

The Company is committed to remaining an exemplary corporate citizen and maintaining a high level of corporate governance in order to protect the interests of its shareholders.

The Board consists of eight directors. Directors may be elected to hold office until the expiration of their respective terms upon a resolution passed at a duly convened shareholders meeting by holders of a majority of the Company's outstanding shares being entitled to vote in person or by proxy at such meeting. The Board is divided into three classes with no more than one class eligible for re-election at any annual shareholders meeting.

The following table sets forth the names and classes of the Directors:

Class I	Class II	Class III
Richard R. Chang Henry Shaw	Ta-Lin Hsu Yen-Pong Jou Lip-Bu Tan	Lai Xing Cai Tsuyoshi Kawanishi Yang Yuan Wang

The Board has established the following committees to assist it in exercising its obligations. These committees consist of non-executive Directors who have been invited to serve as members.

Audit Committee. As of December 31, 2004, the members of the Audit Committee were Yen-Pong Jou, Henry Shaw, Lip-Bu Tan and Yang Yuan Wang. At the meeting of the Board on January 25, 2005, Mr. Jou resigned from the Audit Committee. None of the current members of the Audit Committee has been an executive officer or employee of the Company or any of its subsidiaries. The Audit Committee meets on at least a quarterly basis. See "Connected Transactions" for a description of transactions between the Company and the members of the Audit Committee.

The Class I Directors were elected for a term of one year following the completion of the Global Offering and thereafter will serve terms of three years. The Class II Directors were elected for a term of two years following the completion of the Global Offering and thereafter will serve terms of three years. The Class III Directors were elected for a term of three years following the completion of the Global Offering and thereafter will serve terms of three years. The Company completed its Global Offering on March 18, 2004.

The responsibilities of the Audit Committee include, among other things:

- making recommendations to the Board concerning the appointment, reappointment, retention, evaluation, oversight and termination of compensating and overseeing the work of the Company's independent auditor, including reviewing the experience, qualifications and performance of the senior members of the independent auditor team and pre-approving all non-audit services to be provided by the Company's independent auditor;
- approving the remuneration and terms of engagement of the Company's independent auditor;
- reviewing reports from the Company's independent auditor regarding its internal quality-control procedures and any material issues raised in the most recent review or

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investigation of such procedures and regarding all relationships between the Company and the independent auditor;

- pre-approving the hiring of any employee or former employee of the Company's independent auditor who was a member of the audit team during the preceding two years;
- reviewing the Company's annual and interim financial statements, earnings releases, critical accounting policies and practices used to prepare financial statements, alternative treatments of financial information, the effectiveness of the Company's disclosure controls and procedures and important trends and developments in financial reporting practices and requirements;
- reviewing the planning and staffing of internal audits, the organization, responsibilities, plans, results, budget and staffing of the Company's internal audit team and the quality and effectiveness of the Company's internal controls;
- reviewing the Company's risk assessment and management policies;
- reviewing any legal matters that may have a material impact and the adequacy and effectiveness of the Company's legal and regulatory compliance procedures;
- establishing procedures for the treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters, potential violations of law and questionable accounting or auditing matters; and
- obtaining and reviewing reports from management, the Company's internal auditor and the Company's independent

auditor regarding compliance with applicable legal and regulatory requirements.

Compensation Committee. As of December 31, 2004, the members of the Company's compensation committee (the "Compensation Committee") were Ta-Lin Hsu, Tsuyoshi Kawanishi and Lip-Bu Tan. None of these members of the Compensation Committee has been an executive officer or employee of the Company or any of its subsidiaries. See "Connected Transactions" for a description of transactions between the Company and the members of the Compensation Committee.

The responsibilities of the Compensation Committee include, among other things:

- approving and overseeing the total compensation package for the Company's executive officers and any other officer, evaluating the performance of and determining and approving the compensation to be paid to the Company's chief executive officer and reviewing the results of the chief executive officer's evaluation of the performance of the Company's other executive officers;
- reviewing and making recommendations to the Board with respect to Director compensation, including equity-based compensation;
- administering and periodically reviewing and making recommendations to the Board regarding the long-term incentive compensation or equity plans made available to the Directors, employees and consultants;
- reviewing and making recommendations to the Board regarding executive compensation philosophy, strategy and principles and reviewing new and existing

employment, consulting, retirement and severance agreements proposed for the Company's executive officers; and

- ensuring appropriate oversight of the Company's human resources policies and reviewing strategies established to fulfill the Company's ethical, legal and human resources responsibilities.

INTERNAL AUDIT

The internal audit department works with and supports the Company's management team and the Audit Committee in monitoring the Company's compliance with its internal governance policies. On a regular basis, the internal audit department will audit the practices, procedures, expenditure and internal controls of the various departments in the Company. After completing an audit, the internal audit department furnishes the Company's management team and the Audit Committee with analysis, appraisals, recommendations, counsel, and information concerning the activities reviewed. The internal audit department can also conduct reviews and investigations on an ad hoc basis.

CODE OF BUSINESS CONDUCT AND ETHICS

The Company is committed to a high standard of business ethics and conduct. The Company has established a Code of Business Conduct and Ethics, which provides employees with guidelines pertaining to proper behavior in the workplace and appropriate representation of the Company when outside the workplace.

SARBANES-OXLEY ACT OF 2002

In June 2004, the Public Company Accounting Oversight Board, or PCAOB, adopted rules for purposes of implementing Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act. Pursuant to the Sarbanes-Oxley Act and the various rules and regulations adopted pursuant thereto or in conjunction therewith, we are required, for fiscal year 2004, to perform an evaluation of the Company's internal controls over financial reporting and file an assessment of its effectiveness with the SEC. For fiscal year 2006, the Company's external auditors are required to attest to such valuation.

With the assistance of an independent consultant, the Company has begun to review its internal control systems in order to comply with the requirements of the Sarbanes-Oxley Act within the prescribed time.