



PixArt Imaging Inc.

**2011 ANNUAL REGULAR SHAREHOLDERS'
MEETING**

MEETING AGENDA (TRANSLATION)

June 15 ,2011

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.

Table of Content

ONE · Meeting Procedure	1
TWO · Meeting Agenda	2
I. Report Items	3
II. Acknowledgement · Proposed Resolutions and Elections	6
III. Special motions	9
THREE · Attachments	
I. 2010 Business Report.....	10
II. Supervisor’s Report.....	11
III. Independent auditor’s report and 2010 financial statements.....	12
IV. Independent auditor’s report and 2010 consolidated financial statements	17
V. Statement of earnings distribution.....	22
VI. Comparison table for amendments made to Articles of Incorporation	23
VII. Comparison table for amendments made to the Company’s “Procedures for the Acquisition or Disposal of Assets”.	28
VIII. Comparison table for amendments made to the Company’s “Operational Procedures for Endorsements/Guarantees”	33
IX. Comparison table for amendments made to the Company’s “Operational Procedures for Loaning Funds to Others”	35
X. Comparison table for amendments made to the Company’s “Rules For Election of Directors and Supervisors”.....	37
XI The list of candidate to be elected as Independent Directors.....	39
FOUR · Appendix	
I. Articles of Incorporation	40
II. Procedures and Rules of Shareholders’ Meeting	44
III. Rules for Election of Directors and Supervisors.....	46
IV. Rules for transfer of the fourth repurchased shares to employees	48
V. Shareholding status of Directors and Supervisors.....	49
VI. Impact of distribution of bonus shares on Company’s operational performance, earnings per share, and return on equity	50
VII. Employee bonus, Directors’ and Supervisors’ remuneration.....	50

PixArt Imaging Inc.

2011 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.
2011 Regular Shareholders' Meeting Agenda

Time : 9:00 a.m., Wednesday, June 15th, 2011

**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) Report on the implementation of Stock Repurchases

IV. Acknowledgements 、 Proposed Resolutions and Elections

(I) Acknowledge 2010 Business Report and Financial Statements.

(II) Acknowledge the proposal for 2010 earnings distribution.

(III) Discuss the capitalization of 2010 dividends and employee profit sharing.

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

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

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

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

(VIII) Discuss the amendments of Company's "Rules for Election of Directors and Supervisors".

(IX) Election of the Company's 7th Directors.

(X) To approve the proposal of releasing Directors from non-competition restrictions.

V. Special Motions

VI. Meeting adjourned

【Report Items】

Report Item I

Subject : Review the Company's 2010 Business Report.

Description : Please refer to Attachment I on Page 10 for the Company's 2010 Business Report.

Report Item II

Subject : Review the Supervisors's report on auditing the Company's 2010 business report, financial statements and earnings distribution.

Description : (1)The Company's 2010 Business Report, Financial Statements and earnings distribution has been duly audited by the supervisors and independent auditors. The independent auditor and the supervisors have prepared their audit reports respectively.

(2)Please refer to Attachment II on Page 11, for the Supervisor's Report.

(3)Please refer to Attachment III on Page 12 for the Independent Auditor's Report..

Report Item III

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

Description : (1)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 Shareholder's Meeting resolution	2009.04.30	Payment completion date	2009.07.14		
Share delivery Date	2009.08.10	Maturity date	2012.08.10		
Pricing date	2009.05.07	Total shares	1,500,000 shares		
Issuing price	NT\$ 146.02	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 regarding to 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 public offering.				
The means of selecting 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	
The status of utilization of the funds, plan implementation progress	The fund is used to replenish the Company's research and development, purchase R&D equipment and facilities, bolster working capital and had been used up in 2010 Q2.				
Expected benefits	The purpose of the 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 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 year 2008 (prior to cash offering by private placement) and 2009 (after cash offering by private placement), indicators for the Company's overall capital structure and debt-paying ability has 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 ratio	20.28 %	21.30 %		
	Long-term capital / Fixed Assets ratio	20.28 %	21.30 %		
Ability to repay debts	Current ratio	430.98 %	492.25 %		
	Quick ratio	404.32 %	464.23 %		

(2) The fund is used to replenish the Company's research and development, purchase R&D equipment and facilities, bolster working capital and had been used up in Q2 of 2010.

(3) On April 27, 2010, the Company's board of directors decided not to issue of the remaining 500,000 shares before the expiration date, April 29, 2010.

Report Item IV

Subject : Review the Implementation of Stock Repurchases

Description : (1)Details for stock buybacks are as follows:

Items	First Repurchase	Fourth Repurchase
Date of Board Resolution	2007/12/27	2011/3/22
Purpose of the buyback	Transferring to Employees	Transferring to Employees
Buyback period	2007/12/28 to 2008/2/27	2011/3/23 to 2011/5/22
Proposed quantity of the buyback	1,000,000 shares of common stock	2,000,000 shares of common stock
Proposed price range of the buyback(in NTD)	Between NT\$160 to NT\$328	Between NT\$84 to NT\$170
Number of shares bought back	1,000,000 shares of common stock	1,636,000 shares of common stock
Total amount of shares bought back (in NTD)	NT\$ 199,986,047	NT\$ 190,191,431
The average buyback price per share	NT\$ 199.99	NT\$ 116.25
Number of shares retired or transferred	Retired 1,000,000 shares of common stock	0 shares of common stock
Accumulated number of shares	0 shares	2,601,000 shares
Accumulated number of shares as a percentage of total number of outstanding shares	0%	2.0%
Buyback status	Complete during predetermined period	Did not complete during predetermined period
Reason for not being completed during predetermined period	Not Applicable.	The Company implemented a share repurchase scheme from time to time depending on the stock prices to serve in the best interest of our shareholders

(2)Please refer to Appendix IV on Page 48 for the Company's "Rules for transfer of the fourth repurchased shares to employees".

【Acknowledgements · Proposed Resolutions and Elections】

Item I

Proposed by the Board of Directors

Subject : To acknowledge the Company's 2010 Business Report and Financial Statements.

Description :

- (1) The Company's 2010 financial statements were audited by Huang Yi-Hui and Wang Chin-Lai of Ernst & Young. The Board of Directors approved the aforementioned financial statements and the 2010 Business Report. The Supervisors then audited them and the Supervisor's Report was prepared in accordance with the Company Act
- (2) Please refer to Attachment I on Page 10, Attachment III and Attachment IV on Page 12 through 21 for the aforementioned Business Report and Financial Statements.

Resolution :

Item II

Proposed by the Board of Directors

Subject: : To acknowledge the Company's 2010 Earnings Distribution proposal.

Description: :

- (1) The Company's 2010 Earnings Distribution proposal was approved by the Board of Directors on April 26th, 2011 then audited by the Supervisors and an Supervisor's report was prepared.
- (2) Please refer to Attachment V on Page 22 for the 2010 Surplus earnings distribution statement.

Resolution :

Item III

Proposed by the Board of Directors

Subject : To approve the proposal for capitalization of 2010 stock dividends and employee stock bonus.

Description :

- (1) The Board proposes to issue 1,281,714 shares of stock dividends by capitalizing the stock dividends of NT\$12,817,140 from 2010 earnings. The par value of each share is NT\$10. Stock 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), 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 specified persons .

- (2) It is proposed to distribute NT\$24,000,000 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 by 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 8, Article 14-19, Article 23-24 and Article 27 in the Articles of Incorporation for business operation purposes and establishing an Audit Committee's.
- (2) Please refer to Attachment VI on Page 24 to 27 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 "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 requirements for Audit Committee's practices. Please refer to Attachment VII on Page 28 to Page 31 for the comparison table of the amendments.

Resolution :

Item VI**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 requirements for Audit Committee's practices. Please refer to Attachment VIII on Page 32 to 33 for the comparison table of the amendments.

Resolution :

Item VII**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 requirements for Audit Committee's practices. Please refer to Attachment IX on Page 34 to 35 for the comparison table of amendments.

Resolution :

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

Subject : To approve the proposal to amend the Company's "Rules For Election of Directors and Supervisors".

Description : It is proposed to renamed the Company's "Rules For Election of Directors and Supervisors" to "Rules For Election of Directors" and to amend articles for requirements for Audit Committee's practices. Please refer to Attachment X on Page 36 to 37 for the comparison table of amendments.

