



**MACRONIX  
INTERNATIONAL CO., LTD.**

**2013 Annual General Shareholders' Meeting**

# **MEETING AGENDA**

**(Translation)**

June 19, 2013

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# MEETING AGENDA

Date : 9:00 a.m., June 19, 2013.

Venue : Room101, Association of Industries in Science Parks  
(No. 2, Prosperity Rd. 1, Hsinchu Science Park)

Chairman : Chairman of the Board of Directors , Miin Chyou Wu

## I. Speech by Chairman

## II. Report Items

1. 2012 Business Report
2. Audit Committee's Report of 2012
3. Others

## III. Ratification, Discussion and Election Items

1. Adoption of 2012 Business Report and Financial Statements
2. Adoption of the 2012 deficit proposal
3. Approval of amending internal rules
  - A. Procedures for Endorsement and Guarantee
  - B. Procedures for Lending Funds to Other Parties
4. Approval of public offering and/or the private placement of securities
5. To elect the directors of the 9th term
6. Approval for removing the competition restrictions of the directors

**(Except for those proposals deemed adopted or resolved with no objection after the Chairman's consultation, the Chairman may hold certain and/or all votes of such proposals until the preceding of Motions.)**

## IV. Others and Motions

**(Except for those proposals deemed adopted or resolved with no objection after the Chairman's consultation, the Chairman may hold certain and/or all votes of such proposals until the preceding of Motions.)**

## V. Meeting Adjourned

# Report Items

**ITEM 1** 2012 Business Report (Attachment 1)

**ITEM 2** Audit Committee's Report of 2012 (Attachment 2)

**ITEM 3** Others : None

# Ratification, Discussion and Election Items

## **ITEM 1** (Proposed by the Board of Directors)

Proposal : Adoption of 2012 Business Report and Financial Statements

Explanation : 1. The 2012 Financial Statements (including the Consolidated Financial Statements) have been audited by Deloitte & Touche, the Company's Independent Auditor.  
2. Business Report, Independent Auditors' Report and Financial Statements are as attached. ( Attachment 1, 3 and 4)

Resolution :

## **ITEM 2** (Proposed by the Board of Directors)

Proposal : Adoption of the Company's 2012 deficit proposal

Explanation : 1. At the end of 2012, the Company's deficit is NT\$3,220,362,293. It is hereby proposed to deduct NT\$2,695,275,042 deficit from the Legal Reserve. Thereafter, the balance of the deficit shall be amount to NT\$525,087,251.  
2. The proposal of 2012 deficit proposal is as attached ( Attachment 5 )

Resolution :

## **ITEM 3** (Proposed by the Board of Directors)

Proposal : Pursuant to the newly amended regulations, it is proposed to amend the "Procedures for Lending Funds to Other Parties" and the "Procedures for Endorsement and Guarantee".

Explanation : 1. In compliance with the amended "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" announced on July 6, 2012, it is hereby proposed to amend the Company's "Procedures for Lending Funds to Other Parties" and the "Procedures for Endorsement and Guarantee".  
2. The amended rules and the comparison chart of such Procedures are as attached.  
( Attachment 6 and 7 )

Resolution :

## **ITEM 4** (Proposed by the Board of Directors)

Proposal : Approval of fund raising by issuance of new shares, and/or issuance of overseas depositary receipts through cash capital increase, and/or the private placement of common shares, and/or the private placement of domestic or overseas convertible bonds.

- Explanation : 1. For the Company's future business needs, it is hereby proposed for the capital increase, including domestic rights offering(s), the issuance of new shares for the depositary receipts through cash capital increase, the private placement of common shares; and/or the private placement of domestic and/or overseas convertible bonds, to the extent of 1.5 billion common shares (collectively and/or individually "Offering(s)"). For issuance of the private placement of convertible bonds, the number of common shares can be converted within the limit of 1.5 billion common shares shall be calculated in accordance with the conversion price determined at the time of issuance of the privately placed convertible bonds. It is also hereby proposed to submit to the AGM for authorizing the Board of Directors to select any and/or all of the Offering(s), or mix certain of the Offering(s) taking into consideration then market conditions and/or the Company's needs. Please refer to the attachments. ( Attachment 8 )
2. It is proposed to the AGM for authorizing the Board of Directors to determine the details of the Offering(s), including the number of shares to be issued, the offering plan, the conversion rules, the projected items, the projected schedule for the use of proceeds, the projected results and related matters, in accordance with applicable government rules taking into consideration the market conditions as well as the Company's business need.
3. It is hereby proposed to AGM for authorizing the Board of Directors with full rights to follow-up and/or handle any adjustment, revisions and/or amendments which may be triggered by the amendment of law, the opinion or comments of the authority, and/or then market conditions.
4. The price will be set in accordance with the resolution of the AGM and then market price of our common shares to confirm the reasonableness of price offered and no significant impact to our shareholders. Please refer to the attachments. ( Attachment 8 )

Resolution :

**ITEM 5** (Proposed by the Board of Directors)

Proposal : To elect the directors of the 9th term

- Explanation : 1. The tenure of the directors of the 8th term will be expired on June 8, 2013, but it shall be extended until the time when new directors have been elected pursuant to Articles 195 of the Company Act. It is hereby proposed to elect the directors (including independent directors) of the 9th term at 2013 AGM. According to the Securities and Exchange Act, the Audit Committee is composed of all independent directors.
2. According to MXIC's Article of Incorporation, the Company shall have nine to fifteen directors (including at least three independent directors with remaining being non-independent directors) to be elected by the shareholders from the candidates

nomination list. It is hereby proposed to elect fifteen directors (including three independent directors and twelve non-independent directors) at 2013 AGM.

3. The tenure of the directors of the 9th term shall begin from June 19, 2013 until June 18, 2016. The directors will be on board immediately after the 2013 AGM is adjourned.
4. The information of the director candidates approved by the twenty-second meeting of the 8th term of the Board of Directors is as attached. ( Attachment 9 )

Result :

**ITEM 6** (Proposed by the Board of Directors)

Proposal : Approval of removing the competition restrictions on the directors of the 9th term.

Explanation : 1. In compliance with Article 209 of Company Act, i.e. “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 acts for the approval”.

2. In consideration of the re-election of the directors, it is proposed to comply with Article 209 of Company Act to explain to the shareholders of the Company the potential competitive works of the respective on board directors of the 9th term. The director candidates of the 9th term who serve the positions which may be deemed as within the scope of the Company’s business are as attached. ( Attachment 10 )

Resolution :

**Except for those proposals deemed adopted or resolved with no objection after the Chairman’s consultation, the Chairman may hold certain and/or all votes of such proposals until the preceding of Motions.**

## **Others and Motions**

## **Meeting Adjourned**

## **Attachment 1**

### **2012 Annual Business Report**

Under the continuing influence of the financial crisis, the global economy remained sluggish in the past year, especially in the memory industry, where reduced demand resulted in generally poor profits in the memory industry worldwide. The performance of Macronix in 2012 was less than ideal, with operating revenue falling by 14%, the main reason being that customer demand was lower than anticipated, while increasing downward pressure on prices led to revenue falling short of forecasts. Other factors such as the increased burden of depreciation costs on 12" foundry and R&D equipment, with older machines in poor condition, as well as idle production capacity, led to higher costs and thus lower than expected profits.

The operating results for Macronix in 2012 were as follows. Total annual net sales was NT\$23.889 billion, down 14% year-on-year, net loss was NT\$5.438 billion, and loss-per-share was NT\$1.55. Annual average gross profit margin was 10%, while operating margin was -19%. But operations in 2012 still generated net cash flow of NT\$2.6 billion, with end-of-period cash equivalent of NT\$17.793 billion, debt ratio of 43%, inventory level increasing to NT\$6.798 billion, capacity utilization for the year of about 82%, and book value per share staying at NT\$10.02. Although the company took a loss, nevertheless the operating cash flow is sufficient to maintain working capital, and our financial structure remains sound.

To ensure a solid IP basis for the future, Macronix continues to develop new technologies and new products. In 2012, Macronix was granted 406 patents, and currently owns and accumulated total of 4,899 patents. In the area of R&D program management, besides assessment of investment returns, we also strive to accommodate customer needs, and to ensure effective utilization of company resources and timely commercialization of R&D results, so as to establish the competitive niche and growth advantage for Macronix.

In the area of ROM, in 2012 Q4 65nm products already held 84% market share, this year 45nm products will become the mainstream, and 32nm products will enter mass production before the end of the year. Moreover, we will release Hybrid memory integrating ROM and Flash in accordance with customer demand. Macronix will, through various strategies including advanced product design, high quality standards, and comprehensive customer service, come out with even higher capacity products, to lower costs and satisfy customer needs.

In the area of Flash, in 2012 Q4 110nm products held 77% of the Flash market, this year 75nm will become the mainstream, and 55nm products will enter mass production before year's end. High-density products held 7% of the Flash market last year, and their market share is expected to show major growth this year. Macronix will provide customers with a more complete product line, and continuously improve our cost structure, so as to increase profitability.



As far as customer development, last year we added a total of 100 new core chip vendors, and won 405 cases of core product design. Macronix provides 24-hour rapid technical support services, so as to quickly respond to and resolve customer difficulties, and provide the maximum level of customer satisfaction.

In 6” wafer foundry services, we are continuously developing IP to raise foundry added value, and at the same time developing analog and high-pressure manufacturing to develop new business opportunities. We are also adjusting product and customer integration, to raise the product gross margin and operating margin of our foundry services business. In addition, we have already started OEM manufacturing R&D at our 8” foundry, in preparation for future 8” Foundry Sustainability Program.

Macronix has always focused on process and product refinement and innovation: XtraROM<sup>®</sup> continues to push toward 32/22nm production, and Flash likewise continues its march toward 55nm, which will further reduce costs. Macronix will also continue to use 3DVG (Vertical Gate) NAND Flash as a weapon in the competition for future high-precision memory products. This year the company’s capital expenditure is planned at NT\$3.6 billion, mainly for the replacement of aging equipment and process improvements.

Although Macronix took the first loss in the recent years, we believe this is only short-term pain. It is foreseen that within the new year, Macronix will use already established and reliable advanced technologies to comprehensively raise capacity utilization, and to continue to reduce costs and raise product quality. In addition, we will expand in application areas such as Handsets, Gaming, and Automotive, to increase our market share and improve our results. We are confident that with our pragmatic management capability, we can further improve our competitiveness and quickly reach our profit targets.

At the same time, Macronix considers its obligations to society and the responsibility for environmental protection, thus we continue to accumulate awards for enterprise social responsibility, power-saving low carbon business, protection of environmental health and safety, and so on. Finally, we appreciate the continued support and caring of stockholders towards Macronix, and ask that you please continue to be patient. Our management team will give its every effort to create profits and returns for stockholders.

## **Attachment 2**

### **Audit Committee's Report**

To: 2013 Annual General Shareholders Meeting of Macronix International Co., Ltd.

The 2012 financial statements of the Company (including the consolidated financial statements), the 2012 business report, and the Company's 2012 deficit proposal have been review and determined to be correct and accurate by the undersigned. According to Article 14-4 of Securities and Exchange Act and Article 219 of the Company Law, it is hereby submitted this report.

