

Corporate Governance

Corporate Governance Policy

The Board of Directors (the “Board”) of Electronics Industry Public Company Limited (the “Company”) passed a resolution to approve the Corporate Governance Policy, which lays down guidelines that comply with the Stock Exchange of Thailand’s principles of good corporate governance and best practice recommendations. This policy became effective on 9th November 2005 and has been updated to keep it aligned with best business practices.

The last update, made on 2007, can be divided into five chapters as follows:

1. Rights of Shareholders
2. Equitable Treatment of Shareholders
3. Role of Stakeholders
4. Disclosure and Transparency
5. Responsibilities of the Board

1. Rights of Shareholders

The Board respects the shareholders' rights and has a duty to protect the benefits of every shareholder equitably, regardless of whether they are retail, foreign, institutional, or major shareholders. Every shareholder is entitled to the rights and equitable treatment detailed below:

- 1) The right to receive share certificates and share transfers, and to be sufficiently informed of operating results and management policies on a timely basis.
- 2) The right to an equitable dividend.
- 3) The right to participate in meetings, vote and make recommendations on decisions concerning major corporate actions such as amendments to the articles of association, appointments to the Board, appointment of the Company's external auditors, and issuance of new share capital.
- 4) The right to elect directors.

In addition to the above rights, every shareholder is entitled to the rights and equitable treatment stipulated in the Company's articles of association and all relevant laws.

Shareholders Meeting

The Company has a policy to conduct regular and transparent shareholders' meetings, and establish appropriate procedures for general shareholders' meetings in accordance with the law and the regulations issued by the Stock Exchange of Thailand.

In each shareholders meeting, every shareholder has the right to give his or her opinion and query any of the information presented which is relevant to the agenda and the issues being discussed. The chairman of the meeting shall allocate an appropriate period of time for each item on the agenda and encourage all attendees to participate in the discussion and express their opinions.

In each meeting, at least one independent director shall be appointed as a proxy for shareholders who cannot attend the meeting, and every party shall be informed beforehand in the notification of the meeting. Every shareholder shall have the right to vote separately for each item on the agenda. The Board shall not aggregate irrelevant matters and request approval in one resolution.

It is the duty of all directors to attend every shareholders meeting in order to answer any queries the shareholders might have.

2. Equitable Treatment of Shareholders

All shareholders, including those with management positions, non-executive shareholders and foreign shareholders will be treated in an equal way. Minority shareholders whose rights have been violated will be redressed.

The board of directors will ensure that all processes and procedures for the shareholders meeting allow equitable treatment of all shareholders.

Monitoring the Handling of Insider Information

The Company has a policy to maintain the confidentiality of material non-public information from unauthorized access that may lead to misuse. All directors and managers are to strictly adhere to the disciplinary action procedure according to Sections 59 of the Securities and Stock Exchange Act B.E.2535.

Directors, management, and staff members at all levels shall not use any significant inside information about the Company or any company in the Group which has not been disclosed to the public, for their own or others' benefit.

Directors, management, and staff members at all levels shall have the right and freedom to invest and trade in the securities of the companies in the Group. However, in order to prevent conflicts of interest, all directors and employees should avoid or suspend trading for a period of one month prior to the disclosure of all financial statements to the public.

Conflicts of Interest and Related Party Transactions

Every director, manager and staff member shall disclose his or her relationship to any other business entity the Company may be dealing with, according to the Company's disclosure criteria.

No director, manager or staff member may approve a business transaction on behalf of the Company if he or she has a conflict of interest related to that transaction.

Prior to entering into any business dealings, the management of the Company has a duty to determine the relationship between business partners and the Company's directors, managers and staff members who are conducting business with those partners.

The definition of "relationship" is given in the Notification of the Board of Governors of the Stock Exchange of Thailand, Re: Disclosure of Information and Act of Listed Companies Concerning Connected Transactions, 2003.

3. Role of Stakeholders

The Company is aware of the rights of stakeholders and has a policy to ensure the importance of these rights by the appropriate prioritization of all stakeholders as follows: shareholders, employees, executives, customers, partners, creditors, and society. Cooperation between stakeholders shall be established according to their roles and responsibilities so that the Company can run its operations smoothly and effectively in order to benefit all groups of stakeholders fairly.

In order to maintain high ethical standards, the Company has formulated a **Business Code of Conduct** to guide all of the Company's directors, managers and employees as they perform their duties.

4. Disclosure and Transparency

It is the Company's mission and policy to disclose all important information relevant to the company, both financial and non-financial, correctly, accurately, completely, on a timely basis and transparently through easy-to-access channels that are fair and trustworthy.

The Managing Director is the best person to be "Spokesman" for the company to communicate with outsiders such as shareholders, institutional investors, individual investors, analysts, related government agencies, etc...

