

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 10, 2006

DIODES INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

1-5740
(Commission File Number)

95-2039518
(I.R.S. Employer Identification
No.)

3050 East Hillcrest Drive
Westlake Village, California
(Address of principal executive offices)

91362
(Zip Code)

(805) 446-4800
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 1.01. Entry into a Material Definitive Agreement.

Wafer Purchase Agreement

On January 10, 2006, DII Taiwan Corporation Ltd. ("DII"), a wholly owned subsidiary of Diodes Incorporated (the "Company") formed under the laws of Taiwan, purchased an additional 40,470,212 shares (the "Shares") (or 80.94%) of the outstanding capital stock of Anachip Corporation, a Taiwan corporation ("Anachip"), from Lite-On Semiconductor Corporation ("LSC"), Shin Sheng Investment Limited and Sun Shining Investment Corp. For a more detailed description of the purchase of the Shares and the relationship between the Company and LSC, see "Item 2.01. Completion of Acquisition or Disposition of Assets" below.

Concurrent with the purchase and sale of the Shares, Anachip entered into a Wafer Purchase Agreement (the "Wafer Purchase Agreement") with LSC, pursuant to which LSC will sell to Anachip, according to Anachip's requirements, during the two year period ending on December 31, 2007, wafers of the same or similar type, and meeting the same specifications, as those wafers currently being purchased from LSC by Anachip. Anachip will purchase such wafers on terms (including purchase price, delivery schedule, and payment terms) no less favorable to Anachip than those terms on which Anachip currently purchases such wafers from LSC; provided, however, that the purchase price will be the lower of the current price or the most favorable customer pricing. If the price of raw wafers increases by more than 20% within any six-month period, Anachip and LSC will renegotiate in good faith the price of wafers to reflect the cost increase.

The foregoing description of the Wafer Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the copy of the Wafer Purchase Agreement (and the exhibits thereto), which is filed as

Exhibit 2.1 to this Report and is incorporated herein by this reference.

Item 2.01. Completion of Acquisition or Disposition of Assets.

Acquisition of Anachip

On January 10, 2006, DII purchased an additional 40,470,212 shares (the "Shares") (or 80.94%) of the 50,000,000 outstanding shares of the capital stock of Anachip, a fabless analog IC company.

DII purchased the Shares from LSC, Shin Sheng Investment Limited and Sun Shining Investment Corp. (collectively, the "Selling Stockholders") pursuant to that certain Stock Purchase Agreement dated as of December 20, 2005, by and among DII, Anachip and the Selling Stockholders (the "Stock Purchase Agreement"). DII purchased 31,027,000 of the Shares from LSC.

In December 2005, DII had purchased an aggregate of 9,433,613 shares (or 18.87%) of the outstanding capital stock of Anachip from employees and other stockholders of Anachip. Following completion of the purchase of the Shares, DII holds approximately 99.81% of the outstanding capital stock of Anachip.

The purchase price for the Shares (as well as the shares of the capital stock of Anachip purchased in December 2005) was N.T.\$20.00 (approximately U.S.\$0.60) per share. The aggregate purchase price for all shares of the capital stock of Anachip purchased by DII in December 2005 and January 2006 was N.T.\$998,076,500 (approximately U.S.\$30 million).

For a more detailed description of the Stock Purchase Agreement, see the description of the Stock Purchase Agreement contained in the Company's Current Report on Form 8-K filed with the SEC on December 21, 2005, and the copy of the Stock Purchase Agreement (and the exhibits thereto) filed as an exhibit thereto.

Wafer Purchase Agreement

Concurrent with the purchase and sale of the Shares, Anachip entered into a Wafer Purchase Agreement (the "Wafer Purchase Agreement") with LSC, pursuant to which LSC will sell to Anachip, according to Anachip's requirements, during the two year period ending on December 31, 2007, wafers of the same or similar type, and meeting the same specifications, as those wafers currently being purchased from LSC by Anachip. For a more detailed description of the Wafer Purchase Agreement, see "Item 1.01. Entry into a Material Definitive Agreement" above.