Independent director: Chiang Kao

Independent director: Yan-Kuin Su

Independent director: John C.F. Chen

Dated: March 8, 2013

## **Attachment 3**

# **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and the Shareholders  
Macronix International Co., Ltd.

We have audited the accompanying balance sheets of Macronix International Co., Ltd. (the "Company") as of December 31, 2012 and 2011 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 did not audit the financial statements of certain investees in which the Company's investments were accounted for using equity method. The financial statements of these investees were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such investees, is based solely on the reports of such other auditors. The carrying value of these equity-method investments as of December 31, 2012 and 2011 amounted to NT\$532,547 thousand and NT\$1,166,550 thousand, respectively. The related investment net loss for the years ended December 31, 2012 and 2011 amounted to NT\$631,222 thousand and NT\$649,100 thousand, respectively.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Macronix International Co., Ltd. as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

We have also audited the consolidated financial statements of Macronix International Co., Ltd. and subsidiaries as of and for the years ended December 31, 2012 and 2011, and have expressed an unqualified opinion with an explanatory paragraph in our report dated March 8, 2013.

March 8, 2013

Notice to Readers

*The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China 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 Republic of China.*

*For the convenience of readers, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.*

**MACRONIX INTERNATIONAL CO., LTD.**

**BALANCE SHEETS**  
**DECEMBER 31, 2012 AND 2011**  
(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2012		2011		LIABILITIES AND SHAREHOLDERS' EQUITY	2012		2011	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Notes 2 and 4)	\$ 17,793,410	29	\$ 17,726,603	26	Short-term bank loans (Note 12)	\$ 88,406	-	\$ 1,800,488	3
Financial assets at fair value through profit or loss - current (Notes 2, 5 and 24)	6,199	-	-	-	Notes and accounts payable	1,819,749	3	2,136,388	3
Notes and accounts receivable, net (Notes 2, 3 and 6)	2,463,765	4	2,411,019	4	Payables to related parties (Note 21)	226,007	-	146,858	-
Receivables from related parties, net (Notes 2, 3 and 21)	823,432	1	1,340,244	2	Income tax payable (Notes 2 and 19)	336,591	1	335,135	1
Other receivables, net (Notes 2 and 21)	100,136	-	111,958	-	Accrued expenses	2,517,231	4	2,072,686	3
Inventories (Notes 2 and 7)	6,797,915	11	6,398,789	9	Accrued bonuses to employees, directors and supervisors (Notes 2 and 15)	-	-	530,775	1
Deferred income tax assets - current (Notes 2 and 19)	228,162	-	125,765	-	Payables for equipment	389,782	1	869,773	1
Other current assets	425,577	1	407,057	1	Current portion of long-term bank loans (Notes 13, 22 and 24)	5,233,718	8	1,527,718	2
Total current assets	28,638,596	46	28,521,435	42	Other current liabilities	73,999	-	66,310	-
					Total current liabilities	10,685,483	17	9,486,131	14
<b>LONG-TERM INVESTMENTS (Notes 2, 8, 9, 10 and 24)</b>					<b>LONG-TERM LIABILITIES</b>				
Investments accounted for using equity method	2,335,038	4	3,054,069	5	Long-term bank loans, net of current portion (Notes 13, 22 and 24)	15,799,897	25	16,078,614	24
Available-for-sale financial assets - noncurrent	663,384	1	646,558	1	Long-term notes payable	-	-	105	-
Financial assets carried at cost - noncurrent	91,473	-	117,556	-	Total long-term liabilities	15,799,897	25	16,078,719	24
Total long-term investments	3,089,895	5	3,818,183	6	<b>OTHER LIABILITIES</b>				
<b>PROPERTY, PLANT AND EQUIPMENT (Notes 2, 11 and 22)</b>					Accrued pension cost (Notes 2 and 14)	462,774	1	360,151	-
Cost					Others	130	-	2,040	-
Land	598,076	1	598,076	1	Total other liabilities	462,904	1	362,191	-
Buildings and structures	21,981,271	35	21,479,586	32	Total liabilities	26,948,284	43	25,927,041	38
Machinery equipment	76,913,234	124	75,224,280	111	<b>SHAREHOLDERS' EQUITY (Notes 2, 15, 16, 17 and 24)</b>				
Research and development equipment	5,801,459	9	2,120,639	3	Capital stock, NT\$10 par value				
Transportation equipment	30,653	-	26,103	-	Authorized - 6,550,000 thousand shares				
Leasehold improvements	2,419	-	2,419	-	Issued - 3,521,462 thousand shares in 2012 and 3,384,749 thousand shares in 2011	35,214,623	57	33,847,486	50
Miscellaneous equipment	1,022,410	2	985,023	1	Capital surplus				
	106,349,522	171	100,436,126	148	Treasury stock transactions	26,502	-	25,075	-
Less: Accumulated depreciation	78,540,129	126	71,678,509	106	Donation	37	-	37	-
Construction in progress and prepayments for equipment	1,464,928	2	6,097,549	9	Long-term investments	4,367	-	3,436	-
Net property, plant and equipment	29,274,321	47	34,855,166	51	Employee stock options	317,217	1	321,377	1
<b>INTANGIBLE ASSETS (Note 2)</b>					Retained earnings				
Software, net	315,588	1	70,344	-	Legal capital reserve	2,695,275	4	2,407,003	4
Deferred charges, net	282	-	706	-	Unappropriated earnings (accumulated deficit)	(3,220,362)	(5)	5,085,609	7
Net intangible assets	315,870	1	71,050	-	Other adjustments				
<b>OTHER ASSETS</b>					Unrealized gains on financial instruments	448,981	-	432,095	-
Deferred income tax assets - noncurrent (Notes 2 and 19)	677,450	1	418,310	1	Cumulative translation adjustments	(102,918)	-	(29,881)	-
Restricted assets - noncurrent (Note 22)	164,177	-	164,177	-	Treasury stock (at cost) - 3,899 thousand shares in 2012 and 3,757 thousand shares in 2011	(142,365)	-	(142,365)	-
Other assets	29,332	-	28,592	-	Total shareholders' equity	35,241,357	57	41,949,872	62
Total other assets	870,959	1	611,079	1	<b>TOTAL</b>	<b>\$ 62,189,641</b>	<b>100</b>	<b>\$ 67,876,913</b>	<b>100</b>
<b>TOTAL</b>	<b>\$ 62,189,641</b>	<b>100</b>	<b>\$ 67,876,913</b>	<b>100</b>					

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

(With Deloitte & Touche audit report dated March 8, 2013)

# MACRONIX INTERNATIONAL CO., LTD.

## STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2012		2011	
	Amount	%	Amount	%
GROSS SALES	\$ 23,973,584		\$ 27,960,652	
SALES RETURNS AND ALLOWANCES	<u>84,737</u>		<u>116,979</u>	
NET SALES (Notes 2 and 21)	23,888,847	100	27,843,673	100
COST OF SALES (Notes 2, 7, 18 and 21)	<u>21,517,784</u>	<u>90</u>	<u>17,751,736</u>	<u>64</u>
GROSS PROFIT	2,371,063	10	10,091,937	36
REALIZED INTERCOMPANY PROFIT (Note 2)	<u>1,664</u>	<u>-</u>	<u>13,040</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>2,372,727</u>	<u>10</u>	<u>10,104,977</u>	<u>36</u>
OPERATING EXPENSES (Notes 18 and 21)				
Sales and marketing	908,223	4	899,093	3
General and administrative	1,513,080	6	1,571,924	6
Research and development	<u>4,547,487</u>	<u>19</u>	<u>3,850,265</u>	<u>14</u>
Total operating expenses	<u>6,968,790</u>	<u>29</u>	<u>6,321,282</u>	<u>23</u>
INCOME (LOSS) FROM OPERATION	<u>(4,596,063)</u>	<u>(19)</u>	<u>3,783,695</u>	<u>13</u>
NON-OPERATING INCOME AND GAINS				
Interest income (Note 24)	154,349	1	117,520	1
Gain on disposal of financial instruments, net (Note 2)	61,273	-	2,357	-
Dividend income (Note 2)	56,840	-	85,896	-
Gain on disposal of assets (Note 2)	17,005	-	-	-
Valuation gain on financial assets (Notes 2 and 24)	6,199	-	-	-
Reversal of allowance for doubtful accounts (Notes 2, 3 and 6)	-	-	34,567	-
Others (Note 21)	<u>58,014</u>	<u>-</u>	<u>62,857</u>	<u>-</u>
Total non-operating income and gains	<u>353,680</u>	<u>1</u>	<u>303,197</u>	<u>1</u>
NON-OPERATING EXPENSES AND LOSSES				
Equity in losses of equity method investees, net (Notes 2 and 8)	645,940	3	455,304	2
Interest expense (Notes 11 and 24)	302,953	1	19,219	-
Foreign exchange loss, net (Note 2)	157,615	1	95,814	-
Loss on disposal of assets (Note 2)	155,366	-	1,458	-

(Continued)

# MACRONIX INTERNATIONAL CO., LTD.

## STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2012		2011	
	Amount	%	Amount	%
Impairment loss (Notes 2, 10 and 23)	\$ 6,583	-	\$ 2,564	-
Others	<u>4,582</u>	<u>-</u>	<u>3,567</u>	<u>-</u>
Total non-operating expenses and losses	<u>1,273,039</u>	<u>5</u>	<u>577,926</u>	<u>2</u>
INCOME (LOSS) BEFORE INCOME TAX	(5,515,422)	(23)	3,508,966	12
INCOME TAX EXPENSE (BENEFIT) (Notes 2 and 19)	<u>(77,011)</u>	<u>-</u>	<u>591,967</u>	<u>2</u>
NET INCOME (LOSS)	<u>\$ (5,438,411)</u>	<u>(23)</u>	<u>\$ 2,916,999</u>	<u>10</u>
	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS (LOSS) PER SHARE (Note 20)				
Basic	<u>\$ (1.57)</u>	<u>\$ (1.55)</u>	<u>\$ 1.00</u>	<u>\$ 0.83</u>
Diluted	<u>\$ (1.57)</u>	<u>\$ (1.55)</u>	<u>\$ 0.98</u>	<u>\$ 0.82</u>

Certain pro forma information (after income tax) is shown as follows, based on the assumption that the Company's stock held by subsidiaries is treated as investment instead of treasury stock (Note 17):

	2012	2011
NET INCOME (LOSS)	<u>\$ (5,436,984)</u>	<u>\$ 2,923,370</u>
EARNINGS (LOSS) PER SHARE		
Basic	<u>\$(1.54)</u>	<u>\$0.83</u>
Diluted	<u>\$(1.54)</u>	<u>\$0.82</u>

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

(With Deloitte & Touche audit report dated March 8, 2013)

(Concluded)