The Company has a policy to disclose the following information to the public:

1. The Company's objectives.
2. The Company's financial status and operating performance, shareholding structure, and voting rights.
3. Names of directors and committee members stating their remuneration, including the Chairman of the Executive Committee and the Managing Director.
4. Corporate governance structures and policies including the responsibility of the Board regarding financial reports, the reports of the Chairman of the Audit Committee, and all other related reports.
5. The total attendance of each director and/or each sub-committee member at their respective meetings compared with the total number of meetings of the Board and/or the sub-committees in each year. This shall be disclosed in the annual report. In addition, the Company is obliged to disclose any information that is required by law or related regulations.

5. Responsibilities of the Board

The Board of directors plays an important role in corporate governance for the best interest of the company. The board is accountable to shareholders and independent of management.

Leadership and Vision

The Board of Directors (the "Board") is determined that the "EIC" Brand will be an internationally recognized symbol among the leading manufacturers of all industries: including electronic products, automobile, communication and consumer goods.

Board Structure

- The Board shall be composed of experts with a wide range of experience in various fields. There shall be sufficient directors to govern and supervise the corporation: not less than five (5) directors (as required by law) and not more than twelve (12) shall sit on the Board. At least one director shall be experienced in the area of semiconductor devices, and at least one director shall be experienced in the area of finance and accounting.
- The Board shall be representative of all shareholders, not of a particular group of shareholders.
- At least one-third of the Board and not less than three (3) persons must be independent directors. More than one-half of the Board must be non-executive directors in order to ensure a good balance between executive and non-executive members.
- The appointment of members of the Board shall comply with the Company's articles of association and all relevant laws in Thailand. Selection of the directors shall be transparent and clear, and processed through the Nomination Committee. Consideration shall be given to the educational and professional background of the candidates. Sufficient information shall be provided to the Board and all shareholders for decision making.
- A director's term of office is defined in the Company's articles of association. A retired director can be re-elected.

Chairman of the Board and Managing Director

Both the Chairman of the Board and the Managing Director must be competent and have the appropriate experience and qualifications for their positions. In order to maintain a balance between the supervisory and management functions of the Company, one person cannot hold both these positions simultaneously .

Qualifications and Requirements for the Board

- A director must be capable and honest, display the utmost integrity, conduct the business ethically, and devote sufficient time to the Company in order to perform his or her duties professionally.
- A director must possess the necessary qualifications for his or her position, and not be disqualified in any way according to the Public Company Act BE 2535 or other related laws.
- A director can sit on the board of other companies, providing this does not interfere with the performance of his or her duties at the Company.
- Independent directors shall meet all the requirements outlined in the section titled Qualifications and Scope of Work in the Audit Committee's qualification guidelines, as specified in the Notifications of the Stock Exchange of Thailand . Independent directors have a duty to protect the interests of every shareholder in a fair and impartial manner in order to avoid any conflict of interests that may arise. They shall also attend the Board **meetings and express their** comments and opinions from an independent viewpoint.

Independent directors must also meet the following requirements:

- Hold shares worth not more than 1 per cent of paid-up capital of the Company, an affiliated company, associated company or related company, including shares held by related persons.
- Have no participation in the management of the Company, an affiliated company, associated company or related company, or be a major shareholder of the Company. He or she shall not be an employee, staff member or advisor who receives a regular salary from the Company, an affiliated company, associated company, related company or major shareholder of the Company.
- Have no direct or indirect benefit from, or interest in, the finance and management of the Company, an affiliated company, associated company, or any major shareholder of the Company during a period of one (1) year before his or her appointment as a member of the Audit Committee, except where the Board has carefully considered that such previous benefit or interest does not affect the performance of duties and the giving of independent opinions.
- Not be a related person to, or close relative of, any manager or major shareholder of the Company.
- Not be appointed as a representative to safeguard the interests of the Company's directors, major shareholders or shareholders who are related to the Company's major shareholders.
- Be capable of performing duties, giving opinions or reporting the results of work performance according to the duties delegated by the Board, free and clear of the control of management or major shareholders of the Company including related persons or close relatives of the said persons.

Major Responsibilities and Scope of Duties of the Board

- Perform its duties with honesty, integrity and prudence in accordance with the law and the Company's objectives and articles of association including the resolutions of shareholders' meetings, and carefully protect the Company's interests.
- Set out the vision, policy and direction of the Company's operations and supervise the management team to act in accordance with plans which are set out efficiently and effectively, and thereby maximize the economic value and wealth of the Company and its shareholders.
- Consider and approve major issues such as large investments, policy, management authority, and any transactions as prescribed by law.
- Approve or agree to all major related transactions between the Company and its subsidiaries in compliance with the relevant notifications, regulations and guidelines of the Stock Exchange of Thailand.
- Assess the performance of the Executive Chairman and the executive directors, and fix appropriate remuneration on a regular basis.
- Be responsible for overseeing operational results and the management team's performance to ensure due attentiveness and care.
- Arrange appropriate accounting systems, including the production of financial reports and a reliable auditing system; oversee and monitor the effectiveness and efficiency of internal controls, internal audits and risk management systems.
- Ensure that conflicts of interest amongst the Company's stakeholders are avoided.
- Supervise business operations to enforce ethical work standards.
- Annually review the Company's corporate governance policy and assess due compliance.
- Report on the execution of the Board's responsibility to prepare financial reports, along with the external auditor's report in the annual report covering key issues according to the Company's policy statement and the Stock Exchange of Thailand's Code of Best Practices for Directors of a Listed Company.