Resolution :

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

Subject : By-election of the Company's 7th Directors.

Description :

- (1) The term of the Company's 6th Board of Directors and Supervisors expired. The Board of Directors (7 seats) for the succeeding term shall be elected at the 2011 Shareholders' Meeting. The term of the newly elected directors shall begin on June 15th, 2011 and end on June 14th, 2014.
- (2) The number of Independent Directors shall be three 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 following candidates were nominated in accordance

with the legal procedures under the approval of the Company's Board of Directors:Mr.Ming-de Li 、 Mr.Chun Kuan and Mr. Wen-Chin Cheng. Please refer to Attachment XI on Page 38 for the list of candidates to be elected as independent directors.

Resolution:

Item X

Proposed by the Board of Directors

Subject : To approve the proposal of releasing Directors from non-competition restrictions.

Description :

- (1) According to Article 209 of the Company Law, a Director who conducts affairs within the business scope of the Company for himself or for others shall report the essential contents of the conduct in the Shareholders' Meeting and obtain the shareholders' approval.
- (2) Since some of the newly elected Directors may also be Directors of other companies that have similar business scope to the Company's current operation, it is proposed to release the non-competition restriction on the Company's newly elected Board of Directors and it's representative.

【Special Motion】

【Meeting Adjourned】

Attachment I

PixArt Imaging Inc. Business Report

PixaArt Imaging Inc. posted total revenue of NT\$3.98 billion in 2010, a 6% increase from 2009 (NT\$3.75 billion). The net income decreased by 4.4% to NT\$811 million from NT\$848 million in 2009. Earnings per share was NT\$6.29 in 2010 while return on equity was 13.6%.

In year 2010, the world economy gradually regained growth from the impact of the financial crisis. Stronger and more rapid growth was observed especially in emerging economies. Pixart Imaging Inc. reported revenue growth in various segments of our business among which the mouse product line reported the most outstanding results. Delivery volume for mouse products grew by more than 30% comparing to the previous year with better market share and addition of new customers. However, revenue and profit contribution for toys/games products slid due to decline in demand. Delivery volumes for optical touch products were unsatisfactory due to the lack of attractive application softwares and unsatisfactory demands in AIO computer markets. In spite of better revenue for this year, profitability was worse off comparing to previous year's results due to the decline in the delivery of toys/games products and unsatisfactory results for optical touch products. Nevertheless, Pixart Imaging Inc. has worked nonstop to develop new human machine interface products and our efforts began to pay off this year. We began to deliver a small volume of our new OFM products in the fourth quarter of 2010 and hoped to achieve better market share this year. We are constantly engaging in R & D of new products, which we hope will contribute to the company's revenue and profits in the long run.

The global economy expects to sustain stable growth in 2011. Recently, prices for raw materials and supplies spiked as a result of loose monetary policies adopted by a large majority of nations, climate change and political crisis in the Middle East and North Africa. Inflationary pressure was on the rise and unemployment rate in developed countries remained high. In addition to all these unfavourable factors, the recent major earthquake in Japan could impair economic growth. We must handle the changing economic conditions with more prudence. In the coming year, we will continue to enhance our R & D in products and technology to strengthen our core competitiveness and improve our competitive advantages. On the dimension of marketing and distribution, we will keep a close eye on changes in market and industrial conditions to keep hold of market opportunities and demands. We hope to establish a win-win partnership with our clients by offering them total solutions and high-quality services. With respect to production, we hope to improve product quality and yield rate, reduce costs of production and effectively keep track of our inventory levels through close collaboration with wafer fabs and packaging and testing firms. The optimal goal is to maintain our position as a leader in the market in production and delivery lead time. Pixart welcomes all challenges and is devoted to enhancing our competitive strength, operating performance and creating better results and values for our shareholders with our prudent management approach.

We would like to thank the shareholders for their continued support and good will. We 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 2010 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. 2011 Annual General Shareholders' Meeting

PixArt Imaging Inc.

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

Supervisor : Tracy Liu

April 27, 2011

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, 2010 and 2009, 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 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 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, 2010 and 2009, 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.

The Company has prepared consolidated financial statements as of December 31, 2010 and 2009 and for the years then ended. We have expressed an unqualified opinion and a modified unqualified opinion on those consolidated financial statements, respectively.

Ernst & Young
CERTIFIED PUBLIC ACCOUNTANTS
March 7, 2011
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**

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	As of December 31,		LIABILITIES AND SHAREHOLDERS' EQUITY	As of December 31,	
	2010	2009		2010	2009
Current assets			Current liabilities		
Cash and cash equivalents	\$ 5,131,812	4,766,006	Accounts payable	\$ 153,072	\$ 187,638
Notes receivable, net	518	702	Accounts payable—related parties	41,188	114,992
Accounts receivable, net	353,615	382,459	Income tax payable	90,882	84,517
Receivable from related parties, net	16,422	13,560	Accrued expenses	910,222	734,857
Other receivables	25,599	24,454	Other current liabilities	12,443	18,170
Inventories, net	285,140	274,741	Total current liabilities	1,207,807	1,140,174
Prepayments	18,765	43,761			
Other current assets	50	965	Other liabilities		
Deferred income tax assets-current	22,627	4,518	Accrued pension liabilities	5,975	5,975
Held-to-maturity financial assets-current	327,995	101,367	Deferred credits	170	335
Total current assets	6,182,543	5,612,533	Total other liabilities	6,145	6,310
			Total liabilities	1,213,952	1,146,484
Funds and investments					
Investments accounted for under the equity method	267,524	267,747	Shareholders' equity		
Held-to-maturity financial assets-noncurrent	200,452	461,259	Capital		
Financial assets measured at cost-noncurrent	300,000	300,000	Common stock	1,308,224	1,298,589
Total funds and investments	767,976	1,029,006	Capital stock to be registered	-	50
			Capital collected in advance	-	79,117
Property, plant and equipment			Capital reserve		
Buildings and facilities	230,416	230,416	Additional paid-in capital	1,856,590	1,699,702
Research and development equipment	70,752	64,449	Donated by shareholders	3,816	3,816
Miscellaneous equipment	77,794	78,564	Long-term investment transaction	1,622	106
Total cost	378,962	373,429	Employee stock options	4,341	8,016
Less : Accumulated depreciation	(122,919)	(107,872)	Retained earnings		
Add : Prepayments for equipment	2,606	8,977	Legal reserve	679,372	594,552
Property, plant and equipment, net	258,649	274,534	Special reserve	238	-
			Undistributed earnings	2,527,341	2,445,808
Intangible assets			Other adjustments		
Patents	3,287	8,078	Cumulative translation adjustments	(857)	(238)
Software	67,659	39,195	Treasury stock	(280,834)	(280,834)
Total intangible assets	70,946	47,273	Total stockholders' equity	6,099,853	5,848,684
Other assets					
Refundable deposits	2,147	2,093			
Deferred assets	9,759	7,518			
Deferred income tax assets-noncurrent	18,515	19,211			
Restricted deposits	3,270	3,000			
Total other assets	33,691	31,822			
Total assets	\$ 7,313,805	\$ 6,995,168	Total liabilities and shareholders' equity	\$ 7,313,805	\$ 6,995,168

English Translation of Financial Statements Originally Issued in Chinese

PixArt Imaging Inc.

