

Disclaimer

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**PHISON ELECTRONICS CORP.
2013 ANNUAL GENERAL SHAREHOLDERS' MEETING
MEETING MINUTES**



(Translation)

Time and Date: 9:00 AM on June 11, 2013 (Tuesday)

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

Total outstanding Phison shares: 180,473,993 shares

Total shares represented by shareholders present in person or by proxy :
154,053,076 shares

Percentage of share held by shareholders present in person or by proxy
85.36%

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: 2012 Business Reports, please refer to Attachment 1.

Motion 2: Supervisor's Review Report on the 2012 Financial Statements,
please refer to Attachment 2.

Motion 3: To report the "Regulations Governing Procedure for Board of Directors Meetings".

Explanation: (1) According to the Financial Supervisory Commission in Letter bearing reference number 2012.8.22 Jin Guan Zheng Fa Zi 1010034136 Regulations Governing Procedure for

Board of Directors Meetings of Public Companies, to amend the partial articles of “Regulations Governing Procedure for Board of Directors Meetings” of the Company.

- (2) Regarding the revised articles of the Articles of the “Regulations Governing Procedure for Board of Directors Meetings”,, please refer to attachment 3 amendment comparison table for the Articles of the “Regulations Governing Procedure for Board of Directors Meetings”.

Motion 4: The first adoption of the International Financial Reporting Standards when it comes to the adjustment of retained earnings and the creation of special reserves.

Explanation: According to the Letter bearing reference number 01010012865, announced by the Financial Supervisory Commission on April 6th, 2012, the reports have to comply as follows:

- (1) Financial statements of the Company have to be drawn up complying with the International Financial Reporting Standards (hereinafter IFRSs). Retained earnings at the beginning of the balance sheet year dating January 1st, 2012 (conversion date) have been decreased to the amount of NTD 8,594,216 accumulated retained earnings on the balance sheet date (December 31st, 2012) have been decreased to the amount of NTD.17,952,030 for more details on the adjustment of retained earnings, please refer to the Consolidated Financial Statement of 2012 as attached.
- (2) At the time of the first adoption of the IFRSs for the preparation of Financial Reports, the shareholder’s equity does not list any unrealized revaluation increments which need to be changed to retained earnings. Also, even making use of the exemption for first-time adopters granted under IRFS 1, cumulative translation adjustment under the

shareholder's equity has been transferred to retained earnings as well as the first-time adoption of IFRSs , hence there is no need to list other special reserves in the financial reports drawn on the conversion date of the first-time adoption of the IFRSs.

Motion 5: Implementation of Investments in the PRC.

Explanation: For the operations and business development needs, the Company had through the subsidiary in Samoa "GLOBAL FLASH LIMITED" invested "群鴻科技(深圳)有限公司"(Phisontech (Shenzhen) Limited) to strength in flash memory application products business marketing and technical services in China. The total amount of investment is U.S. \$790,000. Please refer to attachment 5.

IV. ACCEPT ITEMS :

Motion 1. (Proposed by BOD meeting)

Topic: Adoption of the 2012 Business Report and Financial Statements, 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. Fan Yu Wei(范有偉) and Mrs. Wang En Wen(王儀雯) 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 2012 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached in the Meeting Agenda, attachment 1 and attachment 4.

Resolution: The resolution is unanimously adopted by all shareholders attending the shareholders' meeting after the chairman inquires all attending shareholders' opinion.

Motion 2. (Proposed by BOD meeting)

Topic: Adoption of the Proposal for Distribution of 2012 Profits, please be accepted.

Explanation: (1) The net profit after taxes of the Company for Year 2012 are NT\$2,695,384,003. The Company prepared the proposal regarding the distribution of profits for Year 2012 according to the rules of the Articles of the Corporation. The table of earnings distribution of the Company for Year 2012 is proposed as below :


Phison Electronics Corporation
PROFIT DISTRIBUTION TABLE
Year 2012

(Unit: NTD \$)

ITEMS	Amount
Beginning retained earnings	3,418,518,450
Add : Net profits after taxes of the Year 2012	2,695,384,003
Less : 10% Legal reserve	269,538,400
Less : Reverse special reserve under the law	2,257,595
Distributable net profit	5,842,106,458
Distributable items:	
Shareholder Dividend-Cash (Distributed NT\$8 per share)	1,443,791,944
Unappropriated Retained Earnings	4,398,314,514

ITEMS	Amount
<p>Remark 1 : Total amount of distribution: NT\$1,791,709,034</p> <p>Remark 2 : The compensation of directors and supervisors: NT\$17,917,090. Employee bonus sharing: NT\$330,000,000.</p> <p>Remark 3 : (1) Total compensation of directors and supervisors of NT\$17,917,090 is 1% of total distribution amount.</p> <p>(2) Total Bonuses to be allotted to employees of NT\$330,000,000 is 18.42% of total distribution amount.</p> <p>(3) Total Dividends to be allotted to shareholders of NT\$1,443,791,944 is 80.58% of total distribution amount.</p>	

Director :



Manager :



Financial Manager :



- (2) The shareholder cash dividends of NT\$1,443,791,944 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\$8 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 2013/03/07 180,473,993 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 that 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: The resolution is unanimously adopted by all shareholders attending the shareholders' meeting after the chairman inquires all attending shareholders' opinion.

V. DISCUSSION ITEMS :

Motion 1. (Proposed by BOD meeting)

Topic: Amendment to the partial articles of the Articles of the Corporation, please be discussed.

Explanation: (1) In order to meet the requirements of business operation will revisions the partial articles of the Articles of the Corporation.

(2) Please refer to Attachment 6 amendment comparison table for the Articles of the Corporation.

Resolution: The resolution is unanimously adopted by all shareholders attending the shareholders' meeting after the chairman inquires all attending shareholders' opinion.

Motion 2. (Proposed by BOD meeting)

Topic: Amendment to the “Operational Procedures for Loaning of Company Funds”, and “Operational Procedures for Endorsements and Guarantees”., please be discussed.

Explanation: (1) According to the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and the operation needs of the Company, the Company proposed to revise partial articles of the company “Operational Procedures for Loaning of Company Funds ” and “Operational Procedures for Endorsements and Guarantees”.

(2) Please refer Attachment 7 amendment comparison table for

the “Operational Procedures for Loaning of Company Funds” and “Operational Procedures for Endorsements and Guarantees” .

Resolution: The resolution is unanimously adopted by all shareholders attending the shareholders' meeting after the chairman inquires all attending shareholders' opinion.

Motion 3. (Proposed by BOD meeting)

Topic: Amendment to the “Operational Procedures for Acquisition and Disposal of Assets”, please be discussed.

Explanation: (1) According to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and the needs of the Company’s operation, the Company proposed to revise partial articles of “Operational procedures for Acquisition and Disposal of Assets”.

(2) Please refer Attachment 8 amendment comparison table for the “Operational procedures for Acquisition and Disposal of Assets”.

Resolution: The resolution is unanimously adopted by all shareholders attending the shareholders' meeting after the chairman inquires all attending shareholders' opinion.

VI. Extemporaneous motions : None.

VII. The meeting broke up at 9:12 AM on June 11, 2013 (Tuesday).



KS Pua
Chairman of the Board of Directors



Angela Lee
Recorder