Sub-Committees:

The following sub-committees shall be set up to relieve the workload of the Board:

1 Audit Committee

The Audit Committee shall be a part of the Board and be appointed by the Board. The Audit Committee shall be composed of at least three (3) persons with at least one (1) person having knowledge of accounting or finance. The Audit Committee shall meet all the requirements outlined in the section titled Qualifications and Scope of Work in the Audit Committee's qualification guidelines as specified in the Notifications of the Stock Exchange of Thailand .

The authority of the Audit Committee and its scope of duties are as follows:

- Review the company's financial statement to verify its sufficiency and correctness by considering the auditors and management report. Review any transactions which are necessary or significant for auditing the company financial statement.
- Confirm that the company has a sufficient internal control by considering the report submitted by the internal auditor.
- Ensure the company's operation is compliant with SET and SEC rules.

- Consider, select, nominate and appoint the auditor and the auditor's annual fee based on the credential, resources, amount of work on hand, and the professional experiences of the auditor.
- Review the company's disclosure of related transactions which may create conflict of interest.
- Review the company's risk management system.
- Prepare the audit committee report for disclosure in the annual report, stating the review of the financial statement and the sufficiency of internal management control.
- Review the appointment, the performance and the compensation package of the internal auditor.
- Review the dismissal of the internal auditor, having the right and authority to invite the related management and staff to participate in giving necessary comments.
- Review and make comments on the business transactions between the company and the sole agents, quarterly and annually, based on the price and business conditions, according to the Sole Agents Agreement. The review and comments are to be reported in the company annual report.

Remuneration Committee:

The Remuneration Committee shall be composed of at least three (3) directors and more than one-half of the committee must be non-executive directors.

The authority of the Remuneration Committee and its scope of duties are as follows:

- Consider the means to determine the directors' remuneration, and
- Set up just and reasonable criteria for the directors' remuneration and propose them to the shareholders meeting for approval.

Nomination Committee:

The Nomination Committee shall be composed of at least three (3) directors and more than one-half of the committee must be non-executive directors.

The duties of the Nomination Committee are as follows:

- Select appropriate personnel and propose as the new committee.
- Determine the method and criteria of the Company's selection process to ensure transparency

Executive Committee:

The Executive Committee shall be composed of the Chairman of the Executive Committee and directors or any other persons with appropriate qualifications as approved by the Board.

The Board shall delegate the following authority and scope of duties to the Executive Committee:

- To determine and establish that the policies, the directions, strategies, and management structure are in line and compliant with the economics and competitive status as disclosed to the shareholders, and to further submit to the Board of Directors for approval.
- To determine and establish the business plan, budget and management authority of the company for the Board of Director's consideration and approval.

- To review, follow up, and incorporate the policies and guidelines of the company's management ensuring efficiency and effectiveness for the business.
- To review and follow up the company's performance according to the business plan.
- To conduct a preliminary review of the investment projects before submission to the Board of Directors' for consideration and approval.
- To handle the functions assigned by the Board of Directors.
- To review the annual budget as proposed by management prior to the submission to the Board of Directors for consideration and approval. This review includes any change or increase to the annual expenses budget during the absence of the Board of Directors.
- To allocate the Board of Director approval amount of compensation to employees of the company or persons working for the company. This power of authority does not include the power for the management to operate any related transaction according to the company article of association or the subsidiary of the Securities Exchange Commission and the Stock Exchange of Thailand

Financial Limitation:

The Board of Directors passed a resolution to limit loans from financial institutions for normal business operation purposes as follows:

	Limit Loan
Managing Director	Not exceeding 150 million Baht
Executive Directors	Not exceeding 80 million Baht
Board of Directors	No limit

Board Meetings

The Board shall meet at least once per quarter, and the annual meeting schedule shall be prearranged. Extraordinary meetings are allowed if they are required.

In preparation for a meeting, the Chairman of the Board and the Chairman of the Executive Committee shall peruse and agree to all the items on the meeting's agenda. The Secretary to the Board shall be responsible for delivering the relevant documents and notification of each meeting to Board members not less than seven (7) days before the meeting is scheduled in order to allow adequate time for Board members to prepare.

The Chairman of the Board shall preside over the meetings, be responsible for monitoring the proceedings, and allocate sufficient time to each item on the agenda for the directors to discuss, express their opinions independently, and represent all the shareholders and interested persons equally. The relevant members of the management team are also required to provide the necessary information for consideration of important matters.