STATEMENTS OF INCOME

For the years ended December 31, 2010 and 2009

(Expressed in Thousands of New Taiwan Dollars, Except for Per Share Data)

Description	2010		2009	
Gross sales	\$	3,986,819	\$	3,758,802
Less : Sales returns		(6,259)		(2,694)
Sales discounts		(1,172)		(1,676)
Net sales		3,979,388		3,754,432
Cost of goods sold		(2,218,672)		(2,006,642)
Gross profits		1,760,716		1,747,790
Less : Unrealized gross margin from affiliates		(170)		(335)
Add : Realized gross margin from affiliates		335		-
Realized gross margin		1,760,881		1,747,455
Operating expenses				
Selling expenses		(103,292)		(98,484)
Administrative expenses		(249,073)		(257,972)
Research and development expenses		(526,188)		(483,454)
Total operating expenses		(878,553)		(839,910)
Operating income		882,328		907,545
Non-operating income and gains				
Interest income		22,490		16,115
Rental income		171		2,258
Others		7,327		1,666
Total non-operating income and gains		29,988		20,039
Non-operating expenses and losses				
Loss on equity investments, net		(27,002)		(17,725)
Foreign exchange loss, net		(32,305)		(9,203)
Others		(308)		(221)
Total non-operating expenses and losses		(59,615)		(27,149)
Income from continuing operations before income tax		852,701		900,435
Income tax expense		(42,000)		(52,231)
Net income	\$	810,701	\$	848,204
Earnings Per Share				
Basic Earnings Per Share (in New Taiwan Dollars)				
Net income		Before income tax	After income tax	Before income tax
	\$	6.62	\$	6.29
			\$	7.13
			\$	6.72
Diluted Earnings Per Share (in New Taiwan Dollars)				
Net income		Before income tax	After income tax	Before income tax
	\$	6.47	\$	6.16
			\$	6.99
			\$	6.58

PixArt Imaging Inc.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 2010 and 2009

(Expressed in Thousands of New Taiwan Dollars)

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	Special reserve	Undistributed earnings			
Balance as of January 1, 2009	\$ 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 (Note1) :													
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
Cost of employee share-based awards	-	-	-	-	-	-	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
Appropriation and distribution of 2009 earnings (Note2) :													
Legal reserve	-	-	-	-	-	-	-	84,820	-	(84,820)	-	-	-
Special reserve	-	-	-	-	-	-	-	-	238	(238)	-	-	-
Cash paid for shareholders' dividends	-	-	-	-	-	-	-	-	-	(644,110)	-	-	(644,110)
Exercise of employee stock options	9,635	(50)	(79,117)	156,888	-	-	(3,792)	-	-	-	-	-	83,564
Cost of employee share-based awards	-	-	-	-	-	-	117	-	-	-	-	-	117
Adjustment from changes in the percentage of ownership of investees	-	-	-	-	-	-	1,516	-	-	-	-	-	1,516
Net income for 2010	-	-	-	-	-	-	-	-	-	810,701	-	-	810,701
Cumulative translation adjustments	-	-	-	-	-	-	-	-	-	-	(619)	-	(619)
Balance as of December 31, 2010	\$ 1,308,224	\$ -	\$ -	\$ 1,856,590	\$ 3,816	\$ 1,622	\$ 4,341	\$ 679,372	\$ 238	\$ 2,527,341	\$ (857)	\$ (280,834)	\$ 6,099,853

(Note1) : Directors remuneration and employee bonus amounting to NT\$12,237 thousand and NT\$456,445 thousand, respectively, were expensed in 2008.

(Note2) : Directors remuneration and employee bonus amounting to NT\$7,631 thousand and NT\$285,278 thousand, respectively, were expensed in 2009.

PixArt Imaging Inc.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2010 and 2009

(Expressed in Thousands of New Taiwan Dollars)

Description	2010	2009
Cash flows from operating activities :		
Net income	\$ 810,701	\$ 848,204
Adjustments to reconcile net income to net cash provided by operating activities:		
Realized gross margin from affiliates	(335)	-
Unrealized gross margin from affiliates	170	335
Depreciation (including leased assets)	24,240	20,668
Amortization	41,186	31,499
Employee bonuses	272,663	285,576
Amortization of financial assets discount or premium	9,740	3,138
Provision (reversal) of allowance for loss on decline in market value and obsolescence of inventories	21,066	(57,928)
Cost of employee share-based awards	117	1,932
Net loss on equity investments	27,002	17,725
Deferred income tax	(17,413)	8,556
Changes in operating assets and liabilities:		
Notes receivable	184	(702)
Accounts receivable	28,844	(54,375)
Receivable from related parties	(2,862)	(13,560)
Other receivables	(1,145)	1,200
Inventories	(31,465)	82,619
Prepayments	22,983	(10,019)
Other current assets	915	(957)
Notes payable	-	(135,383)
Accounts payable	(34,566)	67,289
Accounts payable—related parties	(73,804)	11,719
Income tax payable	6,365	30,386
Accrued expenses	(97,298)	30,913
Other current liabilities	(5,727)	11,303
Net cash provided by operating activities	1,001,561	1,180,138
Cash flows from investing activities :		
Increase in investments accounted for under the equity method	(25,882)	(26,814)
Increase in held-to-maturity financial assets	(200,561)	(565,764)
Proceeds from redemption of held-to-maturity financial assets	225,000	-
Purchase of property, plant and equipment	(12,670)	(26,496)
Proceeds from disposal of property, plant and equipment	-	23
Increase in intangible assets	(50,578)	(30,102)
Increase in refundable deposits	(54)	(1,205)
Increase in restricted deposits	(270)	-
Increase in deferred assets	(10,194)	(5,925)
Net cash used in investing activities	(75,209)	(656,283)
Cash flows from financing activities :		
Decrease in deposits received	-	(931)
Shareholders' dividends	(644,110)	(737,098)
Issuance of common stock for cash	-	219,030
Exercise of employee stock options	83,564	80,183
Net cash used in financing activities	(560,546)	(438,816)
Net increase in cash and cash equivalents	365,806	85,039
Cash and cash equivalents at the beginning of the year	4,766,006	4,680,967
Cash and cash equivalents at the end of the year	\$ 5,131,812	\$ 4,766,006
Supplemental disclosures of cash flow information :		
Income tax paid during the year	\$ 53,048	\$ 13,289
Non-cash activities :		
Stock dividends and employees' bonuses capitalized (including additional paid-in capital)	\$ -	\$ 423,730

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, 2010 and 2009, the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years ended December 31, 2010 and 2009. 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, 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, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years ended December 31, 2010 and 2009, 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.

Ernst & Young
CERTIFIED PUBLIC ACCOUNTANTS
March 7, 2011
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
(Expressed in Thousands of New Taiwan Dollars)

ASSETS	As of December 31,		LIABILITIES AND SHAREHOLDERS' EQUITY	As of December 31,	
	2010	2009		2010	2009
Current assets			Current liabilities		
Cash and cash equivalents	\$ 5,382,191	\$ 5,135,820	Accounts payable	\$ 173,628	\$ 188,283
Notes receivable, net	518	702	Accounts payable—related parties	150,952	114,992
Accounts receivable, net	437,321	382,513	Income tax payable	94,472	84,541
Other receivables	25,648	25,455	Accrued expenses	922,012	736,132
Inventories, net	452,748	277,081	Other current liabilities	10,097	12,239
Prepayments	46,418	45,358	Total current liabilities	1,351,161	1,136,187
Other current assets	110	2,268			
Deferred income tax assets-current	22,369	4,518	Other liabilities		
Held-to-maturity financial assets-current	327,995	101,367	Accrued pension liabilities	5,975	5,975
Total current assets	6,695,318	5,975,082	Deposits received	468	694
			Total other liabilities	6,443	6,669
Funds and investments			Total liabilities	1,357,604	1,142,856
Held-to-maturity financial assets-noncurrent	200,452	461,259			
Financial assets measured at cost-noncurrent	300,000	300,000	Shareholders' equity		
Total funds and investments	500,452	761,259	Shareholders' equity attributable to parent company's shareholders		
			Capital		
Property, plant and equipment			Common stock	1,308,224	1,298,589
Buildings and facilities	230,416	230,416	Capital stock to be registered	-	50
Research and development equipment	70,752	65,910	Capital collected in advance	-	79,117
Miscellaneous equipment	95,764	78,564	Capital reserve		
Total cost	396,932	374,890	Additional paid-in capital	1,856,590	1,699,702
Less : Accumulated depreciation	(125,506)	(107,980)	Donated by shareholders	3,816	3,816
Add : Prepayments for equipment	2,606	8,977	Long-term investment transaction	1,622	106
Property, plant and equipment, net	274,032	275,887	Employee stock options	4,341	8,016
			Retained earnings		
Intangible assets			Legal reserve	679,372	594,552
Patents	3,287	8,078	Special reserve	238	-
Software	69,538	41,313	Undistributed earnings	2,527,341	2,445,808
Total intangible assets	72,825	49,391	Other adjustments		
			Cumulative translation adjustments	(857)	(238)
Other assets			Treasury stock	(280,834)	(280,834)
Refundable deposits	3,747	3,350	Total stockholders' equity of parent company	6,099,853	5,848,684
Deferred assets	19,156	7,518	Minority interests	156,858	103,158
Deferred income tax assets-noncurrent	18,515	19,211	Total shareholders' equity	6,256,711	5,951,842
Restricted deposits	30,270	3,000			
Total other assets	71,688	33,079			
			Total liabilities and shareholders' equity	\$ 7,614,315	\$ 7,094,698
Total assets	\$ 7,614,315	\$ 7,094,698			

