US\$2,198)	-	2	\$-	Build Plant	\$-	-	\$-	The ceiling for total amount of withdrawals was 20% of the Company's net assets	The ceiling for total amount of withdrawals was NT\$7,203,860 (US\$219,630), which was 40% of the Company's net assets.
5	Fushlin Electronics (Dong Gong) Co., Ltd.	Dong Gong Fu Qiang Electronics ltd.	"	RMB\$15,000 (US\$ 2,198)	RMB\$15,000 (US\$2,198)	-	2	-	"	-	-	-	"	"
6	Glory Science Co., Ltd.	Glory Tek (Suzhou) Ltd.	"	US\$283,617	US\$96,764	-	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 Institutions (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, 2008	Outstanding endorsement /guarantee amount at December 31, 2008	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
					US\$45,000	US\$45,000			
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, 2008, the maximum amount of guarantee that the Company could provide was NT\$10,805,790 (US\$329,445).
0	"	Fu Gang Electronics (Dong Guan) Ltd.	"	"	US\$26,000	US\$26,000	"	5%	"

<u>Number</u>	<u>Endorser/guarantor</u>	<u>Party being endorsed / guaranteed</u>	<u>Relationship with the endorser/guarantor</u>	<u>Limit on endorsements / guarantees provided for a single party</u>	<u>Maximum outstanding endorsement/guarantee amount during the year ended December 31, 2008</u>	<u>Outstanding endorsement /guarantee amount at December 31, 2008</u>	<u>Amount of endorsements/guarantees secured with collateral</u>	<u>Ratio of accumulated endorsement/guarante e amount to net asset value of the Company</u>	<u>Ceiling on total amount of endorsements/guarantees provided</u>
0	Cheng Uei Precision Industry Co., Ltd.	Dong Gong Fu Qiang Electronics 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\$31,000 RMB\$80,000 (US\$11,725)	US\$31,000 RMB\$80,000 (US\$11,725)	"	6% 2%	"
0	"	Shanghai World Circuit Technology Co., Ltd.	"	"	US\$5,000	US\$5,000	"	1%	"
0	"	Fu Yang Electronics (Kun Shan) Ltd.	"	"	US\$20,000	US\$20,000	"	4%	"
1	Du Pre Cision 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\$4,000	"	1%	"

C. Marketable securities held by the Company at December 31, 2008:

				As of December 31, 2008				
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					
Cheng Uei Precision Industry Co., Ltd.	Bao-li Securities Investment Trust Fund	Not applicable	Financial assets at fair value through profit or loss	603	NT\$6,030 (US\$184)	-	NT\$6,030 (US\$184)	
"	Cu International Ltd.	A wholly-owned subsidiary	Long-term investments accounted for under the equity method	146,108	NT\$6,293,847 (US\$191,886)	100.00%	NT\$6,293,847 (US\$191,886)	
"	Culink International Ltd.	"	"	500	NT\$39,143 (US\$1,193)	100.00%	NT\$39,143 (US\$1,193)	
"	Foxlink International Investment Ltd.	"	"	116,000	NT\$1,195,155 (US\$36,438)	100.00%	NT\$1,195,155 (US\$36,438)	
"	Fu Uei International Investment Ltd.	"	"	85,000	NT\$829,749 (US\$25,297)	100.00%	NT\$829,749 (US\$25,297)	
"	Well Shin Technology Co., Ltd.	"	"	21,001	NT\$821,918 (US\$25,058)	21.16%	NT\$785,363 (US\$23,944)	
"	Darts Technologies Corporation	"	"	48,500	NT\$814,747 (US\$24,840)	97.00%	NT\$586,567 (US\$17,883)	
"	Du Precision Industry Co., Ltd.	"	"	36,000	NT\$247,247 (US\$7,538)	60.00%	NT\$247,247 (US\$7,538)	
"	Foxlink (Vietnam) Inc.	"	"	not applicable	NT\$88,825 (US\$2,708)	100.00%	NT\$88,825 (US\$ 2,708)	
Darts Technology Corporation	Benefit Right Ltd.	"	"	2,136	NT\$59,508 (US\$1,814)	100.00%	NT\$59,508 (US\$1,814)	
Cu International Ltd.	Fu Gang Electronics (Dong Guan) Ltd.	"	"	not applicable	NT\$1,978,245 (US\$60,312)	100.00%	NT\$1,978,245 (US\$60,312)	
"	New Star Industries Ltd.	"	"	5,200	NT\$851,764 (US\$25,968)	100.00%	NT\$851,764 (US\$25,968)	
"	Foxlink Tianjin Co., Ltd.	"	"	not applicable	NT\$46,900 (US\$1,430)	25.00%	NT\$46,900 (US\$1,430)	
"	Fu Gang Electronics (Kun Shan) Ltd.	"	"	not applicable	NT\$839,708 (US\$25,601)	100.00%	NT\$839,708 (US\$25,601)	
"	Dong Guan Fu Shi Chang Co., Ltd.	"	"	not applicable	NT\$3,299 (US\$101)	100.00%	NT\$3,299 (US\$101)	
"	Foxlink Electronics (Dong Guan) Co., Ltd.	"	"	not applicable	NT\$65,009 (US\$1,982)	100.00%	NT\$65,009 (US\$1,982)	
"	Foxlink-E Holding Co., Ltd.	An indirect investee company accounted for under the equity method	"	700	(NT\$752) (US\$23)	33.33%	(NT\$752) (US\$23)	
"	Dong Gong Fu Qiang Electronics Ltd.	A wholly-owned subsidiary	"	not applicable	NT\$1,218,322 (US\$37,144)	100.00%	NT\$1,218,322 (US\$37,144)	
"	Fu Yang Electronics (Kun Shan) Ltd.	"	"	not applicable	NT\$608,477 (US\$18,551)	100.00%	NT\$608,477 (US\$18,551)	
"	Foxlink Beijing Co., Ltd.	"	"	not applicable	NT\$21,472 (US\$655)	100.00%	NT\$21,472 (US\$655)	
"	Neosonic Energy Technology (Tianjin) Ltd.	"	"	not applicable	NT\$183,792 (US\$5,603)	100.00%	NT\$183,792 (US\$5,603)	
"	Kunshan Fushijing Electronic Co., Ltd.	"	"	not applicable	NT\$284,635 (US\$8,678)	100.00%	NT\$284,635 (US\$8,678)	
"	Future Victory Limited	"	"	2,000	NT\$57,921 (US\$1,766)	100.00%	NT\$57,921 (US\$1,766)	
"	Solteras Ltd.	"	"	2,000	NT\$89,447 (US\$2,727)	100.00%	NT\$89,447 (US\$2,727)	