**MACRONIX INTERNATIONAL CO., LTD.**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	Capital Stock		Treasury Stock Transactions	Capital Surplus			Retained Earnings	Other Adjustments			Total Shareholders' Equity	
	Shares (In Thousands)	Aggregate Par Value		Donation	Long-term Investments	Employee Stock Options	Legal Capital Reserve	Unappropriated Earnings (Accumulated Deficit)	Unrealized Gain (Loss) on Financial Instruments	Cumulative Translation Adjustments		Treasury Stock
BALANCE, JANUARY 1, 2011	3,362,302	\$ 33,623,017	\$ 18,704	\$ 37	\$ -	\$ 335,915	\$ 1,630,512	\$ 8,714,773	\$ 1,038,432	\$ (91,242)	\$ (142,365)	\$ 45,127,783
Appropriations of prior year's earnings (Note 15)												
Legal capital reserve	-	-	-	-	-	-	776,491	(776,491)	-	-	-	-
Cash dividends to shareholders - NT\$1.70 per share	-	-	-	-	-	-	-	(5,735,394)	-	-	-	(5,735,394)
Issuance of stock on exercised stock options	22,447	224,469	-	-	-	(14,538)	-	-	-	-	-	209,931
Adjustment from changes in percentage of ownership in investees	-	-	-	-	3,436	-	-	(34,278)	-	-	-	(30,842)
Net income for the year ended December 31, 2011	-	-	-	-	-	-	-	2,916,999	-	-	-	2,916,999
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	(378,037)	-	-	(378,037)
Equity in the valuation loss on available-for-sale financial assets of equity - method investees	-	-	-	-	-	-	-	-	(228,300)	-	-	(228,300)
Company's dividends received by its subsidiary	-	-	6,371	-	-	-	-	-	-	-	-	6,371
Translation adjustments	-	-	-	-	-	-	-	-	-	61,361	-	61,361
BALANCE, DECEMBER 31, 2011	3,384,749	33,847,486	25,075	37	3,436	321,377	2,407,003	5,085,609	432,095	(29,881)	(142,365)	41,949,872
Appropriations of prior year's earnings (Note 15)												
Legal capital reserve	-	-	-	-	-	-	288,272	(288,272)	-	-	-	-
Cash dividends to shareholders - NT\$0.38 per share	-	-	-	-	-	-	-	(1,288,408)	-	-	-	(1,288,408)
Stock dividends to shareholders - NT\$0.38 per share	128,841	1,288,408	-	-	-	-	-	(1,288,408)	-	-	-	-
Issuance of stock on exercised stock options	7,872	78,729	-	-	-	(4,160)	-	-	-	-	-	74,569
Adjustment from changes in percentage of ownership in investees	-	-	-	-	931	-	-	(2,472)	-	-	-	(1,541)
Net loss for the year ended December 31, 2012	-	-	-	-	-	-	-	(5,438,411)	-	-	-	(5,438,411)
Valuation gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	16,826	-	-	16,826
Equity in the valuation gain on available-for-sale financial assets of equity - method investees	-	-	-	-	-	-	-	-	60	-	-	60
Company's dividends received by its subsidiary	-	-	1,427	-	-	-	-	-	-	-	-	1,427
Translation adjustments	-	-	-	-	-	-	-	-	-	(73,037)	-	(73,037)
BALANCE, DECEMBER 31, 2012	<u>3,521,462</u>	<u>\$ 35,214,623</u>	<u>\$ 26,502</u>	<u>\$ 37</u>	<u>\$ 4,367</u>	<u>\$ 317,217</u>	<u>\$ 2,695,275</u>	<u>\$ (3,220,362)</u>	<u>\$ 448,981</u>	<u>\$ (102,918)</u>	<u>\$ (142,365)</u>	<u>\$ 35,241,357</u>

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

(With Deloitte & Touche audit report dated March 8, 2013)



# MACRONIX INTERNATIONAL CO., LTD.

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2012 AND 2011 (In Thousands of New Taiwan Dollars)

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ (5,438,411)	\$ 2,916,999
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	7,657,143	5,355,509
Amortization	122,971	61,176
Provision (reversal of allowance) for doubtful accounts	49,533	(34,567)
Gain on disposal of financial instruments, net	(229)	(253)
Loss on disposal of assets, net	138,361	1,458
Equity in losses of equity method investees, net	645,940	455,304
Impairment loss	6,583	2,564
Realized intercompany profit	(1,664)	(13,040)
Deferred income tax	(361,537)	230,493
Net changes in operating assets and liabilities:		
Financial assets held for trading	(6,199)	-
Notes and accounts receivable	(52,746)	(315,377)
Receivables from related parties	516,812	(319,948)
Other receivables	11,822	216,319
Inventories	(399,126)	(2,576,843)
Other current assets	(18,520)	18,680
Long-term accounts receivable	(59,611)	-
Notes and accounts payable	(316,744)	265,677
Payables to related parties	79,149	(10,868)
Income tax payable	1,456	(317,450)
Accrued expenses	444,545	199,923
Accrued bonuses to employees, directors and supervisors	(530,775)	(618,441)
Other current liabilities	9,353	(8,165)
Accrued pension cost	102,623	(4,352)
Net cash provided by operating activities	<u>2,600,729</u>	<u>5,504,798</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in restricted assets	-	(161,470)
Acquisitions of available-for-sale financial assets	(150,000)	(250,000)
Proceeds from disposal of available-for-sale financial assets	150,229	250,253
Acquisitions of investments accounted for using equity-method	-	(297,204)
Proceeds from return of capital by financial assets carried at cost	19,500	42,000
Acquisitions of property, plant and equipment	(2,750,738)	(15,367,779)
Proceeds from disposal of property, plant and equipment	55,715	21,905
Increase in intangible assets	(367,766)	(43,174)
Decrease in other assets	9,338	5,790
Net cash used in investing activities	<u>(3,033,722)</u>	<u>(15,799,679)</u>

(Continued)

# MACRONIX INTERNATIONAL CO., LTD.

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2012 AND 2011 (In Thousands of New Taiwan Dollars)

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	2012	2011
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term bank loans	\$ (1,712,082)	\$ (1,005,592)
Increase in long-term bank loans	6,200,000	16,210,000
Repayment of long-term bank loans	(2,772,717)	(3,011,237)
Increase (decrease) in guarantee deposits	(1,562)	219
Proceeds from exercise of employee stock options	74,569	209,931
Cash dividends	<u>(1,288,408)</u>	<u>(5,735,394)</u>
Net cash provided by financing activities	<u>499,800</u>	<u>6,667,927</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	66,807	(3,626,954)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>17,726,603</u>	<u>21,353,557</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 17,793,410</u>	<u>\$ 17,726,603</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Interest paid (excluding capitalized interest)	<u>\$ 309,042</u>	<u>\$ 6,828</u>
Income tax paid	<u>\$ 283,070</u>	<u>\$ 630,289</u>
<b>NON-CASH FINANCING ACTIVITIES:</b>		
Amounts reclassified from fixed assets to intangible assets	<u>\$ 25</u>	<u>\$ 4,608</u>
Current portion of long-term bank loans	<u>\$ 5,233,718</u>	<u>\$ 1,527,718</u>
<b>INVESTING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS</b>		
Acquisitions of property, plant and equipment	\$ 2,270,747	\$ 14,267,762
Net decrease in payables to contractors and equipment suppliers	<u>479,991</u>	<u>1,100,017</u>
Cash paid	<u>\$ 2,750,738</u>	<u>\$ 15,367,779</u>

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

(With Deloitte & Touche audit report dated March 8, 2013)

(Concluded)

## **Attachment 4**

# **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and the Shareholders  
Macronix International Co., Ltd.

We have audited the accompanying consolidated balance sheets of Macronix International Co., Ltd. and subsidiaries (the "Company") as of December 31, 2012 and 2011 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. 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 did not audit the financial statements of certain consolidated subsidiaries. The financial statements of these subsidiaries were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such subsidiaries, is based solely on the reports of such other auditors. Such subsidiaries' financial statements reflect total assets of NT\$691,400 thousand and NT\$1,409,253 thousand, representing 1.11% and 2.07% of the Company's consolidated total assets as of December 31, 2012 and 2011, respectively, and also reflect net sales of NT\$83,154 thousand and NT\$80,536 thousand, representing 0.34% and 0.29% of the Company's consolidated net sales for the years then ended.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Macronix International Co., Ltd. and subsidiaries as of December 31, 2012 and 2011, and the consolidated results of their operations and their consolidated cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

March 8, 2013

*Notice to Readers*

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, consolidated results of operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.*

*For the convenience of readers, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and consolidated financial statements shall prevail.*

**MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**DECEMBER 31, 2012 AND 2011**

**(In Thousands of New Taiwan Dollars, Except Par Value)**

ASSETS	2012		2011		LIABILITIES AND SHAREHOLDERS' EQUITY	2012		2011	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Notes 2 and 4)	\$ 19,096,662	30	\$ 19,727,097	29	Short-term bank loans (Note 11)	\$ 88,406	-	\$ 1,800,488	3
Financial assets at fair value through profit or loss - current (Notes 2, 5 and 23)	6,199	-	-	-	Notes and accounts payable	1,834,141	3	2,154,754	3
Notes and accounts receivable, net (Notes 2, 3 and 6)	2,900,918	5	2,889,463	4	Payables to related parties (Note 20)	136,005	-	82,244	-
Receivables from related parties, net (Notes 2, 3 and 20)	427,453	1	918,063	1	Income tax payable (Notes 2 and 18)	339,661	1	348,966	1
Other receivables, net (Note 2)	106,523	-	121,452	-	Accrued expenses	2,632,380	4	2,189,183	3
Inventories (Notes 2 and 7)	6,859,892	11	6,468,003	10	Accrued bonuses to employees, directors and supervisors (Notes 2 and 14)	-	-	530,775	1
Deferred income tax assets - current (Notes 2 and 18)	231,541	-	133,299	-	Payables for equipment	394,986	1	875,833	1
Restricted assets - current (Note 21)	47,105	-	23,005	-	Current portion of long-term bank loans (Notes 12, 21 and 23)	5,233,718	8	1,527,718	2
Other current assets (Note 2)	478,725	1	474,848	1	Other current liabilities	99,347	-	85,504	-
Total current assets	30,155,018	48	30,755,230	45	Total current liabilities	10,758,644	17	9,595,465	14
<b>LONG-TERM INVESTMENTS (Notes 2, 5, 8, 9 and 23)</b>					<b>LONG-TERM LIABILITIES</b>				
Financial assets at fair value through profit or loss - noncurrent	-	-	39,357	-	Long-term bank loans, net of current portion (Notes 12, 21 and 23)	15,799,897	25	16,078,614	24
Available-for-sale financial assets - noncurrent	888,685	2	879,392	2	Long-term notes payable	-	-	105	-
Financial assets carried at cost - noncurrent	97,862	-	154,491	-	Total long-term liabilities	15,799,897	25	16,078,719	24
Prepayments for investments	29,040	-	-	-	<b>OTHER LIABILITIES</b>				
Total long-term investments	1,015,587	2	1,073,240	2	Accrued pension cost (Notes 2 and 13)	462,774	1	360,234	-
<b>PROPERTY, PLANT AND EQUIPMENT (Notes 2, 10 and 21)</b>					Others	1,694	-	3,661	-
Cost:					Total other liabilities	464,468	1	363,895	-
Land	598,076	1	598,076	1	Total liabilities	27,023,009	43	26,038,079	38
Buildings and structures	22,209,968	36	21,717,424	32	<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 2, 14, 15, 16 and 23)</b>				
Machinery equipment	76,913,234	123	75,224,281	110	Capital stock, \$10 par value				
Research and development equipment	6,037,523	10	2,381,513	4	Authorized - 6,550,000 thousand shares				
Transportation equipment	32,155	-	28,192	-	Issued - 3,521,462 thousand shares in 2012 and 3,384,749 thousand shares in 2011	35,214,623	57	33,847,486	50
Leasehold improvements	44,894	-	26,553	-	Capital surplus				
Miscellaneous equipment	1,142,967	2	1,096,751	2	Treasury stock transactions	26,502	-	25,075	-
	106,978,817	172	101,072,790	149	Donation	37	-	37	-
Less: Accumulated depreciation	78,847,806	127	71,963,633	106	Long-term investments	4,367	-	3,436	-
Construction in progress and prepayments for equipment	1,474,477	2	6,097,550	9	Employee stock options	317,217	1	321,377	1
Net property, plant and equipment	29,605,488	47	35,206,707	52	Retained earnings				
<b>INTANGIBLE ASSETS (Note 2)</b>					Legal capital reserve	2,695,275	4	2,407,003	4
Software, net	323,052	1	76,569	-	Unappropriated earnings (accumulated deficit)	(3,220,362)	(5)	5,085,609	7
Deferred charges, net	52,191	-	95,499	-	Other adjustments				
Net intangible assets	375,243	1	172,068	-	Unrealized gains on financial instruments	448,981	-	432,095	-
<b>OTHER ASSETS</b>					Cumulative translation adjustments	(102,918)	-	(29,881)	-
Idle assets, net (Note 2)	278,290	1	290,125	-	Treasury stock (at cost) - 3,899 thousand shares in 2012 and 3,757 thousand shares in 2011	(142,365)	-	(142,365)	-
Deferred income tax assets - noncurrent (Notes 2 and 18)	678,302	1	419,899	1	Total equity attributable to shareholders of the parent	35,241,357	57	41,949,872	62
Restricted assets - noncurrent (Note 21)	164,177	-	164,177	-	<b>MINORITY INTERESTS (Note 2)</b>				
Other assets	47,521	-	42,389	-	Total shareholders' equity	35,296,617	57	42,085,756	62
Total other assets	1,168,290	2	916,590	1	<b>TOTAL</b>	<b>\$ 62,319,626</b>	<b>100</b>	<b>\$ 68,123,835</b>	<b>100</b>