Relationship with Lite-On Semiconductor and The Lite-On Group

LSC is the Company's principal stockholder, the Company's largest customer and one of the Company's largest suppliers. LSC currently owns 5,777,187 shares of the Company's common stock (22.9% of the Company's total outstanding common stock). LSC is a Taiwan-based provider of image-sensing products used in applications such as copiers, scanners and fax machines, as well as discrete semiconductor products. The Lite-On Group is an affiliation of several electronics companies, including LSC.

The Company has had a relationship with LSC since 1990. For 2004 and the nine months ended September 30, 2005, LSC accounted for 11.6% and 9.5%, respectively, of the Company's net sales. Other members of The Lite-On Group accounted for an additional 3.3% and 5%, respectively, of the Company's net sales in the same periods. In addition, for 2004 and the nine months ended September 30, 2005, 17.2% and 14.9%, respectively, of the Company's net sales were derived from the sale of discrete semiconductor products purchased from LSC and subsequently sold by the Company.

Several of the Company's directors and executive officers are current or former directors of LSC or other members of The Lite-On Group. For further information concerning these relationships, see "Certain relationships and related party transactions" and "Principal and selling stockholders" in Amendment No. 1 to Registration Statement on Form S-3 of the Company filed with the SEC on September 8, 2005.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

Exhibit
Number

Description

2.1* Wafer Purchase Agreement dated as of January 10, 2006, by
 and between Anachip Corporation and Lite-On Semiconductor
 Corporation.

* All schedules have been omitted in reliance upon Item 601(b)(2) of Regulation
S-K. The Company agrees to furnish the SEC, supplementally, with a copy of any
omitted schedule upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934,
the Registrant has duly caused this report to be signed on its behalf by the
undersigned thereunto duly authorized.

Date: January 10, 2006

DIODES INCORPORATED
By /s/ Carl C. Wertz

Carl C. Wertz,
Chief Financial Officer

EXHIBIT INDEX

Exhibit
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Description

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WAFER PURCHASE AGREEMENT

By and Between

LITE-ON SEMICONDUCTOR CORPORATION,

and

ANACHIP CORPORATION

January 10, 2006

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Wafer Purchase Agreement

This Wafer Purchase Agreement ("Agreement") is made and entered into as of the tenth day of January, 2006, by and between Lite-On Semiconductor Corp. with its principal place of business at 9F, 233-2 Pao Chiao Road, Hsin-Tien City, Taipei 231, Taiwan, R.O.C. (herein referred to as "LSC"), and Anachip Corporation, with its principal place of business at 2/F, 24-2 Industry E. 4th Rd., Hsinchu Science Park, Hsinchu, Taiwan, R.O.C. (herein referred to as "Anachip").

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS CONTAINED HEREIN, THE PARTIES AGREE AS FOLLOWS:

1. SCOPE

The purpose of this Agreement is to establish the terms and conditions under which LSC will sell to Anachip, and Anachip will purchase from LSC, semiconductor die in wafer form. This Agreement does not constitute an order. Anachip's purchase orders (a "Purchase Order") (per Section 4) will be required to purchase any Products from LSC.

2. DEFINITIONS

- 2.1 Wafer(s): Completed Products through wafer probe electrical testing.
- 2.2 Product(s): All semiconductor die in wafer form which are set forth on Attachment 1, developed under Section 7, changed under Section 9 or introduced by LSC after the date of this Agreement.
- 2.3 Yield: The number of die on a wafer passing wafer probe electrical testing, divided by the total number of die on a wafer.
- 2.4 Wafer Lot Yield: The average Yield of all wafers in one wafer Lot as calculated in Section 2.3 above.
- 2.5 Lot: A lot of wafers started together using the same lot number and processed through wafer fabrication as a single group.
- 2.6 Device Type: Different die types and sizes as set forth on Attachment 1, developed under Section 7, changed under Section 9 or introduced by LSC after the date of this Agreement.

3. TERM

- 3.1 This Agreement shall be effective as of the date hereof (the "Effective Date") and continue for a period of two (2) years from the Effective Date (the "Initial Term") unless terminated earlier as otherwise provided herein. After the Initial Term, this Agreement shall be renewed for additional two (2) year periods on a period-to-period basis (each a "Renewal Term") if either party gives written notice to the other party of its offer to renew at least ninety (90) days prior to the end of the Initial Term or any Renewal Term and the other party accepts such offer.