As of December 31, 2008

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.	Fushiming Electronics (Kun Shan) Co., Ltd.	A wholly –owned subsidiary	Long-term investments accounted for under the equity method	not applicable	NT\$196,446 (US\$5,989)	100.00%	NT\$196,446 (US\$5,989)	
"	Neosonic Li-Polymer Energy Technology Corp.	An indirect investee company accounted for under the equity method	"	not applicable	NT\$154,244 (US\$4,703)	37%	NT\$135,321 (US\$4,126)	
"	Fushiwei Electronics (Kun Shan) Co., Ltd.	A wholly –owned subsidiary	"	not applicable	NT\$59,143 (US\$1,803)	100.00%	NT\$59,143 (US\$1,803)	
"	Fushipeng Electronics (Kun Shan)	"	"	not applicable	NT\$62,580 (US\$1,908)	100.00%	NT\$62,580 (US\$1,908)	
"	Fushilin Electronics (Kun Sha) Co., Ltd.	"	"	not applicable	NT\$62,539 (US\$1,907)	100%	NT\$62,539 (US\$1,907)	
Culink International Ltd.	Foxlink Singapore Pte Ltd.	"	"	100	(NT\$229) (US\$7)	100.00%	(NT\$229) (US\$7)	
"	Pacific Wealth Limited	"	"	1,000	NT\$37,801 (US\$1,152)	100.00%	NT\$37,801 (US\$1,152)	
Foxlink International Investment Co., Ltd.	Foxlink Image Technology Co., Ltd.	An indirect investee company accounted for under the equity method	"	45,951	NT\$683,230 (US\$20,830)	28.68%	NT\$683,230 (US\$20,830)	
"	Everflow Precision Industrial Co., Ltd.	A wholly –owned subsidiary	"	6,000	-	75.00%	-	
"	Microlink Communications Inc.	An indirect investee company accounted for under the equity method	"	6,857	NT\$50,841 (US\$1,550)	21.43%	NT\$50,841 (US\$1,550)	
"	World Circuit Technology Co., Ltd.	A wholly –owned subsidiary	"	15,650	NT\$175,553 (US\$5,352)	69.56%	NT\$175,553 (US\$5,352)	
"	Vegamedia Technology Co., Ltd.	"	"	100	(NT\$8,736) (US\$266)	100.00%	(NT\$8,736) (US\$266)	
"	Calin Technology Co., Ltd.	None	Financial assets carried at cost	3,000	NT\$37,500 (US\$1,143)	4.44%	NT\$37,500 (US\$1,143)	
Du Precision Industry Co., Ltd.	Ce-Link International Ltd.	A wholly –owned subsidiary	Long-term investments accounted for under the equity method	10,000	NT\$245,921 (US\$7,498)	100.00%	NT\$245,921 (US\$7,498)	
Fu Uei International Investment Ltd.	C-Media Electronics Inc.	None	Financial assets at fair value through profit or loss	400	NT\$35,200 (US\$1,073)	-	NT\$35,200 (US\$1,073)	
"	Newmax Technology Co., Ltd.	"	Financial assets carried at cost	2,515	NT\$34,309 (US\$1,046)	4.06%	NT\$34,309 (US\$1,046)	
"	Glory Science Co., Ltd.	An indirect investee company accounted for under the equity method	Long-term investments accounted for under the equity method	10,000	NT\$141,117 (US\$4,302)	21.70%	NT\$141,117 (US\$4,302)	
"	Solink Inc.	A wholly-owned subsidiary	"	50,000	NT\$537,355 (US\$16,383)	100%	NT\$537,355 (US\$16,383)	
New Star Industries Ltd.	Fu Gang Electronics (Tian Jin) Ltd.	"	"	not applicable	NT\$709,911 (US\$21,644)	100.00%	NT\$709,911 (US\$21,644)	
"	Foxlink Tianjin Co., Ltd.	"	"	not applicable	NT\$140,700 (US\$4,290)	75.00%	NT\$140,700 (US\$4,290)	
Neosonic Li-Polymer Energy Technology Corp.	Neosonic Li-Polymer Energy (Zhu Hai) Corp.	"	"	not applicable	NT\$225,284 (US\$6,868)	100.00%	NT\$225,284 (US\$6,868)	
Fox-E Holding Co.,	Fox-electronics (Shang Hai) Ltd.	"	"	not applicable	(NT\$28,251) (US\$861)	100.00%	(NT\$28,251) (US\$861)	
Future Victory Limited Ltd.	Darts Technologies (Shang Hai) Co., Ltd.	"	"	not applicable	NT\$57,862 (US\$1,764)	100.00%	NT\$57,862 (US\$1,764)	
Solteras Limited	Solteras Inc.	"	"	2,000	NT\$89,447 (US\$2,727)	49.00%	NT\$89,447 (US\$2,727)	

As of December 31, 2008

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	
Pacific Wealth Limited	Foxlink International Inc.	A wholly-owned subsidiary		Long-term investments accounted for under the equity method	500	NT\$20,920 (US\$638)	100.00%	NT\$20,920 (US\$638)	
Pacific Wealth Limited	Microlink International, Inc.	"		"	410	NT\$16,881 (US\$515)	100.00%	NT\$16,881 (US\$515)	
World Circuit Technology Co., Ltd.	Value Success Ltd.	"		"	5,000	(NT\$91,777) (US\$2,798)	100.00%	(NT\$91,777) (US\$2,798)	
Value Success Ltd.	Capital Guardian Limited	"		"	3,005	(NT\$91,851) (US\$2,800)	100.00%	(NT\$91,851) (US\$2,800)	
Capital Guardian Limited	World Circuit Technology Holding, Limited	"		"	3,600	(NT\$91,850) (US\$2,800)	100.00%	(NT\$91,850) (US\$2,800)	
World Circuit Technology Holding, Limited	World Circuit Technology (Hong Kong) Limited	"		"	not applicable	(NT\$4,142) (US\$126)	100.00%	(NT\$4,142) (US\$126)	
"	World Circuit Production Limited	"		"	3,000	(NT\$87,676) (US\$2,673)	100.00%	(NT\$87,676) (US\$2,673)	
"	Shang Hai World Circuit Technology Co., Ltd.	"		"	not applicable	(NT\$67,791) (US\$2,067)	100.00%	(NT\$67,791) (US\$2,067)	
Glory Science Co., Ltd.	Glory Tek(BVI) Co., Ltd.	"		"	5,000	NT\$16,401 (US\$500)	83.33%	NT\$16,401 (US\$500)	
Glory Tek (BVI) Co., Ltd.	Gloy Tek (SAMOA) Co., Ltd.	"		"	6,000	NT\$31,385 (US\$957)	100.00%	NT\$31,385 (US\$957)	
"	Glory Optics (BVI) Co., Ltd.	"		"	10	(NT\$11,884) (US\$362)	100.00%	(NT\$11,884) (US\$362)	
Gloy Tek (SAMOA) Co., Ltd.	Gloy Tek (Suzhou) Co., Ltd.	"		"	6,000	NT\$31,385 (US\$957)	100.00%	NT\$31,385 (US\$957)	

