



PixArt Imaging Inc.

**2010 ANNUAL REGULAR SHAREHOLDERS'
MEETING**

MEETING AGENDA (TRANSLATION)

June 9 ,2010

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.

2010 Annual Regular Shareholders' Meeting Procedure

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

PixArt Imaging Inc.
2010 Regular Shareholders' Meeting Agenda

Time : 9:00 a.m., Wednesday, June 9th, 2010

**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) 2010 Business Report.

(II) Supervisor's Report

(III) Report on the private placement of common shares

IV. Acknowledgements 、 Proposed Resolutions and Elections

(I) Acknowledge 2009 Business Report and Financial Statements.

(II) Acknowledge the proposal for 2009 surplus earnings distribution.

(III) Discuss the proposal for adoption of business income tax exemption for the 2009 private placement of 1,500,000 common shares.

(IV) 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) By-election of one seat of the Company's 6th Supervisor.

V. Special Motions

VI. Meeting adjourned

【Report Items】

Report Item I

Subject : Review the Company's 2009 Business Report.

Description : Please refer to Attachment I on Page 7 for the Company's 2009 Business Report.

Report Item II

Subject : Review the Supervisors's report on auditing the Company's 2009 business report, financial statements and earnings allocation.

Description : (1)The Company's 2009 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 8, for the Supervisor's Report.

(3)Please refer to Attachment III on Page 9 for the Independent Auditor's Report..

Report Item III

Subject : **Report on the 2009 private placement of common shares.**

Description : The Company resolved to raise additional funds by cash offering by no more than 2,000,000 shares at the Shareholder's Meeting on April 30th, 2009. The purpose of the cash offering by private placement is to bring in strategic partners, meet its operating strategies, improve the Company's competitiveness and performance, and to raise the funds in a manner that is both effective and expedient. Details of the private placement is as follows :

| | | | | | |
|---|--|--|--|---------------------|--|
| Date of private placement as resolved by the Board of Directors meeting. | 2009.02.06 | Date of Shareholder's Meeting resolution | 2009.04.30 | | |
| Pricing date | 2009.05.07 | Share delivery Date | 2009.08.10 | | |
| Payment completion date | 2009.07.14 | Maturity date | 2012.08.10 | | |
| Issuing price | NT\$ 146.02 | Total shares | 1,500,000 shares | | |
| Total amount | NT\$ 219,030,000 | | | | |
| Basis and rationale for pricing | The price of this cash offering by private placement was calculated by taking the average of the closing prices (NT\$208.6) from the five business days prior to the pricing date (not including the pricing date) and then multiplying by 70%. The pricing of the new shares is considered reasonable considering the reduced liquidity of the private placement shares compared to the Company's common shares and the potential benefits of the new strategic partnerships. | | | | |
| Explanation for private placement | In light of recent development trends in the industry, the Company plans to bring in strategic partners in order to ensure long-term growth and development. Cash offering by private placement offers the advantages of timely capital raising and limitations on share transfers, which are conducive to the long-term relationships with the strategic partners. Therefore cash offering by private placement was chosen over a public offering. | | | | |
| The means of the specified persons | In accordance with Securities and Exchange Act Article 43-6, item 1. | | | | |
| Private placement investors | Private placement investors | Qualifications | Quantity (shares) | Amount (NT Dollars) | Relationship with PixArt and level of involvement in Company's operation |
| | Quanta Computer Inc. | Securities and Exchange Act Article 43-6, item 1, paragraph 2. | 500,000 | 73,010,000 | Customer |
| | KYE Systems Corp. | | 110,000 | 16,062,200 | Customer |
| | HungChi Investment Corp. | | 50,000 | 7,301,000 | NA |
| | Robert Tsao | | 700,000 | 102,214,000 | Honorary Chairman |
| | Pei-Ying Liou | | 50,000 | 7,301,000 | Spouse of Director |
| | Mei-Juan Lin | | 50,000 | 7,301,000 | NA |
| Yang-Kai Lu | 40,000 | | 5,840,800 | NA | |
| Difference between actual price and reference price | Actual price was NT\$146.02, NT\$61.72 higher than the reference price of NT\$84.3. | | | | |
| Impact of carrying out the private placement on shareholders' equity | Actual price for private placement was higher than the book value per share, which means the book value per share would be raised. Strategic partnerships would strengthen the Company, improve its competitiveness, and bring forth positive benefits to the shareholders. | | | | |
| Items planned | Expected completion date | Total funds required | Progress of funds' utilization | | |
| | | | 2009 | | |
| | | | 3Q | 4 Q | |
| Fund research and development, purchase R&D equipment and facilities, bolster working capital | 3Q2010 | NT\$ 219,030,000 | NT\$ 38,229,895 | NT\$ 56,746,550 | |
| Balance of the unused funds | NT\$124,053,555 | Details of the unused funds | Funds are held in the Company's bank account | | |
| Expected benefits | The purpose of the cash offering by private placement is to bring in strategic partnerships, which would strengthen The Company and improve its competitiveness. All of which can ensure the Company's long-term growth and development. The funds from the cash offering by private placement would be used in research and development, purchasing R&D equipments and facilities as well as bolstering the Company's working capital, which would strengthen the financial health. | | | | |
| Achievement of the expected benefits: comparison between fiscal 2008 (prior to cash offering by private placement) and 2009 (after cash offering by private placement), indicators for the Company's overall financials and debt-paying ability have all been improved, demonstrating the effectiveness of the plan. Unit : % ; NT\$ | | | | | |
| Item | | 2008 | 2009 | | |
| Financial information | Current Asset | 5,386,431 | 5,612,533 | | |
| | Current Liabilities | 1,249,816 | 1,140,174 | | |
| | Total Liabilities | 1,256,722 | 1,146,484 | | |
| | Fixed Assets | 247,740 | 274,534 | | |
| Capital Structure | shareholders' equity ratio | 79.98 % | 83.61 % | | |
| | shareholders' equity / Fixed Assets | 2,028 % | 2,130 % | | |
| | Long-term capital to fixed assets ratio | 2,028 % | 2,130 % | | |
| Ability to repay debts | Current ratio | 430.98 % | 492.25 % | | |
| | Quick ratio | 404.32 % | 464.23 % | | |

【Acknowledgements · Proposed Resolutions and Elections】

Item I

Proposed by the Board of Directors

Subject : To acknowledge the Company's 2009 Business Report and Financial Statements.

Description :

- (1) The Company's 2009 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 2009 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 7, Attachment III and Attachment IV on Page 9 through 18 for the aforementioned Business Report and Financial Statements.

Resolution :

Item II

Proposed by the Board of Directors

Subject: : To acknowledge the Company's 2009 Surplus earnings distribution proposal.