3.2 Except as otherwise provided in this Agreement, upon termination of this Agreement the parties shall complete performance of all Purchase Orders accepted by LSC prior to the effective date of termination to the extent they require delivery within the two (2) month period from the effective date of termination. Any portion of an accepted Purchase Order outstanding on the effective date of termination that does not require delivery within such time shall be void. Any portion of an accepted Purchase Order outstanding on the effective date of termination that requires delivery within such two (2) month period shall remain in effect, subject to the terms and conditions herein.

4. PURCHASE RIGHTS AND OBLIGATIONS

4.1 During the Initial Term and each Renewal Term of this Agreement, Anachip shall have the right to purchase, and LSC, upon receipt of a duly completed Purchase Order, shall sell to Anachip such number of units of Products as Anachip may request.

5. INTENTIONALLY OMITTED

6. PRICE AND PAYMENT

6.1 The unit price for each Product shall be equal to the average unit price for such Product purchased by Anachip from LSC during the six (6) months ended December 31, 2005, excepting specific price modifications as allowed herein.

6.1.1 In the event the cost to LSC of raw wafers increases by more than twenty percent (20%) within any six (6) month period, Anachip and LSC shall renegotiate in good faith an upward adjustment to the prices thereafter of Products solely to reflect such increase in the cost of raw wafers. If the parties fail to agree regarding such adjustment within two (2) months of LSC's written request therefor, either party may terminate this Agreement by giving the other party thirty (30) days written notice thereof.

6.2 New Device Types may be introduced from time-to-time by LSC, and the prices therefore will be negotiated by Anachip and LSC in good faith at the time of initial offering for sale by LSC.

6.3 The prices at which LSC agrees to sell the Products to Anachip pursuant to this Agreement are inclusive of epitaxial substrate costs, wafer processing costs, electrical testing per LSC's standard procedures, packaging costs for shipment per LSC's standard procedures, and any applicable taxes.

6.4 Delivery of Products and the risk of loss shall be F.O.B. LSC's facility in Hsinchu Science Park as set forth in Incoterm 2000. It shall be the responsibility of Anachip, at its own expense, to insure any shipments against damage to or loss of Products. Unless otherwise specified by Anachip, transportation will be by the most cost effective method of transportation in keeping with any particular delivery date. Packaging of shipments shall be in accordance with LSC's standard practices. Any special packaging requested by Anachip shall be made at Anachip's expense.

- 6.5 After the Initial Term, all prices may be subject to good faith renegotiation for each Renewal Term, which new prices will become effective on the first day of such Renewal Term.
- 6.6 Anachip shall make payment in full for any and all LSC invoices within sixty (60) days of the last day of the month in which the Product is shipped and invoiced. In the event Anachip fails to comply with this provision, LSC reserves the right to suspend or delay shipments. A finance charge equal to the lesser of 1.0 percent per month (12 percent APR) or the highest rate permitted by law, accrued daily, shall be assessed on all past due accounts. In any event, exercising this provision shall not in any way alter Anachip's responsibilities to abide by the terms of this Agreement.
- 6.7 At all times, Anachip will receive the best price offered by LSC to commercial accounts purchasing comparable wafer quantities, excepting special discounts or other short-term promotional prices. In the event LSC offers special discounts or other short-term promotional pricing for specific Products, Anachip shall have first and equal opportunity to purchase Products under such promotions and at such promotional prices.
- 6.7.1 Anachip represents and warrants that Products purchased under this Agreement are for assembly by Anachip into a higher level of assembly, and are expressly NOT for resale as die in wafer form or any other form. Anachip agrees that it shall not resell Products purchased from LSC, in wafer or die form, without the prior written consent by LSC, which consent shall not be unreasonably withheld. In addition to any other remedies available to LSC, breach of this Section 6.7.1 shall sever Section 6.7 and related subsections from this Agreement, without relieving either party from any and all remaining obligations herein.

7. ADDITIONAL SERVICES

- 7.1 Product Development: Both parties agree to use commercially reasonable efforts to develop, design and manufacture such new products as required to meet the requests of Anachip's customers. Non-recurring expense ("NRE") charges may be assessed by LSC for development of products to Anachip's specifications. Payment of NRE charges by Anachip to LSC shall not convey to Anachip any ownership interest in or any license or right to produce existing or developed products or processes of LSC.