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, 2008

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the Company	Balance as at January 1, 2008		Addition		Disposal			Balance as at December 31, 2008		
					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.	Cu International Ltd.	Long-term investment accounted under the equity method	Issuance of common stock	Not applicable	109,667	NT\$3,604,327 (USD 109,888)	36,441	NT\$1,173,516 (USD 35,778)	-	\$ -	\$ -	\$ -	146,108	NT\$4,777,843 (USD 145,666)
"	Fu Uei International Investment Ltd	"	"	"	35,000	NT\$345,164 (US\$10,523)	50,000	NT\$500,000 (US\$15,243)	-	-	-	-	85,000	NT\$845,164 (US\$25,767)
"	Jih Sheng Bond Fund	Financial assets at fair value through profit or loss	Not applicable	"	-	-	93,196	NT\$1,300,000 (US\$39,634)	93,196	NT\$1,301,029 (US\$39,666)	NT\$1,300,000 (US\$39,634)	NT\$1,029 (US\$32)	-	-
"	Chion Hong Taiwan Bond Fund	"	"	"	-	-	13,908	NT\$200,000 (US\$6,098)	13,908	NT\$200,626 (US\$6,117)	NT\$200,000 (US\$6,098)	NT\$626 (US\$19)	-	-
"	Fund Prudential Bond Fund	"	"	"	-	-	45,054	NT\$600,000 (US\$18,293)	45,054	NT\$600,810 (US\$18,317)	NT\$600,000 (US\$18,293)	NT\$810 (US\$24)	-	-
Cu International Ltd.	Dong Gong Fu Qiang Electronics Ltd.	Long-term investment accounted under the equity method	Issuance of common stock	"	Not applicable	NT\$780,251 (US\$23,788)	Not applicable	NT\$257,360 (US\$7,846)	-	-	-	-	Not applicable	NT\$1,037,611 (US\$31,634)
Cu International Ltd.	Fushiming Electronics (Kun Shan) Co., Ltd.	"	"	"	-	-	"	NT\$193,020 (US\$5,885)	-	-	-	-	"	NT\$193,020 (US\$5,885)
Cu International Ltd.	Neosonic Li-Polymer Energy Technology Corp.	"	"	"	-	-	"	NT\$171,018 (US\$5,214)	-	-	-	-	"	NT\$171,018 (US\$5,214)
Darts Technology Corporation	FGIT WAN TAI Bond Fund	Financial assets at fair value through profit or loss	Not applicable	"	-	-	9,756	NT\$140,000 (US\$4,268)	9,756	NT\$140,146 (US\$4,273)	NT\$140,000 (US\$4,268)	NT\$146 (US\$5)	-	-
Darts Technology Corporation	Fund Prudential Bond Fund	"	"	"	-	-	6,664	NT\$100,000 (US\$3,049)	6,664	100,068 (US\$3,051)	100,000 (US\$3,049)	68 (US\$2)	-	-
Fu Uei International Investment Ltd	Solink Inc.	Long-term investment accounted under the equity method	Issuance of common stock	"	-	-	50,000	NT\$500,000 (US\$15,244)	-	-	-	-	50,000	NT\$500,000 (US\$15,244)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the Company	Balance as at January 1, 2008		Addition		Disposal			Balance as at December 31, 2008		
					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
Du Precision Industry Co., Ltd.	Ce-Link International Ltd.	Long-term investment accounted under the equity method	Issuance of common stock	Not applicable	920	NT\$29,823 (US\$909)	9,080	NT\$292,104 (US\$8,906)	-	\$ -	\$ -	\$ -	10,000	NT\$321,927 (US\$9,815)
Solink Inc.	Jih Sheng Bond Fund	Financial assets at fair value through profit or loss	Not applicable	"	-	-	21,343	NT\$300,000 (US\$9,146)	21,343	NT\$300,946 (US\$9,175)	NT\$300,000 (US\$9,146)	NT\$946 (US\$29)	-	-

E. Acquisition of real estate properties exceeding \$100 million or 20% of the Companies' paid-in capital during 2008: None

F. Disposal of real estate properties exceeding \$100 million or 20% of the Companies' paid-in capital during 2008: None.

G. Purchases from or sales to related parties exceeding \$100 million or 20% of the Company's paid-in capital during 2008:

Purchaser/seller	Counterparty	Relationship with the Company	Transaction		Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Percentage of total notes/accounts receivable (payable)	Remark	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term			Balance
Cheng Uei Precision Industry Co., Ltd.	Foxlink International Inc.	Indirect subsidiary	Sales	(NT\$12,422,379) (US\$378,731)	(30%)	NOTE 4	NOTE 4	NOTE 4	NT\$1,763,222 (US\$53,757)	20%	
"	Microlink International Inc.	"	"	(NT\$1,336,901) (US\$40,759)	3%	"	"	"	NT\$679,206 (US\$20,708)	8%	
"	Darts Technologies Corporation	A direct controlled subsidiary	"	(NT\$3,406,171) (US\$103,847)	(8%)	"	"	"	NT\$9,779 (US\$298)	-	
"	Hon Hai Precision Industry Co., Ltd.	The CEOs of Hon Hai and the Company are brothers	"	(NT\$3,543,823) (US\$108,043)	(8%)	NOTE 1	NOTE 1	NOTE 1	NT\$2,335,322 (US\$71,199)	27%	
"	Fu Gang Electronics (Kun Shan) Ltd.	An indirect wholly-owned subsidiary	"	(NT\$892,865) (US\$27,221)	(2%)	NOTE 4	NOTE 4	NOTE 4	NT\$279,770 (US\$8,530)	3%	
"	Fushilin Electronics (Dong Guan) Co., Ltd.	"	"	(NT\$702,913) (US\$21,430)	(2%)	"	"	"	NT\$203,281 (US\$6,198)	2%	
"	Solteras Inc.	An investee company of the company's indirect subsidiary accounted for under the equity method	"	(NT\$278,205) (US\$8,482)	(1%)	"	"	"	NT\$14,724 (US\$449)	-	
"	Suntain Co., Ltd.	An affiliate	"	(NT\$256,517) (US\$7,821)	(1%)	"	"	"	NT\$109,506 (US\$3,339)	1%	
"	Well Shin Technology Co., Ltd.	Investment accounted under the equity method	"	NT\$213,483 (US\$6,509)	-	"	"	"	(NT\$62,020) (US\$1,891)	1%	
"	Fu Gang Electronics (Dong Guan) Co., Ltd.	An indirect wholly-owned subsidiary	"	(NT\$294,093) (US\$ 8,966)	1%	"	"	"	-	-	
"	Dong Gong Fu Qiang Electronics Ltd.	"	"	(NT\$218,744) (US\$6,669)	1%	"	"	"	NT\$230,121 (US\$7,016)	3%	
"	Benefit Right Ltd.	Indirect subsidiary	"	(NT\$236,633) (US\$7,214)	1%	"	"	"	NT\$62,032 (US\$1,891)	1%	
"	Foxlink Tianjin Co., Ltd.	An indirect wholly-owned subsidiary	Purchases	NT\$3,023,028 (US\$92,165)	10%	NOTE 2	NOTE 2	NOTE 2	(NT\$221,621) (US\$ 6,757)	(5%)	
"	Well Shin Technology Co., Ltd.	Investment accounted under the equity method	"	NT\$1,022,076 (US\$31,161)	3%	"	"	"	(NT\$94,371) (US\$2,877)	(2%)	
"	Hon Hai Precision Industry Co., Ltd.	The CEOs of Hon Hai and the Company are brothers	"	NT\$621,143 (US\$18,937)	2%	"	"	"	(NT\$12,133) (US\$370)	-	
"	Shang Hai World Technology Co., Ltd. (SHWCT)	Indirect subsidiary	"	NT\$428,938 (US\$13,077)	1%	"	"	"	(NT\$24,507) (US\$747)	1%	
"	Foxlink Image Technology Co., Ltd.	Investment accounted under the equity method	"	NT\$138,721 (US\$4,229)	-	"	"	"	(NT\$47,126) (US\$1,437)	(1%)	
"	Fu Gang Electronics (Dong Guan) Co., Ltd.	Indirect subsidiary	"	NT\$5,407,510 (US\$164,863)	18%	"	"	"	(NT\$1,791,276) (US\$54,612)	(39%)	
Foxlink International Inc.	Cheng Uei Precision Industry Co., Ltd.	Ultimate parent company of the Company	"	NT\$12,422,379 (US\$378,731)	100%	NOTE 4	NOTE 4	NOTE 4	(NT\$1,763,222) (US\$53,757)	(100%)	
Microlink International Inc.	"	"	"	NT\$1,336,901 (US\$40,759)	100%	"	"	"	(NT\$679,206) (US\$20,708)	(100%)	
Darts Technologies Corporation	"	"	"	NT\$3,406,171 (US\$103,847)	100%	"	"	"	(NT\$9,779) (US\$298)	(100%)	
Fu Gang Electronics (Kun Shan) Ltd.	"	"	"	NT\$892,865 (US\$27,221)	100%	"	"	"	(NT\$279,770) (US\$8,530)	(100%)	
Foxlink Electronics (Dong Guan) Co., Ltd.	"	"	"	NT\$702,913 (US\$21,430)	100%	"	"	"	(NT\$203,281) (US\$6,198)	(100%)	
Fu Gong Electronics (Dong Guan) Co., Ltd.	"	"	"	NT\$294,093 (US\$8,966)	100%	"	"	"	-	-	
Dong Gong Fu Qiang Electronics Ltd.	"	"	"	NT\$218,744 (US\$6,669)	100%	"	"	"	(NT\$230,121) (US\$7,016)	100%	
Benefit Right Ltd.	"	"	"	NT\$236,633 (US\$7,214)	100%	"	"	"	(NT\$62,032) (US\$1,891)	100%	
Foxlink Tianjin Co., Ltd.	"	"	Sales	(NT\$3,023,028) (US\$92,165)	100%	NOTE 2	NOTE 2	NOTE 2	(NT\$221,621) (US\$6,757)	100%	

