



PixArt Imaging Inc.

**2009 ANNUAL REGULAR SHAREHOLDERS'
MEETING**

MEETING AGENDA (TRANSLATION)

April 30 ,2009

The reader is advised that this meeting agenda has been prepared originally in Chinese. If there is any conflict between Chinese version and English version, the Chinese version shall prevail.

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PixArt Imaging Inc.

2009 Annual Regular Shareholders' Meeting Procedure

- I. Call Meeting to Order
- II. Chairman's Address
- III. Report Items
- IV. Acknowledgements and Proposed Resolutions
- V. Special Motion
- VI. Meeting Adjourned

PixArt Imaging Inc.
2009 Regular Shareholders' Meeting Agenda

Time : 9:00 a.m., Thursday, April 30th, 2009

**Place : Meeting Room 201, Science Park Life Hub, No. 1, Industry E. 2nd Rd.,
Hsinchu Science Park, Hsinchu, Taiwan, R.O.C.**

Attendees : All shareholders and shareholder proxies

Chair : Chairman Sen-Huang Huang

I. Call the meeting to order

II. Chairman's address

III. Report Items:

(I) 2008 Business Report.

(II) Supervisor's Report

(III) Report on PixArt's (the Company) investments in PRC .

(IV) Report on the implementation of Stock Repurchases

IV. Acknowledgements and Proposed Resolutions

(I) Acknowledge 2008 Business Report and Financial Statements.

(II) Acknowledge the proposal for 2008 surplus earnings distribution.

(III) Discuss the capitalization of 2008 dividends and employee profit sharing.

(IV) Discuss the amendment of Company's Articles of Incorporation.

(V) Discuss the amendments of Company's "Operational Procedures for Endorsements/Guarantees"

(VI) Discuss the amendments of Company's "Operational Procedures for Loaning Funds to Others"

(VII) Discuss the amendments of Company's "Procedures for the Acquisition or Disposal of Assets".

(VIII) Discuss the proposal for private placement of common shares.

V. Special Motions

VI. Meeting adjourned

【Report Items】

Report Item I

Subject : Review the Company's 2008 Business Report.

Description : Please refer to Attachment I on Page 9 for the Company's 2008 Business Report.

Report Item II

Subject : Review the Supervisors's report on auditing the Company's 2008 business report, financial statements and earnings allocation.

Description : (1)The Company's 2008 Business Report, Financial Statements and earnings allocation has been duly audited by the supervisors and independent auditors. The independent auditor and the supervisors have been prepared their audit reports respectively.

(2)Please refer to Attachment II on Page 10, for the Supervisor's Report.

(3)Please refer to Attachment V on Page 13 for the Independent Auditor's Report..

Report Item III

Subject : Review the "Report for the Company's investments in Mainland China".

Description :

Investee Company	Investment Method	Investment amount
PixArt International (Samoa) Ltd. Representative Office in Shenzhen.	Indirect investment through an offshore entity	Not applicable as the entity is a representative office.

Report Item IV

Subject : Review the Implementation of Stock Repurchases

Description : (1)Details for the stock buyback are as follows:

Items	Second Repurchase	Third Repurchase
Date of Board Resolution	2008/10/15	2008/12/23
Purpose of the buyback	Transferring to Employees	Transferring to Employees
Buyback period	2008/10/16 to 2008/12/15	2008/12/24 to 2009/02/23
Proposed quantity of the buyback	2,000,000 shares	2,000,000 shares
Proposed price range of the buyback(in NTD)	Between NT\$75 to NT\$190	Between NT\$80.9 and NT\$152
Number of shares bought back	965,000 shares of common stock	0 shares of common stock
Total amount of shares bought back (in NTD)	NT\$80,847,638	NT\$0
The average buyback price per share	NT\$83.78	-
Number of shares retired or transferred	-	-
Accumulated number of shares	1,965,000 shares	1,965,000 shares
Accumulated number of shares as a percentage of total number of outstanding shares	1.57%	1.57%
Buyback status	Did not complete during predetermined period	Did not complete during predetermined period
Reason for not being completed during predetermined period	Adjusted the repurchase strategy in consideration of the recent fluctuations in global economy in order to protect shareholders' rights..	Stock price stabilized during the repurchase period so repurchases were halted in order to protect shareholders' rights.

(2)Please refer to Attachment III on Page 11 for the Company's "Rules for transfer of the second repurchased shares to employees" and Attachment IV on Page 12 for the "Rules for transfer of the third repurchased shares to employees"

【Acknowledgement and Discussion Items】

Item I

Proposed by the Board of Directors

Subject : To acknowledge the Company's 2008 Business Report and Financial Statements.

Description :

- (1)The Company's 2008 financial statements were audited by Huang Yi-Hui and Hsu Hsing-Ming of Ernest & Young. The Board of Directors approved the aforementioned financial statements and the 2008 Business Report. The Supervisors then audited them and the Supervisor's Report was produced in accordance with the Company Act
- (2)Please refer to Attachment I on Page 9, Attachment 5 and Attachment VI on Page 13 through 22 for the aforementioned Business Report and Financial Statements.

Resolution :

Item II

Proposed by the Board of Directors

Subject: : To acknowledge the Company's 2008 Surplus earnings distribution proposal.

Description: :

- (1)The Company's 2008 Surplus Earnings Distribution proposal was approved by the Board of Directors on March 10th, 2009 then audited by the Supervisors and an audit report was produced.
- (2)Please refer to Attachment VII on Page 23 for the 2008 Surplus earnings distribution statement.

Resolution :

Item III

Proposed by the Board of Directors

Subject : To approve the proposal for capitalization of 2008 stock dividends and employee stock bonus.

Description :

- (1)The Board proposes to issue 1,228,496 shares of stock dividends by capitalizing the stock dividends of NT\$12,284,960 from 2008 earnings. The par value of each share is NT\$10.Dividends will be paid out on the dividend record date in accordance with the shareholder's list in proportion to the number of shares held by each shareholder. Shareholders will receive 10 new shares for every 1,000 shares. If the proportion of the new shares given is affected by a change in the number of total shares outstanding (due to repurchase, transfer, conversion or retirement of treasury stock, exercise of employee stock options, or private placement), the Board of Directors is authorized by the Shareholders' meeting to deal with this issue. If a portion of the stock dividend does not amount to one full share, the shareholders concerned may pool together their fractional shares to form one full share and register the same

within 5 days from the record date.. For the fractional shares which cannot be pooled, the distribution will be made in the form of cash rounded down to the nearest dollar amount calculated at par value. Such fractional shares will be designated for subscription at face value by the Company's Employee Welfare Commission.

- (2) It is proposed to distribute NT\$411,444,828 as employee stock bonus. The number of shares to be issued shall be based on the closing stock price one day prior to the Shareholders' Meeting, ex-right/ex-dividend. Employee bonuses that do not amount to one share will be distributed in the form of cash.
- (3) The rights and obligations of the new common shares are the same as existing ones.
- (4) The Board of Directors is authorized to set the record date once approved at the Shareholders' Meeting and by the competent authorities.
- (5) The Board of Directors is authorized to deal with any changes to the above-mentioned proposal as necessitated by the competent authorities or the Company's business needs.

Resolution :

Item IV

Proposed by the Board of Directors

Subject : To approve the proposal to amend the Company's Articles of Incorporation.

Description :

- (1) Proposal to amend Article 5 and Article 27 in the Articles of Incorporation for business operation purposes.
- (2) Please refer to Attachment VIII on Page 24 for the comparison table for amendments made to the Articles of Incorporation.

Resolution :

Item V

Proposed by the Board of Directors

Subject : To approve the proposal to amend the Company's "Operational Procedures for Endorsements/Guarantees".

Description : It is proposed to amend the "Operational Procedures for Endorsements/Guarantees" for business operation purposes. Please refer to Attachment IX on Page 25 to 28 for the Comparison Table of the Amendments made to the "Operational Procedures for Endorsements/Guarantees".

Resolution :

Item VI

Proposed by the Board of Directors

Subject : To approve the proposal to amend the Company's "Operational Procedures for Loaning Funds to Others".

Description : It is proposed to amend the Company's "Operational Procedures for Loaning

Funds to Others” for legal compliance and business operation purposes. Please refer to Attachment X on Page 29 to Page 30 for the Comparison Table of Amendments made to “Operational Procedures for Loaning Funds to Others”.

Resolution:

Item VII

Proposed by the Board of Directors

Subject : To approve the proposal to amend the Company’s “Procedures for the Acquisition or Disposal of Assets”.

Description : It is proposed to amend the Company’s “Procedures for the Acquisition or Disposal of Assets” for business operation purposes. Please refer to Attachment XI on Page 31 to Page 32 for the comparison table of the amendments.

Resolution :

Item VIII

Proposed by the Board of Directors

Subject : To approve the proposal for private placement of common shares.

Description :

- (1) In order to meet the Company’s strategy, improve competitiveness and operating performance, and in consideration of timeliness and convenience, it is proposed to issue common shares for cash to strategic partner(s) through private placement in accordance with Article 43-6 of the Securities Exchange Act to form.
- (2) Details of the Company’s private placement are as follows:
 1. Number of privately placed shares: shall not exceed 2,000,000 shares.
 2. Amount of private placement: The par value of the common shares issued is NT\$10. The estimated new capital shall be no more than NT\$20,000,000.
 3. The private equity placement shall be completed within one year of the 2008 Board of Directors resolution via one or more placements. The private placement may be carried out by installments within one year of the date of the resolution of the shareholders meeting.
 4. Basis and rationale for the setting of the price :

The private placement price may not be lower than 70% of the simple average closing price of the common shares for either the one, three, or five business days before the price determination date, after adjustment for any distribution of stock dividends or capital reduction. The private placement price is tentatively set at NT\$84.3 per share (the tentative price determination date was January 21st, 2009). The Board of Directors seeks shareholder meeting’s authorization to decide the actual price determination date and set actual private placement price according to the situation of the stock market and the progress of seeking the places . The way for the setting of the price is considered reasonable while taking the low liquidity of the shares and the benefits of bringing in strategic partners into consideration.

5. The method for selecting the specific persons :

The Company seeks investors who are eligible as defined by Article 43-6 of the Securities and Exchange Act. As of today, the company has not determined any specific placee . The Board of Directors seeks shareholder meeting's authorization to select placee(s).

