

Phison Electronics Corp.

Regulations for Remuneration Committee

These Regulations have been adopted on November 23rd, 2011.

Article 1 Purpose

The purpose is to establish a Best-Practice Corporate Remuneration system for members of the Board of Directors, supervisors and managers. These Regulations are adopted pursuant to Article 3 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter". (Hereinafter referred to as the Regulations)

Article 2 Scope

Practices of the company's Remuneration Committee (hereinafter referred to as the Committee) shall be in accordance with the Regulations, except as otherwise stipulated by laws or statutes.

Article 3 Announcements

The Regulations shall be made public on the official website of the company as well as on the M.O.P.S (Market Observation Post System) for reference.

Article 4 Function of the Remuneration Committee

The function of the Committee is, on a professional and objective point of view, to evaluate the remuneration of the company's board of directors, supervisors and managers as well as to make suggestions to the Board of Directors to serve as reference for decision-making.

Article 5 Composition, term of office and by-election of Committee members

The Committee members shall be appointed by resolution of the board of directors. The Committee shall not be fewer than three members, one of whom shall be the convener. The professional qualification and independence of the Committee members shall be consistent with relevant laws and regulations. The term of office of a Committee member corresponds to the term of office of the Board of Directors appointing the Committee members.

When a member of the Committee is dismissed for any reason, resulting in there being less than 3 members, a board of directors meeting shall be held within 3 months counting from

the date of occurrence of the event to appoint a replacement.

When there is any appointment of, or change in, a member of the Committee, the company shall, within 2 days counting from the date of occurrence of the event, publicly announce and report it on the information reporting website designated by the competent authority.

Article 6 Responsibilities

The members of the Committee shall exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the board of directors. However, recommendations in connection with remuneration for supervisors may be submitted for deliberation by the board of directors only to the extent that the board of directors is authorized expressly by the company's articles of incorporation or by a resolution of the shareholders meeting to handle supervisor remuneration:

1. Periodically review the Regulations and make suggestions for the improvement of such.
2. Prescribe and periodically review the performance appraisal as well as policy, system, standards, and structure of remuneration for directors, supervisors and managerial officers.
3. Periodically evaluate and prescribe the remuneration of directors, supervisors, and managerial officers.

Article 7 Principles of Exercise of Responsibility

When performing the official powers of the preceding paragraph, the Committee shall follow the principles listed below:

1. It shall be ensured that the compensation offered by the company corresponds to relevant laws and regulations as well as is competitive enough for attracting excellent talents.
2. With respect to the performance assessment and remuneration of directors, supervisors and managerial personnel of the company, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the company's business performance, and future risk exposure.
3. It shall not produce an incentive for the directors or managerial officers to engage in activity to pursue remuneration exceeding the risks that the company may tolerate.
4. It shall take into consideration the characteristics of the industry and the nature of the company's business when determining the ratio of bonus payout based on the short-term performance of its directors and senior management and the time for payment of the variable part of remuneration.
5. One's individual salary and compensation of each Committee member must not influence any discussion and voting.

"Remuneration" as used in the Regulations includes cash compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of

any kind, and other substantive incentive measures. Its scope shall be consistent with that of remuneration for directors, supervisors, and managerial officers as set out in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

When deliberating the recommendations of the Committee, the board of directors shall give comprehensive consideration to matters including amounts of remuneration, payment methods, and the company's future risk.

If the board of directors will decline to adopt, or will modify, a recommendation of the Committee, it shall require the consent of a majority of the directors in attendance at a meeting attended by two-thirds or more of the entire board, which in its resolution shall give the comprehensive consideration under the preceding paragraph and shall specifically explain whether the remuneration passed by it exceeds in any way the recommendation of the Committee.

If the remuneration passed by the board of directors exceeds the recommendation of the Committee, the circumstances and cause for the difference shall be specified in the board meeting minutes, and shall be publicly announced and reported on the information reporting website designated by the competent authority within 2 days counting from the date of passage by the board of directors.

If decision-making and handling of any matter relating to the remuneration of directors and managerial officers of a subsidiary is delegated to the subsidiary but requires ratification by the board of directors of the parent company, the parent company's Committee shall be asked to make recommendations before the matter is submitted to the board of directors for deliberation.