<u>Purchaser/seller</u>	<u>Counterparty</u>	<u>Relationship with the Company</u>	<u>Transaction</u>		<u>Percentage of total purchases</u>	<u>Credit term</u>	<u>Differences in transaction terms compared to third party transactions</u>		<u>Notes/accounts receivable (payable)</u>		<u>Remark</u>
			<u>Purchases (sales)</u>	<u>Amount</u>			<u>Unit price</u>	<u>Credit term</u>	<u>Balance</u>	<u>Percentage of total notes/accounts receivable (payable)</u>	
Fu Gong Electronics (Dong Guan) Co., Ltd.	Cheng Uei Precision Industry Co., Ltd.	Ultimate parent company of the Company	Sales	(NT\$5,407,510) (US\$164,863)	75%	NOTE 2	NOTE 2	NOTE2	NT\$1,791,276 (US\$54,612)	100%	
Shang Hai World Technology Co., Ltd.	"	"	"	(NT\$428,938) (US\$13,077)	100%	"	"	"	(NT\$24,507) (US\$747)	(100%)	
Fu Gong electronics (Dong Guan) Co., Ltd.	Microlink International Inc.	An affiliate	"	(NT\$1,590,318) (US\$48,485)	21%	NOTE 3	NOTE 3	NOTE 3	NT\$345,278 (US\$10,527)	16%	

Note 1: Sales of finished goods are arm's-length, the credit term on sales was 120 to 180 days.

Note 2: Purchases from related parties are at arm's-length, the payment period to Foxlink Tianjin, Fu Guang (Dong Guan) and Fu Gang (Tianjin) was based on negotiated terms, all other payment period was 60~120 days after receipt of goods from suppliers.

Note 3: Sales to related parties are based on negotiated terms because the related products are unique, The sales prices are negotiated by two parties 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.

Note 4: Sales to related parties are based on negotiated terms because the related products are unique, the credit term on sales was 120 to 180 days after monthly billings.

H. Receivables from related parties exceeding \$100 million or 20% of the Company's paid-in capital as at December 31, 2008:

Creditor	Counterparty	Relationship with the Company	Balance as at December 31, 2008	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Cheng Uei Precision Industry Co., Ltd.	Foxlink International Inc.	An indirect wholly-owned subsidiary	NT\$1,763,222 (US\$53,757)	4.33	None	Not appliance	NT\$1,551,404 (US\$47,299)	None
"	Microlink International Inc.	"	NT\$679,206 (US\$20,708)	1.97	-	"	NT\$679,206 (US\$20,708)	
"	Hon Hai Precision Industry Co., Ltd.	The CEOs of Hon Hai and the Company are brothers	NT\$2,335,322 (US\$71,199)	1.96	-	"	NT\$1,653,816 (US\$50,421)	-
"	Suntain Co., Ltd.	An affiliate	NT\$109,506 (US\$3,339)	1.93	-	"	NT\$52,900 (US\$1,613)	-
"	Foxlink Electronics (Dong Guan) Co., Ltd.	An indirect wholly-owned subsidiary	NT\$203,281 (US\$6,198)	4.27	-	"	-	-
"	Fu Guang Electronics (Kun Shan) Ltd.	"	NT\$279,770 (US\$8,536)	3.27	-	"	-	-
"	Dong Guan Fu Qiang Electronics Ltd.	"	NT\$230,121 (US\$7,016)	1	-	"	-	-

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, 2008

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, 2008			Investment income	
				Balance as at 12/31/08	Balance as at 12/31/07	No. of shares (in thousands)	Ownership (%)	Book value	Net income (loss) of the investee	(loss) recognized by the Company
Cheng Uei Precision Industry Co., Ltd.	Cu International Ltd.	British Virgin Islands	Manufacture of electronic telecommunication components and investment holdings	US\$146,108	US\$109,667	146,108	100%	NT\$6,293,847 (US\$191,886)	NT\$594,540 (US\$18,126)	NT\$510,097 (US\$15,552)
"	Culink International Ltd.	"	Investment holdings	US\$500	US\$500	500	100%	NT\$39,143 (US\$1,193)	NT\$1,682 (US\$51)	NT\$1,682 (US\$51)
"	Foxlink International Investment Co., Ltd.	Taipei	"	NT\$1,160,000 (US\$35,366)	NT\$1,160,000 (US\$35,366)	116,000	100%	NT\$1,195,155 (US\$36,438)	NT\$19,960 (US\$609)	NT\$19,960 (US\$609)
"	Fu Uei International Investment Ltd.	"	"	NT\$850,000 (US\$25,915)	NT\$350,000 (US\$10,671)	85,000	100%	NT\$829,749 (US\$25,297)	(NT\$15,005) (US\$457)	(NT\$15,005) (US\$457)
"	Well Shin Technology Co., Ltd.	"	Manufacture of electronic telecommunication components	NT\$270,065 (US\$8,234)	NT\$270,065 (US\$8,234)	21,001	21.16%	NT\$821,918 (US\$25,058)	NT\$300,710 (US\$9,167)	NT\$62,187 (US\$1,896)
"	Darts Technologies Corporation	"	Manufacture of electronic telecommunication and wireless components	NT\$966,266 (US\$29,459)	NT\$966,266 (US\$29,459)	48,500	97%	NT\$814,747 (US\$24,840)	(NT\$1,336) (US\$41)	(NT\$86,408) (US\$2,634)
"	Du Precision Industry Co., Ltd.	"	Manufacture of connectors	NT\$360,000 (US\$10,976)	NT\$360,000 (US\$10,976)	36,000	60%	NT\$247,247 (US\$7,538)	(NT\$177,603) (US\$5,415)	(NT\$106,562) (US\$3,249)
"	Foxlink (Vietnam) Inc.	Vietnam	Manufacture of electronic	US\$3,358	-	Not applicable	100%	NT\$88,825 (US\$2,708)	(NT\$18,026) (US\$550)	(NT\$18,026) (US\$550)
Cu International Ltd.	Fu Gang Electronics (Dong Guan) Ltd.	Dong Guan, China	Manufacture of electronic telecommunication components	HK\$297,808 (US\$38,434)	HK\$237,808 (US\$38,434)	Not applicable	100%	NT\$1,978,245 (US\$60,312)	NT\$650,083 (US\$19,820)	Not applicable
"	New Star Industries Ltd.	British Virgin Islands	Investment holdings	US\$5,200	US\$5,200	5,200	100%	NT\$851,764 (US\$25,968)	(NT\$77,880) (US\$2,374)	"
"	Fu Gang Electronics (Kun Shan) Ltd.	Kun Shan, China	Manufacture of electronic telecommunication components	US\$18,000	US\$18,000	Not applicable	100%	NT\$839,708 (US\$25,601)	(NT\$26,744) (US\$815)	"
"	Dong Guan Fu Shi Chang Co., Ltd.	Dong Guan, China	"	HK\$936 (US\$121)	HK\$936 (US\$121)	Not applicable	100%	NT\$3,299 (US\$101)	(NT\$521) (US\$16)	"
"	Foxlink Electronics (Dong Guan) Co., Ltd.	"	"	HK\$4,505 (US\$581)	HK\$4,505 (US\$581)	Not applicable	100%	NT\$65,009 (US\$1,982)	NT\$37,527 (US\$1,144)	"
"	Foxlink Tianjin Co., Ltd.	Tian Jin, China	"	US\$1,000	US\$1,000	Not applicable	25%	NT\$46,900 (US\$1,430)	(NT\$7,953) (US\$242)	"
"	Dong Gang Fu Qiang Electronics Ltd.	Dong Guan, China	"	US\$32,524	US\$24,524	Not applicable	100%	NT\$1,218,322 (US\$37,144)	(NT\$6,975) (US\$213)	"
"	Fu Yang Electric (Kun Shan) Co., Ltd.	Kun Shan, China	"	US\$16,900	US\$13,200	Not applicable	100%	NT\$608,477 (US\$18,551)	(NT\$8,586) (US\$262)	"
"	Foxlink Beijing Co., Ltd.	Beijing, China	Sales agent	US\$1,000	US\$1,000	Not applicable	100%	NT\$21,472 (US\$655)	(NT\$3,800) (US\$116)	"
"	Kunshan Fushijing Electronics Co., Ltd.	Kun Shan, China	Manufacture of electronic telecommunication components	US\$3,000	US\$3,000	"	100%	NT\$284,635 (US\$8,678)	NT\$36,831 (US\$1,123)	"
"	Future Victory Limited	British Virgin Islands	Investment holdings	US\$1,705	US\$1,705	2,000	100%	NT\$57,921 (US\$1,766)	NT\$7,993 (US\$244)	"
"	Neosonic Energy Technology (Tianjin) Ltd.	Tian Jin, China	Manufacture of electronic telecommunication components	US\$4,000	US\$4,000	Not applicable	100%	NT\$183,792 (US\$5,603)	(NT\$745) (US\$23)	"
"	Solteras Limited	British Virgin Islands	Investment holdings	US\$2,000	US\$2,000	2,000	100%	NT\$89,447 (US\$2,727)	(NT\$330) (US\$10)	"
"	FOX-E Holding Co.,	Mauritius	"	US\$700	US\$700	700	33.33%	(NT\$752) (US\$23)	(NT\$12,040) (US\$367)	"
"	Fushiming Electronics (Kun Shan) Co., Ltd.	Kun Shan, China	Manufacture of electronic telecommunication components	US\$6,000	-	Not applicable	100%	NT\$196,446 (US\$5,989)	(NT\$3,565) (US\$109)	"