6. Rationale for private placement rather than public offering :

The Company seeks strategic partners to ensure long-term growth in light of the current business environment. Private placement can be completed more quickly. Also, private placement is more conducive to long-term partnerships with its restrictions on stock transfers . Therefore, private placement has been chosen as the method for issuing new shares rather than through a public offering.

7. Purposes and benefits of the new private placement :

The purpose of the private placement is to attract strategic partners. Such partnerships can strengthen the Company's competitiveness and ensure long-term growth. The new capital will be used for working capital so that the Company's overall financial situation will be more stable.

8. The Board of Directors seeks shareholder meeting's authorization to deal with any changes to the contents of the private placement, including issuing price, number of shares issued, terms of the placement, total amount of the placement, placement timeline, expected benefits and any other matters related to the private placement as necessitated by the competent authorities or the Company's business needs..

Resolution:

【Special Motion】

【Meeting Adjourned】

Attachment I

PixArt Imaging Inc. Business Report

In fiscal year 2008, PixArt posted revenue of NT\$4.805 billion, a 2.7% growth over 2007 (NT\$4.68 billion). Net profit fell 16% from NT\$1.62 billion in 2007 to NT\$1.36 billion in 2008, as a result of direct expensing of employee profit sharing according to new accounting rules that became effective from 2008. If adding back the employee profit sharing expense and compensation for directors and supervisors (the related tax effects are also taken into consideration), the adjusted net profit (Non-GAAP) would be NT\$1.83 billion, a 12.9% growth over 2007. PixArt posted NT\$11.01 earnings per share and 27.2% return on equity.

As the sub-prime mortgage crisis continued to affect the global economy in the past year, global consumer demand contracted sharply. As a result, the economic growth slowed in a lot of countries, even got into recession.. The most severe decline took place in the fourth quarter of 2008 and PixAart's all product lines were affected in varying degrees. The revenues in mouse, mobile phone and PC camera product lines decreased in 2008 if compared with 2007. Fortunately, our toy/game product line enjoyed continued growth due to increasing end-market demand and contributed to Pixart's overall revenue and profits.As a result, PixArt performed well despite of the global financial crisis and credit crunch.

Deteriorating economic indicators such as GDP growth, unemployment rate, consumption show that the global economy is still in a downward trajectory. PixArt's product lines such as games, mouse, PC camera and mobile phone will inevitably face headwinds. In the face of these challenges, PixArt is committed to strengthen its core competitiveness, improve product quality, shorten the research and development cycle and improve customer satisfaction. Further, PixArt aims to carefully monitor the manufacturing process to better control inventory, improve the yield rate, and maintain our competitive advantage in wafer manufacturing and delivery time. We will continue to leverage our research and development in CMOS applications as well as improve our entire line of products to maintain growth momentum. In terms of marketing, we will continue to provide total solutions to our clients with a focus on service. In the face of this unparalleled financial crisis, PixArt is ever more focused on its core competitive edge in order to create shareholder value through steady growth.

We would like to thank to each and every one of our valued shareholders for your continued support and we wish everyone good health and prosperity.

Chairman Sen-Huang Huang

President Sen-Huang Huang

Chief Financial Officer : Mei.Weï Lo

Attachment II

Supervisors' Report

The Financial Statements of PixArt Imaging Inc. in fiscal year 2008 have been duly audited by Ernst & Young and are believed to fairly represent the financial status, operation results and cash flows of PixArt Imaging Inc. We, the Supervisors, have duly reviewed the Financial Statements along with the Business Report and proposal for profits distribution and hereby verify that they comply with the requirements of Company Law and relevant regulations. This Report is duly submitted in accordance with Article 219 of the Company Law, and we hereby submit this report.

To PixArt Imaging Inc. 2009 Annual General Shareholders' Meeting

PixArt Imaging Inc.

Supervisor : Sheng-Cheng Chou
(representative of Novatek Microelectronics Corp.)

Supervisor : Grace Tseng
(representative of Zhi-Hong Investment Corp.)

March 13, 2009

Attachment III

Rules for transfer of the second repurchased shares to employees (hereinafter referred to as the “Procedure”)

Article 1: The “Rules for transfer of the second repurchased shares to employees” was made in accordance with the Item 1 of Paragraph 1 of Article 28-2 of the Securities and Exchange Act and “Regulations Governing Share Repurchase by Listed and OTC Companies” and other regulations for the purpose of boosting employee morale. Transfer of repurchased shares to employees shall be governed by the related regulations and the Procedure.

Article 2: The shares to be transferred to employees are common shares. The rights and obligations of these shares are the same as outstanding common shares unless otherwise stipulated by related regulations.

Article 3: The Chairman is authorized to transfer the repurchased stocks to employees in one or more installments within three years from the repurchase date.

Article 4: The company’s and its subsidiaries’ full-time employees who have worked for at least one year or employees who are especially approved by the Chairman for outstanding contribution are eligible to purchase the repurchased shares pursuant to Article 5 of the Procedure.

Article 5: The number of shares each employee is eligible to purchase should be approved by Chairman and is determined by the employee’s rank, seniority, and special contribution.

Article 6: Operating procedure for the share transfer:

1. The Company should make announcement, file with the competent authority and purchase shares within the planned buy-back period in accordance with the Board of Director’s resolution.
2. The Chairman shall decide and promulgate the employee purchase date, employee purchase criteria, payment period, restrictions, and privileges etc.
3. Shares will be transferred to employees and registered once employees has actually paid.

Article 7: The transfer price shall be determined by the average price of the stock repurchase. If the number of outstanding shares is increased, adjustments can be made accordingly.

Article 8: The rights and privileges of the new shares are identical to the outstanding common shares, unless otherwise stipulated.

Article 9: The Procedure is effective upon approval by the Board of Directors. Any amendments made shall be approved by the Board of Directors.

Article 10: This Procedure and any amendments to this Procedure shall be reported to the shareholders’ meeting.

Attachment IV

Rules for transfer of the third repurchased shares to employees (hereinafter referred to as the “Procedure”)

Article 1: The “Rules for transfer of the third repurchased shares to employees” was made in accordance with the Item 1 of Paragraph 1 of Article 28-2 of the Securities and Exchange Act and “Regulations Governing Share Repurchase by Listed and OTC Companies” and other regulations for the purpose of boosting employee morale. Transfer of repurchased shares to employees shall be governed by the related regulations and the Procedure.

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Article 8: The rights and privileges of the new shares are identical to the outstanding common shares, unless otherwise stipulated.

Article 9: The Procedure is effective upon approval by the Board of Directors. Any amendments made shall be approved by the Board of Directors.

Article 10: This Procedure and any amendments to this Procedure shall be reported to the shareholders’ meeting.

English Translation of a Report Originally Issued in Chinese
Independent Auditors' Report

To the Board of Directors and Shareholders
of PixArt Imaging Inc.

We have audited the accompanying balance sheets of PixArt Imaging Inc. as of December 31, 2008 and 2007, and the related statements of income, changes in shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China (R.O.C.). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PixArt Imaging Inc. as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended, in conformity with requirements of the Business Entity Accounting Act and Regulation on Business Entity Accounting Handling with respect to financial accounting standards, Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and accounting principles generally accepted in the Republic of China.

As discussed in Note 3 to the financial statements, effective from January 1, 2008, the Company adopted Accounting Research and Development Foundation Interpretation No. 2007-052 and recognized employees' bonuses and remunerations to directors and supervisors as expenses rather than as a distribution of retained earnings. The adoption decreased net income by NT\$466,623 thousand and basic earnings per share decreased by NT\$3.78 for the year ended December 31, 2008.

The Company has prepared consolidated financial statements as of December 31, 2008 and 2007 and for the years then ended. We have expressed an unqualified opinion with explanatory paragraph and an unqualified opinion on those consolidated financial statements, respectively.

Ernst & Young
CERTIFIED PUBLIC ACCOUNTANTS
February 4, 2009
Taipei, Taiwan
Republic of China

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

The accompanying financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in the R.O.C. and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the R.O.C.

PixArt Imaging Inc.
BALANCE SHEETS

ASSETS	As of December 31,		LIABILITIES AND SHAREHOLDERS' EQUITY	As of December 31,	
	2008	2007		2008	2007
	NTS'000	NTS'000		NTS'000	NTS'000
Current assets			Current liabilities		
Cash and cash equivalents	4,680,967	4,263,086	Notes payable	135,383	160,576
Notes receivable, net	-	160	Accounts payable	120,349	200,886
Accounts receivable, net	328,084	400,699	Payables to related parties	103,273	171,355
Other receivables	25,654	16,162	Income tax payable	54,131	24,670
Inventories, net	299,432	519,344	Accrued expenses	829,813	326,344
Prepayments and other current assets	33,750	8,425	Other current liabilities	6,867	2,464
Deferred income tax assets-current	18,544	7,208	Total current liabilities	1,249,816	886,295
Total current assets	5,386,431	5,215,084			
Funds and investments			Other liabilities		
Investments accounted for using equity method	258,968	-	Accrued pension liabilities	5,975	5,432
Prepaid long-term investment	-	9,767	Deposits received	931	1,020
Financial assets measured at cost-noncurrent	300,000	300,000	Total other liabilities	6,906	6,452
Total funds and investments	558,968	309,767	Total liabilities	1,256,722	892,747
Property, plant and equipment			Shareholders' equity		
Buildings and facilities	207,960	207,960	Capital		
Research and development equipment	54,135	51,820	Common stock	1,245,803	1,170,655
Miscellaneous equipment	64,556	62,887	Capital stock to be registered	1,552	185
Total cost	326,651	322,667	Capital collected in advance	100	105
Less : Accumulated depreciation	(86,748)	(74,129)	Capital reserve		
Add : Prepayments for equipment	7,837	-	Additional paid-in capital	1,094,772	1,091,677
Property, plant and equipment, net	247,740	248,538	Donated by shareholders	3,816	3,816
Intangible assets			Long-term investment transaction	106	-
Patents	1,636	7,920	Employee stock options	18,372	16,081
Software	39,661	25,883	Retained earnings		
Total intangible assets	41,297	33,803	Legal reserve	458,582	296,784
Other assets			Undistributed earnings	2,482,957	2,391,714
Leased assets to others, net	20,989	21,429	Other adjustments		
Refundable deposits	888	353	Cumulative translation adjustments	72	-
Deferred assets	8,966	7,291	Treasury stock	(280,834)	(7,245)
Deferred income tax assets-noncurrent	13,741	17,254	Total stockholders' equity	5,025,298	4,963,772
Restricted deposits	3,000	3,000			
Total other assets	47,584	49,327			
Total assets	6,282,020	5,856,519	Total liabilities and shareholders' equity	6,282,020	5,856,519