Description: :

- (1) The Company's 2009 Surplus Earnings Distribution proposal was approved by the Board of Directors on April 27th, 2010 then audited by the Supervisors and an Supervisor's report was produced.
- (2) Please refer to Attachment V on Page 19 for the 2009 Surplus earnings distribution statement.

Resolution :

Item III

Proposed by the Board of Directors

Subject : To approve **the proposal for adoption of business income tax exemption for the 2009 private placement of 1,500,000 common shares.**

Description :

- (1) In accordance to the "Statue for Upgrading Industries" Article 8, Article 9, and the "Enforcement Rules of Statue for Upgrading Industries" Article 17, 18.
- (2) The Company's 2009 cash offering by private placement (1,500,000 common shares) is eligible for "newly-emerging strategic industries", according to the Official Memo Number 09800947060 issued on November 27th, 2009 by the Ministry of Economic Affairs' Industrial Development Bureau. Taking into consideration the Company's current business and the related tax regulations, the Board of Directors propose selecting business income tax exemption in accordance with Article 8 of "Statue for Upgrading Industries."

Resolution :

Item IV**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 legal compliance and business operation purposes. Please refer to Attachment VI on Page 20 to 22 for the Comparison Table of the Amendments made to the "Operational Procedures for Endorsements/Guarantees".

Resolution :

Item V**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 VII on Page 23 to 24 for the Comparison Table of Amendments made to "Operational Procedures for Loaning Funds to Others"

Resolution :

Item VI**Proposed by the Board of Directors**

Subject : By-election of one seat of the Company's 6th Supervisor.

Description :

- (1) Two of the Company's three 6th supervisors had either resigned or been relieved of duty, therefore the Board of Directors propose to elect one seat of supervisor at the Shareholders' Meeting in order to comply with Article 216-21 of the Company Act, which stipulates that a minimum of two supervisors are required for public companies. The term of the newly elected supervisors shall begin on June 9th, 2010 and end on June 12th, 2011.
- (2) Request for by-election.

Resolution:

【Special Motion】

【Meeting Adjourned】

Attachment I

PixArt Imaging Inc.

Business Report

PixaArt Imaging Inc. posted total revenue of NT\$3.75 billion in 2009, a 21.9% decrease from 2008 (NT\$4.85 billion). The net income decreased by 37.6% to NT\$848 million from NT\$1.36 billion in 2008. Earnings per share was NT\$6.72 in 2009 while return on equity was 15.6%.

2009 was a difficult year in which the financial crisis led to a global slowdown. PixArt Imaging's products were, to varying degrees, adversely affected, particularly in the first half of the year. That impact in 1H'09 was the main reason behind the decline in both revenue and net income compared the previous year. Of PixArt Imaging's products, toys and gaming-related products were affected the most. In spite of the unfavorable market conditions, PixArt Imaging still showed solid profitability and positive cash flow with the effort of its tireless staff. In addition, certain product lines demonstrated resilience in difficult economic conditions. For example, computer mice posted historical highs in terms of both shipment and sales. Positive results were also seen in terms of new product research and development. While more competitive products were introduced in the existing product lines, optical touch products went into the mass production phase in 3Q2009. It is also worth mentioning that PixArt ranked 75 out of 100 in patent applications by domestic companies according to the Ministry of Economic Affairs' Intellectual Property Office, which demonstrates PixArt's dedication and efforts in the area of research and development.

As the global economic gradually recovers, PixArt began to see positive signs in the end-user market in the second half of 2009, particularly in the emerging markets. Various economic indicators also show that the global economy began to stabilize and is on its way to recovery. On the other hand, unemployment rates remain high and consumer confidence remains low in developed markets. PixArt must remain cautious in the face of uncertain economic trends. In the coming year, PixArt will continue its efforts to bolster its core competitiveness, improve product quality, diversify and strengthen its product lines, and enhance customer satisfaction. Through rigorous output control, PixArt aims to manage inventory more effectively, improve yield rate, and lower cost. At the same time, PixArt will maintain its competitive edge in terms of wafer processing and delivery through cooperations with wafer foundries and IC packaging houses. As for innovation, in addition to improving current product lines, PixArt will continue to develop a wide range of HMI (human-machine interface) products by leveraging its technological competitiveness in order to fuel its long-term growth. On the marketing front, PixArt will continue its tradition of providing customer-centric complete solutions with a strong emphasis on high quality customer service and build a win-win partnership with our customers. More importantly, PixArt will continue to create shareholder value through its practical and sound approach to business and its commitment to improving its competitiveness.

We would like to thank the shareholders for their continued support and good will and also wish them continued health and happiness!

Chairman Sen-Huang Huang

President Sen-Huang Huang

Chief Financial Officer : MeiWei Lo

Attachment II

Supervisors' Report

The Financial Statements of PixArt Imaging Inc. in fiscal year 2009 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. 2010 Annual General Shareholders' Meeting

PixArt Imaging Inc.

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

April 28, 2010

Attachment III

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, 2009 and 2008, 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, 2009 and 2008, 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(2) to the financial statements, effective from January 1, 2008, the Company has 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.

As described in Note 3(3) to the financial statements, effective from January 1, 2009, the Company has adopted the amendment of R.O.C. Statement of Financial Accounting Standards No. 10, "Accounting for Inventories".