Investor	Investee	Location	Main activities	Initial investment amount		Shares held as at December 31, 2008			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 12/31/08	as at 12/31/07					
Cu International Ltd.	Neosonic Li-Polymer Energy Technology Corp.	British Virgin Islands	Investment holds	US\$5,400	-	Not applicable	37%	NT\$154,244 (US\$4,703)	(NT\$92,796) (US\$2,829)	Not applicable
"	Fushiwei Electronics (Kun Shan) Co., Ltd.	Kun Shan, china	Manufacture of electronic telecommunication components	US\$1,800	-	Not applicable	100%	NT\$59,143 (US\$1,803)	-	"
"	Fushipeng Electronics (Kun Shan) Co., Ltd.	Kun Shan, china	"	US\$1,900	-	Not applicable	100%	NT\$62,580 (US\$1,908)	(NT\$10) (US\$ -)	"
"	Fushilin Electronics (Kun Shan) Co., Ltd.	Kun Shan, china	"	US\$1,900	-	Not applicable	100%	NT\$62,539 (US\$1,907)	(NT\$9) (US\$ -)	"
New Star Industries Ltd.	Fungang Electronic (Tian Jin) Ltd.	Tian Jin, China	"	US\$5,200	US\$5,200	"	100%	NT\$709,911 (US\$21,644)	(NT\$71,916) (US\$2,193)	"
"	Foxlink Tianjin Co., Ltd.	Tian Jin, China	"	US\$3,000	US\$3,000	"	75%	NT\$140,700 (US\$4,290)	(NT\$7,953) (US\$242)	"
FOX-E Holding Co.,	Fox-electronics (Shang Hai) Ltd.	Shang Hai, China	"	US\$2,000	US\$2,000	Not applicable	100%	(NT\$28,251) (US\$861)	(NT\$9,838) (US\$300)	"
Culink International Ltd.	Foxlink Singapore Pte Ltd.	Singapore	Sales agent	US\$61	US\$61	100	100%	(NT\$299) (US\$9)	(NT\$3,139) (US\$96)	"
	Pacific Wealth Limited	British Virgin Islands	Investments holdings	US\$1,000	US\$500	1,000	100%	NT\$37,801 (US\$1,152)	NT\$4,807 (US\$147)	"
Pacific Wealth Limited	Foxlink International Inc.	America	Sales agent	US\$500	US\$500	500	100%	NT\$20,920 (US\$638)	NT\$4,345 (US\$132)	"
	Microlink International Inc.	"	"	US\$410	-	410	100%	NT\$16,881 (US\$515)	NT\$462 (US\$14)	"
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%	NT\$57,862 (US\$1,764)	NT\$7,993 (US\$244)	"
Nesonic Li-Polymer Energy Technology Corp.	Neosonic Li-Polymer Energy (Zhu Hai) Copr.	Zhu Hai, China	Manufacture of electronic telecommunication components	US\$10,700	-	Not applicable	100%	NT\$225,284 (US\$6,868)	(NT\$101,994) (US\$3,110)	"
Foxlink International Investment Co., Ltd.	Foxlink Image Technology Co., Ltd.	Hsinchu	Manufacture of image scanners and electronic telecommunication components	NT\$325,989 (US\$9,939)	NT\$325,989 (US\$9,939)	45,951	28.68%	NT\$683,230 (US\$20,830)	NT\$161,929 (US\$4,397)	"
"	Everflow Precision Industries Co., Ltd.	Taipei	Manufacture of electronic components and instruments	NT\$60,000 (US\$1,829)	NT\$60,000 (US\$1,829)	6,000	75%	-	-	"
"	Microlink Communications Inc.	"	Manufacture of wireless communication instruments	NT\$80,000 (US\$2,439)	NT\$80,000 (US\$2,439)	6,857	21.43%	NT\$50,841 (US\$1,550)	(NT\$82,461) (US\$2,514)	"
"	World Circuit Technology. Co., Ltd.	"	Manufacture of electronic components and flexible printed circuit	NT\$469,500 (US\$14,314)	NT\$469,500 (US\$14,314)	15,650	69.56%	NT\$175,553 (US\$5,352)	(NT\$10,338) (US\$315)	"
"	Vegamedia Technology. Co., Ltd.	"	Manufacture of electronic components	NT\$1,000 (US\$30)	NT\$1,000 (US\$30)	100	100%	(NT\$8,736) (US\$266)	(NT\$42) (US\$1)	"
Solteras Limited	Solteras Inc.	America	Manufacture of electronic components	US\$2,000	US\$2,000	2,000	49%	NT\$89,447 (US\$2,727)	(NT\$330) (US\$10)	"
World Circuit Technology. Co., Ltd.	Value Success Limited	British Virgin Islands	Investment holdings	US\$6,400	US\$6,400	5,000	100%	(NT\$91,777) (US\$2,798)	(NT\$11,969) (US\$365)	"
Value Success Limited	Capital Guardian Ltd.	Hong Kong	Trading of electronic components and flexible printed circuit	US\$6,400	US\$6,400	3,005	100%	(NT\$91,851) (US\$2,800)	(NT\$11,969) (US\$365)	"
Capital Guardian Limited	World Circuit Technology Holding Limited	"	"	HKD\$600 (US\$77)	HKD\$600 (US\$77)	3,600	100%	(NT\$91,850) (US\$2,800)	(NT\$11,969) (US\$365)	"
World Circuit Technology Holding Limited	World Circuit Technology (Hong Kong) Limited	"	Trading of electronic components and flexible printed circuit	HKD\$8,714 (US\$1,125)	HKD\$8,714 (US\$1,125)	Not applicable	100%	(NT\$4,142) (US\$126)	-	"
"	World Circuit Production Limited	"	Investment holdings	US\$3,400	US\$3,400	3,000	100%	(NT\$86,676) (US\$2,643)	(NT\$11,969) (US\$365)	"