Chairman : Sen-Huang Huang

President : Sen-Huang Huang

Chief Financial Officer: Mei-Wei Luo

PixArt Imaging Inc.
STATEMENTS OF INCOME

Description	For the years ended December 31,	
	2008	2007
	NTS'000	NTS'000
Gross sales	4,809,076	4,682,784
Less : Sales returns	(474)	(3,917)
Sales discounts	(3,731)	(1,924)
Net sales	4,804,871	4,676,943
Cost of goods sold	(2,390,221)	(2,546,111)
Gross profits	2,414,650	2,130,832
Operating expenses		
Selling expenses	(117,951)	(67,490)
Administrative expenses	(372,417)	(224,656)
Research and development expenses	(536,738)	(253,824)
Total operating expenses	(1,027,106)	(545,970)
Operating income	1,387,544	1,584,862
Non-operating income and gains		
Interest income	75,739	62,719
Foreign exchange gain, net	29,262	2,512
Rent revenue	4,124	4,175
Reversal of allowance for loss on decline in market value and obsolescence of inventories	-	21,899
Other revenue	3,226	14,053
Total non-operating income and gains	112,351	105,358
Non-operating expenses and losses		
Loss on equity investments, net	(977)	-
Loss on decline in market value and obsolescence of inventories	(83,871)	-
Loss on scrap of inventories	-	(35,423)
Other expenses	(8,514)	(441)
Total non-operating expenses and losses	(93,362)	(35,864)
Income from continuing operations before income taxes	1,406,533	1,654,356
Income tax expense	(46,836)	(36,373)
Net income	1,359,697	1,617,983
Earnings Per Share		
Basic Earnings Per Share (in New Taiwan Dollars)		
Income before income taxes	\$ 11.39	\$ 13.36
Income tax expense	(0.38)	(0.29)
Net income	\$ 11.01	\$ 13.07
Diluted Earnings Per Share (in New Taiwan Dollars)		
Income before income taxes	\$ 10.99	\$ 13.22
Income tax expense	(0.36)	(0.29)
Net income	\$ 10.63	\$ 12.93

Chairman : Sen-Huang Huang

President : Sen-Huang Huang

Chief Financial Officer: Mei-Wei Luo

PixArt Imaging Inc.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Description	Common stock	Capital stock to be registered	Capital collected in advance	Capital reserve				Retained earnings		Cumulative translation adjustments	Treasury stock	Total
				Additional paid-in capital	Donated by shareholders	Long-term investment transaction	Employee stock options	Legal reserve	Undistributed earnings			
Balance as of January 1, 2007	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000	NT\$'000
Balance as of January 1, 2007	1,030,845	13,669	236	1,080,100	3,816	-	13,160	151,338	1,904,432	-	-	4,197,596
Appropriation and distribution of 2006 earnings:												
Legal reserve	-	-	-	-	-	-	-	145,446	(145,446)	-	-	-
Directors' and supervisors' remuneration	-	-	-	-	-	-	-	-	(13,090)	-	-	(13,090)
Cash paid for employees' bonuses and Shareholders' dividends	-	-	-	-	-	-	-	-	(852,713)	-	-	(852,713)
Capitalization of employees' bonuses	14,944	-	-	-	-	-	-	-	(14,944)	-	-	-
Capitalization of stock dividends	104,508	-	-	-	-	-	-	-	(104,508)	-	-	-
Exercise of employee stock options	20,358	(13,484)	(131)	11,577	-	-	(11,386)	-	-	-	-	6,934
Employee stock options distributed to employees	-	-	-	-	-	-	14,307	-	-	-	-	14,307
Treasury stock repurchased	-	-	-	-	-	-	-	-	-	-	(7,245)	(7,245)
Net income for 2007	-	-	-	-	-	-	-	-	1,617,983	-	-	1,617,983
Balance as of December 31, 2007	1,170,655	185	105	1,091,677	3,816	-	16,081	296,784	2,391,714	-	(7,245)	4,963,772
Appropriation and distribution of 2007 earnings:												
Legal reserve	-	-	-	-	-	-	-	161,798	(161,798)	-	-	-
Directors' and supervisors' remuneration	-	-	-	-	-	-	-	-	(14,562)	-	-	(14,562)
Cash paid for employees' bonuses and Shareholders' dividends	-	-	-	-	-	-	-	-	(1,018,602)	-	-	(1,018,602)
Capitalization of employees' bonuses	27,000	-	-	-	-	-	-	-	(27,000)	-	-	-
Capitalization of stock dividends	46,492	-	-	-	-	-	-	-	(46,492)	-	-	-
Exercise of employee stock options	1,656	1,367	(5)	3,095	-	-	(2,927)	-	-	-	-	3,186
Employee stock options distributed to employees	-	-	-	-	-	-	5,218	-	-	-	-	5,218
Adjustment from changes in the percentage of ownership in investees	-	-	-	-	-	-	106	-	-	-	-	106
Treasury stock repurchased	-	-	-	-	-	-	-	-	-	-	(273,589)	(273,589)
Net income for 2008	-	-	-	-	-	-	-	-	1,359,697	-	-	1,359,697
Cumulative translation adjustments	-	-	-	-	-	-	-	-	-	72	-	72
Balance as of December 31, 2008	1,245,803	1,552	100	1,094,772	3,816	106	18,372	458,582	2,482,957	72	(280,834)	5,025,298

Chairman : Sen-Huang Huang

President : Sen-Huang Huang

Chief Financial Officer: Mei-Wei Luo

PixArt Imaging Inc.
STATEMENTS OF CASH FLOWS

Description	For the years ended December 31,	
	2008	2007
Cash flows from operating activities :	NTS'000	NTS'000
Net income	1,359,697	1,617,983
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation (including leased assets)	19,460	19,844
Amortization	30,855	34,183
Employee stock options distributed to employees	5,218	14,307
Provision (reversal) of allowance for loss on decline in market value and obsolescence of inventories	83,871	(21,899)
Loss on scrap of inventories	-	35,423
Net loss on equity investments	977	-
Deferred income tax	(7,823)	7,244
Changes in operating assets and liabilities:		
Notes receivable	160	2,637
Accounts receivable	72,615	172,969
Other receivables	(9,492)	(11,388)
Inventories	136,041	(177,725)
Prepayments and other current assets	(25,325)	(2,985)
Notes payable	(25,193)	(24,504)
Accounts payable	(80,537)	46,718
Payables to related parties	(68,082)	(64,932)
Income tax payable	29,461	12,037
Accrued expenses	503,469	80,886
Other current liabilities	4,403	(9,104)
Accrued pension liabilities	543	575
Net cash provided by operating activities	<u>2,030,318</u>	<u>1,732,269</u>
Cash flows from investing activities :		
Prepaid long-term investment	-	(9,767)
Increase in investments accounted for using equity method	(250,000)	-
Purchase of property, plant and equipment	(19,365)	(24,973)
Increase in intangible assets	(31,482)	(21,991)
Increase in refundable deposits	(535)	(130)
Increase in deferred assets	(7,399)	(8,531)
Net cash used in investing activities	<u>(308,781)</u>	<u>(65,392)</u>
Cash flows from financing activities :		
Decrease in deposits received	(89)	-
Directors' and supervisors' remuneration	(14,562)	(13,090)
Employees' bonuses	(112,000)	(121,159)
Shareholders' dividends	(906,602)	(731,554)
Exercise of employee stock options	3,186	6,934
Treasury stock repurchased	(273,589)	(7,245)
Net cash used in financing activities	<u>(1,303,656)</u>	<u>(866,114)</u>
Net increase in cash and cash equivalents	417,881	800,763
Cash and cash equivalents at the beginning of the year	4,263,086	3,462,323
Cash and cash equivalents at the end of the year	<u>4,680,967</u>	<u>4,263,086</u>
Supplemental disclosures of cash flow information :		
Income tax paid during the year	<u>25,199</u>	<u>17,092</u>
Non-cash activities :		
Stock dividends and employees' bonuses capitalized	<u>73,492</u>	<u>119,452</u>

Chairman : Sen-Huang Huang

President : Sen-Huang Huang

Chief Financial Officer: Mei-Wei Luo

Attachment VI

English Translation of a Report Originally Issued in Chinese

Independent Auditors' Report

To the Board of Directors and Shareholders
of PixArt Imaging Inc.

We have audited the consolidated balance sheets of PixArt Imaging Inc. and its subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of PixArt Imaging Inc. and its subsidiaries as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended, in conformity with requirements of the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and accounting principles generally accepted in the Republic of China.

As discussed in Note 3 to the financial statements, effective from January 1, 2008, the Company adopted Accounting Research and Development Foundation Interpretation No. 2007-052 and recognized employees' bonuses and remunerations to directors and supervisors as expenses rather than as a distribution of retained earnings. The adoption decreased consolidated income by NT\$466,623 thousand and basic earnings per share decreased by NT\$3.78 for the year ended December 31, 2008.

Ernst & Young
CERTIFIED PUBLIC ACCOUNTANTS
February 4, 2009
Taipei, Taiwan
Republic of China

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

The accompanying financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in the R.O.C. and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the R.O.C.

