

**Disclaimer**

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**PHISON ELECTRONICS CORP.  
2011 ANNUAL GENERAL SHAREHOLDERS' MEETING  
MEETING MINUTES  
(Translation)**

Time and Date: 9:00 AM on June 15, 2011 (Wednesday)

Place: 1F Meeting Room, No. 77, Yu-Yi Rd., Jhunan, Miaoli, Taiwan

Total outstanding Phison shares: 178,558,243 shares

Total shares represented by shareholders present in person or by proxy :  
130,906,932 shares

Percentage of share held by shareholders present in person or by proxy  
73.31%

Chairman: Mr. KS Pua, the chairman of the Board of Directors



Recorder: Angela Lee



**I. Call Meeting to Order :**

**The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.**

**II. Chairman's Address (Omitted)**

**III. ITEMS TO REPORT: (Proposed by BOD meeting)**

**Motion 1:** 2010 Business Reports, please refer to Attachment 1.

**Motion 2:** Supervisor's Review Report on the 2010 Financial Statements,  
please refer to Attachment 2.

**Motion 3:** Progress on Private Placement.

**Explanation:** The Company's 2010 Annual General Meeting has authorized the Board to raise capital from private placement through issuing instruments total amount 5,000,000 common shares and carried out in two times, considering market conditions and the Law of Directions for Public Companies Conducting Private Placements of Securities, the Board of Directors resolved on March 24, 2011, to terminate the private placement offering.

#### **IV. ACCEPT ITEMS :**

##### **Motion 1. (Proposed by BOD meeting)**

**Topic: The business operation report and the financial statements of the Company for Year 2010 please be accepted.**

**Explanation:** ( 1 ) Phison Electronics Company's Financial Statements, including the Balance sheet, Income statement, Statement of Changes in shareholders' Equity, and Statement of Cash Flows, were audited by independent auditors, Mr. Dai Xin Wei and Mrs. Wang En Wen of Deloitte & Touche. Also Business Report and Financial Statements have been approved by the Board and examined by the supervisors of Phison Electronics Company.

(2) The 2010 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached in the Meeting Agenda, please refer attachment 1 and attachment 3.

**Resolution:** After being requested by the chairman of the board of shareholders, all shareholders present passed this motion unanimously.

##### **Motion 2. (Proposed by BOD meeting)**

**Topic: For the matter regarding the retained earnings distribution of the Company for Year 2010, please be accepted.**

**Explanation:** ( 1 ) The net profit after taxes of the Company for Year 2010 are NT\$1,515,723,295. The Company prepared the proposal regarding the distribution of profits for Year 2010 according to the rules of the Articles of the Corporation. The table of earnings distribution of the Company for Year 2010 is proposed as below :

**Phison Electronics Corporation  
PROFIT DISTRIBUTION TABLE**

**Year 2010**

(Unit: NTD \$ )

Items	Amount
<b>Beginning retained earnings</b>	<b>1,740,346,728</b>
Add: net profit after tax	1,515,723,295
Less: 10% legal reserve	151,572,330
Less: Allot special reserve under the law	13,248,532
<b>Distributable net profit</b>	<b>3,091,249,161</b>
<b>Distributable items:</b>	
Shareholder Dividend-Cash (Distributed NT\$4.35 per share)	776,143,282
<b>Unappropriated retained earnings</b>	<b>2,315,105,879</b>
Notes:	
Remark 1 : Total amount of distribution: NT\$1,008,225,537.	
Remark 2 : The compensation of directors and supervisors: NT\$10,082,255. Employee bonus sharing: NT\$222,000,000.	
Remark 3 :	
(1)The compensation of directors and supervisors of NT\$10,082,255 is 1% of total distribution amount.	
(2)Total Bonuses to be allotted to employees of NT\$222,000,000 is 22.02% of total distribution amount.	
(3)Total Dividends to be allotted to shareholders of NT\$776,143,282 is 76.98% of total distribution amount.	

Director :



Manager :



Financial Manager :



- (2) The shareholder cash dividends of NT\$776,143,282 are allotted to the shareholders recorded on the shareholders' register roster on the Base Day for cash dividend distribution and are distributed in proportion to the amount of their shares hold. The proportion is NT\$4.35 for every share. The above distributed amount per share for Shareholder Dividend was calculated based on the total actual outstanding common shares of the Company as of 2011/3/16 178,423,743 shares. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the ex-dividend

date and other relevant issues. In addition, in case the actual total outstanding shares of the Company on Base Day for cash dividend distribution (Ex-Dividend) changes, the Board of Directors be authorized to adjust the cash to be distributed to each share based on the number of actual shares outstanding on the record date for distribution. Regarding the actual list of distributing cash bonuses to employees will be decided by authorized management and will be carry out after approving by the Remuneration Committee of the Company.