The Company has prepared consolidated financial statements as of December 31, 2009 and 2008 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 23, 2010
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 | Notes | As of December 31, | | LIABILITIES AND SHAREHOLDERS' EQUITY | Notes | As of December 31, | |
|---|----------|--------------------|------------------|---|--------------|--------------------|------------------|
| | | 2009 | 2008 | | | 2009 | 2008 |
| Current assets | | NTS' 000 | NTS' 000 | Current liabilities | | NTS' 000 | NTS' 000 |
| Cash and cash equivalents | 2, 4(1) | 4,766,006 | 4,680,967 | Notes payable | | - | 135,383 |
| Notes receivable, net | 2, 4(2) | 702 | - | Accounts payable | | 187,638 | 120,349 |
| Accounts receivable, net | 2, 4(3) | 382,459 | 328,084 | Payables to related parties | 5 | 114,992 | 103,273 |
| Receivable from related parties, net | 5 | 13,560 | - | Income tax payable | 2, 4(22) | 84,517 | 54,131 |
| Other receivables | 4(4) | 24,454 | 25,654 | Accrued expenses | 2, 4(17) | 734,857 | 829,813 |
| Inventories, net | 2, 4(5) | 274,741 | 299,432 | Other current liabilities | 5 | 18,170 | 6,867 |
| Prepayments and other current assets | 5 | 44,726 | 33,750 | Total current liabilities | | 1,140,174 | 1,249,816 |
| Deferred income tax assets-current | 2, 4(22) | 4,518 | 18,544 | | | | |
| Held to maturity financial assets-current | 2, 4(6) | 101,367 | - | Other liabilities | | | |
| Total current assets | | 5,612,533 | 5,386,431 | Accrued pension liabilities | 2, 4(12) | 5,975 | 5,975 |
| Funds and investments | | | | Deposits received | | - | 931 |
| Investments accounted for using equity method | 2, 4(7) | 267,747 | 258,968 | Deferred credits | 2 | 335 | - |
| Held to maturity financial assets-noncurrent | 2, 4(8) | 461,259 | - | Total other liabilities | | 6,310 | 6,906 |
| Financial assets measured at cost-noncurrent | 2, 4(9) | 300,000 | 300,000 | Total liabilities | | 1,146,484 | 1,256,722 |
| Total funds and investments | | 1,029,006 | 558,968 | | | | |
| Property, plant and equipment | 2, 4(10) | | | Shareholders' equity | | | |
| Buildings and facilities | | 230,416 | 207,960 | Capital | 4(13) | | |
| Research and development equipment | | 64,449 | 54,135 | Common stock | | 1,298,589 | 1,245,803 |
| Miscellaneous equipment | | 78,564 | 64,556 | Capital stock to be registered | | 50 | 1,552 |
| Total cost | | 373,429 | 326,651 | Capital collected in advance | | 79,117 | 100 |
| Less : Accumulated depreciation | | (107,872) | (86,748) | Capital reserve | | | |
| Add : Prepayments for equipment | | 8,977 | 7,837 | Additional paid-in capital | 4(14) | 1,699,702 | 1,094,772 |
| Property, plant and equipment, net | | 274,534 | 247,740 | Donated by shareholders | 4(14) | 3,816 | 3,816 |
| | | | | Long-term investment transaction | 4(14) | 106 | 106 |
| Intangible assets | 2, 4(11) | | | Employee stock options | 4(14), 4(15) | 8,016 | 18,372 |
| Patents | | 8,078 | 1,636 | Retained earnings | | | |
| Software | | 39,195 | 39,661 | Legal reserve | 4(16) | 594,552 | 458,582 |
| Total intangible assets | | 47,273 | 41,297 | Undistributed earnings | 4(17), 4(22) | 2,445,808 | 2,482,957 |
| Other assets | | | | Other adjustments | | | |
| Leased assets to others, net | 2, 4(10) | - | 20,989 | Cumulative translation adjustments | 2 | (238) | 72 |
| Refundable deposits | | 2,093 | 888 | Treasury stock | 2, 4(18) | (280,834) | (280,834) |
| Deferred assets | 2 | 7,518 | 8,966 | Total stockholders' equity | | 5,848,684 | 5,025,298 |
| Deferred income tax assets-noncurrent | 2, 4(22) | 19,211 | 13,741 | | | | |
| Restricted deposits | 6 | 3,000 | 3,000 | | | | |
| Total other assets | | 31,822 | 47,584 | | | | |
| Total assets | | <u>6,995,168</u> | <u>6,282,020</u> | Total liabilities and shareholders' equity | | <u>6,995,168</u> | <u>6,282,020</u> |

The accompanying notes are an integral part of these financial statements.

PixArt Imaging Inc.

STATEMENTS OF INCOME

| Description | Notes | For the years ended December 31, | | | |
|--|----------------------|----------------------------------|------------|-------------|------------|
| | | 2009 | | 2008 | |
| | | NT\$'000 | | NT\$'000 | |
| Gross sales | | 3,758,802 | | 4,809,076 | |
| Less : Sales returns | | -2,694 | | -474 | |
| Sales discounts | | (1,676) | | (3,731) | |
| Net sales | 2, 4(19) | 3,754,432 | | 4,804,871 | |
| Cost of goods sold | 3(3), 4(5), 4(20), 5 | (2,006,642) | | (2,471,007) | |
| Gross profits | | 1,747,790 | | 2,333,864 | |
| Less : Unrealized gross margin from affiliates | 2 | (335) | | - | |
| Realized gross margin | | 1,747,455 | | 2,333,864 | |
| Operating expenses | 4(20), 5 | | | | |
| Selling expenses | | (98,484) | | (117,951) | |
| Administrative expenses | | (257,972) | | (372,417) | |
| Research and development expenses | | (483,454) | | (536,738) | |
| Total operating expenses | | (839,910) | | (1,027,106) | |
| Operating income | | 907,545 | | 1,306,758 | |
| Non-operating income and gains | | | | | |
| Interest income | | 16,115 | | 75,739 | |
| Foreign exchange gain, net | 2 | - | | 29,262 | |
| Rent revenue | | 2,258 | | 4,124 | |
| Other revenue | | 1,666 | | 141 | |
| Total non-operating income and gains | | 20,039 | | 109,266 | |
| Non-operating expenses and losses | | | | | |
| Loss on equity investments, net | 2, 4(7) | (17,725) | | (977) | |
| Foreign exchange loss, net | 2 | (9,203) | | - | |
| Other expenses | 2, 4(20) | (221) | | (8,514) | |
| Total non-operating expenses and losses | | (27,149) | | (9,491) | |
| Income from continuing operations before income tax | | 900,435 | | 1,406,533 | |
| Income tax expense | 2, 4(22) | (52,231) | | (46,836) | |
| Net income | | 848,204 | | 1,359,697 | |
| Earnings Per Share | 2, 4(21) | Before | After | Before | After |
| Basic Earnings Per Share (in New Taiwan Dollars) | | income tax | income tax | income tax | income tax |
| Net income | | \$ 7.13 | \$ 6.72 | \$ 11.28 | \$ 10.90 |
| Diluted Earnings Per Share (in New Taiwan Dollars) | | | | | |
| Net income | | \$ 6.99 | \$ 6.58 | \$ 10.89 | \$ 10.53 |

The accompanying notes are an integral part of these financial statements.

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, 2008 | 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, 2008 | 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 |
| Appropriation and distribution of 2008 earnings (Note) : | | | | | | | | | | | | |
| Legal reserve | - | - | - | - | - | - | - | 135,970 | (135,970) | - | - | - |
| Cash paid for Shareholders' dividends | - | - | - | - | - | - | - | - | (737,098) | - | - | (737,098) |
| Capitalization of stock dividends | 12,285 | - | - | - | - | - | - | - | (12,285) | - | - | - |
| Capitalization of employees' bonuses | 22,833 | - | - | 388,612 | - | - | - | - | - | - | - | 411,445 |
| Issuance of common stock for cash | 15,000 | - | - | 204,030 | - | - | - | - | - | - | - | 219,030 |
| Exercise of employee stock options | 2,668 | (1,502) | 79,017 | 12,288 | - | - | (12,288) | - | - | - | - | 80,183 |
| Employee stock options distributed to employees | - | - | - | - | - | - | 1,932 | - | - | - | - | 1,932 |
| Net income for 2009 | - | - | - | - | - | - | - | - | 848,204 | - | - | 848,204 |
| Cumulative translation adjustments | - | - | - | - | - | - | - | - | - | (310) | - | (310) |
| Balance as of December 31, 2009 | 1,298,589 | 50 | 79,117 | 1,699,702 | 3,816 | 106 | 8,016 | 594,552 | 2,445,808 | (238) | (280,834) | 5,848,684 |

(Note) : Profit sharing to employees and bonus to directors in the amount of NT\$456,445 thousand and NT\$12,240 thousand, had been charged against earnings of 2008.