PixArt Imaging Inc. And Subsidiaries
CONSOLIDATED BALANCE SHEETS

ASSETS	As of December 31,		LIABILITIES AND SHAREHOLDERS' EQUITY	As of December 31,	
	2008	2007		2008	2007
Current assets	NTS' 000	NTS' 000	Current liabilities	NTS' 000	NTS' 000
Cash and cash equivalents	5,045,377	4,272,853	Notes payable	135,383	160,576
Notes receivable, net	-	160	Accounts payable	120,349	200,886
Accounts receivable, net	328,084	400,699	Payables to related parties	103,273	171,355
Other receivables	25,812	16,162	Income tax payable	54,306	24,670
Inventories, net	299,432	519,344	Accrued expenses	830,441	326,344
Prepayments and other current assets	33,894	8,425	Other current liabilities	6,867	2,464
Deferred income tax assets-current	18,544	7,208	Total current liabilities	1,250,619	886,295
Total current assets	5,751,143	5,224,851	Other liabilities		
Funds and investments			Accrued pension liabilities	5,975	5,432
Financial assets measured at cost-noncurrent	300,000	300,000	Deposits received	931	1,020
Total funds and investments	300,000	300,000	Total other liabilities	6,906	6,452
Property, plant and equipment			Total liabilities	1,257,525	892,747
Buildings and facilities	207,960	207,960	Shareholders' equity		
Research and development equipment	54,135	51,820	Shareholders' equity attributable to parent company's shareholders		
Miscellaneous equipment	64,556	62,887	Capital		
Total cost	326,651	322,667	Common stock	1,245,803	1,170,655
Less : Accumulated depreciation	(86,748)	(74,129)	Capital stock to be registered	1,552	185
Add : Prepayments for equipment	7,837	-	Capital collected in advance	100	105
Property, plant and equipment, net	247,740	248,538	Capital reserve		
Intangible assets			Additional paid-in capital	1,094,772	1,091,677
Patents	1,636	7,920	Donated by shareholders	3,816	3,816
Software	39,661	25,883	Long-term investment transaction	106	-
Total intangible assets	41,297	33,803	Employee stock options	18,372	16,081
Other assets			Retained earnings		
Leased assets to others, net	20,989	21,429	Legal reserve	458,582	296,784
Refundable deposits	1,162	353	Undistributed earnings	2,482,957	2,391,714
Deferred assets	8,966	7,291	Other adjustments		
Deferred income tax assets-noncurrent	13,741	17,254	Cumulative translation adjustments	72	-
Restricted deposits	3,000	3,000	Treasury stock	(280,834)	(7,245)
Total other assets	47,858	49,327	Total stockholders' equity of parent company	5,025,298	4,963,772
Total assets	6,388,038	5,856,519	Minority interests	105,215	-
			Total shareholders' equity	5,130,513	4,963,772
			Total liabilities and shareholders' equity	6,388,038	5,856,519

PixArt Imaging Inc. And Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME

Description	For the year ended December 31,			
	2008		2007	
	NT\$'000		NT\$'000	
Gross sales	4,809,076		4,682,784	
Less : Sales returns	(474)		(3,917)	
Sales discounts	(3,731)		(1,924)	
Net sales	4,804,871		4,676,943	
Cost of goods sold	(2,390,221)		(2,546,111)	
Gross profits	2,414,650		2,130,832	
Operating expenses				
Selling expenses	(117,951)		(67,490)	
Administrative expenses	(375,073)		(224,656)	
Research and development expenses	(536,738)		(253,824)	
Total operating expenses	(1,029,762)		(545,970)	
Operating income	1,384,888		1,584,862	
Non-operating income and gains				
Interest income	78,147		62,719	
Foreign exchange gain, net	29,262		2,512	
Rent revenue	4,124		4,175	
Reversal of allowance for loss on decline in market value and obsolescence of inventories	-		21,899	
Other revenue	3,226		14,053	
Total non-operating income and gains	114,759		105,358	
Non-operating expenses and losses				
Loss on decline in market value and obsolescence of inventories	(83,871)		-	
Loss on scrap of inventories	-		(35,423)	
Other expenses	(8,514)		(441)	
Total non-operating expenses and losses	(92,385)		(35,864)	
Income from continuing operations before income tax	1,407,262		1,654,356	
Income tax expense	(47,244)		(36,373)	
Consolidated net income	1,360,018		1,617,983	
Attributable to:				
Shareholders of the parent	1,359,697		1,617,983	
Minority interests	321		-	
Consolidated net income	1,360,018		1,617,983	
Earnings Per Share				
Basic Earnings Per Share (in New Taiwan Dollars)	Before tax	After tax	Before tax	After tax
Consolidated net income	\$ 11.39	\$ 11.01	\$ 13.36	\$ 13.07
Net income attributable to minority interests	-	-	-	-
Net income attributable to shareholders of the parent	\$ 11.39	\$ 11.01	\$ 13.36	\$ 13.07
Diluted Earnings Per Share (in New Taiwan Dollars)	Before tax	After tax	Before tax	After tax
Consolidated net income	\$ 10.99	\$ 10.63	\$ 13.22	\$ 12.93
Net income attributable to minority interests	-	-	-	-
Net income attributable to shareholders of the parent	\$ 10.99	\$ 10.63	\$ 13.22	\$ 12.93

Chairman : Sen-Huang Huang

President : Sen-Huang Huang

Chief Financial Officer: Mei-Wei Luo

PixArt Imaging Inc. And Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Description	Capital stock to be registered	Capital collected in advance	Capital reserve			Retained earnings		Cumulative translation adjustments	Treasury stock	Total stockholders' equity of parent company	Minority interests	Total shareholders' equity
			Additional paid-in capital	Long-term investment transaction	Employee stock options	Legal reserve	Undistributed earnings					
	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000
Balance as of January 1, 2007	13,669	236	1,080,100	-	13,160	151,338	1,904,432	-	-	4,197,596	-	4,197,596
Appropriation and distribution of 2006 earnings:												
Legal reserve	-	-	-	-	-	145,446	(145,446)	-	-	-	-	-
Directors' and supervisors' remuneration	-	-	-	-	-	-	(13,090)	-	-	(13,090)	-	(13,090)
Cash paid for employees' bonuses and Shareholders' dividends	-	-	-	-	-	-	(852,713)	-	-	(852,713)	-	(852,713)
Capitalization of employees' bonuses	-	-	-	-	-	-	(14,944)	-	-	-	-	-
Capitalization of stock dividends	-	-	-	-	-	-	(104,508)	-	-	-	-	-
Exercise of employee stock options	(13,484)	(131)	11,577	-	(11,386)	-	-	-	-	6,934	-	6,934
Employee stock options distributed to employees	-	-	-	-	14,307	-	-	-	-	14,307	-	14,307
Treasury stock repurchased	-	-	-	-	-	-	-	-	(7,245)	(7,245)	-	(7,245)
Net income attributable to parent company for 2007	-	-	-	-	-	-	1,617,983	-	-	1,617,983	-	1,617,983
Balance as of December 31, 2007	185	105	1,091,677	-	16,081	296,784	2,391,714	-	(7,245)	4,963,772	-	4,963,772
Appropriation and distribution of 2007 earnings:												
Legal reserve	-	-	-	-	-	161,798	(161,798)	-	-	-	-	-
Directors' and supervisors' remuneration	-	-	-	-	-	-	(14,562)	-	-	(14,562)	-	(14,562)
Cash paid for employees' bonuses and Shareholders' dividends	-	-	-	-	-	-	(1,018,602)	-	-	(1,018,602)	-	(1,018,602)
Capitalization of employees' bonuses	-	-	-	-	-	-	(27,000)	-	-	-	-	-
Capitalization of stock dividends	-	-	-	-	-	-	(46,492)	-	-	-	-	-
Exercise of employee stock options	1,367	(5)	3,095	-	(2,927)	-	-	-	-	3,186	-	3,186
Employee stock options distributed to employees	-	-	-	-	5,218	-	-	-	-	5,218	-	5,218
Adjustment from changes in the percentage of ownership in investees	-	-	-	106	-	-	-	-	-	106	-	106
Treasury stock repurchased	-	-	-	-	-	-	-	-	(273,589)	(273,589)	-	(273,589)
Net income attributable to parent company for 2008	-	-	-	-	-	-	1,359,697	-	-	1,359,697	-	1,359,697
Cumulative translation adjustments	-	-	-	-	-	-	-	72	-	72	-	72
Increase in minority interest	-	-	-	-	-	-	-	-	-	-	105,215	105,215
Balance as of December 31, 2008	1,552	100	1,094,772	106	18,372	458,582	2,482,957	72	(280,834)	5,025,298	105,215	5,130,513

Chairman : Sen-Huang Huang

President : Sen-Huang Huang

Chief Financial Officer: Mei-Wei Luo

PixArt Imaging Inc. And Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

Description	For the year ended December 31,	
	2008	2007
	NTS'000	NTS'000
Cash flows from operating activities:		
Consolidated net income	1,360,018	1,617,983
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interest income	(321)	-
Depreciation (including leased assets)	19,460	19,844
Amortization	30,855	34,183
Employee stock options distributed to employees	5,218	14,307
Provision (reversal) of allowance for loss on decline in market value and obsolescence of inventories	83,871	(21,899)
Loss on scrap of inventories	-	35,423
Deferred income tax	(7,823)	7,244
Changes in operating assets and liabilities:		
Notes receivable	160	2,637
Accounts receivable	72,615	172,969
Other receivables	(9,650)	(11,388)
Inventories	136,041	(177,725)
Prepayments and other current assets	(25,469)	(2,985)
Notes payable	(25,193)	(24,504)
Accounts payable	(80,537)	46,718
Payables to related parties	(68,082)	(64,932)
Income tax payable	29,636	12,037
Accrued expenses	504,097	80,886
Other current liabilities	4,403	(9,104)
Accrued pension liabilities	543	575
Net cash provided by operating activities	<u>2,029,842</u>	<u>1,732,269</u>
Cash flows from investing activities :		
Purchase of property, plant and equipment	(19,365)	(24,973)
Increase in intangible assets	(31,482)	(21,991)
Increase in refundable deposits	(809)	(130)
Increase in deferred assets	(7,399)	(8,531)
Net cash used in investing activities	<u>(59,055)</u>	<u>(55,625)</u>
Cash flows from financing activities :		
Decrease in deposits received	(89)	-
Directors' and supervisors' remuneration	(14,562)	(13,090)
Employees' bonuses	(112,000)	(121,159)
Shareholders' dividends	(906,602)	(731,554)
Exercise of employee stock options	3,186	6,934
Treasury stock repurchased	(273,589)	(7,245)
Increase in minority interest	105,321	-
Net cash used in financing activities	<u>(1,198,335)</u>	<u>(866,114)</u>
Effect of exchange rate changes	<u>72</u>	<u>-</u>
Cash and cash equivalents at the beginning of the year	<u>4,272,853</u>	<u>3,462,323</u>
Cash and cash equivalents at the end of the year	<u><u>5,045,377</u></u>	<u><u>4,272,853</u></u>
Supplemental disclosures of cash flow information:		
Income tax paid during the year	<u>25,414</u>	<u>17,092</u>
Non-cash activities :		
Stock dividends and employees' bonuses capitalized	<u>73,492</u>	<u>119,452</u>