**Resolution:** After being requested by the chairman of the board of shareholders, all shareholders present passed this motion unanimously.

#### **V. DISCUSSION ITEMS :**

##### **Motion 1. (Proposed by BOD meeting)**

**Topic : Amendment to the partial articles of the Articles of the Corporation.**

**Explanation:** In order to meet the Company business operation requires, the Company amendment to the partial articles of the Articles of the Corporation. Please refer to attachment 4 for amendment comparison table for the Articles of the Corporation.

**Resolution:** After being requested by the chairman of the board of shareholders, all shareholders present passed this motion unanimously.

##### **Motion 2. (Proposed by BOD meeting)**

**Topic : To approve the revisions to “The Management Of Loans To Others”, and “The Management Of Endorsements and Guarantees”, please be discussed.**

**Explanation :** ( 1 ) According to the Financial Supervisory Commission, Executive Yuan in Letter bearing reference number 2010.3.19 Jin Guan Zheng Shen Zi 0990011375 and the revised articles of “Regulations Governing Loaning of

Funds and Making of Endorsements/Guarantees by Public Companies” and in order to meet the Company business operation requires, the company proposed to revise partial articles of “The Management Of Loans To Others”, “The Management Of Endorsements And Guarantees ” and changed the name of “The Management of Endorsements and Guarantees” to “The procedure of Endorsements and Guarantees”.

(2) Please refer to Attachment 5.

**Resolution:** After being requested by the chairman of the board of shareholders, all shareholders present passed this motion unanimously.

**Motion 3. (Proposed by BOD meeting)**

**Topic :** To elect the new Directors and Supervisors.

**Explanation:** (1) The three-year term of 7 directors and 3 supervisors of the Board will be end on June 15 2011. Accordingly, the company proposes to duly elect new Board members at this year's Annual Meeting of Shareholders.

(2) The shareholders' meeting shall elect 7 directors and 3 supervisors. Their three-year term will start from June 15 2011 and conclude on June 14 2014.

(3) According to Article 4 of the Corporate Charter, a total of 2 independent directors shall be elected from the nomination list prepared by the company. The qualification of the 2 nominated independent directors has been reviewed by the Board meeting on May 4 2011. Personal information of the 2 nominees is as follows:

**Independent director candidates list :**

Name	Education	Experience and Present position	Shareholding
Sue-Fung Wang	University of Houston Financial Dr.	National Chiao Tung University Institute of Finance, Associate	0

		Professor(August 2002 to now) Chinese Association of Valuation, Director Join Well Technology Co.,Ltd., Independent Director Republic of China CSIA	
Yoshiaki Uchida	The University of Tokyo Bachelor of Electronic Engineering	Fledge Technologies, Inc., Senior Consultant (August 2003 to now) SmartDisk International Inc., President & CEO (1998~May 2003) MediaServe Corporation, Senior Executive VP (1996~1998) Toshiba Corporation (1965~1995)	0

**The result of election:**

**PHISON ELECTRONICS CORP.**

**The list of newly elected directors and supervisors with votes received of  
the 2011 shareholders' meeting**

Title	Shareholders number or ID. number	Name	Votes Received
Director	2	Pua Khein Seng	133,990,661
Director	12	Aw Yong Chee Kong	125,251,652
Director	14	Hsu Chih Jen	122,650,354
Director	33	T. H. Kuang	122,861,361
Director	59	Toshiba Corporation Representative : Yoshiaki Uchida	122,848,931
Independent Director	M20031XXXX	Sue-Fung Wang	121,704,522
Independent Director	194303XXXX	Yoshiaki Uchida	121,455,224
Supervisor	12853	Huei Ming, Wang	127,594,593
Supervisor	13	Jiunn Yeong Yang	124,845,381
Supervisor	R12115XXXX	Yang Bin Shen	130,255,471

**Motion 4. (Proposed by BOD meeting)**

**Topic : To release the Directors' non-compete restrictions**

**Explanation:** (1) According to the provisions of article 209 paragraphs 1 of Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.

(2) Due to the Directors of the Company may invest or operate other companies which operate in the same or similar scope of the Company's business and act as the directors of these companies, in order to match the actual business need, the Company proposed to release the Directors' non-compete restrictions, as long as such release does not cause the infringement and damage of Company's benefit due to the director's personal conflict of interests.

**Resolution:** After being requested by the chairman of the board of shareholders, all shareholders present passed this motion unanimously.

**VI. Extemporaneous motions : None.**

**VII. The meeting broke up at 9:25 AM on June 15, 2011 (Wednesday).**



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**KS Pua**  
**Chairman of the Board of Directors**



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**Angela Lee**  
**Recorder**