Investor	Investee	Location	Main activities	Initial investment amount		Shares held as at December 31, 2008				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 12/31/08	as at 12/31/07						
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	100%	(NT\$67,791) (US\$2,067)	(NT\$11,969) (US\$365)	Not applicable	
Fu Uei International Investment Ltd. (Fu Uei)	Glory Science Co., Ltd.	Changhua	Manufacture of electronic components	NT\$200,000 (US\$6,098)	NT\$200,000 (US\$6,098)	10,000	21.70%	NT\$141,117 (US\$4,302)	(NT\$137,215) (US\$4,183)	"	
"	Sollink Inc.	Taipei	Manufacture of electronic components	NT\$500,000 (US\$15,244)	-	50,000	100%	NT\$537,355 (US\$16,383)	NT\$37,355 (US\$1,139)	"	
Darts Technologies Corporation	Benefit Right Ltd.	British Virgin Islands	Investment holdings	US\$2,136	US\$2,136	2,136	100%	NT\$59,508 (US\$1,814)	(NT\$7,892) (US\$241)	"	
Du Precision Industry Co., Ltd.	Ce Link International Ltd.	Taipei	Manufacture of connectors	US\$13,720	US\$920	10,000	100%	NT\$245,921 (US\$7,498)	(NT\$176,989) (US\$5,396)	"	
Golry Science Co., Ltd.	Glory Tek (Bvi) Co., Ltd.	British Virgin Islands	Investment holdings	US\$5,000	US\$5,000	5,000	83.33%	NT\$16,401 (US\$500)	(NT\$70,422) (US\$2,147)	"	
Glory Tek (Bvi) Co., Ltd.	Glory Tek (Samoa) Co., Ltd.	SAMOA	"	US\$6,000	US\$6,000	6,000	100%	NT\$31,385 (US\$957)	(NT\$25,499) (US\$777)	"	
Glory Tek (Bvi) Co., Ltd.	Glory Optics (Bvi) Co., Ltd.	British Virgin Islands	"	US\$10	US\$10	10	100%	(NT\$11,884) (US\$362)	NT\$44,153 (US\$1,346)	"	
Glory Tek (Samoa) Co., Ltd.	Goory (Suzhou) Co., Ltd.	Suzhou, China	Manufacture of connectors	US\$6,000	US\$6,000	6,000	100%	NT\$31,358 (US\$957)	(NT\$25,483) (US\$777)	"	

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	Remitted or collected		Accumulated	Ownership held by the Company	Investment income (or loss)		Investment income (or loss) remitted back as of December 31, 2008
				remittance as of January 1, 2008	remittance as of this year	remittance as of December 31, 2008	(Direct and indirect)		recognized by the Company	Ending balance of investment	
				January 1, 2008	Remitted out	Collected	(Note 1)		during the period (Note 2)		
Fu Gang Electronics (Dong Guan) Ltd.	Manufacture of electronic telecommunication components and electric wires	HKD\$297,808 (US\$38,434)	By third party	HKD\$237,808 (US\$30,690)	US\$60,000	-	HKD\$297,808 (US\$38,434)	100%	NT\$650,583 (US\$19,835)	NT\$1,978,245 (US\$60,312)	-
Fu Gang Electronics (Tian Jin) Ltd.	Manufacture of electronic telecommunication components	US\$18,000	"	US\$5,200	-	-	US\$5,200	100%	(NT\$71,916) (US\$21,193)	NT\$709,911 (US\$21,644)	-
Fu Gang Electronics (Kun Shan) Ltd.	Manufacture of electronic telecommunication components	US\$18,000	"	US\$18,000	-	-	US\$18,000	100%	(NT\$26,744) (US\$815)	NT\$839,708 (US\$25,601)	-
Dong Guan Fu Shi Chang Co., Ltd.	Manufacture of electronic telecommunication components and electric wires	HKD\$936 (US\$120)	"	HKD\$936 (US\$121)	-	-	HKD\$936 (US\$121)	100%	(NT\$521) (US\$16)	NT\$3,299 (US\$101)	-
Foxlink Electronics (Dong Guan) Co., Ltd.	Manufacture of electronic telecommunication components	HKD\$4,505 (US\$578)	"	HKD\$4,505 (US\$581)	-	-	HKD\$4,505 (US\$581)	100%	NT\$37,537 (US\$1,144)	NT\$65,009 (US\$1,982)	-
Foxlink Tianjin Co., Ltd.	Manufacture of electronic telecommunication components	US\$4,000	"	US\$1,000	-	-	US\$1,000	100%	(NT\$7,953) (US\$242)	NT\$187,600 (US\$5,720)	-
Fox-Electronics (Shang Hai) Co., Ltd.	Manufacture of electronic telecommunication components	US\$2,000	"	US\$2,000	-	-	US\$2,000	33.33%	(NT\$3,279) (US\$100)	(NT\$28,251) (US\$861)	-
Fu Yang Electric (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	US\$16,900	"	US\$13,200	US\$3,700	-	US\$16,900	100%	(NT\$8,586) (US\$262)	(NT\$608,477) (US\$18,551)	-
Dong Gang Fu Qiang Electronics Ltd	Manufacture of electronic telecommunication components	US\$32,524	"	US\$24,524	US\$8,000	-	US\$32,524	100%	(NT\$6,975) (US\$213)	NT\$1,218,322 (US\$37,144)	-
Foxlink Beijing Co., Ltd.	Sales agent	US\$1,000	"	US\$1,000	-	-	US\$1,000	100%	(NT\$3,800) (US\$116)	NT\$21,472 (US\$655)	-
Neosonic Energy Technology (Tianjin) Ltd.	Manufacture of electronic telecommunication components	US\$4,000	"	US\$4,000	-	-	US\$4,000	100%	(NT\$745) (US\$23)	NT\$183,792 (US\$5,603)	-
Kunshan Fushijing Electronics Co., Ltd.	Manufacture of electronic telecommunication components	US\$3,000	"	US\$3,000	-	-	US\$3,000	100%	NT\$36,831 (US\$1,123)	NT\$284,635 (US\$8,678)	-
Darts Technologies (Shang Hai) Co., Ltd.	Research and development of telecommunication components	US\$2,000	"	US\$1,705	-	-	US\$1,705	100%	NT\$7,993 (US\$244)	NT\$57,862 (US\$1,764)	-
Fushiming Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	US\$6,000	"	-	US\$6,000	-	US\$6,000	100%	(NT\$3,565) (US\$109)	NT\$196,446 (US\$5,989)	-
Fushilin Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	US\$1,900	"	-	US\$1,900	-	US\$1,900	100%	(NT\$9) (US\$0)	NT\$62,539 (US\$1,907)	-
Fushipeng Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	US\$1,900	"	-	US\$1,900	-	US\$1,900	100%	(NT\$10) (US\$0)	NT\$62,580 (US\$1,908)	-
Fushiwei Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	US\$1,800	"	-	US\$1,800	-	US\$1,800	100%	-	NT\$59,143 (US\$1,803)	-
Neosonic Li-Polymer Energy (Zhu Hai) Corp.	Manufacture of electronic telecommunication components	US\$5,400	"	-	US\$5,400	-	US\$5,400	37%	(NT\$34,334) (US\$1,047)	NT\$154,244 (US\$4,703)	-

Accumulated amount remitted out from

Taiwan to Mainland China
HK\$303,249 (US\$39,135) and US\$102,329

Investment amount approved by FIC
HK\$345,441 (US\$44,581) and US\$125,903

Ceiling of investment amount of the

Company in Mainland China
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 : 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, 2008	
Company name	Account	Amount	Percentage
Fu Guang Electronics (Dong Guan) Ltd.	Purchases	NT\$5,407,510 (US\$164,863)	18%
Foxlink Tianjin Co., Ltd.	Purchases	NT\$3,023,028 (US\$92,165)	10%
Shanghai World Circuit Technology Co., Ltd.	Purchases	NT\$428,938 (US\$13,077)	1%