Chairman : Sen-Huang Huang

President : Sen-Huang Huang

Chief Financial Officer: Mei-Wei Luo

Attachment VII

PixArt Imaging Inc
Statement of Earnings Distributions
FY 2008

Expressed in NT Dollars

Descriptions	Amount	Remarks
Net profit of 2008	1,359,696,986	
Less: 10% Legal reserve	<u>(135,969,699)</u>	
2008 Earnings Available for Distribution	1,223,727,287	
Plus: Unappropriated retained earnings of previous years	<u>1,123,259,281</u>	
Earnings Available for Distribution	2,346,986,568	
Distribution Items:		
1.Cash Dividend to common shareholders	737,097,756	NT\$6 per share 10 shares for every 1,000 shares
2.Stock Dividend to common shareholders	<u>12,284,960</u>	
Total Distribution	<u>749,382,716</u>	
Unappropriated Earnings after earnings distribution	1,597,603,852	

Chairman : Sen-Huang Huang President : Sen-Huang Huang Chief Financial Officer : Mei.Wei Lo

Note 1: Distribute employee cash bonus in the amount of NT\$45,000,000, employee stock bonus in the amount of NT\$411,444,828, and Directors' and Supervisors' compensation in the amount of NT\$12,237,272. Number of shares for the employee stock dividend is determined based on the closing stock price one day prior to the Shareholders' Meeting, ex-right/ex-dividend. Employee bonuses that do not amount to one share will be distributed in the form of cash.

Note 2: Stock dividends to shareholders is rounded down to ten dollars to streamline stock registration.

Note 3 The Board of Directors is authorized to set the record date and the distribution date.

Note 4: Cash dividend per share and stock dividend per share are calculated based on 124,814,626 shares outstanding as of March 2nd, 2009 minus 1,965,000 shares of treasury stock.

Note 5: The Board of Directors is authorized to make adjustments to the stock and cash dividend per share if the number of outstanding shares is affected by repurchase, transfer, conversion or retirement of treasury stock, exercise of employee stock options, or private equity placement.

Note 6: According to the Ministry of Finance Tax Code 871941343, surplus earnings distribution should be individually identified. Fiscal year 2008 earnings shall be distributed first for 2008 earnings distribution.

Attachment VIII

Comparison Table of amendments made to the Articles of Incorporation

Article	Amended Article	Current Article	Notes
Article 5	<p>The Company's registered capital is <u>NT\$2 billion, in 200 million shares</u>. Each share has a par value of NT\$10. The Board of Directors is authorized to issue the unissued shares.</p> <p>Of the registered capital, NT\$100 million (10 million shares with par value of NT\$10) is reserved for employee stock options. The Board of Directors is authorized to grant the stock options in installments in accordance with related rules and regulations.</p>	<p>The Company's registered capital is <u>NT\$1.5 billion, in 150 million shares</u>. Each share has a par value of NT\$10. The Board of Directors is authorized to issue the unissued shares.</p> <p>Of the registered capital, NT\$100 million (10 million shares with par value of NT\$10) is reserved for employee stock options. The Board of Directors is authorized to grant the stock options in installments in accordance with related rules and regulations.</p>	For business operation purposes.
Article 27	<p>The Article of Incorporations was approved on July 2nd, 1998. The first amendment was on February 1st, 1999, the second amendment was on December 30th, 1999, the third amendment was on June 14th, 2000, the fourth amendment was on April 30th, 2002, the fifth amendment was on September 25th 2002, the sixth amendment was on June 19th, 2003, the seventh amendment was on June 29th, 2004, the eighth amendment was on June 27th, 2005, the ninth amendment was on April 10th, 2006, the tenth amendment was on June 25th, 2007, the eleventh amendment was on June 13th 2008, <u>the twelfth amendment was on April 30th, 2009.</u></p>	<p>The Article of Incorporations was approved on July 2nd, 1998. The first amendment was on February 1st, 1999, the second amendment was on December 30th, 1999, the third amendment was on June 14th, 2000, the fourth amendment was on April 30th, 2002, the fifth amendment was on September 25th 2002, the sixth amendment was on June 19th, 2003, the seventh amendment was on June 29th, 2004, the eighth amendment was on June 27th, 2005, the ninth amendment was on April 10th, 2006, the tenth amendment was on June 25th, 2007, the eleventh amendment was on June 13th 2008.</p>	Amendment Dates

Attachment IX

Comparison table for amendments made to “Operational Procedures for Endorsements/Guarantees for Others”

Article	Amended Article	Current Article	Notes
Article 3	<p>The Company shall grant endorsements/guarantees to only the following types of entities:</p> <p>(1) A company with which it does business</p> <p>(2) A company in which the Company directly or indirectly holds more than 50 percent of the voting shares.</p> <p>(3) A company that directly or indirectly holds more than 50 percent of the voting shares of the Company.</p> <p><u>The subsidiaries, whose 100% outstanding voting shares are directly or indirectly held by the Company, may provide endorsement or guarantee among others.</u></p> <p>Endorsements/ guarantees made for the Company’s jointly invested company by all investment shareholders in proportion to their respective shareholding percentages, such endorsements/guarantees may be made free of the restriction of the preceding <u>two paragraphs</u>.</p> <p><u>The term “investment” as used in preceding paragraph means investment made directly by the Company or indirectly by the Company’s subsidiaries in which the Company holds 100% percent of the voting shares.</u></p>	<p>The Company shall grant endorsements/guarantees to only the following types of entities:</p> <p>(1) A company with which it does business</p> <p>(2) A company in which the Company directly or indirectly holds more than 50 percent of the voting shares.</p> <p>(3) A company that directly or indirectly holds more than 50 percent of the voting shares of the Company.</p> <p><u>Where a company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry for purposes of undertaking a construction project, or where shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, such endorsements/guarantees may be made free of the restriction of the preceding paragraph.</u></p>	For business operations and legal compliance purposes.
Article 6	<p>The hierarchy of decision-making authority and delegation thereof</p> <p>1. The Company shall make endorsements/guarantees in compliance with the Procedure and seek approval by the Board of Directors. The Board of Directors can authorize Chairman to make endorsements/guarantees within a specific limit in advance and seek retroactive approval from the Board of Directors.</p> <p>...</p>	<p>The hierarchy of decision-making authority and delegation thereof</p> <p>1. The Company shall grant <u>or cancel</u> endorsements/guarantees in compliance with the Procedure and seek approval by the Board of Directors. The Board of Directors can authorize Chairman to make endorsements/guarantees within a specific limit in advance and seek retroactive approval from the Board of Directors.</p> <p>...</p>	The procedure can be omitted for cancelling endorsements and guarantees as they lower the Company’s risks.
Article 9	<p>Procedures for controlling and managing endorsements/guarantees to others by <u>subsidiaries</u>.</p> <p>1. If the Company’s <u>subsidiaries</u> has the business needs to grant endorsements/guarantees, the</p>	<p>Procedures for controlling and managing endorsements/guarantees to others by <u>a company in which the Company directly or indirectly holds more than 50% of voting shares</u>.</p>	<p>1. For legal compliance purpose.</p> <p>2. A change in text that replaces a company in</p>

	<p><u>Company shall require the subsidiary to formulate an “Operational Procedures for Endorsements/Guarantees” in compliance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”.</u></p> <p>2. Prior to <u>the Company’s subsidiary</u> grants endorsements/guarantees, the subsidiary shall provide all related information to the Company for review and take the Company’s opinion and input into consideration.</p> <p>3. <u>The company’s subsidiary</u> shall monitor the progress of the endorsements/guarantees granted by submitting a written report to the Company.</p>	<p>1. If <u>company in which the Company directly or indirectly holds more than 50% of voting shares</u> has the business needs to grant endorsements/guarantees, the <u>Company shall call for the company to formulate an “Operational Procedures for Endorsements/Guarantees” in compliance with the this Procedure.</u></p> <p>2. Prior to <u>a company in which the Company directly or indirectly holds more than 50% of voting shares</u> grants endorsements/guarantees, the company shall provide all related information to the Company for review and take the Company’s opinion and input into consideration.</p> <p>3. A <u>company in which the Company directly or indirectly holds more than 50% of voting shares</u> shall monitor the progress of the endorsements/guarantees granted by submitting a written report to the Company.</p>	<p>which the Company directly or indirectly holds more than 50% of voting shares with subsidiaries. The definition of subsidiaries shall be governed by “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”</p>
Article 11	<p>Disclosure</p> <p>1. The Company shall announce and report the balance of the previous month’s endorsements/guarantees of its head office and <u>its subsidiaries</u> by the 10th day of each month.</p> <p>2. When the Company’s endorsements/guarantees meet one of the following conditions, such occurrences shall be announced and reported within two days from its occurrence:</p> <p>(1). The aggregate balance of endorsements/guarantees of <u>the Company and its subsidiaries</u> reaches 50 percent or more of <u>the Company’s net worth</u> as stated in its latest financial statement.</p> <p>(2) The balance of the <u>Company’s and its subsidiaries’</u> endorsements/guarantees for a single enterprise reaches 20 percent or more of <u>the Company’s net worth</u> as stated in its latest financial statement,</p> <p>(3) The balance of <u>the Company and its subsidiaries’</u> endorsements/guarantees for a single enterprise reaches NT\$10 millions or more and the aggregate balance of all endorsements/guarantees, long-term investment, and loans reaches 30 percent or more of the Company’s</p>	<p>Disclosure</p> <p>1. The Company shall announce and report the balance of the previous month’s endorsements/guarantees of its head office and <u>companies in which the Company holds more than 50% of voting shares</u> by the 10th day of each month.</p> <p>2. When the Company’s endorsements/guarantee balance meets one of the following conditions, such occurrences shall be announced and reported within two days from its occurrence:</p> <p>(1). The aggregate balance of endorsements/guarantees reaches 50 percent or more of <u>the Company’s net worth</u> as stated in its latest financial statement, <u>or, after announcement or reporting under this paragraph, each instance where the aggregate balance increases by more than 5 percent of the company’s net worth as stated in its latest financial statement.</u></p> <p>(2) The balance of the Company’s endorsements/guarantees for a single enterprise reaches 20 percent or more of the company’s net worth as stated in its latest financial statement, or, after an</p>	<p>3. For legal compliance purpose.</p> <p>4. A change in text that replaces subsidiaries with a company in which the Company directly or indirectly holds majority voting shares. The definition of subsidiaries shall be governed by “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”</p>