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

(With Deloitte & Touche audit report dated March 8, 2013)

# MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2012		2011	
	Amount	%	Amount	%
GROSS SALES	\$ 24,326,828		\$ 28,403,040	
SALES RETURNS AND ALLOWANCES	<u>98,090</u>		<u>164,369</u>	
NET SALES (Notes 2 and 20)	24,228,738	100	28,238,671	100
COST OF SALES (Notes 2, 7, 17 and 20)	<u>21,684,781</u>	<u>90</u>	<u>17,974,374</u>	<u>64</u>
GROSS PROFIT	<u>2,543,957</u>	<u>10</u>	<u>10,264,297</u>	<u>36</u>
OPERATING EXPENSES (Notes 17 and 20)				
Sales and marketing	1,176,455	5	1,118,647	4
General and administrative	1,718,845	7	1,776,601	6
Research and development	<u>4,972,689</u>	<u>20</u>	<u>4,260,575</u>	<u>15</u>
Total operating expenses	<u>7,867,989</u>	<u>32</u>	<u>7,155,823</u>	<u>25</u>
INCOME (LOSS) FROM OPERATION	<u>(5,324,032)</u>	<u>(22)</u>	<u>3,108,474</u>	<u>11</u>
NON-OPERATING INCOME AND GAINS				
Interest income (Note 23)	166,316	1	131,630	-
Gain on disposal of financial instruments, net (Note 2)	62,455	-	2,357	-
Dividend income (Note 2)	60,825	-	94,783	-
Gain on disposal of assets (Note 2)	17,172	-	-	-
Valuation gain on financial assets, net (Notes 2, 5 and 23)	6,199	-	4,119	-
Reversal of allowance for doubtful accounts (Notes 2, 3 and 6)	-	-	142,316	1
Others (Note 20)	<u>64,287</u>	<u>1</u>	<u>55,367</u>	<u>-</u>
Total non-operating income and gains	<u>377,254</u>	<u>2</u>	<u>430,572</u>	<u>1</u>
NON-OPERATING EXPENSES AND LOSSES				
Interest expense (Notes 10 and 23)	302,953	1	19,219	-
Foreign exchange losses, net (Note 2)	161,829	1	96,720	-
Loss on disposal of assets (Note 2)	155,480	1	2,732	-
Impairment loss (Notes 2, 9 and 22)	6,583	-	2,564	-
Others	<u>5,685</u>	<u>-</u>	<u>4,400</u>	<u>-</u>
Total non-operating expenses and losses	<u>632,530</u>	<u>3</u>	<u>125,635</u>	<u>-</u>

(Continued)

# MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2012		2011	
	Amount	%	Amount	%
INCOME (LOSS) BEFORE INCOME TAX	\$ (5,579,308)	(23)	\$ 3,413,411	12
INCOME TAX EXPENSE (BENEFIT) (Notes 2 and 18)	<u>(61,385)</u>	<u>-</u>	<u>628,021</u>	<u>2</u>
CONSOLIDATED NET INCOME (LOSS)	<u>\$ (5,517,923)</u>	<u>(23)</u>	<u>\$ 2,785,390</u>	<u>10</u>
ATTRIBUTABLE TO:				
Shareholders of the parent	\$ (5,438,411)	(23)	\$ 2,916,999	10
Minority interests	<u>(79,512)</u>	<u>-</u>	<u>(131,609)</u>	<u>-</u>
	<u>\$ (5,517,923)</u>	<u>(23)</u>	<u>\$ 2,785,390</u>	<u>10</u>
	2012		2011	
	Income Attributable to Shareholders of the Parent		Income Attributable to Shareholders of the Parent	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
CONSOLIDATED EARNINGS (LOSS) PER SHARE (Note 19)				
Basic	<u>\$ (1.57)</u>	<u>\$ (1.55)</u>	<u>\$ 1.00</u>	<u>\$ 0.83</u>
Diluted	<u>\$ (1.57)</u>	<u>\$ (1.55)</u>	<u>\$ 0.98</u>	<u>\$ 0.82</u>

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

(With Deloitte & Touche audit report dated March 8, 2013)

(Concluded)

# MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
YEARS ENDED DECEMBER 31, 2012 AND 2011  
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	Equity Attributable to Shareholders of the Parent												Minority Interest in Subsidiaries	Total Shareholders' Equity
	Capital Stock		Treasury Stock Transactions	Capital Surplus			Retained Earnings		Other Adjustments					
	Shares (In Thousands)	Aggregate Par Value		Donation	Long-term Investments	Employee Stock Options	Legal Capital Reserve	Unappropriated Earnings (Accumulated Deficit)	Unrealized Gain (Loss) on Financial Instruments	Cumulative Translation Adjustments	Treasury Stock	Total		
BALANCE, JANUARY 1, 2011	3,362,302	\$ 33,623,017	\$ 18,704	\$ 37	\$ -	\$ 335,915	\$ 1,630,512	\$ 8,714,773	\$ 1,038,432	\$ (91,242)	\$ (142,365)	\$ 45,127,783	\$ 227,027	\$ 45,354,810
Appropriations of prior year's earnings (Note 14)														
Legal capital reserve	-	-	-	-	-	-	776,491	(776,491)	-	-	-	-	-	-
Cash dividends to shareholders - NT\$1.70 per share	-	-	-	-	-	-	-	(5,735,394)	-	-	-	(5,735,394)	-	(5,735,394)
Issuance of stock on exercised stock options	22,447	224,469	-	-	-	(14,538)	-	-	-	-	-	209,931	-	209,931
Adjustment from changes in percentage of ownership in investees	-	-	-	-	3,436	-	-	(34,278)	-	-	-	(30,842)	32,720	1,878
Consolidated net income for the year ended December 31, 2011	-	-	-	-	-	-	-	2,916,999	-	-	-	2,916,999	(131,609)	2,785,390
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	(378,037)	-	-	(378,037)	-	(378,037)
Equity in the valuation loss on available-for-sale financial assets of equity-method investees	-	-	-	-	-	-	-	-	(228,300)	-	-	(228,300)	-	(228,300)
Company's dividends received by its subsidiary	-	-	6,371	-	-	-	-	-	-	-	-	6,371	-	6,371
Translation adjustments	-	-	-	-	-	-	-	-	-	61,361	-	61,361	130	61,491
Increase in minority interests	-	-	-	-	-	-	-	-	-	-	-	-	7,616	7,616
BALANCE, DECEMBER 31, 2011	3,384,749	33,847,486	25,075	37	3,436	321,377	2,407,003	5,085,609	432,095	(29,881)	(142,365)	41,949,872	135,884	42,085,756
Appropriations of prior year's earnings (Note 14)														
Legal capital reserve	-	-	-	-	-	-	288,272	(288,272)	-	-	-	-	-	-
Cash dividends to shareholders - NT\$0.38 per share	-	-	-	-	-	-	-	(1,288,408)	-	-	-	(1,288,408)	-	(1,288,408)
Stock dividends to shareholders - NT\$0.38 per share	128,841	1,288,408	-	-	-	-	-	(1,288,408)	-	-	-	-	-	-
Issuance of stock on exercised stock options	7,872	78,729	-	-	-	(4,160)	-	-	-	-	-	74,569	-	74,569
Adjustment from changes in percentage of ownership in investees	-	-	-	-	931	-	-	(2,472)	-	-	-	(1,541)	2,473	932
Consolidated net loss for the year ended December 31, 2012	-	-	-	-	-	-	-	(5,438,411)	-	-	-	(5,438,411)	(79,512)	(5,517,923)
Valuation gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	16,826	-	-	16,826	-	16,826
Equity in the valuation gain on available-for-sale financial assets of equity-method investees	-	-	-	-	-	-	-	-	60	-	-	60	-	60
Company's dividends received by its subsidiary	-	-	1,427	-	-	-	-	-	-	-	-	1,427	-	1,427
Translation adjustments	-	-	-	-	-	-	-	-	-	(73,037)	-	(73,037)	(197)	(73,234)
Decrease in minority interests	-	-	-	-	-	-	-	-	-	-	-	-	(3,388)	(3,388)
BALANCE, DECEMBER 31, 2012	3,521,462	\$ 35,214,623	\$ 26,502	\$ 37	\$ 4,367	\$ 317,217	\$ 2,695,275	\$ (3,220,362)	\$ 448,981	\$ (102,918)	\$ (142,365)	\$ 35,241,357	\$ 55,260	\$ 35,296,617

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

(With Deloitte & Touche audit report dated March 8, 2013)



# MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss) attributable to shareholders of the parent	\$ (5,438,411)	\$ 2,916,999
Net loss attributable to minority interests	(79,512)	(131,609)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	7,719,454	5,417,470
Amortization	180,965	117,579
Provision (reversal of allowance) for doubtful accounts	49,533	(142,316)
Gain on disposal of financial instruments, net	(1,411)	(253)
Valuation gain on financial assets, net	-	(4,119)
Loss on disposal of assets, net	138,308	2,732
Impairment loss	6,583	2,564
Deferred income taxes	(356,645)	235,782
Net changes in operating assets and liabilities:		
Financial assets held for trading	(6,199)	-
Notes and accounts receivable	(11,393)	(336,415)
Receivables from related parties	490,610	(271,284)
Other receivables	14,929	217,624
Inventories	(391,753)	(2,481,859)
Other current assets	(7,377)	43,981
Long-term accounts receivable	(59,611)	-
Notes and accounts payable	(320,718)	257,320
Payables to related parties	53,761	(10,890)
Income tax payable	(9,305)	(316,000)
Accrued expenses	443,197	223,129
Accrued bonuses to employees, directors and supervisors	(530,775)	(618,441)
Other current liabilities	13,438	(17,299)
Accrued pension cost	102,540	(4,352)
	<u>2,000,208</u>	<u>5,100,343</u>
Net cash provided by operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in restricted assets	(24,100)	(178,298)
Proceeds from disposal of financial assets designated as at fair value through profit or loss	38,916	-
Acquisitions of available-for-sale financial assets	(150,000)	(250,000)
Proceeds from disposal of available-for-sale financial assets	150,229	250,253
Increase in prepayments for investments	(29,040)	-
Proceeds from return of capital by financial assets carried at cost	48,540	42,000
Acquisitions of property, plant and equipment	(2,806,019)	(15,419,699)
Proceeds from disposal of property, plant and equipment	57,978	22,346
Increase in intangible assets	(381,668)	(105,941)
Decrease in other assets	4,946	7,932
	<u>(3,090,218)</u>	<u>(15,631,407)</u>
Net cash used in investing activities		

(Continued)

# MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

	2012	2011
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term bank loans	\$ (1,712,082)	\$ (1,005,592)
Increase in long-term bank loans	6,200,000	16,210,000
Repayment of long-term bank loans	(2,772,717)	(3,011,237)
Increase (decrease) in guarantee deposits	(1,562)	219
Proceeds from exercise of employee stock options	74,569	209,931
Cash dividends	(1,286,981)	(5,729,024)
Increase (decrease) in minority interests	<u>(2,456)</u>	<u>9,494</u>
Net cash provided by financing activities	<u>498,771</u>	<u>6,683,791</u>
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	<u>(39,196)</u>	<u>21,913</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(630,435)	(3,825,360)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>19,727,097</u>	<u>23,552,457</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 19,096,662</u>	<u>\$ 19,727,097</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW</b>		
Interest paid (excluding capitalized interest)	<u>\$ 309,042</u>	<u>\$ 6,828</u>
Income tax paid	<u>\$ 304,565</u>	<u>\$ 646,264</u>
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Amounts reclassified from other current assets to intangible assets	<u>\$ 3,500</u>	<u>\$ 8</u>
Amounts reclassified from fixed assets to intangible assets	<u>\$ 25</u>	<u>\$ 4,608</u>
Current portion of long-term bank loans	<u>\$ 5,233,718</u>	<u>\$ 1,527,718</u>
<b>INVESTING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS</b>		
Acquisitions of property, plant and equipment	\$ 2,325,172	\$ 14,298,179
Net decrease in payables to contractors and equipment suppliers	<u>480,847</u>	<u>1,121,520</u>
Cash paid	<u>\$ 2,806,019</u>	<u>\$ 15,419,699</u>

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

(With Deloitte & Touche audit report dated March 8, 2013)

(Concluded)

**Attachment 5****MACRONIX INTERNATIONAL CO., LTD.****2012 Deficit Proposal**

Units : NT\$

<b>Items</b>	<b>Amount</b>
Net loss of 2012	(5,438,410,894)
Plus: Adjustment arising from changes in ownership of investees	(2,472,797)
Less: undistributed earnings of previous years	2,220,521,398
<b>Deficit to be covered—at the end of 2012</b>	<b>(3,220,362,293)</b>
Appropriation item:	
Legal reserve	2,695,275,042
<b>Deficit not yet covered after the appropriation</b>	<b>(525,087,251)</b>

Note : Due to the adoption of IFRSs, the Company's undistributed earnings decreased NT\$309,037,102 on January 1, 2012 (the date of transition to IFRSs). As of January 1, 2013, the undistributed earnings decreased NT\$308,630,192 (i.e. accumulated deficit increased NT\$308,630,192).

## Attachment 6

### The comparison chart of the Procedures for Lending Funds to Other Parties

Article	Original	Revised
Article 2	<p>The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:</p> <p>(1) Where an inter-company or inter-firm business transaction calls for a loan arrangement; or</p> <p>(2) Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40 percent of the lender's net worth.</p> <p>The term "short-term" as used in the preceding paragraph means one year, or where the company's operating cycle exceeds one year, one operating cycle. The term "financing amount" as used in paragraph 1, sub-paragraph 2 of this Article means the cumulative balance of the Company's short-term financing.</p> <p>The loan between The Company direct or indirect 100% owned foreign subsidiaries which is unrestricted by sub-paragraph 2, paragraph 1.</p>	<p>The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:</p> <p>(1) Where an inter-company or inter-firm business transaction calls for a loan arrangement; or</p> <p>(2) Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40 percent of the lender's net worth.</p> <p>The term "short-term" as used in the preceding paragraph means one year, or where the company's operating cycle exceeds one year, one operating cycle. The term "financing amount" as used in paragraph 1, sub-paragraph 2 of this Article means the cumulative balance of the Company's short-term financing.</p> <p>The loan between The Company direct or indirect 100% owned foreign subsidiaries which is unrestricted by sub-paragraph 2, paragraph 1. <u>However, the setting of the amount limits and the duration of loans shall still be applied in accordance with the Regulations.</u></p>
Article 3	<p><u>“Subsidiary” as referred to in these Regulations shall be as determined under the Statement of Financial Accounting Standards Nos. 5 and 7 announced by the Accounting Research and Development Foundation (ARDF) of the Republic of China.</u></p>	<p><u>“Subsidiary” as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p> <p><u>“Net worth” in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p> <p><u>“Date of occurrence” in these Regulations means the date of contract signing, date of payment, date of board of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.</u></p>

Article	Original	Revised
Article 8	<p>1. The Company shall announce and report the previous month's loan balances of its head office and its subsidiaries by the 10th day of each month.</p> <p>2. The Company whose loan reaches one of the following levels shall announce and report such event within two days from <u>its</u> occurrence:</p> <p>2-1 The aggregate loan balance of the Company and its subsidiaries reach 20 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>2-2 The loan balance to a single enterprise of the Company and its subsidiaries reach 10 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>2-3 The increased loan amount of the Company or its subsidiaries reach NT\$ ten millions and 2% or more of the Company's net worth as stated in its latest financial statement.</p> <p>3. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to 3<sup>rd</sup> subparagraph of the preceding paragraph.</p> <p>4. The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts <u>in compliance with generally accepted accounting principles</u>, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.</p>	<p>1. The Company shall announce and report the previous month's loan balances of its head office and its subsidiaries by the 10th day of each month.</p> <p>2. The Company whose loan reaches one of the following levels shall announce and report such event within two days <u>commencing immediately from the date of</u> occurrence:</p> <p>2-1 The aggregate loan balance of the Company and its subsidiaries reach 20 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>2-2 The loan balance to a single enterprise of the Company and its subsidiaries reach 10 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>2-3 The increased loan amount of the Company or its subsidiaries reach NT\$ ten millions and 2% or more of the Company's net worth as stated in its latest financial statement.</p> <p>3. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to 3<sup>rd</sup> subparagraph of the preceding paragraph.</p> <p>4. The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.</p>

## Attachment 7

### The comparison chart of the Procedures for Endorsement and Guarantee

Article	Original	Revised
Article 3	<p>“Subsidiary” as referred to in these Regulations shall be as determined under the <u>Statement of Financial Accounting Standards Nos. 5 and 7</u> announced by the Accounting Research and Development Foundation (ARDF) of the Republic of China.</p>	<p>“Subsidiary” as referred to in these Regulations shall be as determined under the <u>Regulations Governing the Preparation of Financial Reports by Securities Issuers</u>.  “Net worth” in these Regulations means the balance sheet equity attributable to the owners of the parent company under the <u>Regulations Governing the Preparation of Financial Reports by Securities Issuers</u>.  “Date of occurrence” in these Regulations means the date of contract signing, date of payment, date of board of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, <u>whichever date is earlier</u>.</p>
Article 5	<p>The ceiling on the amount the Company is permitted to make in endorsements/guarantees</p> <p>1. The aggregate amount of endorsements/guarantees provided by the Company is limited to fifty percent (50%) of its net worth. For any one endorsee /guarantee company should not exceed thirty percent (30%) of the Company’s net worth.</p> <p>The aggregate amount of endorsements/guarantees and for any one endorsee/guarantee provided by the Company and its subsidiaries are limited to the preceding amount.</p> <p>2. For endorsements/guarantees deriving from the business relations , the amount provided to any single party shall not exceed the total business amount between the party and the Company.</p> <p><u>“Net worth” as referred to the latest financial reports audited or reviewed by CPA.</u></p>	<p>The ceiling on the amount the Company is permitted to make in endorsements/guarantees</p> <p>1. The aggregate amount of endorsements/guarantees provided by the Company is limited to fifty percent (50%) of its net worth <u>of latest financial reports</u>. For any one endorsee /guarantee company should not exceed thirty percent (30%) of the Company’s net worth <u>of latest financial report</u>.</p> <p>The aggregate amount of endorsements/guarantees and for any one endorsee/guarantee provided by the Company and its subsidiaries are limited to the preceding amount.</p> <p>2. For endorsements/guarantees deriving from the business relations, the amount provided to any single party shall not exceed the total business amount between the party and the Company.</p>

Article	Original	Revised
Article 7	<p>The follow-up monitoring procedures of Endorsements/guarantees</p> <ol style="list-style-type: none"> <li>1. The Company shall prepare a memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the board of directors or of authorization by the chairman of the board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under paragraph 1 of the preceding article.</li> <li>2. The Company shall evaluate or record the contingent loss for endorsements/guarantees <u>according to the Statement of Financial Accounting Standards No. 9</u>, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.</li> <li>3. The Company's internal auditors shall audit the Operational Procedures for Endorsements/Guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found.</li> <li>4. Where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements, or the amount of endorsement/guarantee exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to all the supervisors, and accomplish the plan on schedule.</li> <li>5. When the net worth of the subsidiary that the Company endorses/guarantees is lower than 50% of its paid-in capital, the Company shall evaluate the subsidiary business situation quarterly and report to the chairman of the board of directors</li> </ol>	<p>The follow-up monitoring procedures of Endorsements/guarantees</p> <ol style="list-style-type: none"> <li>1. The Company shall prepare a memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the board of directors or of authorization by the chairman of the board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under paragraph 1 of the preceding article.</li> <li>2. The Company shall evaluate or record the contingent loss for endorsements/guarantees and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.</li> <li>3. The Company's internal auditors shall audit the Operational Procedures for Endorsements/Guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found.</li> <li>4. Where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements, or the amount of endorsement/guarantee exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to all the supervisors, and accomplish the plan on schedule.</li> <li>5. When the net worth of the subsidiary that the Company endorses/guarantees is lower than 50% of its paid-in capital, the Company shall evaluate the subsidiary business situation quarterly and report to the chairman of the board of directors. <u>In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital is the sum of the share capital plus paid-in capital in excess of par shall be substituted.</u></li> </ol>