The accompanying notes are an integral part of the financial statements.

PixArt Imaging Inc.
STATEMENTS OF CASH FLOWS

| Description | For the years ended December 31, | |
|---|----------------------------------|--------------------|
| | 2009 | 2008 |
| Cash flows from operating activities : | NTS'000 | NTS'000 |
| Net income | \$ 848,204 | \$ 1,359,697 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Unrealized gross margin from affiliates | 335 | - |
| Depreciation (including leased assets) | 20,668 | 19,460 |
| Amortization | 31,499 | 30,855 |
| Amortization of financial assets discount or premium | 3,138 | - |
| Employee stock options distributed to employees | 1,932 | 5,218 |
| Provision (reversal) of allowance for loss on decline in market value and obsolescence of inventories | (57,928) | 83,871 |
| Net loss on equity investments | 17,725 | 977 |
| Deferred income tax | 8,556 | (7,823) |
| Changes in operating assets and liabilities: | | |
| Notes receivable | (702) | 160 |
| Accounts receivable | (54,375) | 72,615 |
| Receivable from related parties | (13,560) | - |
| Other receivables | 1,200 | (9,492) |
| Inventories | 82,619 | 136,041 |
| Prepayments and other current assets | (10,976) | (25,325) |
| Notes payable | (135,383) | (25,193) |
| Accounts payable | 67,289 | (80,537) |
| Payables to related parties | 11,719 | (68,082) |
| Income tax payable | 30,386 | 29,461 |
| Accrued expenses | 316,489 | 503,469 |
| Other current liabilities | 11,303 | 4,403 |
| Accrued pension liabilities | - | 543 |
| Net cash provided by operating activities | <u>1,180,138</u> | <u>2,030,318</u> |
| Cash flows from investing activities : | | |
| Increase in investments accounted for using equity method | (26,814) | (250,000) |
| Increase in held to maturity financial assets | (565,764) | - |
| Purchase of property, plant and equipment | (26,496) | (19,365) |
| Proceeds from disposal of property, plant and equipment | 23 | - |
| Increase in intangible assets | (30,102) | (31,482) |
| Increase in refundable deposits | (1,205) | (535) |
| Increase in deferred assets | (5,925) | (7,399) |
| Net cash used in investing activities | <u>(656,283)</u> | <u>(308,781)</u> |
| Cash flows from financing activities : | | |
| Decrease in deposits received | (931) | (89) |
| Directors' and supervisors' remuneration | - | (14,562) |
| Shareholders' dividends | (737,098) | (906,602) |
| Employees' bonuses | - | (112,000) |
| Issuance of common stock for cash | 219,030 | - |
| Exercise of employee stock options | 80,183 | 3,186 |
| Treasury stock repurchased | - | (273,589) |
| Net cash used in financing activities | <u>(438,816)</u> | <u>(1,303,656)</u> |
| Net increase in cash and cash equivalents | 85,039 | 417,881 |
| Cash and cash equivalents at the beginning of the year | 4,680,967 | 4,263,086 |
| Cash and cash equivalents at the end of the year | <u>4,766,006</u> | <u>4,680,967</u> |
| Supplemental disclosures of cash flow information : | | |
| Income tax paid during the year | <u>13,289</u> | <u>25,199</u> |
| Non-cash activities : | | |
| Stock dividends and employees' bonuses capitalized (including additional paid-in capital) | <u>423,730</u> | <u>73,492</u> |

The accompanying notes are an integral part of these financial statements.

Attachment IV

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 consolidated balance sheets of PixArt Imaging Inc. and subsidiaries (the "Company") as of December 31, 2009 and 2008, the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years ended December 31, 2009 and 2008. 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 auditing standards generally accepted in the Republic of China and "Guidelines for Certified Public Accountants' Examination and Reports on Financial Statements", which require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of PixArt Imaging Inc. and subsidiaries as of December 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years ended December 31, 2009 and 2008, 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 described in Note 3(2) to the consolidated financial statements, effective January 1, 2008, the Company has adopted Accounting Research and Development Foundation Interpretation No. 2007-052, and recognized employee bonuses and remunerations to directors and supervisors as expenses rather than as a distribution of retained earnings.

As described in Note 3(3) to the consolidated financial statements, effective January 1, 2009, the Company has adopted the amendment of R.O.C. Statement of Financial Accounting Standards No. 10, "Accounting for Inventories".