	<p>net worth as stated in its latest financial statement.</p> <p><u>(4) The Company or its subsidiaries' new endorsement/guarantee reaches NT\$30 millions and is more than 5 percent of the Company's net worth as stated in its latest financial statement.</u></p> <p>The Company shall announce and report on behalf of <u>its subsidiary</u> thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to the fourth subparagraph of the preceding paragraph</p>	<p>announcement or reporting is made under this paragraph, each instance where the aggregate balance <u>increases by more than 5 percent of the company's net worth as stated in its latest financial statement.</u></p> <p>(3) The balance of endorsements/guarantees for a single enterprise reaches NT\$10 million or more and the aggregate balance of all endorsements/guarantees, long-term investments, and loans reaches 30 percent or more of the Company's net worth as stated in its latest financial statement, or, after an announcement or reporting is made under this paragraph, each instance where the aggregate balance <u>increases by more than 5 percent of the company's net worth as stated in its latest financial statement.</u></p> <p><u>(4) The balance of endorsements/guarantees for an enterprise out of business needs to exceed the total trading amount between the enterprise and the Company in the most recent year, or, after the announcement or reporting is made under this paragraph, the aggregate balance increases by more than 5 percent of the company's net worth as stated in its latest financial statement.</u></p> <p>The Company shall announce and report on behalf of any companies in which the Company directly or indirectly holds <u>more than 50% of voting shares</u> thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report in accordance with <u>any</u> subparagraph of the preceding paragraph. The percentage of the balance of endorsements/guarantees over the Company's net worth for a subsidiary under the preceding paragraph shall be calculated by the ratio of the subsidiary's balance of endorsements/guarantees to the the Company's net worth.</p>	
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<p>Article 14</p>	<p>Change of condition The Company shall adopt rectification plans and submit such plans to all supervisors when the endorsed/guaranteed party is not in compliance with <u>the Procedure or related rules and regulations</u>, or when endorsements/guarantees exceed the limit as a result of changes of condition. The Company should complete the rectification in accordance with the schedule specified in rectification plan.</p>	<p>Change of condition The Company shall adopt rectification plans and submit such plans to all supervisors when the endorsed/guaranteed party is not in compliance with related rules and regulations, or when endorsements/guarantees exceed the limit as a result of changes of condition.</p>	<p>For legal compliance purpose.</p>
<p>Article 15</p>	<p>If the Company's subsidiary has the business needs to grant endorsements/guarantees, it shall formulate an "Operational Procedures for Endorsements/Guarantees" in compliance with the <u>"Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies"</u> and abide by the procedures.</p>	<p>If a company in which the <u>Company directly or indirectly holds more than 50% of voting shares</u> has the business needs to grant endorsements/guarantees, it shall formulate an "Operational Procedures for Endorsements/Guarantees" in compliance with the <u>"Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies"</u> and abide by the procedures.</p>	<p>A change in text that replaces a company in which the Company directly or indirectly holds more than 50% of voting shares with subsidiaries.</p>

Attachment X

Comparison table for amendments made to "Operational Procedures for Loaning Funds to Others"

Article	Amended Article	Current Article	Notes
Article 3	<p>Definition</p> <p>"Subsidiary" and "parent company" as referred to in this Procedure shall be determined in compliance with the Statement of Financial Accounting Standards No. 5 and No. 7 announced by the Accounting Research and Development Foundation (ARDF) of R.O.C.</p> <p>The term "announce and report" as used in this Procedure refers to the process of entering data to the information reporting website designated by <u>the competent authority.</u></p>	<p>Definition</p> <p>"Subsidiary" and "parent company" as referred to in this Procedure shall be determined in compliance with the Statement of Financial Accounting Standards No. 5 and No. 7 announced by the Accounting Research and Development Foundation (ARDF) of R.O.C.</p> <p>The term "announce and report" as used in this Procedure refers to the process of entering data to the information reporting website designated by the <u>Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan</u></p>	Name change for the competent authority.
Article 16	<p>Disclosure</p> <p>1. The Company shall announce and report the previous month's loan balances of its head office or its subsidiaries by the 10th day of each month.</p> <p>2. When the Company's loan meets one of the following conditions, such matters shall be announced and reported within two days from its occurrence:</p> <p>(1) <u>The aggregate balance of the Company's and its subsidiaries' loan reaches 20 percent or more of the Company's net worth as stated in its latest financial statement,</u></p> <p>(2) <u>The aggregate loan balance made by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement,</u></p> <p>(3) <u>The Company or its subsidiaries' new loans reaches NT\$10 million and accounts for 2% or more of the Company's net worth as stated in its latest financial statement.</u></p> <p>The Company shall announce and report on behalf of its subsidiary thereof that is not a public company of Republic of China any</p>	<p>Disclosure</p> <p>1. The Company shall announce and report the previous month's loan balances of its head office or its subsidiaries by the 10th day of each month.</p> <p>2. When the Company's loan <u>balance</u> meets one of the following conditions, such matters shall be announced and reported within two days from its occurrence:</p> <p>(1) The aggregate loan balance reaches 20 percent or more of the company's net worth as stated in its latest financial statement, or, after announcement or reporting is made under this paragraph, each instance where the aggregate loan balance increases by more than two percent 2 percent of the company's net worth as stated in its latest financial statement.</p> <p>(2) The balance of loans to a single enterprise reaches 10 percent or more of the company's net worth as stated in its latest financial statement, or, after announcement or reporting is made under this paragraph, each instance where balance of loans to a single enterprise increases by more than 2 percent of a company's net worth as</p>	For legal compliance purpose.

	<p>matters that such subsidiary is required to announce and report in accordance with the <u>third</u> subparagraph of the preceding paragraph.</p>	<p>stated in its latest financial statement.</p> <p>(3) <u>The balance of loans extended to an enterprise out of business needs exceeds the total trading amount between the two in the most recent year, or, after announcement or reporting is made under this paragraph, each instance where the aggregate balance of loans to an enterprise increases by more than 2 percent of the company's net worth as stated in its latest financial statement.</u></p> <p>The Company shall announce and report on behalf of its subsidiary thereof that is not a public company of Republic of China any matters that such subsidiary is required to announce and report pursuant to any subparagraph of the preceding paragraph. <u>The percentage of loan balance over a company's net worth for a subsidiary under the preceding paragraph shall be calculated by the ratio of the subsidiary's loan balance to the public company's net worth.</u></p>	
Article 18	<p>Procedures for controlling and managing loans made to others by the Company's subsidiaries</p> <p>1. If the Company's subsidiaries have the business needs to make loans, the <u>Company</u> shall <u>require</u> the subsidiary to formulate an <u>"Operational Procedures for Endorsements/Guarantees"</u> in accordance with the <u>"Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies."</u></p>	<p>Procedures for controlling and managing loans made to others by the Company's subsidiaries</p> <p>1. If the Company's subsidiaries have the business needs to make loans, the Company shall <u>call for</u> the subsidiary to formulate an <u>"Operational Procedures for Endorsements/Guarantees"</u> in accordance with to the <u>"Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies."</u></p>	For legal compliance purpose.
Article 20	<p>Change of condition</p> <p>The Company shall adopt rectification plans submit such plans to all the supervisors when the <u>borrower is not in compliance with the Procedure or related rules and regulations</u>, or when the loan balance exceeds the limit as a result of changes of condition. <u>The rectification plan must be executed in a timely manner.</u></p>	<p>Change of condition</p> <p>The Company shall adopt rectification plans and submit such plans to all supervisors when the loan balance exceeds the limit as a result of changes of condition.</p>	For legal compliance purpose.

Attachment XI

Comparison table for amendments made to “Procedures Governing the Acquisition or Disposal of Assets” (thereinafter referred to as the “Procedure”)

Article	Amended Article	Current Article	Notes
Article 5	<p>Units responsible for implementation, degree of authority delegated, the levels to which authority is delegated.</p> <p>Acquisition and disposal of assets shall be managed and controlled in accordance with the following limits and procedures:</p> <p>1. Acquisition or disposal of marketable securities shall <u>comply with the following</u>:</p> <p>(1) Units responsible for implementation shall seek approval from the Chairman for trading of bonds under repurchase/resale agreements, domestic/offshore bond mutual funds <u>and domestic government bonds</u>.</p> <p>(2) <u>Acquisition or disposal of domestic ordinary corporate bonds in the amount of NT\$300 million or less shall be approved by the Chairman, and if the amount exceeds NT\$300 million, then approval from the Board of Directors is required.</u></p> <p>(3) <u>Acquisition or disposal of marketable securities not described in items (1) and (2) in the preceding paragraphs</u> in the amount of NT\$100 million or less that are shall be approved by the Chairman, and if the transaction amount exceeds NT\$100 million, then approval from the Board of Directors is required.</p> <p>2. Acquisition or disposal of real property shall be approved by the Board of Directors.</p> <p>3. Acquisition or disposal of other fixed assets, memberships, and intangible assets, shall comply with the Company’s internal controls and “Authority delegation for purchasing and payment”.</p> <p>4. Acquisition or disposal of derivatives shall comply with section 4 of this Procedure.</p>	<p>Units responsible for implementation, degree of authority delegated, the levels to which authority is delegated.</p> <p>Acquisition and disposal of assets shall be managed and controlled in accordance with the following limits and procedures:</p> <p>1. Acquisition or disposal of marketable securities, <u>not including</u> trading of bonds under repurchase/resale agreements <u>and</u> domestic/offshore bond mutual funds, in the amount of NT\$100 million or less shall be approved by the Chairman, and if the transaction amount exceeds NT\$100 million, then approval from the Board of Directors is required.</p> <p>2. Acquisition or disposal of real property shall be approved by the Board of Directors.</p> <p>3. Acquisition or disposal of other fixed assets, memberships, and intangible assets, shall comply with the Company’s internal controls and “Authority delegation for procurement and payment”.</p> <p>4. Acquisition or disposal of derivatives shall comply with Section 4 of this Procedure.</p> <p>5. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares shall comply with section 5 of this Procedure.</p> <p>Where a public company's acquisition or disposal of assets is subject to the approval of the board of directors under the company's Procedures or other acts or regulations, and where a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's opinion to each supervisor.</p> <p>Where the position of independent director has been established in</p>	For business operation purposes.