The Secretary to the Board is responsible for taking, publishing and circulating the minutes of Board meetings within fourteen (14) days of each meeting. The Secretary to the Board is also responsible for filing the minutes and all other documents related to the meetings in order to assist Board members in performing their duties as required by law, the Company's articles of association, and the resolutions of shareholders' meetings. The Secretary to the Board must also coordinate with all relevant persons involved in Board meetings.

Remuneration

The remuneration for the Company's directors and executives shall be in line with their duties, responsibilities and contribution, and be comparable to industry standards in order to retain and motivate qualified people. The Remuneration Committee shall consider and propose adequate and appropriate compensation to the Board and shareholders on an annual basis for their approval.

Board Training and Development

A newly-appointed director shall be provided with all necessary details about the Company, applicable laws and regulations, and information on the current business environment in order to facilitate his or her duties. A continual training and development programme will also be provided to equip each new director with all the necessary skills required to discharge his or her duties and govern the Company efficiently.

Corporate Governance Report in 2007

Policy on Corporate Governance

The Board of Directors understands the significance of good corporate governance, which aims to promote transparency in order to enhance competitiveness, and add credibility, for investors and all other related parties. The Policy on Corporate Governance has been effective since 9th November 2005 and has been updated in 2007 to cover on the following:

- Fair and Equal treatment of all shareholders and beneficiaries.
- Focus from the Board of Directors on adding value to the company, through skilful and considerate management. This includes maximizing benefits to shareholders, preventing conflict of interest, clarifying ownership for decision making, and taking responsibility for its own actions.
- Transparency in work process which can be verified and disclosed to all related parties
- Working with awareness of business risk, by imposing proper control and risk management.
- The Company has established and imposed an ethical code for the Board of Directors and all employees.
- The last update Policy was made in 2007 in accordance with the Principles of Good Corporate Governance for Listed Companies 2006, and is divided into five chapters as follows:
 1. Rights of Shareholders
 2. Equitable Treatment of Shareholders
 3. Role of Stakeholders
 4. Disclosure and Transparency
 5. Responsibilities of the Board

1. Right of Shareholders

The Board of directors respects the shareholders' rights and treats all shareholders equitably. All shareholders have equal rights as set forth in the Company's Articles of Association and related laws and regulations. To ensure equitable treatment for all shareholders, the company holds regular and transparent shareholders' meetings, and provides a mechanism to protect against the release of inside information and a system to oversee the transactions of related parties and disclosure of company information.

Annual General Shareholders Meeting

In 2007, the Annual General Shareholders Meeting was held on April 26, 2007.

Pre – Annual General Shareholders Meeting

- The agenda of the Annual General Shareholders Meeting, as well as the resolutions of each agenda, were proposed to the Chairman and the Managing Director in March 2007, before proceeding to discussion in the Board of directors Meeting, and the Shareholders Meeting.
- The company sent the AGM Notice with details on date, time and venue to shareholders, with the following attachments: 1) the venue map, 2) the details of each agenda item, 3) the annual report, 4) the proxy form(s) providing space to cast “for”/ “against”/ “abstain” and to cast for voting individual director(s), 5) the profile of independent directors, 6) the list of identification requirements and 7) the articles of association.
- To facilitate shareholders' voting decision, sufficient disclosure of information on each agenda item was described in the invitation and related documents.
- The company submitted the invitation letter as well as the related documents to the Thailand Securities Depository (TSD) more than 10 days prior to AGM Meeting. TSD is the company registrar who was authorized to distribute the invitation letter and the related documents to all shareholders.
- The announcement for the meeting was published in Khao-Hun Newspaper for the 3 Days of 19-21 April 2007.
- The company disclosed the AGM related documents/information via its website in both Thai and English at www.eicsemi.com from the 24TH March 2007 or 30 days prior to the meeting.
- The company announced the AGM via SET news system from the 24TH March 2007 or 30 days prior to the meeting.

On the AGM Day

- The Annual General Shareholders Meeting 2007 was held on 26TH April 2007 at 2:00 p.m at Swiss Otel Le Concorde, Rachadapisek Road, Bangkok. The company allocated staff verify attendees and documents. Duty stamps were also provided at the registration desk for authorization of proxies.
AGM Attendance included 7 of out 8 directors as well as the Financial Manager, Secretary to the Board of Directors, and the lawyers, in order to respond and clarify shareholders' inquiries. The Chairman did not attend the meeting due to the funeral ceremony of his wife. Moreover, the Auditor of the Company from S.K. Accountant Services Co.,Ltd did not attend the Meeting. The attendance list was recorded in the minutes and posted on the website at www.eicsemi.com.
- Shareholders and proxies in attendance totaled 41 persons, holding 62,354,700 shares, representing 77.94% or over 1/3 of the total issued 80,000,000 shares which constitutes a quorum as required by the Article of Association of the Company.
- Voting procedures, voting method, voting counting method and other necessary procedures were announced formally by the meeting Chairman at the beginning of the AGM as follows:
- For each agenda item, the Chairman will ask whether there are any “DISAPPROVAL” or “ABSTAIN” votes.
- If there are no objections, it can be assumed that most attendees are agreed.