Article	Original	Revised
Article 11	<p>1. The Company shall announce and report the previous month's balance of endorsements/guarantees of it head office and its subsidiaries by the 10th day of each month.</p> <p>2.The Company whose endorsements/guarantees reaches one of the following levels shall announce and report such event within two days from <u>its</u> occurrence:</p> <p>2-1 The aggregate balance of endorsements/guarantees of the Company and its subsidiaries reach 50 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>2-2 The balance of endorsements/guarantees of the Company and its subsidiaries for a single enterprise reach 20 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>2-3 The balance of endorsements/guarantees of the Company and its subsidiaries for a single enterprise reach NT\$ ten millions or more and the aggregate balance of all endorsements/guarantees for, <u>long-term</u> investment in, and loans to, such enterprise reach 30 percent or more of company's net worth as stated in its latest financial statement.</p> <p>2-4 The increased endorsements/guarantees amount of the Company or its subsidiaries reach NT\$ thirty millions and 5% or more of the Company's net worth as stated in its latest financial statement.</p> <p>The Company shall announce and report on behalf of any subsidiary thereof that is not the public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to 4<sup>th</sup> subparagraph of the preceding paragraph.</p>	<p>1. The Company shall announce and report the previous month's balance of endorsements/guarantees of it head office and its subsidiaries by the 10th day of each month.</p> <p>2.The Company whose endorsements/guarantees reaches one of the following levels shall announce and report such event within two days <u>commencing immediately</u> from <u>the date of</u> occurrence:</p> <p>2-1 The aggregate balance of endorsements/guarantees of the Company and its subsidiaries reach 50 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>2-2 The balance of endorsements/guarantees of the Company and its subsidiaries for a single enterprise reach 20 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>2-3 The balance of endorsements/guarantees of the Company and its subsidiaries for a single enterprise reach NT\$ ten millions or more and the aggregate balance of all endorsements/guarantees for, investment <u>of a long-term nature</u> in, and loans to, such enterprise reach 30 percent or more of company's net worth as stated in its latest financial statement.</p> <p>2-4 The increased endorsements/guarantees amount of the Company or its subsidiaries reach NT\$ thirty millions and 5% or more of the Company's net worth as stated in its latest financial statement.</p> <p><u>3.</u> The Company shall announce and report on behalf of any subsidiary thereof that is not the public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to 4th subparagraph of the preceding paragraph.</p>



## **Attachment 8**

### **The method and particulars of the public offering and/or the private placement of securities**

#### **I • Cash capital increase by issuance of new shares**

- (1) Pursuant to the Article 267 of the Company Act, it is hereby proposed to reserve 10% of the offered shares for the subscription of employees, with the remaining to be offered in public in accordance with Article 28-1 of the Securities and Exchange Act and through public subscription or book building.
  - A. “Public Subscription” Approach: 10% of the newly offered shares (“Shares”) will be through public offering, with the remaining 80% of the Shares to be subscribed by shareholders recorded on the record date of such Offering. The shareholders concerned may arrange for pooling together their fractional shares to form one share and register the share within 5 days after the record date of said Offering.
  - B. “Book Building” Approach : 90% of the Shares will be offered to the public, and therefore, existing shareholders shall waive their preemptive rights for the Shares.
- (2) The price of the Shares (“Price”) will be set in accordance with the “Self Discipline Rules of the Chinese Securities Association Governing Securities Underwriters for Offering and Issuance of Securities by Securities Issuers” (“Rule”) and relevant regulations of the authorities. It is hereby proposed to the AGM for authorizing the Chairman to negotiate with the underwriters and determine the Price taking into consideration of then current market conditions.
- (3) With respect to the shares not yet subscribed during the specified period, it is proposed to the AGM for authorizing the Chairman to approach and/or designate certain person for the subscription of such shares at the Price.
- (4) It is hereby proposed to the AGM for fully authorizing the Board of Directors or its designee to determine the record date of the Offering(s), the record date of the new shares issued, and fully authorized to handle related affairs after obtaining the approval from government authority.

#### **II • Issuance of overseas Depositary Receipts through cash capital increase**

- (1) Pursuant to Article 267 of the Company Act, it is hereby proposed to reserve 10% of the shares to be offered for the subscription of the employees, with the remaining 90% of the shares to be offered to public in accordance with Article 28-1 of the Securities and Exchange Act as the underlying common shares of overseas Depositary Receipts.
- (2) The price of the above overseas Depositary Receipts (“DR Price”) will be set in accordance with the Rule. It is hereby proposed to the AGM for authorizing the Chairman to negotiate with the underwriters and determine the DR Price taking into consideration of then current

international market conditions, as well as the market price of common shares. (The basis of the above price setting arrangement is reasonable).

- (3) Although shareholders' interests will be diluted by the additional new shares issued, it shall have positive impacts to the shareholders since the capital increase may strengthen the financial structure of the Company or the costs of business operation, and/or respond in time to the changes of then current industry environment. In sum, the capital increase will enhance the Company's competitiveness and profit, and indirectly benefit the shareholders.
- (4) It is proposed to the AGM for authorizing the Chairman to approach and/or designate certain person for the subscription of the reserved shares for the employee not yet subscribed, and/or included such unsubscribed shares to the underlying common shares of the overseas Depositary Receipts taking into consideration of then current market conditions.
- (5) It is hereby proposed to the AGM for fully authorizing the Chairman or his designee to handle the related affairs and to represent the company to sign any contract and/or related documents.

### **III • The private placement of common shares**

- (1) The basis and rationality of the private placement price : The price of the private placement shares shall be no less than 80 percent of the higher of the following:
  - A.The averaged closing price of the Company's common shares for one, three, or five business days immediately preceding its price determination date, and adjusted by the applicable stock dividends, cash dividends and/or capital reduction.
  - B.The averaged closing price of the Company's common shares for the thirty business days immediately preceding its price determination date, and adjusted by the applicable stock dividends, cash dividends, and/or capital reduction.

It is hereby proposed to AGM to authorize the Board of Directors to determine the price based on the resolution of the AGM and then market conditions. Considering that the privately placed shares have a three-year transfer restriction as required by Securities and Exchange Act and that the price will be set by referring to the market price of common shares, the price setting arrangement shall be reasonable.

- (2) The method of selecting the specified subscribers : The Company will select the specified subscribers in accordance with Article 43-6 of Securities and Exchange Act. If a strategic investor is targeted, only those individual and/or legal entities which may help the Company in improving its technologies, developing products, reducing cost, enlarging market shares, and/or strengthen customers relationships, etc. will be selected to enhance the Company's competitiveness, business operation, and/or profitability through the strategic investors' experience, technology, knowledge, brand, or distribution channels.
- (3) The necessity of private placement : In consideration of capital needs, market conditions, fund raising efficiency, costs of the offering(s) as well as equity stabilizing, private placement may be adopted as a fund raising mechanizes. If the private placement is for the

strategic investors, it is to maintain long-term relations with such strategic investors through the transfer restriction of shares subscribed. Also, the use of proceeds thereof shall be for the Company's business operation and/or development; and it shall be for the steadily operation of the Company as well as the interests of the shareholders.

- (4) Except for the transfer restriction as provided under Article 43-8 of Securities and Exchange Act, the rights and obligations of the privately placed common shares is the same as the outstanding common shares.

#### **IV • The private placement of domestic and/or overseas convertible bonds**

- (1) The term of the privately placed convertible bonds shall not be more than seven years.
- (2) It is hereby proposed to AGM for authorizing the Board of Directors to determine the coupon rate of the privately placed convertible bonds.
- (3) The basis and rationality of the private placement price : The issuance price of the privately placed convertible bonds shall be no less than 80% of the theoretical price and that the conversion price shall be no less than 80 percent of the higher of the following:
  - A. The averaged closing price of the Company's common shares for one, three, or five business days immediately preceding its price determination date, and adjusted by applicable stock dividends, cash dividends and/or capital reduction.
  - B. The averaged closing price of the Company's common shares for the thirty business days immediately preceding its price determination date, and adjusted by applicable stock dividends, cash dividends, and/or capital reduction.

It is hereby proposed to AGM to authorize the Board of Directors to determine the conversion price based on the resolution of the AGM and then market conditions. Considering that the privately placed securities have a three-year transfer restriction as required by Securities and Exchange Act and that the price will be set by referring to the market price of common shares, the conversion price setting arrangement shall be reasonable.

- (4) The method of selecting the specified subscribers : The Company will select the specified subscribers in accordance with Article 43-6 of Securities and Exchange Act. If a strategic investor is targeted, only those individual and/or legal entities which may help the Company in improving its technologies, developing products, reducing cost, enlarging market shares, and/or strengthen customer relationships, etc. will be selected to enhance the Company's competitiveness, business operation, and/or profitability through the strategic investors' experience, technology, knowledge, brand, or distribution channels.
- (5) The necessity of private placement : In consideration of capital needs, market conditions, fund raising efficiency, costs of the offering(s) as well as equity stabilizing, private placement may be adopted as a fund raising mechanizes. If the private placement is for the strategic investors, it is to maintain long-term relations with such strategic investors through the transfer restriction of shares subscribed. Also, the use of proceeds thereof shall be for the Company's business operation and/or development; and it shall be for the

steadily operation of the Company as well as the interests of the shareholders.

- (6) The transfer restriction of the privately placed convertible bonds is in accordance with Article 43-8 of Securities and Exchange Act.
- (7) It is hereby proposed to the AGM for fully authorizing the Chairman or his designee to handle and follow-up related affairs and to represent the company to sign any contract and/or related documents.

**V • The issuance price (“Price”)**

When the Price over the par value of the shares (“Par value”), the premium triggered by the difference between the issue price and the Par value will be transferred to capital surplus. When the Price under the Par value, the loss triggered by the difference between the Price and the Par value will be covered according to relevant regulations.

The Price will be set according to relevant regulations (for example: the privately placed shares have a three-year transfer restriction as required by Securities and Exchange Act etc.) and the resolution of the AGM. Also, it shall be in consideration of the steadily operation of the Company, the urgency of the capital needs, as well as the feasibility of the fund raising, and the analysis of the significant impact to our shareholders. Therefore, the price setting is reasonable.