	<p>5. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares shall comply with section 5 of this Procedure.</p> <p>Where a public company's acquisition or disposal of assets is subject to the approval of the board of directors under the company's Procedures or other acts or regulations, and where a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's opinion to each supervisor.</p> <p>Where the position of independent director has been established in accordance with the Procedure, when a transaction involving acquisition or disposal of assets is submitted for discussion by the board of directors in accordance with the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting..</p> <p>Where the position of the Audit Committee has been established, major transactions involving assets or derivatives shall be approved by majority of the Audit Committee and submitted to the board of directors for a resolution.</p> <p>Any transaction detailed in the previous paragraph has not been approved by majority of the Audit Committee may be undertaken upon the consent of two-thirds or more of all directors and the Audit Committee's decision shall be recorded in the Board of Directors' Meeting.</p> <p>"All audit committee members" as used in paragraph 4 and "all directors" as used in the preceding paragraph shall mean the actual number of persons currently holding those positions</p>	<p>accordance with the Procedure, when a transaction involving acquisition or disposal of assets is submitted for discussion by the board of directors in accordance with the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p> <p>Where the position of the Audit Committee has been established, major transactions involving assets or derivatives shall be approved by majority of the Audit Committee and submitted to the board of directors for a resolution.</p> <p>Any transaction detailed in the previous paragraph has not been approved by majority of the Audit Committee may be undertaken upon the consent of two-thirds or more of all directors and the Audit Committee's decision shall be recorded in the Board of Directors' Meeting.</p> <p>"All audit committee members" as used in paragraph 4 and "all directors" as used in the preceding paragraph shall mean the actual number of persons currently holding those positions</p>	
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Appendix I

Articles of Incorporation for PixArt Imaging Inc.

Amended and approved by 2008 annual shareholders' meeting on June 13th, 2008

Section 1 – General Provisions

Article 1: The Company shall be named PixArt Imaging Inc. and incorporated in accordance with the Company Act.

Article 2: The Company's scope of business shall be as follows:

- (1) CC01080 Electronic parts and components manufacturing.
- (2) F401010 International trade

1) Research, develop, design, manufacture, and sell the following products:

1. CMOS image sensor
2. Image processor
3. Image sensor SOCs

2) Any trade business associated with the aforementioned products.

Article 3: the Company is headquartered in Hsin Chu Science Park. The Company may set up domestic or overseas branches or representative offices if approved by the Board of Directors and by competent authorities.

Article 4: The Company's equity investments are not subject to the restriction of Article 13 of the Company Act.

Article 4-1: Endorsements and guarantees made by The Company shall be governed by The Company's "Operational Procedures for Endorsements/Guarantees for Others."

Section 2 – Shares

Article 5: The Company's registered capital is NT\$1.5 billion dollars, in 150 million shares. Each share has a par value of NT\$10. The Board of Directors is authorized to issue the unissued shares in installments. Of the registered capital, NT\$100 million (10 million shares with par value of NT\$10) is reserved for employee stock options. The Board of Directors is authorized to grant the stock options in installments in accordance with Company Act and related regulations.

Article 6: The stock certificates of the Company shall all be name-bearing share certificates and shall be signed or sealed by at least three Directors, and shall be duly certified or authenticated by the competent authority or a certifying institution appointed by the competent authority before issuance thereof. The Company may choose not to print stock certificates after a public offering or request to convert its printed stock certificates into large denominations through the clearing and depository agency.

Article 7: Registration for transfer of shares shall be suspended within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the Company for distribution of dividends, bonus or other benefits.

Section 3 – Shareholders’ Meeting

Article 8: The Company has two types of Shareholders’ Meetings:

1. Regular Shareholder’s Meetings shall be convened in accordance with rules and regulations by the Board of Directors within six months after close of each fiscal year.

2. Special Shareholders’ Meetings shall be convened when deemed necessary by the Board of Directors. Subject to the condition that the board of directors does not or is unable to convene a meeting of shareholders, the supervisors may, for the interest of the company, convene a special shareholders’ meeting in accordance with related laws when it is deemed necessary..

Article 9: If the shareholders’ meeting is convened by the Board of Directors, the meeting shall be presided over by the Chairman. If for any reason the Chairman is unable to preside over the meeting, the Chairman of the Board shall designate one of the Directors to act on his/her behalf. If the Chairman of the Board does not designate a Director to act on his/her behalf, the Directors shall elect one person among themselves to preside over the meeting. If the meeting is convened by any other person having the convening right, he/she shall preside over the meeting himself/herself. If the meeting is convened by two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

Article 10: Notices shall be sent to shareholders for the convening of shareholders’ meetings – at least 30 days in advance for regular meetings; and at least 15 days in advance for special meetings. The meeting date, venue and the purpose(s) for convening such shareholders’ meeting shall be clearly stated in the meeting notices.

Article 11: If a shareholder is unable to attend a shareholders’ meeting, he/she may appoint a representative to attend it on his/her/its behalf by executing a power of attorney printed by the company stating therein the scope of power authorized to the proxy.

Article 12: Each share is entitled to one voting right, except shares whose voting rights are restricted by law or shares have no voting rights in accordance with Article 179 of the Company Act.

Article 13: Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares..

Section 4 – Directors, Supervisors, and Managers

Article 14: The Company shall have five Directors and three Supervisors, elected in the shareholders’ meetings from among the persons with disposing capacity . The term of office for all Directors and Supervisors shall be three years, and all Directors and Supervisors shall be eligible for re-election. The Company may purchase Directors and Officers Liability Insurance for its Directors and Supervisors in accordance with Corporate Governance Regulations for Taiwan Stock Exchange/GreTai Securities Market Listed Companies.

Article 14-1: Of the 5 Directors stipulated in preceding Article, the number of Independent Directors shall be no less than two and shall not be lower than one-fifth of the total number of seats on the Board of Directors. The independent directors shall be nominated under the Candidate Nomination System, and be elected at shareholders' meeting among the nominees listed in the roster of independent director candidates. The professional qualifications, share holdings, limitations on concurrent posts, definitions of the independence, nomination methods and election procedures with respect to independent directors shall be in accordance with the rules and regulations set forth by the competent authorities.

Article 15: The directors shall organize the Board of Directors. The responsibilities of the Board of Directors are as follows:

1. Preparing business plans.
2. Proposing surplus earnings distributions or loss off-setting proposals.
3. Proposing plans for increasing or decreasing capital.
4. Drawing up important rules and contracts.
5. Appointing or discharging the Company's President and Vice Presidents.
6. Setting up or dissolving branches.
7. Preparing budget reports and final financial statements.
8. Performing other duties authorized by the Company Act or shareholders' meeting.

Board of Directors may set up committees of various functions that serve under the Board of Directors.

Article 16: The chairman of the Board shall be elected by and among the directors by a majority of directors present at a meeting attended by more than two thirds of directors.. The Chairman of the Board of Directors shall externally represent the Company.

Article 17: Unless otherwise regulated by the Company Act, meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors and resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors..

Article 18: The Chairman shall preside over the meetings of the Board of Directors. In case the chairman of the board of directors is on leave or absent or can not exercise his power and authority for any cause, a deputy shall be either appointed by the Chairman or elected by the Directors. Each director shall attend the meeting of the board of directors in person. If a Director can not attend the meeting of the Board of Directors, he or she may appoint another director to attend the meeting in his/her behalf. A director may accept the appointment to act as the proxy of one other director only.

Article 19: The Supervisors' responsibilities are as follows:

1. Audit the financial statements
2. Oversee the Company's business performance and financial standing and request the Board of Directors or managerial officers to submit reports.
3. Supervisors may convene a Shareholders' Meeting for the interest of the Company when the Board of Directors does not or is unable to convene a shareholders' meeting in accordance with the law.

4.Exercise other supervisory powers according to the law.

Article 20: The Company mayl appoint manager(s). The appointment, discharge, and compensation of the manager(s) may be conducted in accordance to Article 29 of the Company Act.

Article 21: The President shall direct the Company's business operations in accordance with decisions resolved by the shareholders' meeting and Board of Directors.

Section 5 - Accounting

Article 22: The Company's fiscal year shall be from January 1st to December 31st of the same year. The Company shall conduct account closing at the close of each fiscal year.

Article 23: At the close of each fiscal year, the Board of Directors shall prepare the following statements and forward the same to supervisors for their auditing no later than the 30th day prior to the meeting date of a general meeting of shareholders, the supervisors prepare Supervisors' report, and the Board of Directors shall submit the financial statements to the general meeting of shareholders for its ratification in accordance with Article 228 of the Company Act

1. Business Report
2. Financial Statements
3. The surplus earnings distributions or loss off-setting proposals.

Article 24: Where the Company has a profit at the end of each fiscal year,, the Company shall allocate the profit in the following order:

1. Income tax obligation;
2. Offsetting accumulated deficits, if any;
3. Legal reserve at 10% of net income after tax
4. Appropriate or reverse special reserve in accordance with applicable rules and regulations.
5. Remuneration for directors and supervisors to a maximum of 1% of the remaining current year's earnings after deducting for item1 through 4.
6. After deducting for item 1 through 4 above from the current year's earnings, no less than 1% of the remaining amount together with the prior years' unappropriated earnings is to be allocated as employees' bonus.
7. The remaining, after all the above appropriations and distributions, may be retained or distributed proportionally as shareholders' bonus. The distribution will recommended by the board of directors and resolved in the shareholders' meeting.