- If there is an objection or “DISAPPROVAL” or “ABSTAIN” vote, the shareholders must use the VOTING CARD received from the Company’s officer.
- For any shareholder who has a question to ask in the meeting, the shareholder is requested to inform his/her name in order to be recorded in the minutes of the Meeting.
- The meeting proceeded in the order of the agenda specified in the AGM Notice; no new agenda items other than those already stated in the AGM Notice arose.
- The company provided ballots for shareholders wishing to vote “against” or “abstain”.
For voting transparency and independence, separate votes were cast for each key issue / agenda item. During the director election, the company allowed shareholders to cast separate votes for individual directors. All agenda items were approved unanimously in the meeting.
The company allowed shareholders to raise questions and express their views and the chairman and the directors gave comprehensive answers to every question. A list of the questions and answers were recorded in the minutes posted on the website www.eicsemi.com.

Post - AGM

- The company notified the AGM resolutions via the SET’s ELCID the next business day, specifying the voting results (agree/disagree) of all issues and the vote counts (for /against/abstain) of each issue.
- The company sent the minutes disclosing the names of directors/managers in attendance, resolution results and key discussion issues to the SET within 14 days. The minutes were disclosed in both Thai and English version via the website www.eicsemi.com.
- The company recorded the meeting and distributed the record as a web-based clip file for interest shareholders.
- The company achieved an assessment score of 80-89 for the AGM as reviewed by the SEC and the Thai Investors Association as per the letter from the SEC date of 1st August 2007.

2. Equitable Treatment of Shareholders

To ensure equitable treatment for all shareholders, the company holds regular and transparent shareholders meetings, provides practices for handling insider information, has practices to oversee the transactions of related parties, and adequately discloses company information

Handling of Insider information

The following practices are used by the company to protect the shares from insider trading:

1. Directors, managers, their spouses and their children of less than 20 years must strictly adhere to the disciplinary action according to Section 59 of the Securities and Stock Exchange Act. B.E 2535.
2. Same day reporting of the security holdings according to the Securities and Stock Exchange Act. B.E 2535. The directors /managers, as well as their spouses and their children, must send a copy of their securities report to the corporate secretary for reference.
3. The directors and managers should avoid or suspend trading for a period of one month prior to the disclosure of financial statements to the public.

Related Party transactions and Conflicts of Interest

The Audit Committee is obliged to review significant related party transactions in order to monitor and prevent conflicts of interest as well as protect the interests of minor shareholders. By executing related party transactions, the company shall comply with the regulations of Securities and Exchange Commission and the Stock Exchange of Thailand.

There was no related parties transaction and conflict of interest during the year of 2007.

3. Role of Stakeholders

The Company assigns the highest priority to the rights of Stakeholders and has a policy to oversee all aspects of the business and ensure that appropriate priorities are maintained for all shareholders, employees, managers, customers, business partners, creditors, and the public and community at large. The company shall facilitate co-operation among the various groups of stakeholders according to their roles and duties in order to create a fair and stable business environment that runs smoothly for the benefit of all parties concerned.

Since 9th November 2005, the company had arranged a Business Code of Conduct to foster ethical value among all its management and employees.

Business Code of Conduct (Effective since 9th November 2005)

The Company aims to be a leader in the semiconductor industry, particularly in diode manufacturing, and to serve the dynamic demand of the users, which is heavily influenced by technological changes. The Company insists on producing quality goods to satisfy the highest demand of the customers.

To ensure success of the management The Company practices business ethics, this includes fairness and morality. The business procedure for the Company's employees to practice is as follows:

1. Operate according to Corporate Governance principles.
2. Create good relationships with business partners, both suppliers and customers, to benefit from fair business together.
3. Ensure customer satisfaction through high quality products, good pricing, on-time delivery and excellent service.
4. Consistently improve the business management system of the organization.
5. Increase the potential to serve market demand from every angle, for example: modern technology, a wide array of products, efficient capacity and products with good quality and reliability.

Maintaining Morality

Employees

The employees must follow the moral principle with understanding, acceptance and faith. They must be aware of their behaviour at all times and avoid misbehaving. If the employees have any questions, they can ask the supervisor and/or the human resource department.

Management

The management team at all levels has the duty to

- Support the moral code and act as role models.
- Lead by example and listen to opinions related to morality.
- Equip the employees with sound responsibility and provide a management system that complies with the rules and regulations of the company.
- Monitor the operation to ensure the adherence to the company's rules and regulations.

Human Resources Department

HR has the responsibility for informing employees about their duty to follow the moral code and must ensure that the morality manual is passed to new employees.