## Attachment 9

### The Information of Director Candidates of Macronix International Co., Ltd.

#### I. Director candidates

Shareholders Account Number	Name - Representative of Juristic Person	Education	Working Experience	Position	Shareholding
21	Miin Chyou Wu	M.S. degree in Material Science and Engineering from Stanford University	<ul style="list-style-type: none"> <li>• Chairman &amp; President of Macronix International Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman &amp; CEO of Macronix International Co., Ltd.</li> <li>• Chairman of Magic Pixel Inc.</li> <li>• Chairman of Infomax Communication Co., Ltd.</li> <li>• Chairman &amp; President of Mxtran Inc.</li> <li>• Chairman of MoDioTek Co., Ltd.</li> <li>• Managing Director of Eastern Electronics Co., Ltd.</li> </ul>	20,179,050
3362	Champion Investment Corporation	-	-	-	13,07,935
499	H. C. Chen	B.S. degree in Economics from Soochow University	<ul style="list-style-type: none"> <li>• Managing Director of Eastern Electronics Co., Ltd.</li> <li>• Supervisor of Taiwan Steel &amp; Iron Industry Association</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman of Hung Chih Investment Corporation</li> <li>• Chairman of Technology Associates Development Corp.</li> <li>• Chairman of Chin Ho Fa Steel &amp; Iron Co., Ltd.</li> <li>• Chairman of Shiong Yek Steel Corporation</li> </ul>	1,349,374
45641	Chih-Yuan Lu	Ph.D. degree in Physics from Columbia University	<ul style="list-style-type: none"> <li>• IEEE Fellow</li> <li>• APS Fellow</li> <li>• Deputy General Director of Electronics Research Lab. of Industrial Technology Research Institute</li> <li>• President of Vanguard International Semiconductor Co.</li> </ul>	<ul style="list-style-type: none"> <li>• President of Macronix International Co., Ltd.</li> <li>• Chairman &amp; CEO of Ardentec Corporation</li> <li>• Director of Feng Chia University</li> </ul>	1,570,346

Shareholders Account Number	Name - Representative of Juristic Person	Education	Working Experience	Position	Shareholding
			<ul style="list-style-type: none"> <li>• Senior V.P. of Macronix International Co., Ltd.</li> <li>• Chairman &amp; President of Ardentec Corporation</li> </ul>		
777505	Shui Ying Investment - Shigeki Matsuka	M.S. degree in electronics engineering from Kyoto University	<ul style="list-style-type: none"> <li>• President &amp; CEO of MegaChips Corporation</li> </ul>	<ul style="list-style-type: none"> <li>• Director &amp; Executive Vice President of MegaChips Corporation</li> </ul>	59,140,572
239	Cheng-Yi Fang	B.S. degree in Business Administration Department from National Taiwan University	<ul style="list-style-type: none"> <li>• Vice Chairman of Mercuries &amp; Associates Ltd.</li> <li>• Regional President of Taiwan of Avnet Asia Pte. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Senior Advisor of Avnet Asia Pte. Ltd.</li> </ul>	703,552
941249	Chung-Laung Liu	Ph.D. degree in Electrical Engineering from Massachusetts Institute of Technology	<ul style="list-style-type: none"> <li>• Fellow of Academia Sinica</li> <li>• President of National Tsing Hua University</li> </ul>	<ul style="list-style-type: none"> <li>• Mong Man Wai Honorary Professor of National Tsing Hua University</li> <li>• Chairman of DRAMeXchange Tech. Inc.</li> <li>• Independent Director of Ricktek Technology Corp.</li> <li>• Independent Director of United Microelectronics Corp.</li> <li>• Independent Director of Powerchip Technology Corporation</li> <li>• Director of CMSC, Inc.</li> </ul>	130,909
1065570	Achi Capital Limited	-	-	-	1,421,862
810	Dang-Hsing Yiu	M.S. degree in Electronic Engineering from University of California, Berkeley	<ul style="list-style-type: none"> <li>• Founder &amp; President of Dynasty Technology Inc.</li> <li>• Senior Vice President of Macronix International Co.,</li> </ul>	<ul style="list-style-type: none"> <li>• Senior V.P. &amp; Chief Marketing Officer of Macronix International Co., Ltd.</li> <li>• Director &amp; President of Infomax Communication Co., Ltd.</li> </ul>	12,255,893

<b>Shareholders Account Number</b>	<b>Name - Representative of Juristic Person</b>	<b>Education</b>	<b>Working Experience</b>	<b>Position</b>	<b>Shareholding</b>
837	Ful-Long Ni	M.S. degree in Electronic Engineering from University of Michigan	• Associate V.P. of Macronix International Co., Ltd.	• Vice President of Macronix International Co., Ltd.	1,313,206
41988	Wen-Sen Pan	Ph.D.degree in Electronic Engineering from Rensselaer Polytechnic Institute	• Associate V.P. of Macronix International Co., Ltd.	• Vice President of Macronix International Co., Ltd.	308,818
280338	Hui Ying Investment Ltd.	-	-	-	3,899,382

## II. Independent Director candidates

ID Number	Name	Education	Working Experience	Position	Shareholding
A10038****	Chiang Kao	Ph.D. degree in Forest Management from Oregon State University	<ul style="list-style-type: none"> <li>• Professor of Department of Computer Science Southwest Texas State University</li> <li>• President of National Cheng Kung University</li> </ul>	<ul style="list-style-type: none"> <li>• Professor of Department of Industrial and Information Management of National Cheng Kung University</li> </ul>	0
E10128****	Yan-Kuin Su	Ph.D. degree in Electrical Engineering from National Cheng Kung University	<ul style="list-style-type: none"> <li>• IEEE Fellow</li> <li>• SPIE Fellow</li> <li>• Professor &amp; Chair of Electrical Engineering, V.P. for R&amp;D, V.P for Academic Affairs of National Cheng Kung University</li> <li>• Director General of Department of Engineering and Applied Sciences , National Science Council</li> </ul>	<ul style="list-style-type: none"> <li>• President of Kun Shan University</li> <li>• Honorary Professor of National Cheng Kung University</li> <li>• Independent Director of Himax Technologies, Inc.</li> </ul>	0
N10005****	John C.F. Chen	B.S. degree in Accounting & Statistics from National Cheng Kung University	<ul style="list-style-type: none"> <li>• Admitted, Taiwan CPA</li> <li>• Chairman of Diwan &amp; Company, CPAs</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman of Chen Chow Investment Inc.</li> <li>• Chairman of Diwan Investment Inc.</li> </ul>	0



## Attachment 10

**The candidates of the 9th term of the Board of Directors who serve in any new position for himself or on behalf of other(s) which may be deemed as within the scope of the Company's business**

Name	Title of other company	Note	Main business
Miin Chyou Wu	Eastern Electronics Co., Ltd.      Managing Director	Permitted	Engineering Manufacturing Service
	* Magic Pixel Inc.                      Chairman	Permitted	IC Design
	* Infomax Communication Co., Ltd. Chairman	Permitted	IC Design
	* Mxtran Inc.                              Chairman&President	Permitted	IC Design
	* MoDioTek Co., Ltd.                  Chairman	Permitted	IC Design
Champion Investment Corporation	Chien Hsu Investment Corporation    Director	New	Investment
	Unizyx Holding Corporation          Director	Permitted	Investment Holding Company
	WEB POINT CO., LTD.                  Director	Permitted	Data Processing Services
H. C. Chen	Hung Chih Investment Corporation    Chairman	New	Investment
	Eastern Electronics Co., Ltd.          Representative (Director)	Permitted	Engineering Manufacturing Service
	Technology Associates Corp.          Representative (Chairman)	Permitted	Venture Investment
	Tech Alliance Corp                      Representative (Chairman)	Permitted	Venture Investment
	Technology Associates Development Corp.                      Chairman	Permitted	Investment Consultancy
	Chin Ho Fa Steel & Iron Co., Ltd.      Chairman	Permitted	Iron and Steel Rolls over Extends and Crowding
Shiong Yek Steel Corporation          Chairman	Permitted	Iron and Steel Rolls over Extends and Crowding	
Chih-Yuan Lu	Ardentec Corporation                    Chairman & CEO	Permitted	Wafer Testing
	Ardentec Korea Co., Ltd.                Director	Permitted	Wafer Testing
	Ardentec Singapore Pte. Ltd.          Director	Permitted	Wafer Testing
	Sheng Tang Investment Co., Ltd.      Representative (Chairman)	Permitted	Investment
	Feng Chia University                    Director	Permitted	Education
Shui Ying Investment Representative : Shigeki Matsuoka	MegaChips Technology America Corporation                                  Director	New	sale service and technological development of optical communication product
	MegaChips Corporation                  Director & Executive Vice President	Permitted	IC Design

<b>Name</b>	<b>Title of other company</b>	<b>Note</b>	<b>Main business</b>
Chung-Laung Liu	Ricktek Technology Corp. Independent Director	New	IC Design
	DRAMeXchange Tech. Inc. Chairman	Permitted	Data Processing Services
	United Microelectronics Corp. Independent Director	Permitted	Wafer Foundry
	Powerchip Technology Corporation Independent Director	Permitted	DRAM manufacture
	CMSC, Inc. Director	Permitted	IC Design
Achi Capital Limited	*Mxtran Inc. Director	Permitted	IC Design
Dang-Hsing Yiu	* Magic Pixel Inc. Representative (Director)	Permitted	IC Design
	* Infomax Communication Co., Ltd. Director&President	Permitted	IC Design
	* Infomax Holding Co., Ltd. (Note2) Director	Permitted	Investment Holding Company
	* Infomax Holding Company Limited (Note2) Director	Permitted	Investment Holding Company
	* Infomax Communication (Suzhou) Co., Ltd. Chairman&President	Permitted	Design, maintenance and test of IC systems and rendering of related technical consultation and services
	* Mxtran Inc. Representative (Director)	Permitted	IC Design
	* MoDioTek Co., Ltd. Representative (Director)	Permitted	IC Design
Ful-Long Ni	* Infomax Communication Co., Ltd. Representative (Director)	Permitted	IC Design
Yan-Kuin Su	Himax Technologies, Inc. Independent Director	Permitted	IC Design
John C.F. Chen	Chen Chow Investment Inc. Chairman	Permitted	Investment
	Chan Chun Investment Inc. Representative (Director)	Permitted	Investment
	Diwan Investment Inc. Chairman	Permitted	Investment

Note1 : \* Affiliated enterprises of Macronix International Co., Ltd.

Note2 : Infomax Holding Co., Ltd is located in Samoa. Infomax Holding Company Limited is located in Hong Kong.

# **Appendix 1**

## **MACRONIX INTERNATIONAL CO., LTD.**

### **ARTICLES OF INCORPORATION**

June 10, 2011

Revised by the regular shareholders' meeting of 2011

#### **CHAPTER 1: GENERAL PROVISIONS**

- Article 1: The Company is incorporated under those provisions of the Company Law relating to companies limited by shares, and is named as "Macronix International Co. Ltd.".
- Article 2: The businesses engaged in by this Company shall be as follows:  
The research & development, design, manufacture, testing, sale and consultation of the following products:
- I. Parts and modules for integrated circuit and semi-conductors, and system application products (including integrated circuit cards (boxes) and circuit modules, etc.)
    - (1) IC products for telecommunication systems;
    - (2) IC products for personal computers and peripheral devices;
    - (3) Products for consumable electronic systems;
    - (4) Multi-media computer products;
    - (5) Automatic electro-mechanical integrated products.
  - II. Light and electric components, parts and modules.
  - III. Design of software and process of computer data.
  - IV. To engage in the import and export trading business related to this Company's businesses.
- Article 3: Upon consent of the board of directors, the Company may provide guarantees for third parties in accordance with its Operational Measures Governing Guarantees and Endorsements which shall be separately enacted.
- Article 4: The Company's principal executive offices shall be located in the Science-Based Industrial Park in Hsinchu, Taiwan, R.O.C. The Company may, upon approval of the board of directors and competent authority, establish branch offices in Taiwan or abroad.
- Article 5: The total amount of investment made by this Company shall be exempted from the restriction provided in Article 13 of the Company Law.

#### **CHAPTER 2: CAPITAL STOCKS**

- Article 6: The Company's authorized capital is 65.5 billion NT dollars to be divided into 6.55

billion shares, with par value of NT\$10 per share; shares not yet issued will be issued pursuant to the decision of the Board of Directors.