PixArt Imaging Inc. And Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

For the years ended December 31, 2010 and 2009

(Expressed in Thousands of New Taiwan Dollars, Except for Per Share Data)

Description	2010		2009	
Gross sales	\$	4,527,696	\$	3,755,882
Less: Sales returns		(6,259)		(2,694)
Sales discounts		(1,172)		(1,676)
Net sales		4,520,265		3,751,512
Cost of goods sold		(2,724,669)		(2,008,936)
Gross profits		1,795,596		1,742,576
Operating expenses				
Selling expenses		(105,576)		(98,530)
Administrative expenses		(282,953)		(272,503)
Research and development expenses		(534,777)		(483,786)
Total operating expenses		(923,306)		(854,819)
Operating income		872,290		887,757
Non-operating income and gains				
Interest income		23,258		16,633
Rental income		171		2,258
Others		7,332		1,671
Total non-operating income and gains		30,761		20,562
Non-operating expenses and losses				
Foreign exchange loss, net		(33,333)		(9,193)
Others		(309)		(221)
Total non-operating expenses and losses		(33,642)		(9,414)
Income from continuing operations before income tax		869,409		898,905
Income tax expense		(46,399)		(52,623)
Consolidated net income	\$	823,010	\$	846,282
Attributable to:				
Shareholders of the parent	\$	810,701	\$	848,204
Minority interests		12,309		(1,922)
Consolidated net income	\$	823,010	\$	846,282
Earnings Per Share				
Basic Earnings Per Share (in New Taiwan Dollars)				
Consolidated net income	\$	6.75	\$	6.39
Net (income) loss attributable to minority interests		(0.12)		(0.10)
Net income attributable to shareholders of the parent	\$	6.63	\$	6.29
Diluted Earnings Per Share (in New Taiwan Dollars)				
Consolidated net income	\$	6.60	\$	6.25
Net (income) loss attributable to minority interests		(0.11)		(0.09)
Net income attributable to shareholders of the parent	\$	6.49	\$	6.16

English Translation of Financial Statements Originally Issued in Chinese

PixArt Imaging Inc. And Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 2010 and 2009

(Expressed in Thousands of New Taiwan Dollars)

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	Special reserve	Undistributed earnings					
Balance as of January 1, 2009	\$ 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 2009 earnings (Note1):															
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
Cost of employee share-based awards	-	-	-	-	-	-	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
Appropriation and distribution of 2009 earnings (Note2):															
Legal reserve	-	-	-	-	-	-	-	84,820	-	(84,820)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	238	(238)	-	-	-	-	-
Cash paid for shareholders' dividends	-	-	-	-	-	-	-	-	-	(644,110)	-	-	(644,110)	-	(644,110)
Exercise of employee stock options	9,635	(50)	(79,117)	156,888	-	-	(3,792)	-	-	-	-	-	83,564	-	83,564
Cost of employee share-based awards	-	-	-	-	-	-	117	-	-	-	-	-	117	-	117
Adjustment from changes in the percentage of ownership of investees	-	-	-	-	-	-	1,516	-	-	-	-	-	1,516	-	1,516
Net income attributable to parent company for 2010	-	-	-	-	-	-	-	-	-	810,701	-	-	810,701	-	810,701
Cumulative translation adjustments	-	-	-	-	-	-	-	-	-	-	(619)	-	(619)	-	(619)
Increase in minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	53,700	53,700
Balance as of December 31, 2010	\$ 1,308,224	\$ -	\$ -	\$ 1,856,590	\$ 3,816	\$ 1,622	\$ 4,341	\$ 679,372	\$ 238	\$ 2,527,341	\$ (857)	\$ (280,834)	\$ 6,099,853	\$ 156,858	\$ 6,256,711

(Note1) : Directors remuneration and employee bonus amounting to NT\$12,237 thousand and NT\$456,445 thousand, respectively, were expensed in 2009

(Note2) : Directors remuneration and employee bonus amounting to NT\$7,631 thousand and NT\$285,278 thousand, respectively, were expensed in 2010

PixArt Imaging Inc. And Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2010 and 2009
(Expressed in Thousands of New Taiwan Dollars)

Description	2010	2009
Cash flows from operating activities:		
Consolidated net income	\$ 823,010	\$ 846,282
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation (including leased assets)	26,941	20,778
Amortization	42,940	31,624
Employee bonuses	272,663	285,278
Amortization of financial assets discount or premium	9,740	3,138
Cost of employee share-based awards	117	1,932
Provision (reversal) of allowance for loss on decline in market value and obsolescence of inventories	21,431	(57,928)
Deferred income tax	(17,155)	8,556
Changes in operating assets and liabilities:		
Notes receivable	184	(702)
Accounts receivable	(54,808)	(54,429)
Other receivables	(193)	357
Inventories	(197,098)	80,279
Prepayments	(3,073)	(11,472)
Other current assets	2,158	(2,260)
Notes payable	-	(135,383)
Accounts payable	(14,655)	67,934
Accounts payable—related parties	35,960	11,719
Income tax payable	9,931	30,235
Accrued expenses	(86,783)	31,858
Other current liabilities	(2,142)	5,372
Net cash provided by operating activities	<u>869,168</u>	<u>1,163,168</u>
Cash flows from investing activities :		
Increase in held-to-maturity financial assets	(200,561)	(565,764)
Proceeds from redemption of held-to-maturity financial assets	225,000	-
Increase restricted deposits	(27,270)	-
Purchase of property, plant and equipment	(29,401)	(27,959)
Proceeds from disposal of property, plant and equipment	-	23
Increase in intangible assets	(51,086)	(32,345)
Increase in refundable deposits	(397)	(2,188)
Increase in deferred assets	(20,598)	(5,925)
Net cash used in investing activities	<u>(104,313)</u>	<u>(634,158)</u>
Cash flows from financing activities :		
Decrease in deposits received	(226)	(237)
Shareholders' dividends	(644,110)	(737,098)
Issuance of common stock for cash	-	219,030
Exercise of employee stock options	83,564	80,183
Increase (decrease) in minority interest	42,907	(135)
Net cash used in financing activities	<u>(517,865)</u>	<u>(438,257)</u>
Effect of exchange rate changes	(619)	(310)
Net increase in cash and cash equivalents	246,371	90,443
Cash and cash equivalents at the beginning of the year	5,135,820	5,045,377
Cash and cash equivalents at the end of the year	<u>\$ 5,382,191</u>	<u>\$ 5,135,820</u>
Supplemental disclosures of cash flow information:		
Income tax paid during the year	<u>\$ 53,660</u>	<u>\$ 14,048</u>
Non-cash activities :		
Stock dividends and employees' bonuses capitalized (including additional paid-in capital)	<u>\$ -</u>	<u>\$ 423,730</u>

Attachment V

PixArt Imaging Inc
Statement of Earnings Distributions
FY 2010

Expressed in NT Dollars

Descriptions	Amount	Remarks
Net profit of 2010	810,700,490	
Less: 10% Legal reserve	(81,070,049)	
Special reserve	(618,568)	
2010 Earnings Available for Distribution	729,011,873	
Plus: Unappropriated retained earnings of previous years	1,716,639,288	
Earnings Available for Distribution	2,445,651,161	
Distribution Items:		
1. Stock Dividend to common shareholders	12,817,140	NT\$0.1 per share
2. Cash Dividend to common shareholders	602,405,646	NT\$4.7 per share
Total Distribution	615,222,786	
Unappropriated Earnings after earnings distribution	1,830,222,375	

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

Note 1: Distribute employee cash bonus in the amount of NT\$248,663,314, employee stock bonus in the amount of NT\$24,000,000, and Directors' and Supervisors' remuneration in the amount of NT\$7,289,452. Number of shares for the employee stock bonus 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 129,862,414 shares outstanding as of April 26nd, 2011 minus 1,691,000 shares of treasury stock.