Ernst & Young
CERTIFIED PUBLIC ACCOUNTANTS
February 23, 2010
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 | Notes | As of December 31, | | LIABILITIES AND SHAREHOLDERS' EQUITY | Notes | As of December 31, | |
|--|----------|--------------------|-----------|--|--------------|--------------------|-----------|
| | | 2009 | 2008 | | | 2009 | 2008 |
| Current assets | | NTS'000 | NTS'000 | Current liabilities | | NTS'000 | NTS'000 |
| Cash and cash equivalents | 2, 4(1) | 5,135,820 | 5,045,377 | Notes payable | | - | 135,383 |
| Notes receivable, net | 2, 4(2) | 702 | - | Accounts payable | | 188,283 | 120,349 |
| Accounts receivable, net | 2, 4(3) | 382,513 | 328,084 | Payables to related parties | 5 | 114,992 | 103,273 |
| Other receivables | 4(4) | 25,455 | 25,812 | Income tax payable | 2, 4(21) | 84,541 | 54,306 |
| Inventories, net | 2, 4(5) | 277,081 | 299,432 | Accrued expenses | 4(16) | 736,132 | 830,441 |
| Prepayments and other current assets | 5 | 47,626 | 33,894 | Other current liabilities | | 12,239 | 6,867 |
| Deferred income tax assets-current | 2, 4(21) | 4,518 | 18,544 | Total current liabilities | | 1,136,187 | 1,250,619 |
| Held to maturity financial assets-current | 2, 4(6) | 101,367 | - | Other liabilities | | | |
| Total current assets | | 5,975,082 | 5,751,143 | Accrued pension liabilities | 2, 4(11) | 5,975 | 5,975 |
| Funds and investments | | | | Deposits received | | 694 | 931 |
| Held to maturity financial assets-noncurrent | 2, 4(7) | 461,259 | - | Total other liabilities | | 6,669 | 6,906 |
| Financial assets measured at cost-noncurrent | 2, 4(8) | 300,000 | 300,000 | Total liabilities | | 1,142,856 | 1,257,525 |
| Total funds and investments | | 761,259 | 300,000 | Shareholders' equity | | | |
| Property, plant and equipment | 2, 4(9) | | | Shareholders' equity attributable to parent company's shareholders | | | |
| Buildings and facilities | | 230,416 | 207,960 | Capital | 4(12) | | |
| Research and development equipment | | 65,910 | 54,135 | Common stock | | 1,298,589 | 1,245,803 |
| Miscellaneous equipment | | 78,564 | 64,556 | Capital stock to be registered | | 50 | 1,552 |
| Total cost | | 374,890 | 326,651 | Capital collected in advance | | 79,117 | 100 |
| Less : Accumulated depreciation | | (107,980) | (86,748) | Capital reserve | | | |
| Add : Prepayments for equipment | | 8,977 | 7,837 | Additional paid-in capital | 4(13) | 1,699,702 | 1,094,772 |
| Property, plant and equipment, net | | 275,887 | 247,740 | Donated by shareholders | 4(13) | 3,816 | 3,816 |
| Intangible assets | 2, 4(10) | | | Long-term investment transaction | 4(13) | 106 | 106 |
| Patents | | 8,078 | 1,636 | Employee stock options | 4(13), 4(14) | 8,016 | 18,372 |
| Software | | 41,313 | 39,661 | Retained earnings | | | |
| Total intangible assets | | 49,391 | 41,297 | Legal reserve | 4(15) | 594,552 | 458,582 |
| Other assets | | | | Undistributed earnings | 4(16), 4(21) | 2,445,808 | 2,482,957 |
| Leased assets to others, net | 2, 4(9) | - | 20,989 | Other adjustments | | | |
| Refundable deposits | | 3,350 | 1,162 | Cumulative translation adjustments | 2 | (238) | 72 |
| Deferred assets | 2 | 7,518 | 8,966 | Treasury stock | 2, 4(17) | (280,834) | (280,834) |
| Deferred income tax assets-noncurrent | 2, 4(21) | 19,211 | 13,741 | Total stockholders' equity of parent company | | 5,848,684 | 5,025,298 |
| Restricted deposits | 6 | 3,000 | 3,000 | Minority interests | | 103,158 | 105,215 |
| Total other assets | | 33,079 | 47,858 | Total shareholders' equity | | 5,951,842 | 5,130,513 |
| Total assets | | 7,094,698 | 6,388,038 | Total liabilities and shareholders' equity | | 7,094,698 | 6,388,038 |

The accompanying notes are an integral part of these financial statements.

PixArt Imaging Inc. And Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME

| Description | Notes | For the year ended December 31, | | | |
|--|----------------------|---------------------------------|------------------|--------------------|------------------|
| | | 2009 | | 2008 | |
| | | NT\$'000 | | NT\$'000 | |
| Gross sales | | 3,755,882 | | 4,809,076 | |
| Less: Sales returns | | -2,694 | | -474 | |
| Sales discounts | | <u>(1,676)</u> | | <u>(3,731)</u> | |
| Net sales | 2, 4(18) | 3,751,512 | | 4,804,871 | |
| Cost of goods sold | 3(3), 4(5), 4(19), 5 | <u>(2,008,936)</u> | | <u>(2,471,007)</u> | |
| Gross profits | | <u>1,742,576</u> | | <u>2,333,864</u> | |
| Operating expenses | 4(19), 5 | | | | |
| Selling expenses | | (98,530) | | (117,951) | |
| Administrative expenses | | (272,503) | | (375,073) | |
| Research and development expenses | | <u>(483,786)</u> | | <u>(536,738)</u> | |
| Total operating expenses | | <u>(854,819)</u> | | <u>(1,029,762)</u> | |
| Operating income | | <u>887,757</u> | | <u>1,304,102</u> | |
| Non-operating income and gains | | | | | |
| Interest income | | 16,633 | | 78,147 | |
| Foreign exchange gain, net | 2 | - | | 29,262 | |
| Rent revenue | | 2,258 | | 4,124 | |
| Other revenue | | <u>1,671</u> | | <u>141</u> | |
| Total non-operating income and gains | | <u>20,562</u> | | <u>111,674</u> | |
| Non-operating expenses and losses | | | | | |
| Foreign exchange loss, net | 2 | (9,193) | | - | |
| Other expenses | 2, 4(19) | <u>(221)</u> | | <u>(8,514)</u> | |
| Total non-operating expenses and losses | | <u>(9,414)</u> | | <u>(8,514)</u> | |
| Income from continuing operations before income tax | | 898,905 | | 1,407,262 | |
| Income tax expense | 2, 4(21) | <u>(52,623)</u> | | <u>(47,244)</u> | |
| Consolidated net income | | <u>846,282</u> | | <u>1,360,018</u> | |
| Attributable to: | | | | | |
| Shareholders of the parent | | 848,204 | | 1,359,697 | |
| Minority interests | | <u>(1,922)</u> | | <u>321</u> | |
| Consolidated net income | | <u>846,282</u> | | <u>1,360,018</u> | |
| Earnings Per Share | 2, 4(20) | | | | |
| Basic Earnings Per Share (in New Taiwan Dollars) | | <u>Before tax</u> | <u>After tax</u> | <u>Before tax</u> | <u>After tax</u> |
| Consolidated net income | | \$ 7.12 | \$ 6.70 | \$ 11.28 | \$ 10.90 |
| Net income attributable to minority interests | | <u>0.01</u> | <u>0.02</u> | <u>-</u> | <u>-</u> |
| Net income attributable to shareholders of the parent | | <u>\$ 7.13</u> | <u>\$ 6.72</u> | <u>\$ 11.28</u> | <u>\$ 10.90</u> |
| Diluted Earnings Per Share (in New Taiwan Dollars) | | <u>Before tax</u> | <u>After tax</u> | <u>Before tax</u> | <u>After tax</u> |
| Consolidated net income | | \$ 6.98 | \$ 6.57 | \$ 10.89 | \$ 10.53 |
| Net income attributable to minority interests | | <u>0.01</u> | <u>0.01</u> | <u>-</u> | <u>-</u> |
| Net income attributable to shareholders of the parent | | <u>\$ 6.99</u> | <u>\$ 6.58</u> | <u>\$ 10.89</u> | <u>\$ 10.53</u> |

The accompanying notes are an integral part of these financial statements.