650 million shares will be reserved from the above authorized capital for employee stock option to be issued pursuant to the decision of the Board of Directors.

Article 7: The share certificate of this Company shall be issued in registered form and signed by or affixed with the seal of at least three directors and numbered accordingly. The shares won't be effective until the authentication of the competent authority or the agencies of issuance and registration under their approval.

When issuing new shares, this Company may print collaborately the total amount of the issuance, but may be exempted from printing the share certificates, including the issuance of security other than shares.

Article 8: The handling of stock affairs of this Company shall be in accordance to the "Guidelines for Handling of Stock Affairs by Public Companies" and other relevant laws and regulations.

Article 9: For any new shares to be issued by the Company, except those set aside to be issued for purchase by employees and others pursuant to relevant laws and regulations, the shareholders shall have the preemptive right to subscribe to the new shares in proportion to their shareholdings.

### **CHAPTER 3: SHAREHOLDERS' MEETINGS**

Article 10: Shareholders' meetings shall be convened as follows:

1. General shareholders' meetings shall be convened by the board of directors within six (6) months following the end of each fiscal year.
2. Special shareholders' meetings may be convened according to the laws whenever it is necessary.

Article 11: The chairman of the board shall preside at shareholders' meetings if the shareholders' meeting is convened by the board of directors. When the chairman of the board is unable to preside at a meeting, the directors present shall elect one from among themselves as proxy.

If the shareholders' meeting is convened by others with legitimate right, the one who convenes it shall preside at the meeting. When more than one conveners are present, they shall elect one from among themselves to preside.

Article 12: Notice shall be provided to each shareholder at least thirty (30) days prior to a general shareholders' meeting. Notice shall be provided to each shareholder at least ten (10) days prior to an extraordinary shareholders' meeting. The notice shall state the date and venue of the meeting and the purpose or purposes for which the meeting is called.

Article 13: Except as otherwise provided by the laws and regulations, shareholders of the Company are entitled to one vote for each capital stock.

- Article 14: Except as otherwise provided by the laws and regulations, a resolution may be adopted by the shareholders or proxy of a simple majority of the votes of the issued and outstanding capital stocks represented at a shareholders' meeting at which the shareholders of a majority of issued and outstanding capital are present or by proxy.
- Article 15: When a shareholder of the Company is unable to attend a shareholders' meeting for any reason, the shareholder may appoint a representative to attend such shareholders' meeting by presenting a written proxy form, which shall specify the scope of proxy. Where one person is acting as proxy for more than two shareholders, unless such person is engaged in the trust business or other proxy institutions of stock affairs approved by the competent authority, the votes exercised by such person shall not exceed three percent of all the issued and outstanding capital stocks, and the portion in excess thereof shall not be counted.
- Article 16: The resolution adopted at the shareholders' meeting shall, pursuant to the laws, be recorded in the minutes of the meetings which shall be signed or sealed by the chairman of the board and kept forever at the Company during its existence. The roster of attendance and the written proxy forms shall be kept for at least a year; provided, however, that shareholder file a litigation in accordance with Article 189 of the Company Law, the minutes shall be kept till the end of such litigation.
- Article 16-1: When Powerchip Semiconductor Corp. and its affiliates (individually and/or collectively "PSC") itself serves or designates others to serve the director of this company (individually and/or collectively "PSC Director"), neither PSC nor PSC Director shall use information of this company on matters other than the operation of this company, or disclose such information to any third party. The transaction between this company and each PSC ("Transaction") shall obtain the prior approval of more than one half of the shareholders (other than PSC) attending the shareholders' meeting of this company. However, in the event the Transaction merely grants rights to this company, it can be proceeded if more than one half of the directors of this company (other than PSC Director) approve said Transaction and its details are reported to the following shareholders' meeting. The president of this company shall report the progress of the Transaction to the supervisor from time to time, and the negotiation and conclusion of any and all Transaction shall be represented by non-PSC supervisor(s) of this company. The Transaction is invalid if the foregoing is violated.

#### **CHAPTER 4: DIRECTORS, SUPERVISORS AND MANAGERS**

- Article 17: The Company shall have nine to fifteen directors (including at least three independent directors with the remaining being non-independent directors) to be elected by the Shareholders from nomination list, with a term of three-year and renewable upon re-election. Corporate shareholders may appoint representative to serve the

directorship and may appoint new representative to take over as director for the remaining term of the directorship.

Compensation for the chairman, non-independent directors and independent directors shall be determined by the Board of Directors in accordance with their respective participation and contribution to the operations of the business, and the domestic and international business standards. The Company shall purchase liability insurance for the directors (including independent and non-independent).

Article 18: The Company shall have three to four supervisors to be elected by the shareholders from a nomination list, with a term of three-year and renewable upon re-election. In the event an audit committee, i.e., a committee to be formed by at least three independent directors with at least one independent director specialized in accounting or finance) is established, the Company is not required to elect supervisor. In the case that supervisors have been elected, they will be terminated immediately upon the formation of the audit committee and the provisions relating to Supervisor hereof shall become void.

Compensation for supervisors shall be determined in accordance with their participation and value of contribution, and the domestic and international business standards. The Company shall purchase liability insurance for the supervisors.

Corporate shareholders may appoint representative to be elected as supervisors and may appoint new representatives or supervisor to take over as supervisors for the remaining term.

Article 19: The Directors shall elect from among themselves a board chair acting as the representative of the Company, by a majority in a meeting attended by over two-thirds of the Directors.

Article 20: The directors' meeting shall be convened by the chairman of the board. The initial directors' meeting of each term shall be convened by the director who receives the number of ballots representing the largest number of votes. If a director is unable to attend a directors' meeting, the director may appoint another director to attend the meeting as proxy; provided, however, that the proxy shall accept the appointment of one director only. A director who lives abroad may appoint in written form another shareholder domiciled within the territory of R.O.C. to attend regularly by proxy any directors' meeting. Such appointment of proxy shall be registered with the competent authority.

If the directors' meeting is conducted in a manner of digital videoconference, the directors who participate in such conference via digital video shall be deemed be present in person.

Article 21: The notice of directors' meeting shall specify the purposes for which the meeting is convened and the agenda. Notice shall be provided to the directors and supervisors by writing, fax or email, etc. at least seven (7) days prior to a directors' meeting,

provided, however, that a special directors' meeting and a managing directors' meeting may be convened without any notice in written form as deemed necessary.

Article 22: The chairman of the board shall preside at directors' meeting. The chairman of the board shall appoint a managing director as proxy to preside at such meetings when the chairman of the board is unable to preside. In the absence of such appointment, the directors shall elect one from amongst themselves.

Article 23: When passing upon any resolution, each director shall have one vote. Unless the laws, regulations or articles of incorporation specifically provide otherwise, a directors' meeting at which a resolution is adopted shall be attended by a majority of the directors and a majority of those present votes in favor of such a resolution. Minutes of directors' meetings shall be prepared to record the businesses transacted at a directors' meeting.

Article 24: Responsibility of the Board of Directors.

1. Approve the operation directives and the long term as well as short term development plans.
2. Review, implement and supervise the annual business plan.
3. Approve the budget and annual financial report.
4. Propose the increase and decrease of capital.
5. Propose distributions of earning and/or offset of losses.
6. Discuss and approve material agreements.
7. Approve the purchase and disposal of material assets.
8. Approve the distributions for technology shares.
9. Propose amendments to these Articles of incorporation.
10. Approve bylaws and internal rules.
11. Approve establishment, restructure or dissolution of branch offices.
12. Approve material capital expenditure.
13. Hiring and dismissing managers.
14. Convene shareholders meeting and report on the operations of the business.
15. Establish functional committees and approve rules regarding said committee.
16. Other authority imposed by law or shareholders' meeting.

Article 25: In the event the supervisor ship is established, the responsibility of such supervisor are as the following:

1. Investigate the business and financial status of the Company.
2. Audit company documents.
3. Supervise business implementations.
4. Other authority imposed by law or by shareholders' meeting.

Article 26: This Company shall have several managers (including CEO). The appointment, removal and remuneration of such managers shall be subject to relevant laws and regulations and determined by a resolution of a directors' meeting which is attended by

a majority of directors and where a majority of those present votes are in favor of such a resolution.

Article 27: The manager of this Company, within his powers and authorities, shall have the authority to manage the affairs of this Company and to sign on behalf of the said Company. The relevant authorization measures shall be stipulated by the board of directors.

Article 28: The fiscal year of this Company shall commence on the first day of January each year and shall end on the thirty-first day of December. A year-end accounting statement shall be prepared at the end of each fiscal year.

Article 29: At the end of the year, the Board of Directors shall deliver the following documents to the annual shareholders' meeting for approval in accordance with applicable laws, and submitted to the relevant government agency:

1. Business reports.
2. Financial statements.
3. Plan to distribute surplus or to appropriate fund in case of loss.

## **CHAPTER 5: ACCOUNTING**

Article 30: In the case that the annual final audit results in surplus, funds shall be appropriated first for income tax payments and to compensate for losses from the previous year; 10% of the surplus shall then be appropriated for the legal reserve (except where legal reserve has exceeded total capital) and to reserve certain surplus in accordance with applicable laws. 2% of the balance will be distributed in cash as compensation for directors and supervisors. The remaining shall be added to the undistributed surplus from previous year and distributed in the following manner: 1) 85% as shareholder dividends; 2) 15% for employee bonus. The employee bonus can be distributed in form, i.e., cash or dividend, similar to shareholders' dividend.

The aforementioned dividends (including shareholder dividends and employee bonus) may be reserved in whole or in part as undistributed surplus to be distributed in the subsequent year.

Distributions shall be made in cash dividends or in stock dividends. Shareholders' dividend and employee bonus shall first be issued in cash dividends, however, the Company may, if necessitated by financial, business, or administrative needs, issue stock dividends, to the extent it does not exceed 50% of the current year's distribution. Employees eligible to receive stock dividends may include employees from the affiliated companies if they meet the criteria set by the Board of Directors.

Article 31: Dividends and bonuses to shareholders shall be distributed to those shareholders whose names are listed on the registrar of shareholders as of the record date set for purposes of the distribution.



Article 32: Any rules or measures related to the articles of incorporation shall be stipulated separately by the board of directors.

## **SECTION 6: SUPPLEMENTARY PROVISIONS**

Article 33: Matters not provided for in this articles of incorporation shall be undertaken in accordance with relevant laws and regulations.

Article 34: This chapter is first enacted on August 21st, 1989; first revised on April 21st, 1990; second revision on September 9th, 1990; third revision on April 27th, 1991; fourth revision on November 9th, 1991; fifth revision on July 18th, 1992; sixth revision on June 19th, 1993; 7th revision on November 27th, 1993; eighth revision on May 28th, 1994; ninth revision on June 5th, 1995; tenth revision on January 24th, 1996; eleventh revision on June 22nd, 1996; twelfth revision on May 31st, 1997; thirteenth revision on June 29th, 1998; fourteenth revision on May 3rd, 2000; sixteenth revision and seventeen revisions on May 30th, 2002; eighteenth revision on June 27th, 2003; nineteenth revision on June 18th, 2004; twentieth revision on June 30th, 2006; twenty-first and twenty-second revision on June 29th, 2007; twenty-third revision on June 10th, 2011.