Note 5: The Board of Directors is authorized to make adjustments to the cash and stock 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, earnings distribution should be individually identified. Fiscal year 2010 earnings shall be distributed first for 2010 earnings distribution.

Attachment VI

Comparison table for amendments made to “Articles of Incorporation”

Amended Article	Current Article	Notes
<p>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 <u>shall be convened when deemed necessary in accordance with related laws.</u></p>	<p>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. <u>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.</u></p>	For Audit Committee’s practices purposes.
Section 4 – Directors, Audit Committee, and Managers	Section 4 – Directors, <u>Supervisors</u> , and Managers	For Audit Committee’s practices purposes.
<p>Article 14 The Company shall have <u>seven</u> Directors, elected in the shareholders’ meetings from among the persons with disposing capacity . The term of office for all Directors shall be three years, and all Directors shall be eligible for re-election. <u>The Board of Directors are authorized to determine the remuneration to Directors according to their respective involvements in and contributions to the Company’s management and with reference to industry standards.</u> 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. Of the 7 Directors stipulated in preceding Article, the number of Independent Directors shall be no less than <u>three</u> 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</p>	<p>Article 14 The Company shall have <u>five</u> Directors and <u>three</u> 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.</p>	<p>1.For Audit Committee’s practices purposes. 2. Added a new provision authorizing the Board of Directors to determine remuneration to Directors. 3. Incorporated Article 14-1 as part of Article 14 and made adjustments to the number of independent directors in line with the establishment of the Audit Committee.</p>

Amended Article	Current Article	Notes
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.		
(Incorporate as part of Article 14)	<p>Article 14-1 Of the 5 Directors stipulated in preceding Article, the number of Independent Directors shall be no less than <u>two</u> 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.</p>	Moved to and combined with Article 14 and increase the number of independent directors to 3 to meet the requirements for Audit Committee.
<p>Article 15 <u>The Company has instituted the Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act. The Audit Committee was made up by all independent directors of the Company.</u></p>	(New)	For Audit Committee's practices purposes.
<p>Article <u>16</u> The directors shall organize the Board of Directors. The responsibilities of the Board of Directors are as follows: <ol style="list-style-type: none"> 1. Preparing business plans. 2. Proposing earnings distributions or loss offsetting 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.</p>	<p>Article <u>15</u> The directors shall organize the Board of Directors. The responsibilities of the Board of Directors are as follows: <ol style="list-style-type: none"> 1. Preparing business plans. 2. Proposing 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.</p>	Article number changed.
<p>Article <u>17</u> The chairman of the Board shall be</p>	<p>Article <u>16</u> The chairman of the Board shall be</p>	Article number changed.

Amended Article	Current Article	Notes
elected by and among the directors with more than half of the directors at a meeting attended by more than two thirds of directors.. The Chairman of the Board of Directors shall externally represent the Company.	elected by and among the directors with more than half of the directors at a meeting attended by more than two thirds of directors.. The Chairman of the Board of Directors shall externally represent the Company.	
<p>Article 18</p> <p>Unless otherwise regulated by the Company Act, meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors. <u>Directors may be notified of the Board of Directors meeting via written notices, E-mail or fax.</u> 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.</p>	<p>Article 17</p> <p>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..</p>	Article number changed. And Directors may be notified of the Board of Directors meeting via written notices, E-mail or fax.
<p>Article 19</p> <p>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.</p>	<p>Article 18</p> <p>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.</p>	Article number changed.
(Article removed)	<p>Article 19</p> <p><u>The Supervisors' responsibilities are as follows:</u></p> <ol style="list-style-type: none"> 1. <u>Audit the financial statements</u> 2. <u>Oversee the Company's business performance and financial standing and request the Board of Directors or managerial officers to submit reports.</u> 3. <u>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.</u> 4. <u>Exercise other supervisory powers according to the law.</u> 	In line with establishment of the Company's Audit Committee, the responsibilities of the Audit Committee are treated in accordance with the relevant laws and regulations. This Article was removed accordingly.
<p>Article 23</p> <p>At the close of each fiscal year, the Board of Directors shall prepare the following statements to the general meeting of shareholders for its ratification in accordance with Article 228 of the Company Act</p>	<p>Article 23</p> <p>At the close of each fiscal year, the Board of Directors shall prepare the following statements <u>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</u></p>	For Audit Committee's practices purposes.

Amended Article	Current Article	Notes
<ol style="list-style-type: none"> 1. Business Report 2. Financial Statements 3. The earnings distributions or loss off-setting proposals 	<p><u>shareholders, the supervisors prepare Supervisors' report, and the Board of Directors shall submit the financial statements</u> to the general meeting of shareholders for its ratification in accordance with Article 228 of the Company Act</p> <ol style="list-style-type: none"> 1. Business Report 2. Financial Statements 3. The earnings distributions or loss off-setting proposals. 	
<p>Article 24</p> <p>Where the Company has a profit at the end of each fiscal year, the Company shall allocate the profit in the following order:</p> <ol style="list-style-type: none"> 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 to a maximum of 1% of the remaining current year's earnings after deducting for item 1 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. Based on the remaining, after all the above appropriations and distributions, the Board of Directors share prepare an earnings distribution proposal in accordance with dividend policy stipulated in paragraph 2 of this Article. The distribution proposal will be resolved in the Shareholders' Meeting. <p>The Board of Directors shall make the distribution proposal in the subsequent year and submit it to the annual shareholders' meeting for approval. The proposal should reflect factors such as industry situation, current and future fund requirements, and long-term financial planning. In 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.</p>	<p>Article 24</p> <p>Where the Company has a profit at the end of each fiscal year, the Company shall allocate the profit in the following order:</p> <ol style="list-style-type: none"> 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 <u>and supervisors</u> to a maximum of 1% of the remaining current year's earnings after deducting for item 1 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. Based on the remaining, after all the above appropriations and distributions, the Board of Directors share prepare an earnings distribution proposal in accordance with dividend policy stipulated in paragraph 2 of this Article. The distribution proposal will be resolved in the Shareholders' Meeting. <p>The Board of Directors shall make the distribution proposal in the subsequent year and submit it to the annual shareholders' meeting for approval. The proposal should reflect factors such as industry situation, current and future fund requirements, and long-term financial planning. In 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 <u>and supervisors</u> remuneration shall be</p>	<p>For Audit Committee's practices purposes.</p>

Amended Article	Current Article	Notes
	distributed in cash.	
<p>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. <u>the thirteenth amendment was on June 15th, 2011.</u></p>	<p>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.</p>	Amendment Dates

Attachment VII

Comparison table for amendments made to “Procedures for the Acquisition or Disposal of Assets”

Amended Article	Current Article	Notes
<p>Article 5 : Units responsible for implementation, degree of authority delegated, the levels to which authority is delegated. Acquisition and disposal of assets shall be managed and controlled in accordance with the following limits and procedures: 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 <u>Audit Committee</u>. 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.. 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. 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. "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>Article 5 : Units responsible for implementation, degree of authority delegated, the levels to which authority is delegated. Acquisition and disposal of assets shall be managed and controlled in accordance with the following limits and procedures: 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. <u>Where the position of independent director has been established</u> 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.. <u>Where the position of the Audit Committee has been established</u>, 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. 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. "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>For Audit Committee's practices purposes.</p>
<p>Article 14: Resolution Procedures The Company shall furnish the following information to the Audit</p>	<p>Article 14: Resolution Procedures The Company shall furnish the following information to the Board</p>	<p>For Audit Committee's practices purposes.</p>

