

Board diversity policy (directive) and status of implementation thereof

EPISTAR's Board of Directors of 10th term consists of 9 directors, including 5 independent directors. There are no directors who are spouses or relatives within the second degree of kinship with each other.

1. The board members are all nationals of the R.O.C.
2. The directors who are also employees of the Company account for 22%, independent directors 56%, and female directors 0%.
3. The continuous term for the five independent directors is no more than 3 terms.
4. Three directors are 51~60 years old, five directors are 61~70 years old, and one director is 71~80 years old.
5. Mr. Biing-Jye Lee and Mr. Chin-Yung Fan serve as the CSO and President of the Company. Notwithstanding, none of the other directors hold any position in the Company concurrently. Therefore, the requirement those directors who hold the position as manager of the Company shall be no more than one-third of the whole directors are satisfied.
6. The Company adheres to the relevant laws and regulations in determining and assessing the independence of independent directors. The 10th Board of Directors increased the number of independent directors to 5 giving independent directors a majority on the Board. The newly added independent director Yu-Te Hounng has more than 29 years of experience in accounting and finance at accounting firms and transnational enterprises, with extensive experience in transnational mergers and acquisitions; independent director Wei-Kuo Chen is currently a professor of physics at National Chiao Tung University whose research specialties include semiconductor physics and optoelectronic science.
7. It is in the company's interests to have directors that serve for longer terms as they develop the ability to provide more in-depth insights of their own on the company's operations and finances. Continuing education for the directors is also organized by the Company every year. The contribution of individual directors are also assessed on an ongoing basis to ensure that the Board of Directors can maintain a fresh perspective.
 - (1) Chairman Biing-Jye Lee has a background in chemical engineering and optoelectronics with the Industrial Technology Research Institute (ITRI). He founded Epistar with investments from the ITRI and the industry to focus on epitaxy research, development and mass production (e.g. laser diodes), as well as the commercialization of patented technologies. He served as the company president when Epistar was founded and has been the company chairman since June 20, 2007, with the Board's support. Lee is currently the 2nd Chair of Taiwan Optoelectronic Semiconductor Industry Association (TOSIA) and

satisfies the criteria set out in Article 20 of Epistar's Corporate Governance Best Practice Principles as listed in the table below.

- (2) Director Chih-Yuan Chen is the chairman of Yi-Far Holding System, whose main business is risk management and venture capital investment in the high-tech sector. His experience includes the packaging, semiconductor, and LED industries. He was the chairman of UTAC Holdings Ltd. (Singapore) in 2000 and oversaw the company's public listing in Singapore in 2004. His acquisition of UTAC-Taiwan in 2005, was the first time that a Taiwanese invested in a public company in Singapore before turning around acquiring a Taiwanese company. He also oversaw the merger of Epistar and United Epitaxy Company in the same year. In addition to his role with the Wan Hai Group, he is also a director of China Airlines, the vice chairman of Taian Insurance, the vice chairman of Taiwan Air Cargo Terminal Ltd., and CEO of Chen-Yung Foundation.
- (3) Director Nan Yang Wu studied engineering at Stanford University and has sat on the Epistar board since 2005. Previous positions included director of Wafer Works Corp. (TPEX: 6129) and independent director of Nan Liu Enterprise Co., Ltd. His industry experience covers production and contract manufacturing of LED, semiconductors and melt-blown non-woven fabric. He is currently the senior vice president of Yi-Far Holding System (TWSE: 6504) and his professional skills include commerce, finance, investment and risk management.
- (4) Independent Director Wei-Min Sheng holds a Ph.D. in Accounting from Purdue University and is currently a professor with the Department of Public Finance & Taxation at the National Taichung University of Science and Technology. His industry experience includes the semiconductor, electronic component and electronics industries. Previous positions included independent director and remuneration committee member at Siliconware Precision Industries Co., Ltd. (SPIL), and was involved with that company's share-swap with Advanced Semiconductor Engineering, Inc.
- (5) Independent Director Feng-Shang Wu holds a Ph.D. in Business from Rensselaer Polytechnic University (RPI), USA. He is currently a professor at the Graduate Institute of Technology, Innovation and Intellectual Property Management, National Chengchi University. Previous positions include independent director and remuneration committee member of ProLight Opto Technology Corporation (Emerging stock: 5227). His professional expertise includes experience with the packaging & testing industry, risk management, information technology, and intellectual property.

(6) Independent Director Chi-Yen Liang comes from a business administration and engineering background. He was previously the Chairman of Tainet communication System Corp (TPEX: 4905). and has experience in the network communications, electronic components and semiconductor industries. He was also a university lecturer.

8. All of the Board members possess the knowledge, skills, industry experience, and abundant experience and expertise in finance, commerce and management required to perform their jobs. All of the independent directors may exercise their powers objectively and satisfy the conditions about independence and qualifications required by law:

Title	Name	condition male/ female									
			1	2	3	4	5	6	7	8	
Chairman	Biing-Jye Lee	male	✓	✓	✓	✓	✓	✓	✓	✓	✓
Director	Chih-Yuan Chen	male	✓	✓	✓	✓	✓	✓	✓	✓	✓
Director	Nan Yang Wu	male	✓	✓				✓	✓		
Director	Chin-Yung Fan	male	✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Wei-Min Sheng	male	✓	✓	✓	✓	✓			✓	
Independent Director	Feng-Shang Wu	male	✓		✓			✓	✓		✓
Independent Director	Chi-Yen Liang	male	✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Yu-Te Houng	male	✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Wei-Kuo Chen	male	✓		✓	✓	✓	✓	✓	✓	✓

Note: If meeting any of the following situations, please tick the appropriate corresponding boxes:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.