

Audit Committee. On April 1, 2003, the SEC adopted final rules relating to the audit committee requirements. NYSE-listed foreign private issuers were required to comply with the related NYSE listing requirements by July 31, 2005. Our audit committee was established in September 2004, and is comprised of our three independent directors. According to the NYSE listing standards, the board must review status of any audit member that serves on more than three audit committees. There is no such requirement under the R.O.C. law. R.O.C. law requires all independent directors of a public company to be members of the audit committee if the company has established such a committee. R.O.C. law allows a person to serve as an independent director on up to four R.O.C. public companies.

Rule 303A.07 of the NYSE Listed Company Manual, or NYSE LCM, requires issuers to have at least three directors on the audit committee that meets the definition of independence set forth under Rule 10A-3 of the Exchange Act and Rule 303A of the NYSE LCM. There is no such requirement under the R.O.C. law. See “Item 6. Directors, Senior Management and Employees—C. Board Practices”.

Nominating/Corporate Governance Committee and Corporate Governance Principles. Under the NYSE listing standards, companies are required to have a nominating/corporate governance committee, composed entirely of independent directors. In addition to identifying individuals qualified to become board members, the nominating/corporate governance committee must develop and recommend to the board a set of corporate governance principles. The R.O.C. Company Act does not require companies incorporated in the R.O.C. to have a nominating/corporate governance committee. We do not currently have a nominating committee or a corporate governance committee.

Currently, our board of directors performs the duties of a corporate governance committee and regularly reviews our corporate governance principles and practices. The R.O.C. Company Act requires that directors shall be elected by stockholders. Our Articles of Incorporation requires us, beginning in the fifth commencement, to establish at least three independent directors in the number of directors. The elections for independent directors shall proceed with the candidate nomination system; the stockholders shall elect the independent directors from among the nominees listed in the roster of independent director candidates. Stockholders holding stock over 1% are entitled to nominate candidates of independent directors in written to us. The numbers of candidates nominated by stockholders shall not exceed the numbers of independent directors to be elected; neither the numbers of candidates nominated by the Board. Elections for independent and non-independent directors shall proceed concurrently, and the number of elected independent and non-independent directors shall be calculated separately. In addition, our stockholders are entitled to nominate non-independent directors by voting at stockholders’ meetings.

U.S. companies listed on the NYSE are also required to adopt and disclose corporate governance guidelines. We currently comply with the R.O.C. non-binding Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies promulgated by the Taiwan Stock Exchange, or Best-Practice Principles, and we provide an explanation of differences between our practice and the principles, if any, in our R.O.C. annual report.

Compensation Committee. Under the NYSE listing standards, companies are required to have a compensation committee, composed entirely of independent directors. The Article 14-6 of R.O.C. Securities and Exchange Act requires all listed companies to establish a compensation committee for directors, supervisors and managers’ compensation, which includes salary, stock options and other rewards, as well as authorizes the Competent Authority (i.e. Financial Supervisory Commission) to enact a regulation on the authorities of the compensation committee and the qualifications of its members. See “Item 6. Directors, Senior Management and Employees—C. Board Practices” for description of our compliance.

Code of Business Conduct and Ethics. The NYSE listing standards require U.S. companies to adopt a code of business conduct and ethics for directors, officers and employees and promptly disclose any waivers of the code for directors or executive officers. We have adopted Code of Ethics and Ethical Corporate Management Best Practice Principles that applies to our directors, supervisors, managers, employees and persons having substantial control over us. We have filed Code of Ethics and Ethical Corporate Management Best Practice Principles as an exhibit to our annual report filed with the SEC and a copy is available to any stockholder upon request.

Equity Compensation Plans. The NYSE listing standards require that equity compensation plans be approved by a company’s stockholders. Under the R.O.C. Company Act and the R.O.C. Securities and Exchange Act,