Amended Article	Current Article	Notes
<p>Committee and Board of Directors for approval prior to acquiring real property from related parties :</p> <ol style="list-style-type: none"> 1. The purpose, necessity and expected benefits of acquiring the real property or other fixed assets. 2. Reason(s) for selecting the related party as the counter party to the transaction. 3. Information required to assess the reasonableness of the terms of the prospective transaction in accordance with Articles 15 and 16. 4. The initial date and price of acquisition, counterparty to the transaction and the counterparty's relationship to the Company and the related party. 5. Cash inflow/outflow forecasts for each month of the coming year starting from the month in which the contract was entered into. The Company shall evaluate the necessity of the transaction and reasonableness of fund utilization. 6. Restrictions and other important terms and conditions governing this transaction. <p>The opinions of the independent directors shall be taken into full account in relation to matters submitted to the Board of Directors for approval by resolution pursuant to the preceding article. If an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the Board of Directors' meeting.</p> <p><u>All matters requiring the recognition of Audit Committee</u> pursuant to paragraph 1 of this Article shall be approved by more than half of all Audit Committee members.</p> <p>If approval of more than half of all Audit Committee members as required in the preceding paragraph was not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, provided that the resolution of the audit committee is recorded in the minutes of the Board of Directors' meeting.</p> <p>The terms "all Audit Committee members" in paragraph 3 and "all directors" in the preceding paragraph shall mean the actual number of persons currently holding</p>	<p>of Directors for approval and <u>for recognition by Supervisors</u> prior to acquiring real property from related parties:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and expected benefits of acquiring the real property or other fixed assets. 2. Reason(s) for selecting the related party as the counter party to the transaction. 3. Information required to assess the reasonableness of the terms of the prospective transaction in accordance with Articles 15 and 16. 4. The initial date and price of acquisition, counterparty to the transaction and the counterparty's relationship to the Company and the related party. 5. Cash inflow/outflow forecasts for each month of the coming year starting from the month in which the contract was entered into. The Company shall evaluate the necessity of the transaction and reasonableness of fund utilization. 6. Restrictions and other important terms and conditions governing this transaction. <p><u>Where a company has instituted independent directors,</u> the opinions of the independent directors shall be taken into full account in relation to matters submitted to the Board of Directors for approval by resolution pursuant to the preceding article. If an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the Board of Directors' meeting.</p> <p><u>Where an Audit Committee has been established, all matters requiring the recognition of supervisors</u> pursuant to paragraph 1 of this Article shall be approved by more than half of all audit committee members and <u>submitted to the Board of Directors for a resolution.</u></p> <p>If approval of more than half of all audit committee members as required in the preceding paragraph was not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, provided that the resolution of the audit committee is recorded in the minutes of the</p>	

Amended Article	Current Article	Notes
those positions.	Board of Directors' meeting. The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall mean the actual number of persons currently holding those positions.	
<p>Article 17</p> <p>Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with the provisions of Article 15 and Article 16 are uniformly lower than the transaction price, the following steps shall be taken:</p> <ol style="list-style-type: none"> 1. A special reserve shall be set aside in accordance with the provisions of Article 41, paragraph 1 of the Securites Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, then the special reserve called for under Article 41, paragraph 1 of the Act shall be set aside pro rata in a proportion consistent with the share of the public company's equity stake in the Company. 2. <u>Members of the Audit Committee who serve concurrently as independant directors of the Company</u> shall comply with the provisions of Article 218 of the Company Act. 3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. <p>The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p>	<p>Article 17</p> <p>Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with the provisions of Article 15 and Article 16 are uniformly lower than the transaction price, the following steps shall be taken:</p> <ol style="list-style-type: none"> 1. A special reserve shall be set aside in accordance with the provisions of Article 41, paragraph 1 of the Securites Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, then the special reserve called for under Article 41, paragraph 1 of the Act shall be set aside pro rata in a proportion consistent with the share of the public company's equity stake in the Company. 2. <u>Supervisors</u> shall comply with the provisions of Article 218 of the Company Act. 3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. <p>The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the Company obtains real property from a related party, it shall</p>	For Audit Committee's practices purposes.

Amended Article	Current Article	Notes
<p>When the Company obtains real property from a related party, it shall also comply with the provisions of the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	<p>also comply with the provisions of the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	
<p>Article 21: Internal Controls System The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the Procedures for Engaging in Derivatives Trading, and prepare an audit report. The Company shall submit to the Securities and Futures Institute the audit report and a report on the execution of its previous year's annual audit plan within two months from the end of each fiscal year and a report on the status improvement if any internal control deficiency was found within five months from the end of each fiscal year in the prescribed format via the internet-based information system. If any material violation is discovered, the <u>Audit Committee</u> shall be notified in writing.</p>	<p>Article 21: Internal Controls System The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the Procedures for Engaging in Derivatives Trading, and prepare an audit report. The Company shall submit to the Securities and Futures Institute the audit report and a report on the execution of its previous year's annual audit plan within two months from the end of each fiscal year and a report on the status improvement if any internal control deficiency was found within five months from the end of each fiscal year in the prescribed format via the internet-based information system. If any material violation is discovered, the <u>Supervisors</u> shall be notified in writing.</p>	<p>For Audit Committee's practices purposes.</p>
<p>Article 33: Penalty Clause Any associated persons of the Company in violation of the Procedures or Stanards shall be subjected to the Company's performance review and merit and penalty regulations.</p>	<p>Article 33: Penalty Clause <u>Any Director, Supervisor or Manager of the Company in violation of the Procedures or provisions of the Standards leading to a material loss suffered by the Company may be discharged from his or her office upon resolution by the Board of Directors.</u> Any associated persons of the Company in violation of the Procedures or Stanards shall be subjected to the Company's performance review and merit and penalty regulations.</p>	<p>For Audit Committee's practices purposes.</p>
<p>Article 34: The Procedures shall be submitted to the <u>Company's Audit Committee</u> , <u>the Board of Directors for approval</u> and shall become effective after being adopted by shareholders in a shareholders' meeting. The same shall apply to any amendment thereto. If any director expresses dissent, where stated in minutes or in a written statement, the Company shall submit the dissenting opinions to <u>the Audit Committee</u>. When it submits the Procedures for Acquisition and Disposal of Fixed</p>	<p>Article 34: The Procedures shall be submitted to the <u>Company's Supervisors upon approval by the Board of Directors</u> and shall become effective after being adopted by shareholders in a shareholders' meeting. The same shall apply to any amendment thereto. If any director expresses dissent, where stated in minutes or in a written statement, the Company shall submit the dissenting opinions to <u>each supervisor.</u> <u>Where the Company has instituted independent directors,</u></p>	<p>For Audit Committee's practices purposes.</p>

Amended Article	Current Article	Notes
<p>Assets for discussion by the Board of Directors pursuant to the preceding paragraph, The opinions of the independent directors shall be taken into full account. If an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the Board of Directors' meeting.</p> <p><u>All matters requiring the recognition of Audit Committee</u> pursuant to paragraph 1 of this Article shall be approved by more than half of all audit committee members.</p> <p>If approval of more than half of all audit committee members as required in the preceding paragraph was not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, provided that the resolution of the audit committee is recorded in the minutes of the Board of Directors' meeting.</p> <p>The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall mean the actual number of persons currently holding those positions.</p>	<p>when it submits the Procedures for Acquisition and Disposal of Fixed Assets for discussion by the Board of Directors pursuant to the preceding paragraph, The opinions of the independent directors shall be taken into full account. If an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the Board of Directors' meeting.</p> <p><u>Where an Audit Committee has been established, promulgation of or amendments to the Procedures for Acquisition or Disposal of Fixed Assets</u> shall be approved by more than half of all audit committee members and <u>submitted to the Board of Directors for a resolution.</u></p> <p>If approval of more than half of all audit committee members as required in the preceding paragraph was not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, provided that the resolution of the audit committee is recorded in the minutes of the Board of Directors' meeting.</p> <p>The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall mean the actual number of persons currently holding those positions.</p>	
(Article removed)	<p>Article 35</p> <p>Where an audit committee has been established in accordance with the provisions of the Securities and Exchange Act, the provisions regarding independent directors set out in Article 17, paragraph 1, subparagraph 2 of the Procedures and other provisions regarding supervisors shall apply mutatis mutandis to the audit committee</p>	<p>Contents of this Article were amended and incorporated in another Article. This Article was removed accordingly.</p>

Attachment VIII

Comparison table for amendments made to the Company’s “Operational Procedures for Endorsements/Guarantees”