English Translation of Financial Statements Originally Issued in Chinese
PixArt Imaging Inc. And Subsidiaries
CONSOLIDATED 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 stockholders' equity of parent company | Minority interests | Total shareholders' equity |
|---|----------------------|--------------------------------|------------------------------|----------------------------|-------------------------|----------------------------------|------------------------|--------------------|------------------------|------------------------------------|--------------------|--|--------------------|----------------------------|
| | | | | Additional paid-in capital | Donated by shareholders | Long-term investment transaction | Employee stock options | Legal reserve | Undistributed earnings | | | | | |
| Balance as of January 1, 2008 | NTS'000 1,170,655 | NTS'000 185 | NTS'000 105 | NTS'000 1,091,677 | NTS'000 3,816 | NTS'000 - | NTS'000 16,081 | NTS'000 296,784 | NTS'000 2,391,714 | NTS'000 - | NTS'000 (7,245) | NTS'000 4,963,772 | NTS'000 - | NTS'000 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 | - | - | - | - | - | - | - | (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 | - | 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 | 1,245,803 | 1,552 | 100 | 1,094,772 | 3,816 | 106 | 18,372 | 458,582 | 2,482,957 | 72 | (280,834) | 5,025,298 | 105,215 | 5,130,513 |
| Appropriation and distribution of 2008 earnings (Note) : | | | | | | | | | | | | | | |
| Legal reserve | - | - | - | - | - | - | - | 135,970 | (135,970) | - | - | - | - | - |
| Cash paid for Shareholders' dividends | - | - | - | - | - | - | - | - | (737,098) | - | - | (737,098) | - | (737,098) |
| Capitalization of stock dividends | 12,285 | - | - | - | - | - | - | - | (12,285) | - | - | - | - | - |
| Capitalization of employees' bonuses | 22,833 | - | - | 388,612 | - | - | - | - | - | - | - | 411,445 | - | 411,445 |
| Issuance of common stock for cash | 15,000 | - | - | 204,030 | - | - | - | - | - | - | - | 219,030 | - | 219,030 |
| Exercise of employee stock options | 2,668 | (1,502) | 79,017 | 12,288 | - | - | (12,288) | - | - | - | - | 80,183 | - | 80,183 |
| Employee stock options distributed to employees | - | - | - | - | - | - | 1,932 | - | - | - | - | 1,932 | - | 1,932 |
| Net income attributable to parent company for 2009 | - | - | - | - | - | - | - | - | 848,204 | - | - | 848,204 | - | 848,204 |
| Cumulative translation adjustments | - | - | - | - | - | - | - | - | - | (310) | - | (310) | - | (310) |
| Increase in minority interest | - | - | - | - | - | - | - | - | - | - | - | - | (2,057) | (2,057) |
| Balance as of December 31, 2009 | 1,298,589 | 50 | 79,117 | 1,699,702 | 3,816 | 106 | 8,016 | 594,552 | 2,445,808 | (238) | (280,834) | 5,848,684 | 103,158 | 5,951,842 |

(Note) : Profit sharing to employees and bonus to directors in the amount of NTS\$456,445 thousand and NTS\$12,240 thousand, had been charged against earnings of 2008

The accompanying notes are an integral part of the financial statements.

PixArt Imaging Inc. And Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

| Description | For the year ended December 31, | |
|---|---------------------------------|--------------------|
| | 2009 | 2008 |
| | NTS'000 | NTS'000 |
| Cash flows from operating activities: | | |
| Consolidated net income | 846,282 | 1,360,018 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation (including leased assets) | 20,778 | 19,460 |
| Amortization | 31,624 | 30,855 |
| Amortization of financial assets discount or premium | 3,138 | - |
| Employee stock options distributed to employees | 1,932 | 5,218 |
| Provision (reversal) of allowance for loss on decline in market value and obsolescence of inventories | (57,928) | 83,871 |
| Deferred income tax | 8,556 | (7,823) |
| Changes in operating assets and liabilities: | | |
| Notes receivable | (702) | 160 |
| Accounts receivable | (54,429) | 72,615 |
| Other receivables | 357 | (9,650) |
| Inventories | 80,279 | 136,041 |
| Prepayments and other current assets | (13,732) | (25,469) |
| Notes payable | (135,383) | (25,193) |
| Accounts payable | 67,934 | (80,537) |
| Payables to related parties | 11,719 | (68,082) |
| Income tax payable | 30,235 | 29,636 |
| Accrued expenses | 317,136 | 504,097 |
| Other current liabilities | 5,372 | 4,403 |
| Accrued pension liabilities | - | 543 |
| Net cash provided by operating activities | <u>1,163,168</u> | <u>2,030,163</u> |
| Cash flows from investing activities : | | |
| Increase in held to maturity financial assets | (565,764) | - |
| Purchase of property, plant and equipment | (27,959) | (19,365) |
| Proceeds from disposal of property, plant and equipment | 23 | - |
| Increase in intangible assets | (32,345) | (31,482) |
| Increase in refundable deposits | (2,188) | (809) |
| Increase in deferred assets | (5,925) | (7,399) |
| Net cash used in investing activities | <u>(634,158)</u> | <u>(59,055)</u> |
| Cash flows from financing activities : | | |
| Decrease in deposits received | (237) | (89) |
| Directors' and supervisors' remuneration | - | (14,562) |
| Shareholders' dividends | (737,098) | (906,602) |
| Employees' bonuses | - | (112,000) |
| Issuance of common stock for cash | 219,030 | - |
| Exercise of employee stock options | 80,183 | 3,186 |
| Treasury stock repurchased | - | (273,589) |
| (Decrease) increase in minority interest | (135) | 105,000 |
| Net cash used in financing activities | <u>(438,257)</u> | <u>(1,198,656)</u> |
| Effect of exchange rate changes | (310) | 72 |
| Net increase in cash and cash equivalents | 90,443 | 772,524 |
| Cash and cash equivalents at the beginning of the year | 5,045,377 | 4,272,853 |
| Cash and cash equivalents at the end of the year | <u>5,135,820</u> | <u>5,045,377</u> |
| Supplemental disclosures of cash flow information: | | |
| Income tax paid during the year | <u>14,048</u> | <u>25,414</u> |
| Non-cash activities : | | |
| Stock dividends and employees' bonuses capitalized (including additional paid-in capital) | <u>423,730</u> | <u>73,492</u> |

The accompanying notes are an integral part of these financial statements.

Attachment V

PixArt Imaging Inc Statement of Earnings Distributions FY 2009

Expressed in NT Dollars

| Descriptions | Amount | Remarks |
|--|----------------------|-----------------|
| Net profit of 2009 | 848,203,786 | |
| Less: 10% Legal reserve | (84,820,379) | |
| Special reserve | <u>(238,401)</u> | |
| 2009 Earnings Available for Distribution | 763,145,006 | |
| Plus: Unappropriated retained earnings of previous years | <u>1,597,603,852</u> | |
| Earnings Available for Distribution | 2,360,748,858 | |
| Distribution Items: | | |
| 1.Cash Dividend to common shareholders | <u>644,109,570</u> | NT\$6 per share |
| Total Distribution | <u>644,109,570</u> | |
| Unappropriated Earnings after earnings distribution | 1,716,639,288 | |

Chairman : Sen-Huang Huang President : Sen-Huang Huang Chief Financial Officer : MeiWei Lo

Note 1: Distribute employee cash bonus in the amount of NT\$285,278,411, and Directors' and Supervisors' remuneration in the amount of NT\$7,631,450.