		December 31, 2008	
Company name	Account	Amount	Percentage
Fu Gong Electronics (Dong Guan) Ltd.	Accounts Payable	NT\$1,791,276 (US\$54,612)	39%
Foxlink Tianjin Co., Ltd.	Accounts Payable	NT\$221,621 (US\$6,757)	5%
Shanghai World Circuit Technology Co., Ltd.	Accounts Payable	NT\$24,507 (US\$747)	1%

- 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, 2008	
Company name	Account	Amount	Percentage
Fu Gang Electronics (Kun Shan) Ltd.	Sales	NT\$892,865 (US\$27,221)	2%
Fushilin Electronics (Dong Guan) Ltd.	Sales	NT\$702,913 (US\$21,430)	2%
Fu Gong Electronics (Dong Guan) Ltd.	Sales	NT\$294,093 (US\$8,966)	1%
Dong Gong Fu Qiang Electronics Ltd.	Sales	NT\$218,744 (US\$6,669)	1%

		<u>December 31, 2008</u>	
<u>Company name</u>	<u>Account</u>	<u>Amount</u>	<u>Percentage</u>
Fu Gang Electronics (Kun Shan) Ltd.	Accounts receivable	NT\$279,770 (US\$8,530)	3%
Fushilin Electronics (Dong Guan) Ltd.	Accounts receivable	NT\$203,281 (US\$6,198)	2%
Dong Gong Fu Qiang Electronics Ltd.	Accounts receivable	NT\$230,121 (US\$7,016)	3%

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, 2008</u>	
<u>Company name</u>	<u>Account</u>	<u>Amount</u>	<u>Percentage</u>
Fu Guan Electronics (Kun Shan) Ltd.	Overhead - processing expense	NT\$1,818,746 (US\$55,450)	21%
Fu Gang Electronics (Dong Guan) Ltd.	Overhead - processing expense	NT\$127,527 (US\$3,888)	1%
Dong Guan Fu Qiang Electronics Ltd.	Overhead - processing expense	NT\$148,596 (US\$4,530)	2%
Fu Gang Electronics (Tian Jin) Ltd.	Overhead - processing expense	NT\$125,224 (US\$3,818)	1%

		<u>December 31, 2008</u>	
<u>Company name</u>	<u>Account</u>	<u>Amount</u>	<u>Percentage</u>
Fu Guang Electronics (Tian Jin) Ltd.	Prepayments	NT\$469,158 (US\$14,304)	81%
Dong Gong Fu Qiang Electronics Ltd.	Prepaid expenses	NT\$82,227 (US\$2,507)	22%

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, 2008

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.	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 (US\$55,450)	The processing fee includes all expenditures every month	4%
0	"	"	1	Accounts receivable	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	-

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.	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	-
0	"	"	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%

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.	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%
3	"	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 Electrnics 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	-

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	
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	-

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 year to total consolidated assets, and for income statement items, it was computed based on accumulated transaction amount for the year 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, 2007

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	Accounts receivable	NT\$4,142,450	The collection term is 120 to 180 days after monthly billing	11%
0	"	"	1	Sales	NT\$12,709,154	The prices are based on the costs plus the agreed-upon gross profit margin	29%
0	"	"	1	Accounts payable	NT\$142,809	The payment term is 60 to 120 days after monthly billing	-
0	"	Cu International Ltd.	1	Processing expenses	NT\$5,009,318	The processing fee includes all expenditures every month	11%
0	"	"	1	Other income	NT\$118,568	According to the actual occurrence	-
0	"	"	1	Accrued expenses	NT\$64,170	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\$1,337,918	The processing fee includes all expenditures every month	3%
0	"	"	1	Accounts receivable	NT\$265,596	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	1%
0	"	"	1	Sales	NT\$1,254,617	The prices are based on the costs plus the agreed-upon gross profit margin	3%
0	"	Fu Gang Electronics (Dong Guan) Ltd.	1	Processing expenses	NT\$300,707	The processing fee includes all expenditures every month	1%
0	"	"	1	Accrued expenses	NT\$379,213	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	1%
0	"	Fu Gang Electronics (Tian Jin) Ltd.	1	Processing expenses	NT\$255,535	The processing fee includes all expenditures every month	1%
0	"	"	1	Other receivable	NT\$152,354	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-

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.	Fu Gang Electronics (Tian Jin) Ltd.	1	Prepaid	NT\$169,921	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
0	"	Neosonic Energy Technology (Tianjin) Ltd.	1	Processing expenses	NT\$76,074	The processing fee includes all expenditures every month	-
0	"	"	1	Accrued expenses	NT\$15,773	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 Ltd. (DGFQ)	1	Processing expenses	NT\$376,119	The processing fee includes all expenditures every month	1%
0	"	"	1	Prepaid	NT\$309,177	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	1%
0	"	Foxlink Tanjin Co., Ltd.	1	Processing expenses	NT\$130,137	The processing fee includes all expenditures every month	-
0	"	"	1	Accounts receivable	NT\$68,169	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
0	"	"	1	Sales	NT\$686,821	The prices are based on the costs plus the agreed-upon gross profit margin	2%
0	"	Kunshan Fushijing Electronics Co., Ltd. (KFE)	1	Processing expenses	NT\$73,442	The processing fee includes all expenditures every month	-
0	"	"	1	Accounts receivable	NT\$59,084	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
0	"	"	1	Sales	NT\$501,198	The prices are based on the costs plus the agreed-upon gross profit margin	1%
0	"	Fushlin Electronics (Dong Guan) Ltd.	1	Accounts receivable	NT\$126,137	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-

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.	Fushlin Electronics (Dong Guan) Ltd.	1	Sales	NT\$355,500	The prices are based on the costs plus the agreed-upon gross profit margin	1%
0	"	Darts Technologies Corporation	1	Accounts receivable	NT\$259,304	The collection term is 120 to 180 days after monthly billing	1%
0	"	Darts Technologies Corporation	1	Sales	NT\$2,596,045	The prices are based on the costs plus the agreed-upon gross profit margin	6%
0	"	Shang Hai World Circuit Technology Co., Ltd.	1	Purchases	NT\$143,003	The prices are based on the costs plus the agreed-upon gross profit margin	1%
0	"	"	1	Accounts payable	NT\$31,527	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
0	"	"	1	Other receivables	NT\$10,803	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
0	"	Solteras Inc.	1	Sales	NT\$870,128	The prices are based on the costs plus the agreed-upon gross profit margin	2%
0	"	"	1	Accounts receivable	NT\$35,390	The collection term is 120 to 180 days after monthly billing	-
0	"	"	1	Purchases	NT\$38,680	The prices are based on the costs plus the agreed-upon gross profit margin	-
0	"	"	1	Accounts payable	NT\$11,364	The payment term is 60 to 120 days after monthly billing	-
1	Foxlink International Inc.	Cheng Uei Precision Industry Co., Ltd.	2	Accounts payable	NT\$4,142,450	The payment term is 120 to 180 days after monthly billing	11%
1	"	"	2	Purchases	NT\$12,709,154	The prices are based on the costs plus the agreed-upon gross profit margin	29%
1	"	"	2	Accounts receivable	NT\$142,809	The payment term is 60 to 120 days after monthly billing	-
2	Cu International Ltd.	"	2	Processing revenues	NT\$5,009,318	The processing fee includes all expenditures every month	11%
2	"	"	2	Management expenses	NT\$118,568	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-