Internal Audit

The Internal Audit department has a duty to monitor company information in case it contains any offence relating to the company rules and regulations. It then reports to the Board of Director for good governance.

The Abidance of Law and Company Rule

1. Employees must strictly follow the law, and company rules and regulations.
2. No consideration is taken for employees claiming they are acting to boost the profitability of the Company, or other reasons, in the offence of law, shareholder consensus, Board of Directors' consensus, codes and orders of the Company.
3. The employees are to do their duties with honesty, and always work for the benefit of the Company.

Regulations Related to Securities and Inside Information Disclosure

1. The employees are to strictly follow the rules and regulations of SET, SEC and other related laws and orders, especially those related to the company's disclosure to the shareholders and/or public.
2. Misuse, by any employee, of internal information that has not been disclosed to public is considered a Company offence.
3. Disclosure of any information that could have an effect to the business and the share price must be agreed by the managing director. The managing director will disclose the piece of information, or assign responsibility to another party to do so on his/her behalf.
4. The Director and/or the Board of Director's Secretarial Department have responsibility for disclosing general information to the public and investors. These departments own, and provide support for, the information.

Conflict of interests

The company has a policy to prevent the directors and employees profiting from their work positions. Consequently, the company announced the following practices:

1. To avoid any transactions that are likely to create a conflict of interest with the Company.
2. If the issue exists for the benefit of the company, proceed as external parties. Directors or employees related to the transaction must not be involved without prior approval.
3. Not to take the opportunity to use information posted in the Company to seek personal benefit. Also, they are not allowed to set up rival businesses or run any business related to the Company.
4. Not to use inside information for share trading, or to distribute the information to others with the same intention.

Responsibility to shareholders

The Company has policies to operate the businesses with transparency, honesty, accuracy, and ethics. The Company also works hard to improve performance and continually bring an appropriate return to investors. The major responsibilities of the Company are:

1. To conduct roles with transparency and honesty, including careful and fair decision making to generate maximum wealth for shareholders.
2. To control the assets of the Company, and minimise loss or depreciation.
3. To ensure that shareholders are sufficiently informed about policies and future plans of the Company.
4. To ensure that directors, managers and employees do not use unpublicised information to benefit to themselves or a related person, and/or do any transactions which cause conflict of interest.

Policy and Treatment of Employees

The Company recognizes that employees are a key factor for company success. Therefore the Company has policies which support fair treatment in terms of opportunity, compensation, appointment, transfer and removal of employees, including capability development according to principals below:

1. Treat employees with politeness, and respect their individual and human dignity.
2. Give fair compensation to employees.
3. Keep the work environment a safe place for employees and their property.
4. Make just and appropriate decisions regarding appointment, transfer, awards and discipline.
5. Concentrate on improving employee knowledge and capability.
6. Listen to opinions and suggestions based on the professional knowledge of employees.
7. Strictly comply with rules and regulations involving employees.
8. Avoid any unfairness or pressure which could affect the work stability and mental condition of employees.

Policy and Treatment for Customers

Customer satisfaction is a major factor affecting the success of the Company, thus the Company has a code of conduct as follows:

1. Contribute to customer satisfaction in terms of quality, price, delivery and service.
2. Deliver products and service on time, or exceeding customer expectations, with a fair price.
3. Provide correct, updated and adequate information to customers without any exaggeration that could cause misunderstanding.
4. Treat the customers with politeness, efficiency and reliability.
5. Provide a system for dealing with customer complaints in term of quality, quantity, response time and delivery.
6. Customer information is to be kept secret and not used for the benefit of company employees, directors or related persons.

Policy and Treatment of Suppliers

The Company has a policy of treating all suppliers equally based on fair returns to each other and the highest benefit of the Company. The approach of the Company is as follows:

1. Not to require, receive or make any dishonest gain to any supplier
2. Disclose details and coordinate with suppliers to resolve any problem related to requirement, receipt or dishonest gain.
3. Strictly comply with conditions set out in supplier agreements. In the event that the Company is not able to comply with a condition, the Company must inform the supplier in advance in order to consider a resolution to the problem.

Policy and treatment of Competitors

Competition policies of The Company follow principle standard and trading competition laws. The Company must not offend competitors, or gain confidential information by fraud. The Company procedure is as follows:

1. Compete with others under competitive regulations
2. Do not seek confidential information of competitors by any dishonest or improper means.
3. Do not damage the reputation of competitors by defamation.

Responsibility to Society and Environment

Regarding environmental performance, the company meets the requirements of ISO 14001 certification and takes all reasonable measures to adhere to the following environmental policy:

1. Meet or exceed all environmental laws, standards and regulations.
2. Minimize, substitute, and where possible eliminate the use of hazardous chemicals in processes and operations.
3. Ensure efficient use of energy through management controls and routine practices as well as minimizing waste from production.
4. Educate and control all employees to strictly enforce the environmental policy.