8. WARRANTIES

- 8.1 All Products sold by LSC under this Agreement shall have Wafer Lot traceability using a lot number assigned by LSC. Any and all communications between Anachip and LSC concerning warranty issues shall reference this lot number.
- 8.2 All Products shall meet the specifications therefor set forth on Attachment 1 hereto. Any new product or Device Type introduced by LSC after the date of this Agreement or developed pursuant to Section 7 shall meet such specifications as Anachip and LSC shall mutually agree. Any deviations from such specifications must be approved in writing by Anachip and LSC. Products shipped by LSC to Anachip shall be electrically tested per specifications in effect at time of purchase.
- 8.3 Anachip shall promptly inspect Products upon delivery of the Products to a designated Anachip facility. Anachip shall complete all inspections within thirty (30) days of delivery.
- 8.4 If any Product is claimed to be defective by Anachip, Anachip may, before the end of the inspection period, submit a Corrective Action Request ("CAR") to LSC for LSC's evaluation and/or analysis of the claimed defective Product. Failure by Anachip to deliver a CAR to LSC within thirty (30) days after delivery of the Products shall constitute acceptance of the Products by Anachip.
- 8.5 Upon receipt of a CAR tracking number, Anachip shall promptly return samples exhibiting the claimed defect to LSC for analysis. Cartons containing samples returned for analysis shall have the CAR tracking number clearly marked on the outside of the carton. Failure to comply with this provision may result in LSC rejecting the return shipment.
- 8.6 Upon completion of LSC's analysis, LSC will judge the claim as either valid or invalid. If LSC agrees the defect as claimed is valid, a Returned Material Authorization ("RMA") number will be provided by LSC for return of the materials (wafers and/or wafer lots) claimed under the initial request. Cartons containing returned materials shall have the RMA tracking number clearly marked on the outside of the carton. Failure to comply with this provision may result in LSC rejecting the return shipment.
- 8.7 If LSC determines that the defect as claimed is invalid, then Anachip may dispute the claim as set forth in Section 15.
- 8.8 Upon receipt of and verification that materials returned under RMA are in good condition and of indicated quantity, LSC will issue a credit memo to Anachip for adjustment of the amount invoiced to Anachip.
- 8.9 LSC's indemnification on warranty of Products shall be strictly limited as set forth in Article 10 below.

- 8.10 The provisions of the warranties set forth in this Agreement shall not apply to, and no warranty of whatever kind shall exist for, any Product or part thereof which has been subject to misuse, negligence or accident or that has been altered by anyone other than LSC nor to normal deterioration of any Product or part thereof due to wear, usage or exposure. In addition, LSC is not responsible for damages of whatever nature resulting from improper installation or operations beyond design capability, whether intentional or accidental.
- 8.11 EXCEPT AS SPECIFICALLY STATED IN THIS SECTION, LSC DISCLAIMS ALL WARRANTIES, WHETHER EXPRESSED, IMPLIED OR STATUTORY, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES AS TO THE QUALITY OF THE PRODUCTS, AND ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

9. PRODUCT CHANGES AND APPROVALS

- 9.1 After Products sold under this Agreement have been qualified and released (in accordance with the parties' course of performance) by both Anachip and LSC, all major manufacturing processes shall remain unchanged unless both parties agree via the procedure below to modify that process.
- 9.1.1 LSC will provide Anachip with written notice of any proposed major process change, accompanied by the appropriate data to support the change.
- 9.1.2 Anachip will have fourteen (14) working days to accept or reject the proposed change in writing. In the event Anachip fails to reply within the fourteen (14) day period, the proposed change will be considered as accepted by Anachip and may be fully implemented by LSC.
- 9.1.3 Anachip shall have the right to require re-qualification of any Product where there has been a major process change. Upon Anachip's acceptance of the proposed change, the newer process shall be deemed qualified and may be fully implemented by LSC. LSC shall, through lot traceability, be able to identify Product processed under both the old and new processes.
- 9.1.4 If Anachip rejects a proposed major process change, Anachip shall identify to LSC the reason for such rejection of the proposed change. LSC shall have the option, in LSC's sole discretion, to (a) continue to manufacture for Anachip hereunder using the previously qualified process; (b) eliminate such product, offering Anachip the opportunity to place a last-time buy; or (c) a combination of (a) and (b) or other alternatives as may be mutually acceptable to Anachip and LSC.
- 9.2 Anachip may, at any time, submit written requests for change to Products regarding specifications, designs, drawings, features, or other characteristics of Products covered by this Agreement. LSC may, at its sole discretion, notify Anachip in writing that implementation of the requested change(s) renders LSC unable to comply with its obligations hereunder. Both parties hereby agree that any and all change requests shall be acted upon by LSC only if such suggested change is in writing, cost impacts have been evaluated, and agreement reached on new prices, NRE payments, and/or other compensation resulting from the costs associated with the requested change.