Article 8 Convocation of the meeting of the Committee

The remuneration committee shall convene at least twice a year, which requirement shall be expressly provided in the Committee charter.

In calling a meeting of the Committee, a notice setting forth therein the subject(s) to be discussed at the meeting shall be given to each member at least 7 days in advance. In emergency circumstances, however, the meeting may be convened at any time.

When a company has selected independent directors in accordance with the Act, at least one independent director shall participate on the Committee, and the entire membership shall elect the independent director to serve as the convener and meeting chair. If there is no independent director, one member shall be elected as the convener and meeting chair by and from among the entire membership. When the convener goes on leave or otherwise for any reason whatsoever is unable to convene a meeting, the meeting shall be convened by another independent director of the Committee designated by the convener, or if there is no other independent director on the Committee, by another member designated by the convener, or if there is no other member designated by the convener, by another member who is elected by and from among the other members of the Committee, but is not a

member of board of directors due to transitional provisions of the Act.

Article 9 Meeting Agenda and Passage of a Resolution

The Committee meeting agenda shall be drawn up by the convener. Other members also may submit motions for deliberation by the Committee. The meeting agenda shall be provided to the Committee members in advance.

When the Committee is held, the company shall provide an attendance book for signature by the members attending the meeting and thereafter made available for reference. The Committee members shall attend the Committee meeting in person; a member who cannot attend in person may appoint another member to attend as their proxy. Attendance via tele- or video-conference is deemed as attendance in person.

A Committee member appointing another member to attend the committee meeting in his or her place shall in each instance issue a written proxy stating the scope of authorization with respect to the reasons for the meeting. A proxy shall may accept a proxy from one person only..

A resolution of the Committee shall require the approval of one-half or more of all of the members. During voting, if the Committee chair solicits and receives no dissents, the motion is deemed passed, with equivalent force as a resolution by vote. The results of voting shall be made known immediately, and recorded in writing.

Article 10 Minutes

Minutes shall be prepared of the discussions at the Committee, and the minutes shall record the matters listed below in a detailed and accurate manner:

1. Session, time, and place of the meeting.
2. Name of the meeting chair.
3. Member attendance, specifying the names and number of members in attendance, excused, and absent.
4. Names and titles of those present at the meeting as nonvoting participants.
5. Name of minutes taker.
6. Matters reported on.
7. Agenda items: the resolution method and outcome of each motion, and any objections or reservations expressed by any Committee member.
8. Extraordinary motions: the name of the mover, the resolution method and outcome of the motion, and summarize the comments made by, and any objections or reservations expressed by, any Committee member, expert, or other person.
9. Other matters required to be recorded.

Regarding any resolution on motions of the remuneration committee, when there are any objections or reservations expressed by any committee member noted and raised in written form, apart from being recorded in the meeting minutes, the information shall be publicly

announced and reported on the information reporting website designated by the competent authority 2 days in advance of the event at issue.

The attendance book of the remuneration committee is part of the meeting minutes, whereas the meeting minutes have to be signed by the convener as well as the minute keeper and of which a copy has to be delivered to each committee member within twenty days. The meeting minutes shall be submitted to the board of directors and shall be regarded as the company's important document which is to be kept for five years.

Shall an event of litigation related to the remuneration committee occur before the expiry of this official storage period, the storage period shall be extended until the litigation is terminated.

Information as specified in paragraph 1 of this article shall be recorded and distributed in electronic form. The video recording of the committee members attending via video- or tele-conference constitutes part of the meeting minutes.

Article 11 Resource of Committee exercises its official powers

The Committee may invite directors, managerial officers of relevant departments, internal auditors, certified public accountants, legal consultants, or other personnel to attend meetings as nonvoting participants and provide relevant necessary information.

The Committee may by resolution, at the cost of the company, engage an attorney, certified public accountant, or other professional to conduct a necessary audit or provide advice with respect to any matter related to the exercise of the Committee's powers.

Article 12 Execution of resolutions

The execution of tasks relating to matters resolved by the Committee may be delegated to the convener or other member or members of the Committee for follow-up and handling, and they shall make written reports to the Committee during the period in which they are handling such tasks. When necessary, they shall submit them for ratification, or report them, to the Committee at the subsequent meeting.

Article 13 Effective Date

The Regulations shall enter into force upon resolution and approval of the Board of Directors. The same shall apply to further amendments.