The company's products are certified to be lead free and compliant to RoHs (Directive 2002/95-EC of the European Parliament and of the council of 27 January 2003 on the restriction of the use of certain hazardous substances in electrical and electronic equipment).

4. Disclosure and Transparency

The company has the policy to disclose all important information relevant to the company correctly, accurately, completely, on a timely basis and transparently.

In 2007, the Managing Director was the “Spokesman” for the company to communicate with outsiders. The company is under obligation to disclose any information that is required by laws or related regulations, including Form 56-1, and the Annual Report. The company arranged a company visit for all investors on the 26th September 2007, and an Opportunity Day on the 6th December 2007 .

Investors Relations were assigned to the Corporate Secretary, who had the responsibility to disclose all information which was approved by the Board to outsiders such as shareholders, institutional investors, individual investors, analysts, related government agencies, etc. Interested persons are invited to contact the Corporate Secretary for more information at 02 3261234 or email address at kiat@eicsemi.com or via the website www.eicsemi.com.

5. Responsibilities of the Board

Leadership and Vision

The Board has leadership skills and a clear vision; and demonstrates responsibility, accountability and independence in decision making in order to govern the Company for the greatest benefit of all shareholders.

The Board has duties and responsibilities towards the shareholders in monitoring the executives' performance. Division of duties between the Board and the executives are clearly defined.

Size and Composition of the Board

The Board is comprised of eight directors who have a broad experience in several business areas. The proportion of non-executive directors to executive directors is 5:3. As a general rule, the number of non-executive directors comprises over half the Board, with three of these being independent members. This ensures an optimal balance of control and independence between non-executive and executive directors.

Name of Directors	Position	Date of First Appointment
1. Mr. Sarawuth Jinwuth	Chairman of the Board of Directors	February 14, 2003
2. Dr. Aran Thammano PhD.	Vice Chairman & Chairman of Audit Committee	February 14, 2003
3. Mr. Kamol Juntima	Audit Committee	February 14, 2003
4. Assoc. Prof. Dr. Wisut Titiroongruang	Audit Committee	February 14, 2003
5. Mr. Withaya Chakphet	Managing Director	February 14, 2003
6. Mr. Sagna Wanasinchai	Director and Executive Director	February 14, 2003
7. Mrs. Sunisa Pathompruek	Director	February 14, 2003
8. Mrs. Tippawan Chakphet	Director and Executive Director	July 22, 2003

Qualifications and Requirement for the Board

Qualifications and Requirements for the Board are described in the Corporate Government Policy

Board of Director's Scope of Authorities and Responsibilities

- To ensure the arrangement of an Annual General Shareholders Meeting within 4 months of the end of the financial year.
- To ensure that the Company's Board of Directors meet at least once every 3 months.
- To ensure the Company prepares an audited balance sheet and income statement at the end of each financial year, and further commits to a shareholder's meeting for review and approval.
- The Company's Board of Directors may authorize one or more management directors, or any other person, to represent and act on behalf of the board on specified issues under the supervision of the board, and with regular reports to the board. However, this does not allow the authorized management directors, or person, to review and approve issues that may create any kind of conflict of interests among themselves or any other related persons, the Company or its subsidiaries (as regulated under the Company's article of association and Stock Exchange Committees).
- To review the Company's goal, strategy, policies, and plan.
- To oversee the management and control of management directors in accordance with the guided policies and regulations of the SEC and SET, and any other rules and regulations to which the Company must adhere.
- To review the organization and management structure from the management directors, managing directors, and senior management and other board or sub boards as appropriate.
- The Company's Directors are not to operate any business that has the same nature and is a business competitor to the company, unless reported in the shareholder's meeting prior to informing the director of all the benefits that could arise both directly and indirectly from taking this contract position.

Executive Directors who are Authorized Signatories

The Executive Directors who are authorized signatories are Mr. Withaya Chakphet, Mr. Sanga Wanasinchai, and Mrs. Tippawan Chakphet; 2 or 3 signatures are required together with the company stamp.

Chairman of the Board of Directors and Managing Director

The Chairman of the Board and the Managing Director are separate positions. The Board comprises of 3 independent Audit Committees representing 37.5%, to balance the supervisory and management functions of the company.

Mr. Withaya Chakphet, Managing Director, is the head and leader of the Company's executives and be responsible to the management of the Company in order to achieve all planned objectives.

Definition of Independent Director:

An Audit Committee is an Independent Director, and holds shares worth less than 1%. They have no participation in the management of the company, no direct and indirect benefit from the company, no relationship with any manager or major shareholder, and no appointment in the company.

Requirements for Independent Directors are already specified in the Corporate Government Policy in this Annual Report.

Directorship Term

There is no limitation on the number of times that a director may be re-elected. The director's term of office is specified in the Company's Articles of Association.

Directorship of other Boards

There is no limitation on the number of outside directorships a director can hold. However, the Nomination Committee should consider only those who possess the necessary knowledge, expertise, and ability to devote sufficient time and attention to the company's affairs.