9.2.1 LSC will reply to all change requests submitted by Anachip in writing, indicating LSC's response to the requested change. If the requested change is accepted by LSC in writing, such change is assumed to be a written amendment to this Agreement, executed by both parties.

9.3 Any changes to Products made in compliance with this Agreement shall not relieve LSC of any of LSC's obligations hereunder unless such relieved obligation has been covered by a written amendment to this Agreement, executed by both parties.

10. INDEMNIFICATION AND LIMITATION OF LIABILITY

10.1 Anachip hereby agrees to indemnify LSC against and save it harmless from all liability, claims or demands made by any party arising out of damage to any property or death or injury to any employee of LSC that is the result of negligence of Anachip.

10.2 LSC shall at all times defend, indemnify and hold harmless Anachip, its officers, agents, directors, employees, representatives, and permitted successors and assigns from and against any and all losses, claims, demands, actions, suits, liabilities, damages, costs or other expenses (including without limitation reasonable fees and expenses of counsel and costs of investigation) related to or arising out of any acts, duties or obligations of LSC or of any personnel employed or otherwise engaged by the LSC, including (i) injury and/or death to persons including Anachip's employees, agents or representatives and damage to property, (ii) fines, levies or other charges imposed by any governmental authority or agency, (iii) failure to comply with or violation of any applicable federal, state, local, or foreign laws, regulations, rules and ordinances, (iv) any alleged infringement or violation of any patent right in connection with the manufacture or sale of products by Anachip using Products (unless the alleged infringement or violation was directed by Anachip or due to the design by Anachip or for causes not attributable to LSC). Anachip shall provide LSC (i) written notice of any claim, demand, action, suit or other proceeding subject to indemnification hereunder, and (ii) if such action is brought by a third party, reasonable cooperation (at LSC's expense) in the defense or settlement thereof. Notwithstanding the foregoing, LSC may be represented in, but may not control, such action, suit, or proceeding at its own expense and by its own counsel.

10.3 LSC shall not in any circumstances be liable to Anachip for anything whatsoever other than the direct loss to Anachip (excluding any loss of use, revenue or profit by Anachip or the amount of damages awarded against Anachip in favor of, or monies paid by Anachip by way of settlement to, any third party and any costs or expenses of Anachip in connection with the same) due to the failure of Products or defective Products.

- 10.4 At all times and under all conditions, LSC's liability for direct loss or damages is strictly limited to the value of the Product shipped and invoiced, and at no time shall LSC's liability exceed the value of the original amount invoiced by LSC or paid by Anachip, whichever is less.
- 10.5 IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY ACTION IN CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR ANY OTHER THEORY OR FORM OF ACTION FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, SPECIAL OR PUNITIVE DAMAGES, LOSS OF PROFITS OR REVENUES, LOSS OF ANTICIPATED PROFITS OR REVENUES, OR COST OF SUBSTITUTED PRODUCTS INCURRED BY THE OTHER PARTY OR ANY OTHER PARTY AS A RESULT OF THE PRODUCTS PROVIDED UNDER THIS AGREEMENT OR IN ANY WAY ARISING OUT OF THIS AGREEMENT REGARDLESS OF WHETHER THE POSSIBILITY OF SUCH DAMAGE WAS DISCLOSED TO OR REASONABLY COULD HAVE BEEN FORESEEN BY SUCH PARTY AND THE LIABILITY OF LSC SHALL BE LIMITED TO THE TOTAL PURCHASE PRICES ACTUALLY RECEIVED BY LSC FOR THE PRODUCTS IN DISPUTE HEREUNDER.
- 10.6 No action for breach of this Agreement may be commenced more than one (1) year after the date of the alleged breach.

