

CORNERSTONE INVESTOR

The Cornerstone Investor

- **Ralec Technology (H.K.) Limited (“RT” or the “Cornerstone Investor”)**

RT, a company incorporated in Hong Kong, is a subsidiary of Ralec Electronic Corporation (“REC”). REC is a company listed on the Taiwan Stock Exchange and is involved in the manufacturing and marketing of chip resistors and chip arrays.

RT will not have any board representation in the Company and so far as the Company is aware, the Cornerstone Investor is an Independent Third Party.

The Cornerstone Placing

As part of the International Placing, the Company, the Selling Shareholders and the Global Coordinator have entered or will enter into placing agreement (known as “**Cornerstone Placing Agreement**”) with the Cornerstone Investor to place such number of Shares that may be purchased by the Cornerstone Investor with an aggregate of US\$15 million (exclusive of brokerage of 1%, SFC transaction levy of 0.004%, and Stock Exchange trading fee of 0.005%), rounded down to the nearest whole number or board lot not exceeding 1,000 Shares (the “**Cornerstone Shares**”). Pursuant to the Cornerstone Placing Agreement dated 11 January 2008, in the event that the Offer Price is set at the high-end of the proposed Offer Price range of HK\$4.88 per Offer Share and the exchange rate adopted is US\$1.00 to HK\$7.80, the total number of the Cornerstone Shares to be purchased by the Cornerstone Investor would be 23,975,000 Shares, representing approximately 5.7% of the Offer Shares and approximately 1.4% of the issued share capital of the Company after the Global Offering. Assuming the mid-point Offer Price is HK\$4.48 per Offer Share and the exchange rate adopted is US\$1.00 to HK\$7.80, the total number of the Cornerstone Shares to be purchased by the Cornerstone Investor would be 26,116,000 Shares, representing approximately 6.2% of the Offer Shares representing approximately 1.5% of the issued share capital of the Company after the Global Offering. In the event that the Offer Price is set at the low-end of the proposed Offer Price range of HK\$4.08 per Offer Share and the exchange rate adopted is US\$1.00 to HK\$7.80, the total number of the Cornerstone Shares to be purchased by them would be 28,676,000 Shares, representing approximately 6.8% of the Offer Shares and approximately 1.7% of the issued share capital of the Company after the Global Offering.

The offer of the Shares to the Cornerstone Investor will not be affected by any reallocation of Offer Shares between the International Placing and the Public Offer in the event of over-subscription under the Public Offer. The number of Shares allocated to the Cornerstone Investor pursuant to the Cornerstone Placing Agreement will be disclosed in the allocation result announcement which is expected to be published on or about 31 January 2008. The Shares to be placed to the Cornerstone Investor shall be counted towards the public float of the Shares.

Conditions

The subscription obligation of the Cornerstone Investor is/will be conditional upon (a) the Underwriting Agreements being entered into and having become unconditional in accordance with their respective terms, (b) none of the Underwriting Agreements having been terminated by the date and time for that purpose as specified in such agreements, (c) the Global Coordinator, the Selling Shareholders and the Company having entered into the Price Determination Agreement and (d) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Shares. If such conditions have not been fulfilled on or before 20 February 2008 (or such other date as may be agreed among the Company, the Cornerstone Investor and the Global Coordinator), the obligation of the Cornerstone Investor to purchase the Cornerstone Shares shall cease.

Restrictions on disposals by the Cornerstone Investor

The Cornerstone Investor has agreed that without the prior written consent of the Company and the Global Coordinator, it shall not, whether directly or indirectly, at any time during the period of six months following the date of Listing dispose of any of the Cornerstone Shares and any shares or other securities of the Company which are derived therefrom pursuant to any rights issue, capitalisation issue or other form of capital reorganisation (the “**Cornerstone Relevant Share**”) or any interest in any company or entity holding any of the Cornerstone Relevant Shares.

REC, being the ultimate holding company of RT, has undertaken that during the period of six months following the date of Listing, it shall remain, directly and indirectly, the holding company of RT.