Board Meetings

The Board held seven regular meetings in 2007. The secretary of the Board is responsible for scheduling the meetings and distributing the documentation at least 7 days before the date of the meeting in order to provide each Board member with sufficient time to study the details.

Each meeting will generally last 1-2 hours in the Company Meeting Room.

The Secretary to the Board must attend all Board meetings and is responsible for providing all documentation needed to meet legal requirements, recording the minutes of each meeting, and filing any related documents. All the documents pertaining to each Board meeting must always be available to members of the Board, shareholders and other concerned parties.

Directors Attendance Record for 2007

(No. of Meetings attended / Total meetings held)

Name	2007 Annual General Meeting	Board of Directors	Audit Committee	Executive Committee	Nomination Committee	Remuneration Committee
1. Mr. Sarawuth Jinwuth	NO	5/7	-	5/7	-	-
2. Dr. Aran Thammano Ph,D	YES	7/7	10/10		1/1	1/1
3. Mr. Kamol Juntima	YES	7/7	10/10		-	-
4. Assoc. Prof Dr. Wisut Titiroongruang	เข้า	7/7	10/10		-	1/1
5. Mr. Withaya Chakphet	เข้า	7/7	-	7/7	1/1	1/1
6. Mr. Sagna Wanasinchai	เข้า	7/7	-	7/7	-	-
7. Mrs. Sunisa Pathompruek	เข้า	7/7	-	7/7	1/1	-
8. Mrs. Tippawan Chakphet	เข้า	7/7	-	7/7	-	-

Sub-Committees

The Board of Directors appointed 4 Sub-committees to assist the Board by taking charge of reviewing specific essential tasks.

The 4 sub-committees are:

- 1) The Executive Committee,
- 2) The Audit Committee,
- 3) The Nomination Committee,
- 4) The Remuneration Committee.

Executive Committee

The Executive Committee consists of 5 directors as follows:

- | | | |
|------------------|-------------|-------------------|
| 1. Mr. Sarawuth | Jinwuth | Chairman |
| 2. Mr. Withaya | Chakpphet | Managing Director |
| 3. Mr. Sagna | Wanasinchai | Director |
| 4. Mrs. Sunisa | Pathompruek | Director |
| 5. Mrs. Tippawan | Chakphet | Director |

The executive committee's scope of authority and responsibilities are listed in the Corporate Governance Policy.

Audit Committee

The Audit Committee members are independent directors with less than 1% stock holding, not involved with the company management, not related to the company service provider, not related to the management and the major shareholders, and with no interest in the business advantages of the company.

The Audit Committee consists of the following directors:

- | | | |
|--------------------------|----------------|-----------------------------|
| 1. Dr. Aran | Thammano Ph.D | Chairman of Audit Committee |
| 2. Mr; Kamol | Juntima | Audit Committee |
| 3. Assoc.Prof. Dr. Wisut | Thitiroonruang | Audit Committee |

The authority of the Audit Committee and its scope of duties are listed in the Corporate Governance Policy.

Nomination Committee

The Nominating Committee consists of:

- | | | |
|------------------------|-----------------|--------------------------------------|
| 1. Dr. Aran | Thammano Ph.D | Chairman of the Nominating committee |
| 2. Assoc.Prof.Dr.Wisut | Thitiroongreung | Nominating Committee |
| 3. Mr. Withaya | Chakphet | Nominating Committee |

The nominating committee's Scope of Work and Responsibilities are listed in the Corporate Governance Policy.

Remuneration Committee

The Remuneration committee consists of:

1. Dr. Aran Thammano Ph.D Chairman of the Remuneration committee
2. Mr. Withaya Chakphet Remuneration Committee
3. Mrs. Sunisa Phathompruek Remuneration Committee

The Remuneration committee's Scope of Work and Responsibilities are listed in the Corporate Governance Policy.

Sub-committees Meetings

Sub-committees shall conduct meeting at least one time a year and shall report the result of the meeting to the Board of Directors.

Access to Information

Members of the Board can access the management or the secretary to the Board directly. The Board will receive the analyst's reports on the company in additional to the information relevant to the agenda in the meeting

Succession Plan

The Board has not set up a succession plan for top executives, especially the Chairman of the Board. However, the Nomination Committee will propose suitably qualified and experienced personnel to fill the position for the Board's approval, before submitting them to be approved by the Shareholders.

The Board of Directors Self-Assessment of Performance

The Board has not established the practice of conducting an annual self-assessment to evaluate performance, however the Audit Committee will review all the practices to ensure they are in line with the Principle of Good Corporate Governance.

Reporting of Non –Compliance

Anyone can contact the company via e-mail, or website, to the corporate secretary to report suggested actions of non-compliance. The company will not take any disciplinary action against the person reporting the allegation if that person acted in good faith. The Audit Committee will consider the report before submitting to the Board of Directors.