11. FORCE MAJEURE

- 11.1 Neither party shall be liable to the other party for any inability to comply with the provisions of this Agreement due to causes reasonably beyond its control, including, but not limited to, fire, flood, earthquake, explosion, accident, acts of public enemy, riots, insurrections, war, labor disputes, transportation, or failures or delays in transportation, embargoes, acts of God, acts of any government, or any agency or department thereof or judicial action. Upon the occurrence of such a force majeure condition, the affected party shall promptly notify the other party and describe in reasonable detail the circumstances of such condition and shall promptly inform the other party of any further developments. If such non-performance continues in effect for more than ninety (90) days, the other party may, at its option, terminate this Agreement without further cause or liability. Otherwise, this Agreement shall continue in full force and effect for the remainder of its term upon cessation of such event of force majeure.

12. ASSIGNMENT AND SUCCESSION

- 12.1 Neither party may assign or transfer (by operation of law or otherwise) its rights or obligations under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld; provided, however, that Anachip may assign or transfer all of its interests hereunder without the consent of LSC to any person who controls, is controlled by or is under common control with Anachip.

12.2 This Agreement shall be binding upon and inure to the benefit of the parties' successors and permitted assigns.

13. TERMINATION

13.1 Either party may terminate this Agreement immediately in the event that the other party is the subject of a petition filed in Bankruptcy Court of the United States, Singapore, Hong Kong, or Taiwan, whether voluntary or involuntary, if a receiver or trustee is appointed for all or a substantial portion of the assets of the petitioning party, or if the petitioning party makes an assignment for the benefit of its creditors.

13.2 Unless otherwise provided herein, either party may terminate this Agreement immediately in the event that the other party is in material breach of this Agreement and has failed to cure such breach within thirty (30) days after receipt of a written notice of default by the terminating party.

14. PARAGRAPH TITLES

The paragraph titles herein are intended for convenience only and shall not be construed to alter either parties' obligations or rights as otherwise set forth herein.

15. GOVERNING LAW AND ARBITRATION

15.1 This Agreement and the performance hereunder shall in all respects be governed, construed and interpreted in accordance with laws of Taiwan, the Republic of China.

15.2 All disputes arising in connection with this Agreement shall be settled amicably through good faith negotiation. In the event no agreement can be reached after thirty (30) days, all disputes shall be submitted to arbitration by an arbitration panel of three arbitrators in Taipei, Taiwan before and under the rules of the Arbitration Association of the Republic of China. The arbitration panel's decision shall be written and shall be final, conclusive, and binding, and judgment on any arbitration award may be entered in any court of competent jurisdiction.

16. ENTIRE AGREEMENT

This Agreement, including all other documents incorporated by reference and those attached hereto as Attachments, expresses the entire understanding of the parties hereto and cancels and supersedes any previous agreements, understandings or representations between the parties relating to the subject matter hereof. This Agreement may not be modified except in a writing signed by an authorized officer or representative of each party.

17. SEVERABILITY

If any provision of this Agreement is held invalid, the remaining provisions shall remain valid and in force, unless such invalidity would frustrate the purpose of this Agreement.

18. NOTICES

Any notice to be given under this Agreement shall be in writing and shall be sent to the appropriate party at the address first stated in this Agreement, or to such other address as a party may later designate in writing to the other. Notices shall be deemed to have been adequately sent and delivered when received by the appropriate party, after having been deposited in the United States mail (registered or certified), postage prepaid.

19. PUBLICITY

Except as required by applicable law, neither party shall publicize or otherwise disclose the terms of this Agreement without the prior approval of the other party, which approval shall not be unreasonably withheld.

20. WAIVER

No failure or delay on the part of either party in the exercise of any power, right or privilege arising hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

Lite-On Semiconductor Corp.

Anachip Corporation

By: /s/ C.H. Chen
Name: C.H. Chen

By: /s/ Jeffrey Tang
Name: Jeffrey Tang

Title: Vice Chairman

Title: Supervisor