Number	Name of the Company	Name of the Company	Relationship with the counterparty	Transactions			% of total sales or total assets
				Account	Amount	Terms	
2	Cu International Ltd.	Cheng Uei Precision Industry Co., Ltd.	2	Accounts receivable	NT\$64,170	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
3	Darts Technologies Corporation	"	2	Accounts payable	NT\$259,304	The payment term is 120 to 180 days after monthly billing	1%
3	Darts Technologies Corporation	"	2	Purchases	NT\$2,596,045	The prices are based on the costs plus the agreed-upon gross profit margin	6%
4	Fu Gang Electronics (Kun Shan) Ltd.	"	2	Processing revenues	NT\$1,337,918	The processing fee includes all expenditures every month	3%
4	"	"	2	Accounts payable	NT\$265,596	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	1%
4	"	"	2	Purchases	NT\$1,254,617	The prices are based on the costs plus the agreed-upon gross profit margin	3%
5	Fu Gang Electronics (Dong Guan) Ltd.	"	2	Processing revenues	NT\$300,707	The processing fee includes all expenditures every month	1%
5	"	"	2	Accounts receivable	NT\$379,213	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	1%
6	Fu Gang Electronics (Tian Jin) Ltd.	"	2	Processing revenues	NT\$255,535	The processing fee includes all expenditures every month	1%
6	"	"	2	Other payables	NT\$152,354	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
6	"	"	2	Other receivables	NT\$169,921	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
7	Neosonic Energy Technology (Tian Jin) Ltd.	"	2	Processing revenues	NT\$76,074	The processing fee includes all expenditures every month	-

Number	Name of the Company	Name of the Company	Relationship with the counterparty	Transactions			% of total sales or total assets
				Account	Amount	Terms	
7	Neosonic Energy Technology (Tian Jin) Ltd.	Cheng Uei Precision Industry Co., Ltd.	2	Accounts receivable	NT\$15,773	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
8	Dong Guan Fu Qiang Electronics Ltd. (DGFQ)	"	2	Processing revenues	NT\$376,119	The processing fee includes all expenditures every month	1%
8	"	"	2	Other payables	NT\$309,177	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	1%
9	Foxlink Tanjin Co., Ltd.	"	2	Processing revenues	NT\$130,137	The processing fee includes all expenditures every month	-
9	"	"	2	Accounts payable	NT\$68,169	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
9	"	"	2	Purchases	NT\$686,821	The prices are based on the costs plus the agreed-upon gross profit margin	2%
10	Kunshan Fushijing Electronics Co., Ltd. (KFE)	"	2	Processing revenues	NT\$73,442	The processing fee includes all expenditures every month	-
10	"	"	2	Accounts payable	NT\$58,084	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
10	"	"	2	Purchases	NT\$501,198	The prices are based on the costs plus the agreed-upon gross profit margin	1%
11	Fushlin Electronics (Dong Guan) Ltd.	"	2	Accounts payable	NT\$126,137	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
11	"	"	2	Purchases	NT\$355,500	The prices are based on the costs plus the agreed-upon gross profit margin	1%
12	Shang Hai World Circuit Technology Co., Ltd.	"	2	Sales	NT\$143,003	The prices are based on the costs plus the agreed-upon gross profit margin	1%

Number	Name of the Company	Name of the Company	Relationship with the counterparty	Transactions			% of total sales or total assets
				Account	Amount	Terms	
12	Shang Hai World Circuit Technology Co., Ltd.	Cheng Uei Precision Industry Co., Ltd.	2	Accounts receivable	NT\$31,527	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
12	Shang Hai World Circuit Technology Co., Ltd.	Cheng Uei Precision Industry Co., Ltd.	2	Other payables	NT\$10,803	Receivables and payables are offset against each other and resulting net amount is collected depending on their financial condition	-
13	Solteras Inc.	"	2	Purchases	NT\$870,128	The prices are based on the costs plus the agreed-upon gross profit margin	2%
13	"	"	2	Accounts payable	NT\$35,390	The payment term is 120 to 180 days after monthly billing	-
13	"	"	2	Sales	NT\$38,680	The prices are based on the costs plus the agreed-upon gross profit margin	-
13	"	"	2	Accounts receivable	NT\$11,364	The collection term is 60 to 180 days after monthly billing	-

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 2007 and 2008 is set forth below:

	2007			
	NT\$			
	Domestic	Other foreign operations	Adjustment and elimination	Total
Operating revenues-external	\$ 38,409,194	\$ 6,164,362	\$ -	\$ 44,573,556
Operating revenues-internal	6,526,601	7,597,928	(14,124,529)	-
Total operating revenues	<u>\$ 44,935,795</u>	<u>\$ 13,762,290</u>	<u>(\$ 14,124,529)</u>	<u>\$ 44,573,556</u>
Segment income	<u>\$ 2,823,155</u>	<u>\$ 353,050</u>	<u>(\$ 40,274)</u>	<u>\$ 3,135,931</u>
Investment income accounted for under the equity method	-	-	-	206,974
Interest expense	-	-	-	(403,724)
Income before income tax	-	-	-	<u>\$ 2,939,181</u>
Identifiable assets	<u>\$ 25,989,962</u>	<u>\$ 32,222,197</u>	<u>(\$ 21,315,378)</u>	<u>\$ 36,896,781</u>
Long-term investments accounted for under the equity method	-	-	-	<u>1,822,827</u>
Total assets	-	-	-	<u>\$ 38,719,608</u>

	2008			
	NT\$			
	Domestic	Other foreign operations	Adjustment and elimination	Total
Operating revenues-external	\$ 27,499,991	\$ 20,799,797	\$ -	\$ 48,299,788
Operating revenues-internal	19,802,903	18,308,007	(38,110,910)	-
Total operating revenues	\$ 47,302,894	\$ 39,107,804	(\$ 38,110,910)	\$ 48,299,788
Segment income	\$ 2,636,466	\$ 540,892	(\$ 475,294)	\$ 2,702,064
Investment income accounted for under the equity method	-	-	-	65,509
Interest expense	-	-	-	(380,283)
Income before income tax	-	-	-	\$ 2,387,290
Identifiable assets	\$ 32,580,631	\$ 54,846,806	(\$ 49,609,139)	\$ 37,818,298
Long-term investments accounted for under the equity method	-	-	-	1,782,042
Total assets	-	-	-	\$ 39,600,340

	2008			
	US\$			
	Domestic	Other foreign operations	Adjustment and elimination	Total
Operating revenues-external	\$ 838,415	\$ 634,140	\$ -	\$ 1,472,555
Operating revenues-internal	603,746	558,171	(1,161,917)	-
Total operating revenues	\$ 1,442,161	\$ 1,192,311	(\$ 1,161,917)	\$ 1,472,555
Segment income	\$ 80,380	\$ 16,491	(\$ 14,491)	\$ 82,380
Investment income accounted for under the equity method	-	-	-	1,997
Interest expense	-	-	-	(11,594)
Income before income tax	-	-	-	\$ 72,783
Identifiable assets	\$ 993,312	\$ 1,672,159	(\$ 1,512,474)	\$ 1,152,997
Long-term investments accounted for under the equity method	-	-	-	54,330
Total assets	-	-	-	\$ 1,207,327

C. Information about export sales: The export sales of the Group in 2007 and 2008 were as follows:

	For the years ended December 31,		
	2007	2008	2008
	New Taiwan Dollars		US Dollars
	(Unaudited)		
	(Note 2)		
Asia	\$ 19,196,999	\$ 22,426,539	\$ 683,736
Americas	18,875,348	19,322,630	589,105
Other areas	2,865,407	3,032,160	92,444
	\$ 40,937,754	\$ 44,781,329	\$ 1,365,285

D. Major customer information:

	<u>Customers</u>	<u>Sales amount</u>	<u>% of net sales</u>
2007			
"	Foxlink International Inc.	NT\$12,709,154	29%
"	Customer A	NT\$3,321,364	-
2008			
"	Customer A	NT\$5,486,351 (US\$167,267)	11%
"	Customer B	NT\$4,944,638 (US\$150,751)	10%