Note 2: The Board of Directors is authorized to set the record date and the distribution date

Note 3: Cash dividend per share and stock dividend per share are calculated based on 130,786,914 shares outstanding as of April 11nd, 2010 minus 1,965,000 shares of treasury stock.

Note 4: The Board of Directors is authorized to make adjustments to the 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.

Note 5: According to the Ministry of Finance Tax Code 871941343, surplus earnings distribution should be individually identified. Fiscal year 2009 earnings shall be distributed first for 2009 earnings distribution.

Attachment VI

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> <ol style="list-style-type: none"> (1) A company with which it does business (2) A company in which the Company directly or indirectly holds more than 50 percent of the voting shares. (3) A company that directly or indirectly holds more than 50 percent of the voting shares of the Company. <p>The subsidiaries, whose <u>90%</u> outstanding voting shares are directly or indirectly held by the Company, may provide endorsement or guarantee among others, <u>and the total amount shall not exceed 10% of the Company’s net worth. However, this policy does not apply to endorsements/guarantees granted between the Company’s 100% owned subsidiaries, whether the voting shares are directly or indirectly owned.</u></p> <p><u>In instances where endorsements/guarantees are granted to subsidiaries whose net worth is less than 50% of its paid-in capital, the Finance Department of the Company shall monitor the subsidiaries’ financial health through obtaining quarterly financial reports and take appropriate actions.</u></p> | <p>The Company shall grant endorsements/guarantees to only the following types of entities:</p> <ol style="list-style-type: none"> (1) A company with which it does business (2) A company in which the Company directly or indirectly holds more than 50 percent of the voting shares. (3) A company that directly or indirectly holds more than 50 percent of the voting shares of the Company. <p>The subsidiaries, whose <u>100%</u> outstanding voting shares are directly or indirectly held by the Company, may provide endorsement or guarantee among others.</p> | For legal compliance purposes. |
| Article 5 | <p>The limit on the total amount of The Company’s endorsements/guarantees and limit on the amount granted to a single enterprise are as follows:</p> <ol style="list-style-type: none"> 1. The total amount of endorsements/guarantees granted by The Company shall not exceed 30% of The Company’s net worth as stated by the most recent financial statements reviewed or audited by an accounting firm. 2. Endorsements/guarantees granted to a single enterprise by The Company shall not exceed 10% of The Company’s net worth as stated by the most recent financial statements reviewed or audited by the accounting | <p>The limit on the total amount of The Company’s endorsements/guarantees and limit on the amount granted to a single enterprise are as follows:</p> <ol style="list-style-type: none"> 1. The total amount of endorsements/guarantees granted by The Company shall not exceed 30% of The Company’s net worth as stated by the most recent financial statements reviewed or audited by the accounting firm. 2. Endorsements/guarantees granted to a single enterprise by The Company shall not exceed 10% of The Company’s net worth as stated by the most recent financial | For legal compliance purposes. |

| Article | Amended Article | Current Article | Notes |
|------------|--|---|--------------------------------|
| | <p>firm.</p> <p>3. Endorsements/guarantees granted to other enterprises for the purpose of conducting business shall not exceed the amount of transactions between The Company and the enterprise. Transaction amount is defined by the amount of either purchase or sales in the most recent quarter, whichever amount is higher.</p> <p><u>Total endorsements/guarantees granted by the Company and its subsidiaries, and total endorsements/guarantees granted to a single enterprise by the Company and its subsidiaries shall not exceed the respective limits stipulated in paragraph 1 and 2 of previous item.</u></p> | <p>statements reviewed or audited by the accounting firm.</p> <p>3. Endorsements/guarantees granted to other enterprises for the purpose of conducting business shall not exceed the amount of transactions between The Company and the enterprise. Transaction amount is defined by the amount of either purchase or sales in the most recent quarter, whichever amount is higher.</p> | |
| Article 18 | <p>1. Guarantees granted by The Company shall comply the approval process stated in the “Operational Procedures for Endorsements/Guarantees for Others“ and be resolved by the Board of Directors. However, the Board of Directors may grant the Chairman of the Board certain limit for making guarantees and then seek retroactive approval for expediency.</p> <p>2. When The Company needs to make endorsements/guarantees that are in compliance with “Operational Procedures for Endorsements/Guarantees for Others“ in the amount that exceed the limit, it shall obtain approval and signature guarantee from the majority of the Directors, in addition to clearly stating The Company’s potential risk as a result of these endorsements/guarantees. The “Operational Procedures for Endorsements/Guarantees for Others” shall then be amended and ratified at the Shareholders’ Meeting; and if the Shareholders do not ratify the endorsement/guarantee, The Company shall rescind the amount of endorsements/guarantees that is over the limit within a pre-determined time period.</p> <p><u>Endorsements/guarantees granted in accordance with Article 3-2 by subsidiaries that the Company owns 90% or more voting shares, directly or indirectly, shall be resolved by the Company’s Board of Directors.</u></p> | <p>1. Guarantees granted by The Company shall comply the approval process stated in the “Operational Procedures for Endorsements/Guarantees for Others“ and be resolved approved at the Board of Directors Meeting. However, the Board of Directors may grant the Chairman of the Board certain limit for making guarantees and then seek retroactive approval for timeliness.</p> <p>2. When The Company needs to make endorsements/guarantees that are in compliance with “Operational Procedures for Endorsements/Guarantees for Others“ in the amount that exceed the limit, it shall obtain approval and signature guarantee from the majority of the Directors, in addition to clearly stating The Company’s potential risk as a result of these endorsements/guarantees. The “Operational Procedures for Endorsements/Guarantees for Others” shall then be amended and ratified at the Shareholders’ Meeting; and if the Shareholders do not ratify the endorsement/guarantee, The Company shall rescind the amount of endorsements/guarantees that is over the limit within a pre-determined time period.</p> <p>On matters relating to endorsements/guarantees granted by The Company, the opinions of</p> | For legal compliance purposes. |

| Article | Amended Article | Current Article | Notes |
|---------|---|---|-------|
| | <p><u>However this does not apply to endorsements/guarantees granted between subsidiaries that the Company owns 100% of voting shares, either directly or indirectly.</u></p> <p>On matters relating to endorsements/guarantees granted by The Company, the opinions of the Independent Directors shall be taken into consideration and be recorded in the Board of Directors Meeting Minutes in detail, including both reasons for agreement or disagreement.</p> | <p>the Independent Directors shall be taken into consideration and be recorded in the Board of Directors Meeting Minutes in detail, including both reasons for agreement or disagreement.</p> | |