The board of directors shall make the distribution proposal in the subsequent year and submit it to the annual shareholders' meeting for proposal. The proposal should reflect factors such as industry situation, current and future fund requirements, and long-term financial planning. Of the proposal, both dividend and employees' bonus may be distributed in the form of cash or stock, but cash dividend shall be no less than 10% of the total dividends. Director

remuneration shall be distributed in cash.

Section 6 - Appendix

Article 25: The Company's organization rules are set forth separately.

Article 26: Items not stipulated in the Article of Incorporation shall be governed by the Company Act.

Article 27: The Article of Incorporations was approved on July 2nd, 1998. The first amendment was on February 1st, 1999, the second amendment was on December 30th, 1999, the third amendment was on June 14th, 2000, the fourth amendment was on April 30th, 2002, the fifth amendment was on September 25th 2002, the sixth amendment was on June 19th, 2003, the seventh amendment was on June 29th, 2004, the eighth amendment was on June 27th, 2005, the ninth amendment was on April 10th, 2006, the tenth amendment was on June 25th, 2007, the eleventh amendment was on June 13th, 2008.

Appendix II

PixArt Imaging Inc.

Rules and Procedures of Shareholders' Meetings

- Article 1 Shareholders' Meetings of the Company (the "Meeting") shall be conducted in accordance with the "Rules and Procedures of Shareholder's Meetings". Other issues shall be governed by the Company Act and the Company's Articles of Incorporation.
- Article 2 Shareholders attending the Meeting in person or through a proxy shall wear the attendee badge, and submit a attendance card for the purpose of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders.
- Article 3: The location of the Meeting shall be at the Company or at other locations that are convenient to shareholders. The Meeting shall begin no earlier than 9:00 a.m. and no later than 3:00 p.m.
- Article 4: Attorneys, accounts, or other persons appointed by the Company are to be seated at the Meeting. Meeting organizers shall wear identification badges.
- Article 5: The Meeting shall be recorded in its entirety by audio or by video. Such recordings shall be preserved for at least 1 year.
- Article 6: When the number of shares represented by the shareholders present at the Meeting has constituted 50% or more of the total outstanding shares, the chairman shall call the Meeting to order at the time scheduled for the Meeting. The chair may call to postpone the meeting if less than 50% of representation is present at the time the meeting begins. There can be no more than 2 postponements and the time of delay shall not exceed 1 hour in total. If after two postponements the number of shares represented by the shareholders present at the Meeting still does not meet the requirement, but reaches one-third of the total outstanding issues, a tentative solution may be adopted in accordance with Article 175 of the Company Act.

When the number of shareholders present does not constitute the quorum prescribed in the preceding article, but those present represent one-third or more of the total number of issued shares, a tentative resolution may be adopted by a majority of those present,. If the number of shareholders meet the quorum during the tentative resolution, the Chair may request the shareholders to adopt the resolution, in accordance with Article 175 of the Company Act.

- Article 7: If the Meeting is convened by the Board of Directors, the Meeting's agenda shall be set by the Board of Director and the Meeting shall follow the agenda unless otherwise resolved in the Shareholders' Meeting.
The previous Article applies to Shareholders' Meetings when the Meeting is convened by authorized person(s) other than the Board of Directors.

The chairman shall not adjourn the meeting prior to completing the agenda (including the special motions) without Board resolution. After the Meeting is adjourned, the shareholders shall not nominate a different chairman to continue the Meeting at the current location or in another location. If the chairman declares the adjournment of the Meeting in a manner that violates the rules governing the proceeding of the meeting, a new chairman of the meeting may be elected by a resolution to be adopted by a majority of the voting rights represented by the shareholders attending the said meeting to continue the proceedings of the meeting.

- Article 8: If the Meeting is convened by the Board of Directors, the Chairman of the Board

shall preside over the Meeting. If for any reason the Chairman is unable to preside over the Meeting, the Vice Chairman of the Board shall act on his behalf. If the Vice Chairman of the Board of Directors is unable to preside over the meeting, the Chairman of the Board shall designate one of the Directors to act on his behalf. If the Chairman of the Board does not designate a Director to act on his behalf, the Managing Directors or Directors of the Board shall designate one person amongst themselves to preside over the Meeting. If the Meeting is convened by any other authorized person(s), that person shall preside over the Meeting himself/herself.

- Article 9: During the Meeting, the Chairman may announce an intermission as he sees fit.
- Article 10: Proposals not in the Meeting's agenda will not be put into discussion or vote. The Chairman may announce to end a discussion of any resolution if the Chairman deems it appropriate.
- Article 11: When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with the shareholder's Attendance Card number, the shareholder's name, and the number of shares held. The Chairman shall decide the order of the speakers.
- Article 12: Unless otherwise permitted by the Chairman, each shareholder (individual or institutional) shall not, for each discussion item, speak more than 2 times, and each time shall not exceed 3 minutes. Institutional shareholders shall appoint 1 representative for the Meeting. If the institutional shareholder appoints 2 or more representatives, only 1 representative shall speak at each discussion item.
- Article 13: The Chairman shall answer the questions made by the shareholders or appoint another person to do so.
- Article 14: In case the speech of any shareholder violates the abovementioned provision or exceeds the scope of the discussion item, the Chairman may stop the speech of such shareholder. In case a shareholder does not obey the Chairman's instruction or disrupts the Meeting, the Chairman may expel the shareholder from the Meeting.
- Article 15: The Chairman may put a resolution to vote at the end of a discussion.
- Article 16: Except otherwise specified in the Company Act of the Republic of China, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the Chairman.
- Article 17: The vote supervisors and the vote counters shall be shareholders and appointed by the Chairman. The final count should be reported immediately onsite and made into records.
- Article 18: In the event of a proposed amendment to or a substitute for a particular discussion item, these items will be voted in the order of the agenda. If the amendment or the substituted is approved, the matter is considered closed and no further approval will be necessary.
- Article 19: The Chair shall appoint investigators or securities personnel to maintain order at the Meeting. Such personnel shall wear identification or badges at the Meeting.
- Article 20: In the case of air-raid sirens during the Meeting, the Meeting shall be halted and the location be evacuated. The Meeting shall resume 1 hour after the sirens cease.
- Article 21: These Rules and Procedures and any amendments made are effective upon approval by the Board of Directors.
- Article 22: These Rules and Procedures were approved on September 25th, 2002.

Appendix III

PixArt Imaging Inc.

Shareholding status of All Directors and Supervisors

- I. Number of common shares issued by PixArt 124,814,626 shares
 II. Minimum shareholding required by laws for all Directors 8,000,000 shares
 III. Minimum shareholding required by laws for all Supervisors 800,000 shares
 IV. The shareholdings of all Directors and Supervisors as appearing on the Roster of Shareholders on the date which the share transfer was suspended is as below: :

As of date: March 2, 2009

Title	Name	Date Elected	Representative	Shareholding when elected		Shareholding as of the date on which the share transfer was suspended	
				Number of shares	%	Number of shares	%
Director	Sen-Huang, Huang	2008.06.13		2,294,423	1.96	2,476,199	1.98
Director	Fortune Venture Capital Corp.	2008.06.13	Jason Lu	14,188,389	12.10	14,312,324	11.47
Director	Unimicron Technology Corp.	2008.06.13	Victor Hsu	2,209,432	1.88	2,287,809	1.83
Independent Director	Ming-De, Li	2008.06.13		0	0	0	0
Independent Director	Guan, Jiun	2008.06.13		0	0	0	0
Supervisor	Novatek Microelectronics Corp.	2008.06.13	Sheng-Cheng Chou	2,068,705	1.76	2,151,453	1.72
Supervisor	Zhi-Hong Investment Corp.	2008.06.13	Grace Tseng	1,000,044	0.85	1,040,045	0.83
Total shares held by all Directors						19,076,332	15.28
Total shares held by all Supervisors						3,191,498	2.55

Appendix IV

The Influence of Dividend Capitalization upon the Company's Business Performance, EPS and return on shareholders' investment

(Expressed in thousand of New Taiwan Dollars, Except Earnings per Share)

Descriptions		Year	2009 (Forecast)
Paid-in Capital (Beginning of year)			1,247,355
Dividend Payout for current year	Cash dividend (NT\$/share)		6 *
	Stock dividend from retained earnings (shares for every 1,000 shares)		10 shares *
	Stock dividend from additional paid-in capital (NT\$/share)		—
Business Performance	Income from operations		N/A**
	% of increase/decrease of income from operations compared with the preceding year (YOY)		
	Net income after tax		
	% of increase/decrease of net income after tax compared with the preceding year (YOY)		
	EPS		
	% of increase/decrease of EPS compared with the preceding year (YOY)		
	Annual average return on investment (%) (reciprocal of annual average P/E ratio)		
Pro Forma EPS & P/E Ratio	If retained earnings to be capitalized were distributed in the form of cash.	Pro-forma EPS	
		Pro-forma annual averaged return on investment (%)	
	If additional paid-in capital were not capitalized	Pro-forma EPS	
		Pro-forma annual averaged return on investment (%)	
	If additional paid-in capital were not capitalized and retained earnings to be capitalized were distributed in the form of cash.	Pro-forma EPS	
		Pro-forma annual averaged return on investment (%)	

*: Subject to the resolution of the regular shareholders' meeting to be held in 2009.

** : According to "Regulations Governing Financial Forecast of Public Companies", PixArt is not required to make public financial forecast for year 2009.

Appendix V

In accordance with the order, No.0960013218, issued by Financial Supervisory Committee of The Executive Yuan on March 30th, 2007 Financial Supervisory Committee Order 0960013218, employee bonus and Directors' & Supervisors' remuneration is disclosed as follows:

Unit: NT Dollars

Items	Amount proposed by the Board of Directors (A)	Estimated amount in the year the expenses occurred (B)	Discrepancy between (A) and (B)	Reasons and actions for the discrepancy
Employee's stock bonus	411,444,828	411,444,828	0	
Employee's cash bonus	45,000,000	45,000,000	0	
Directors' and Supervisors' Remuneration	12,237,272	12,239,739	2,467	Estimating the expense based on un-audited income statement resulted in the small discrepancy. Adjustment will be made in the 2009 to reflect this minor discrepancy.