

EMPLOYMENT AGREEMENT

AGREEMENT dated the 2nd day of February, 2003, between San Yuan Electronics, Inc., a Warton corporation, with an office at 23F, 201 Technology Road, Tourson City, Warton, Albama (the "Company"), and David Yu, residing at 21 Loreal Boulevard, Creekland, Albama (the "Employee").

WITNESSETH:

WHEREAS, the Company desires to employ the Employee and the Employee is willing to accept such employment, all on the terms hereinafter set forth;

NOW, THEREFORE, the parties agree as follows:

1. **Employment.** The Company hereby employs the Employee as its Senior Vice President and General Counsel on the terms hereinafter set forth for a period of 5 years from the date of this Agreement, and the Employee hereby accepts such employment.
2. **Duties.** The Employee will render services in such executive, supervisory and general administrative capacities as the Board of Directors of the Company shall from time to time determine. Without limiting the foregoing, the Employee will manage the Company's legal and compliance matters, including coordination with the Company's outside legal counsel. The Employee undertakes to comply with all applicable laws, regulations and rules in the performance of his duties hereunder.
3. **Exclusivity.** The Employee will devote all of his working time to performing his duties under this Agreement, and during his employment with the Company the Employee will not (i) act for his own account in any manner which is competitive with any of the business of the Company or which would interfere with the performance of his duties under this Agreement, or (ii) serve as an officer, director or employee of or advisor to any other business entity, or (iii) invest or have any financial interest, direct or indirect, in any business competitive with any of the business of the Company, provided, however, that notwithstanding the foregoing, the Employee may own up to 1% of the outstanding equity securities of any company engaged in any such competitive business whose shares are listed on a national securities exchange or regularly quoted in an over-the-counter market by one or more members of a national or an affiliated securities association. The Employee will be deemed to have an indirect financial interest in any business in which any of the following has any financial interest: The Employee's spouse; any lineal descendant or ancestor of the Employee; any brother or sister of the Employee; and any child (but not grandchild) of any such brother or sister.
4. **Compensation.**
 - 4.1 *Salary.* During the first three years of his employment, the Company will pay the Employee a salary at the rate of \$6,000,000 per year in equal, weekly installments. Thereafter the Company will review the Employee's salary at least annually, but, in any event, although the Company may increase, decrease

or not change the Employee's salary, his salary will not at any time be less than \$4,500,000 per year payable in equal, weekly installments. The Employee will not be entitled to overtime or other additional compensation as a result of services performed during evenings, weekends, holidays or at other times.

- 4.2 *Deductions.* The Company will deduct and withhold from any compensation payable to the Employee under this Agreement such amounts as the Company is required to deduct and withhold by law. The Company may also deduct and withhold from any such compensation, to the extent permitted by law, such amounts as the Employee may owe to the Company.

5. Expenses.

- 5.1 The Company will reimburse the Employee for all proper, normal and reasonable expenses incurred by the Employee in performing his obligations under this Agreement upon the Employee's furnishing the Company with satisfactory evidence of such expenditures. The Employee will not incur any unusual or major expenditures without the Company's prior written approval. Without limiting the foregoing, the Employee will not, without the Company's prior written approval, incur any travel expenses (including the cost of transportation, meals and lodging) in excess of \$100,000 in the aggregate for any one trip.
- 5.2 The Company will also furnish the Employee, at its expense, with a Toyota car or comparable automobile to enable the Employee to perform his duties under this Agreement. The Company will pay all costs of insuring, maintaining, repairing and operating the automobile. The Employee will furnish the Company with appropriate evidence of such costs.

6. Benefits.

- 6.1 The Company will provide the Employee, at the Company's expense, with medical, hospital and disability insurance which is not less favorable than that which it provides to any other employee of the Company.
- 6.2 The Employee will be entitled to 20 days vacation during each calendar year (January 1 to December 31) in addition to any holidays which the Company observes. Vacation time must be used during each calendar year; if it is not used, it will be forfeited. No payment will be made for unused vacation time.
- 6.3 The Employee's salary and other rights and benefits under this Agreement will not be suspended or terminated because the Employee is absent from work due to illness, accident or other disability; but the Company may deduct from the Employee's salary under Section 4.1 any payment received by the Employee under any disability insurance which the Company provides the Employee pursuant to Section 6.1. The provisions of this Section 6.3 will not limit or affect the rights of the Company under Section 7.

7. Results Of The Employee's Services.

- 7.1 The Company will be entitled to and will own all the results and proceeds of the Employee's services under this Agreement, including, without limitation, all rights throughout the world to any copyright, patent, trademark or other right and to all ideas, inventions, products, programs, procedures, formats and other materials of any kind created or developed or worked on by the Employee during her employment by the Company; the same shall be the sole and exclusive property of the Company; and the Employee will not have any right, title or interest of any nature or kind therein. Without limiting the foregoing, it will be presumed that any copyright, patent, trademark or other right and any idea, invention, product, program, procedure, format or material created, developed or worked on by the Employee at any time during the term of her employment will be a result or proceed of the Employee's services under this Agreement. The Employee will take such action and execute such documents as the Company may request to warrant and confirm the Company's title to and ownership of all such results and proceeds and to transfer and assign to the Company any rights which the Employee may have therein.
- 7.2 The Company will also own, and promptly on receipt thereof the Employee will pay to the Company, any monies and other proceeds to which the Employee is entitled on account of rights pertaining to any of the Company's products which the Employee acquired before the date of this Agreement.

8. Negative Covenants.

- 8.1 The Employee will not, during or after the term of this Agreement, disclose to any third person or use or take any personal advantage of any confidential information or any trade secret of any kind or nature obtained by him during the term hereof.
- 8.2 To the full extent permitted by law, the Employee will not for a period of two years following the termination of his employment with the Company:
- (i) attempt to cause any person, firm or corporation which is a customer of or has a contractual relationship with the Company at the time of the termination of his employment to terminate such relationship with the Company, and this provision shall apply regardless of whether such customer has a valid contractual arrangement with the Company;
 - (ii) attempt to cause any employee of the Company to leave such employment;
 - (iii) engage any person who was an employee of the Company at the time of the termination of his employment or cause such person otherwise to become associated with the Employee or with any other person, corporation, partnership or other entity with which the Employee may thereafter become associated;
 - (iv) engage in any activity or perform any services competitive with any business conducted by the Company at the time of such termination.

9. **Governing Law; Remedies**

- 9.1 This Agreement has been executed in the State of Warton and shall be governed by and construed in all respects in accordance with the law of the State of Warton.
- 9.2 Except as otherwise expressly provided in this Agreement, any dispute or claim arising under or with respect to this Agreement will be resolved by arbitration in Warton, in accordance with the Rules for the Resolution of Employment Disputes of the Warton Arbitration Association before a panel of three (3) arbitrators, one appointed by the Employee, one appointed by the Company, and the third appointed by said Association. The decision or award of a majority of the arbitrators shall be final and binding upon the parties. Any arbitral award may be entered as a judgment or order in any court of competent jurisdiction.
- 9.3 A court of competent jurisdiction, if it determines any provision of this Agreement to be unreasonable in scope, time or geography, is hereby authorized by the Employee and the Company to enforce the same in such narrower scope, shorter time or lesser geography as such court determines to be reasonable and proper under all the circumstances.

10. **Severability Of Provisions.** If any provision of this Agreement or the application of any such provision to any person or circumstance is held invalid, the remainder of this Agreement, and the application of such provision other than to the extent it is held invalid, will not be invalidated or affected thereby.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

[--Company--]

By: _____

Name:

Title:

[Employee]