Amended Article	Current Article	Notes
<p>Article 6 : The hierarchy of decision-making authority and delegation thereof</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 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. Where the Company needs to exceed the limits set out in the Operational Procedures for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in the Operational Procedures for Endorsements/Guarantees are complied with, the Company shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. The Company shall also amend the Operational Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit.</p> <p>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. However, this does not apply to endorsements/guarantees granted between subsidiaries that the Company owns 100% of voting shares, either directly or indirectly.</p> <p>On matters relating to endorsements/guarantees granted by The Company, the opinions of the independent directors shall be taken into full account and be recorded in the Board of Directors Meeting Minutes in detail, including both reasons for agreement or disagreement.</p>	<p>Article 6 : The hierarchy of decision-making authority and delegation thereof</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 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. Where the Company needs to exceed the limits set out in the Operational Procedures for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in the Operational Procedures for Endorsements/Guarantees are complied with, the Company shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. The Company shall also amend the Operational Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit..</p> <p>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. However, this does not apply to endorsements/guarantees granted between subsidiaries that the Company owns 100% of voting shares, either directly or indirectly.</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</p>	<p>In line with the establishment of the Audit Committee, any endorsement/ guarantee shall first be approved by the audit committee and then submitted to the Board of Directors for discussion.</p>

Amended Article	Current Article	Notes
<p><u>Where the Company is required by law to submit an endorsement/guarantee transaction to the Board of Directors for discussion, the transaction shall be approved by more than half of all Audit Committee members. If approval of more than half of all Audit Committee members was not obtained, the transaction may be executed if approved by more than two-thirds of all directors, provided that the resolution of the audit committee is recorded in the minutes of the Board of Directors' meeting.</u></p>	<p>reasons for agreement or disagreement.</p>	
<p>Article 13 : Audit The Company's internal audit personnel shall conduct a quarterly audit of the Operational Procedures for Endorsements/Guarantees and the status of implementation and document the audit findings. If any material violation is discovered, <u>The Audit Committee shall be notified in writing.</u></p>	<p>Article 13 : Audit The Company's internal audit personnel shall conduct a quarterly audit of the Operational Procedures for Endorsements/Guarantees and the status of implementation and document the audit findings. If any material violation is discovered, <u>each supervisor</u> shall be notified in writing.</p>	<p>For Audit Committee's practices purposes.</p>
<p>Article 14 : Change of condition The Company shall adopt rectification plans and submit such plans to the <u>Audit Committee</u> when the endorsed/guaranteed party is not in compliance with the Procedure or related rules and regulations, 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>Article 14 : Change of condition The Company shall adopt rectification plans and submit such plans to <u>all supervisors</u> when the endorsed/guaranteed party is not in compliance with the Procedure or related rules and regulations, 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>For Audit Committee's practices purposes.</p>
<p>Article 16 The Operational Procedures shall be furnished to the <u>Audit Committee</u> and the Board of Directors for approval and submitted to Shareholders' Meeting for approval. The same shall apply to any amendment thereto. Where the Operational Procedures is submitted to the Board of Directors for discussion, the opinions of the independent directors shall be taken into full account and be recorded in the Board of Directors Meeting Minutes in detail, including both reasons for agreement or disagreement.</p>	<p>Article 16 The Operational Procedures shall be furnished to <u>each supervisor upon approval</u> by the Board of Directors and submitted to Shareholders' Meeting for approval. <u>If any director expresses dissent, where stated in minutes or in a written statement, the Company shall submit the dissenting opinions to each supervisor and to shareholders' meeting for discussion</u> The same shall apply to any amendment thereto. Where the Operational Procedures is submitted to the Board of Directors for discussion, the opinions of the independent directors shall be taken into full account and be recorded in the Board of Directors Meeting Minutes in detail, including both reasons for agreement or disagreement.</p>	<p>For Audit Committee's practices purposes.</p>

Attachment IX

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

Amended Article	Current Article	Notes
<p>Article 7 : Operational Procedures 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 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>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.</p> <p>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.</p> <p>On matters relating to loans made by the Company, the opinions of the Independent Directors shall be taken into full account and be recorded in the Board of Directors Meeting Minutes in detail, including both reasons for agreement or disagreement.</p> <p><u>Where the Company is required by law to submit a loaning funds to others transaction to the Board of Directors for discussion, the transaction shall be approved by</u></p>	<p>Article 7 : Operational Procedures 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 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>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.</p> <p>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.</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>Renamed the procedures to be consistent with the establishment of the Audit Committee.</p>

Amended Article	Current Article	Notes
<p><u>more than half of all Audit Committee members. If approval of more than half of all Audit Committee members was not obtained, the transaction may be executed if approved by more than two-thirds of all directors, provided that the resolution of the Audit Committee is recorded in the minutes of the Board of Directors' meeting.</u></p>		
<p>Article 19 : Audit The Company's internal audit personnel shall conduct a quarterly audit of the Operational Procedures for Endorsements/Guarantees and the status of implementation and document the audit findings. If any material violation is discovered, <u>the Audit Committee</u> shall be notified in writing..</p>	<p>Article 19 : Audit The Company's internal audit personnel shall conduct a quarterly audit of the Operational Procedures for Endorsements/Guarantees and the status of implementation and document the audit findings. If any material violation is discovered, <u>each supervisor</u> shall be notified in writing.</p>	<p>For Audit Committee's practices purposes.</p>
<p>Article 20 : Change of condition The Company shall adopt rectification plans submit such plans to <u>the Audit Committee</u> when the borrower is not in compliance with the Procedure or related rules and regulations, or when the loan balance exceeds the limit as a result of changes of condition. The rectification plan must be executed in a timely manner.</p>	<p>Article 20 : Change of condition The Company shall adopt rectification plans submit such plans to <u>all the supervisors</u> when the borrower is not in compliance with the Procedure or related rules and regulations, or when the loan balance exceeds the limit as a result of changes of condition. The rectification plan must be executed in a timely manner.</p>	<p>For Audit Committee's practices purposes.</p>
<p>Article 21 The Operational Procedures shall be furnished to the <u>Audit Committee</u> and the Board of Directors for approval and submitted to the Shareholders' Meeting for approval. The same shall apply to any amendment thereto. Where the Operational Procedures is submitted to the Board of Directors for discussion, the opinions of the independent directors shall be taken into full account and be recorded in the Board of Directors Meeting Minutes in detail, including both reasons for agreement or disagreement.</p>	<p>Article 21 The Operational Procedures shall be furnished to the <u>each supervisor upon approval</u> by the Board of Directors and submitted to the Shareholders' Meeting for approval. <u>If any director expresses dissent, where stated in minutes or in a written statement, the Company shall submit the dissenting opinions to each supervisor and shareholders' meeting for discussion.</u> the same shall apply to any amendment thereto. Where the Operational Procedures is submitted to the Board of Directors for discussion, the opinions of the independent directors shall be taken into full account and be recorded in the Board of Directors Meeting Minutes in detail, including both reasons for agreement or disagreement.</p>	<p>For Audit Committee's practices purposes.</p>

Attachment X

Comparison table for amendments made to the Company's "Rules For Election of Directors and Supervisors"

Amended Article	Current Article	Notes
Rules For Election of Directors	Rules For Election of Directors <u>and Supervisors</u>	Renamed the procedures to be consistent with the establishment of the Audit Committee.
Article 1: Election for the Company's Director shall be governed in accordance with the "Rules and procedures governing the election of directors" <u>unless otherwise stipulated by laws or Article of Incorporation</u> ".	Article 1: Election for the Company's directors <u>and supervisors</u> shall be governed in accordance with the "Rules and procedures governing the election of directors and supervisors."	Amended the wordings of existing provision of Article 14 and incorporated it in this Article to be in line with the establishment of the Audit Committee.
Article 2: In the election of directors of the 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 2: In the election of directors <u>and supervisors</u> of the 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.	For Audit Committee's practices purposes.
Article 5: The Board of Directors shall prepare a ballot box for the election of Directors. The ballot box shall be examined in public by ballot examiners prior to the commencement of the election.	Article 5: The Board of Directors shall prepare a ballot box for the election of Directors <u>and Supervisors</u> . The ballot box shall be examined in public by ballot examiners prior to the commencement of the election.	For Audit Committee's practices purposes.
Article 9 : Directors of the Company shall be elected at the Shareholders' Meeting from eligible persons and the number of Directors to be elected shall be determined in accordance with the Company's Article of Incorporation. Non-independent directors <u>and</u> independent directors 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. Where a vacancy arises upon review and confirmation that the personal data for an elected director is inaccurate, or that such a person's election is invalid under the provisions of any applicable law or regulation, the position left vacant by such decision shall be filled by the candidate with the next most votes in the original election or the candidate	Article 9 : Directors <u>and Supervisors</u> of the Company shall be elected at the Shareholders' Meeting from eligible persons and the number of Directors and <u>Supervisors</u> to be elected shall be determined in accordance with the Company's Article of Incorporation. Non-independent directors, independent directors, <u>and supervisors</u> 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. <u>Candidate who is elected as both director and supervisor, in compliance with Article 1, shall determine his preferred position.</u> If the personal information of the elected director <u>or supervisor</u> is confirmed to be inconsistent or his/her election is deemed invalid in	For Audit Committee's practices purposes.