Attachment VII

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

| Article | Amended Article | Current Article | Notes |
|-----------|---|--|---------------------------------------|
| Article 7 | <p>Entities which seek loans from the Company shall complete the application form, which specifies the following: amount, duration, purpose, method of repayment, description of collateral provided, as well as the entities' basic information and financial-related information. The application shall then be submitted to the Company's Finance Department for approval. The person-in-charge shall, in accordance with "Operational Procedures for Loaning Funds to Others", evaluate the merit and necessity of the application based on the following factors: applicant's credit risk and risk evaluation, risk on the Company's business, impact on the Company's finances and on the shareholders' equity, if necessary, obtaining collateral. The person-in-charge should seek approval from the President and the Chairman of The Company and resolution from the Board of Director.</p> <p><u>Loans made between the Company and its subsidiaries or between the Company's subsidiaries shall first be resolved by the Board of Directors in accordance with previous item; the Board of Directors may authorize the Chairman a predetermined loan limit and can be made in multiple installments or drawn as a revolving credit facility.</u></p> <p><u>The aforementioned limits granted by the Company or any of the Company's subsidiaries to a single entity shall not exceed 10% of the Company's or the subsidiaries' net worth, based on the most recent financial statements. However, such restriction does not apply to loans granted among the Company's 100% owned overseas subsidiaries, directly or indirectly, for the purpose of business funding.</u></p> <p>On matters relating to loans made by</p> | <p>Entities which seek loans from the Company shall complete the application form, which specifies the following: amount, duration, purpose, method of repayment, description of collateral provided as well as the entities' basic information and financial-related information. The application shall then be submitted to the Company's Finance Department for approval. The person-in-charge shall, in accordance with "Operational Procedures for Loaning Funds to Others", evaluate the merit and necessity of the application based on the following factors: applicant's credit risk and risk evaluation, risk on the Company's business, impact on the Company's finances and on the shareholders' equity, if necessary, obtaining collateral. The person-in-charge should seek approval from the President and the Chairman of The Company and resolution from the Board of Director.</p> <p>On matters relating to loans made by the Company, the opinions of the Independent Directors shall be taken into consideration and be recorded in the Board of Directors Meeting Minutes in detail, including both reasons for agreement or disagreement.</p> | <p>For compliance legal purposes.</p> |

| Article | Amended Article | Current Article | Notes |
|---------|---|-----------------|-------|
| | the Company, the opinions of the Independent Directors shall be taken into consideration and be recorded in the Board of Directors Meeting Minutes in detail, including both reasons for agreement or disagreement. | | |

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\$2 billion dollars, in 200 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. the twelfth amendment was on April 30th, 2009.

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.

Rules and procedures governing the election of directors and supervisors

- Article 1: Election for the Company's directors and supervisors shall be governed by the "Rules and procedures governing the election of directors and supervisors."
- Article 2: In the election of directors of this Company, each share shall have voting rights equivalent to the number of seats to be elected and such voting rights can be combined to vote for one person or divided to vote for several persons..
- Article 3: The Board of Directors shall prepare ballots and note the number of voting rights and distribute the ballots to the shareholders in attendance at the Shareholders' Meeting.
- Article 4: Prior to commencing election, the Chairperson shall appoint several ballot examiners and ballot counters. The ballot examiners must be appointed from among the shareholders present..
- Article 5: The Board of Directors shall prepare a ballot box for the election of Directors and Supervisors. The ballot box shall be examined in public by ballot examiners prior to the commencement of the election.
- Article 6: If the candidate is a shareholder of this Company, voters shall fill in the "candidate" column the candidate's name and shareholder's number. If the candidate is not a shareholder of this Company, voters shall fill in the "candidate" column the candidate's name and the candidate's ID number. If the candidate is a government agency or a legal entity, the full name of the government agency or the legal entity or the name(s) of their representative(s) should be filled in the "candidate" column.
- Article 7: The election of both non-independent directors and independent directors shall be held at the same time, but the ballots shall be calculated separately.
- Article 8: The ballot shall be deemed void under the following conditions:
- (1) Ballots not prepared by the Company."
 - (2) Ballots that are left blank in the ballot box.
 - (3) Ballots that contain illegible writing or have been erased and changed.
 - (4) If the candidate is a shareholder of the Company, the name or shareholder's number of the candidate filled in the ballot is inconsistent with the shareholders' register. If the candidate is not a shareholder of the Company, the name or ID number of the candidate filled in the ballot is incorrect;
 - (5) Ballots with other written characters or symbols in addition to candidate's name, shareholder's number (candidate's ID number) and the number of votes casted.
 - (6) The candidate's name is the same as other shareholder and the candidate's shareholder's number or ID number is not filled in to distinguish them.
- Article 9: Directors and Supervisors of the Company shall be elected at the Shareholders' Meeting from eligible persons and the number of Directors and Supervisors to be elected shall be determined in accordance with the Company's Article of

Incorporation. Non-independent directors, independent directors, and supervisors are elected respectively based on the number of votes. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present..

Candidate who is elected as both director and supervisor, in compliance with Article 1, shall determine his preferred position. If the personal information of the elected director or supervisor is confirmed to be inconsistent or his/her election is deemed invalid in accordance with applicable laws, in which case the vacancy shall be filled by the candidates with the next most number of votes at the same Shareholders' meeting.

Article 10: If the Audit Committee is in place, then the supervisors shall not be elected.

Article 11: The ballots should be calculated during the meeting right after the vote casting and the results of the election should be announced by the Chairperson at the meeting.

Article 12: The election is considered invalid if it does not comply with the Securities and Exchange Act Article 26-3, item 3 and item 4.

Article 13: The Board of Directors shall issue notifications to the directors and supervisors elected.

Article 15: Items not stipulated in the "Rules and procedures governing the election of directors and supervisors" shall be governed by the Company Act, the Company's Articles of Incorporation and other related rules and regulations.

Article 16: These Rules and Procedures, and any revision thereof shall become effective after approval at the shareholders' meeting..

Appendix IV

PixArt Imaging Inc.

Shareholding status of All Directors and Supervisors

- I. Number of common shares issued by PixArt 130,786,914 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: April 11, 2010

| 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 | 2,418,686 | 1.85 |
| Director | Fortune Venture Capital Corp. | 2008.06.13 | Jason Lu | 14,188,389 | 12.10 | 13,102,238 | 10.02 |
| Director | Unimicron Technology Corp. | 2008.06.13 | Victor Hsu | 2,209,432 | 1.88 | 1,640,716 | 1.25 |
| 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 | 2,172,708 | 1.66 |
| Total shares held by all Directors | | | | | | 17,161,640 | 13.12 |
| Total shares held by all Supervisors | | | | | | 2,172,708 | 1.66 |

Appendix V

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

The Company do not propose dividend capitalization this year and therefore this itme is not applicable.

Appendix VI

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 cash bonus | 285,278,411 | 285,278,411 | 0 | NA |
| Directors' and Supervisors' Remuneration | 7,631,450 | 7,631,450 | 0 | NA |