Amended Article	Current Article	Notes
decided by draw lots <u>when two or more persons receive the same number of votes at</u> the same Shareholders' Meeting.	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 removed)	Article <u>10</u> : <u>If the Audit Committee is in place, then the supervisors shall not be elected.</u>	For Audit Committee's practices purposes. This Article was removed accordingly.
Article <u>10</u> : The ballots should be calculated during the meeting right after the vote casting and the results of the election should be announced by the Chairman at the meeting.	Article <u>11</u> : The ballots should be calculated during the meeting right after the vote casting and the results of the election should be announced by the Chairman at the meeting.	Article number changed.
(Article removed)	Article <u>12</u> : The election is considered invalid if it does not comply with the Securities and Exchange Act Article 26-3, item 3 and item 4.	The relevant rules are stipulated in the Securities and Exchange Act and hence remove this Article.
Article <u>11</u> : The Board of Directors shall issue notifications to the directors elected.	Article <u>13</u> : The Board of Directors shall issue notifications to the directors <u>and supervisors</u> elected.	Article number changed and For Audit Committee's practices purposes..
(Article removed)	Article <u>14</u> : 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.	Incorporated Article 14 as part of Article 1.
Article <u>12</u> : These Rules and Procedures, and any revision thereof shall become effective after approval at the Shareholders' Meeting.	Article <u>15</u> : These Rules and Procedures, and any revision thereof shall become effective after approval at the Shareholders' Meeting.	Article number changed.

Attachment XI

Following is the list of candidates to be elected as independent directors.

Candidates	Education	Experience	Number of shares (Note)
Ming-De, Li	BS, Chemical Engineering, Chinese Culture University	-Chairman of Ying Jiu Enterprise Corp and YingTong Enterprise Corp. -Director of YingFa Industrial Corp.	0 shares
Chun Kuan	MBA, Southern New Hampshire University	-Director of Accounting Div, UMC -CFO, KYEC	0 shares
Wen-Chin Cheng	MS, Electronic Engineering, National Taiwan University	-ITRI — Electronics and Optoelectronics Technologies / Information and Communications Technologies -CTO and Director of Lumens Digital Optics Inc.	0 shares

Note : As of date: April 17, 2011.

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 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 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 with more than half of the directors 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 may 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 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 item 1 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. Based on the remaining, after all the above appropriations and distributions, the Board of Directors share prepare an earnings distribution proposal in accordance with dividend policy stipulated in paragraph 2 of this Article. The distribution proposal will be 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 approval. The proposal should reflect factors such as industry situation, current and future fund requirements, and long-term financial planning. In 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 and supervisors 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, accountants, 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 more than half 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 and The Company's Articles of Incorporation, a resolution shall be adopted by more than half 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 For Election of Directors and Supervisors

- Article 1: Election for the Company's directors and supervisors shall be governed by the "Rules For Election of Directors and Supervisors."
- Article 2: In the election of directors and supervisors 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 Chairman 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 that are 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 Chairman 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 14: 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 15: These Rules and Procedures, and any revision thereof shall become effective after approval at the shareholders' meeting.

Appendix IV

PixArt Imaging Inc.

Rules for transfer of the fourth repurchased shares to employees

- Article 1: The Company has formulated the Rules for Transfer of Repurchased Shares to Employees in accordance with Article 28-2, paragraph 1, subparagraph 1 of the Securities and Exchange Act and “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” for the purpose of reviving staff morale and enhancing their loyalty to the Company. Transfer of the Company’s repurchased shares shall be treated in accordance with the Rules unless otherwise provided by other relevant laws and regulations.
- Article 2: All repurchased shares to be transferred to employees were common shares of the Company. The rights and obligations attaching thereto shall be equivalent to the Company’s other outstanding shares unless otherwise provided by law and other provisions of the Rules.
- Article 3: Chairman of the Company is authorized to determine as to whether to transfer the shares repurchased this time to employees in one lot or separate lots within three years from the date of repurchase.
- Article 4: Regular employees of the Company with at least one year of service prior to the base date of the share purchase, or employees of the domestic or offshore subsidiaries of investee companies, in which the Company has excess of fifty percent of direct or indirect stake, who made special contributions to the Company’s business and with Chairman’s consent, may be eligible to purchase the shares for a specific quantity stipulated in Article 5 of the Rules.
- Where an employee has left employment (or has taken leave without pay) during the period from the base date of the share purchase to the payment date automatically loses his or her eligibility to acquire these shares.
- Article 5: The Company shall formulate the quantity of shares each employee is entitled to purchase according to the employee’s position level, service year and special contributions, if any, to the Company for approval by the Chairman.
- Article 6: Procedures for the transfer of repurchased shares to employees are as follows:
1. Make a public announcement of and declare share repurchased in accordance with the resolution of the Board of Directors and repurchase shares within the prescribed execution period.
 2. Chairman of the Company shall, in accordance with the Rules, formulate and make a public announcement of the base date of the employee share purchase, the standards for determining the quantity of shares each employee is entitled to purchase, the payment period, details of the rights and restrictions attaching there to.
 3. Compile the actual number of shares purchased and paid up, and complete the share transfer registration procedures.
- Article 7: The repurchased shares shall be transferred to employees at the average of the actual repurchase prices except where prior to the transfer of the repurchased shares, if the Company’s outstanding common shares have increased in number, the price may be adjusted proportionately to the percentage of increase in the Company’s outstanding shares.
- Article 8: Upon transfer and completion of transfer registration of the repurchased shares to employees, all rights and obligations attaching thereto are the same as those of existing shares unless specifically provided.
- Article 9: The Rules shall come into effect upon approval by the Board of Directors. The same applies to any amendment thereto.
- Article 10: The Rules shall be submitted to the Board of Directors for reporting. The same applies to any amendment thereto.

Appendix V

PixArt Imaging Inc.

Shareholding status of All Directors and Supervisors

- I. Number of common shares issued by PixArt 129,862,414 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 17, 2011

Title	Name	Representative	Shareholding as of the date on which the share transfer was suspended	
			Number of shares	%
Director	Sen-Huang, Huang		1,918,686	1.48
Director	Fortune Venture Capital Corp.	Tzu-Na Wu	12,192,238	9.39
Director	Unimicron Technology Corp.	Victor Hsu	1,550,716	1.19
Independent Director	Ming-De, Li		0	0
Independent Director	Chun Kuan		0	0
Supervisor	Novatek Microelectronics Corp.	Sheng-Cheng Chou	1,952,708	1.50
Supervisor	Tracy Liu		0	0
Total shares held by all Directors			15,661,640	12.06
Total shares held by all Supervisors			1,952,708	1.50

Appendix VI

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	2011 (Forecast)
Paid-in Capital (Beginning of year)			1,308,224
Dividend	Cash dividend (NT\$/share)		4.7*
Payout for current year	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 2011.

** : According to "Regulations Governing Financial Forecast of Public Companies", PixArt is not required to make public financial forecast for year 2011.

Appendix VII

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	272,663,314	272,663,314	0	NA
Directors' and Supervisors' Remuneration	7,289,452	7,289,452	0	NA