



**MACRONIX
INTERNATIONAL CO., LTD.**

2012 Annual General Shareholders' Meeting

MEETING AGENDA

(Translation)

June 6, 2012

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MEETING AGENDA

Date : 9:00 a.m., June 6, 2012

Location : 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. 2011 Business Report
2. Audit Committee's Report of 2011
3. Others

III. Ratification and Discussion Items

1. Approval of amending the "Procedure Rules of Shareholders' Meeting"
2. Adoption of 2011 Business Report and Financial Statements
3. Adoption of the proposed 2011 earnings distribution
4. Approval of the capitalization of stock dividends
5. Approval of amending internal rules
 - A. Procedures for Acquisition or Disposal of Assets
 - B. Procedures for Financial Derivatives Transactions
6. Approval of public offering and/or the private placement of securities
7. 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

Report Items

ITEM 1 2011 Business Report (Attachment 1)

ITEM 2 Audit Committee's Report of 2011 (Attachment 2)

ITEM 3 Others : None

Ratification and Discussion Items

ITEM 1 (Proposed by the Board of Directors)

Proposal : Approval of amending the Company's "Procedure Rules of Shareholders' Meeting"

Explanation : 1. Pursuant to the ruling of SFC (NO.1010005306) dated February 20, 2012, the Company shall adopt the electronic votes as one of the methods at the shareholders' meeting.

2. For purpose of the electronic votes, it is hereby proposed to revise the "Procedure Rules of Shareholders' Meeting" as attached. (Attachment 3)

Resolution :

ITEM 2 (Proposed by the Board of Directors)

Proposal : Adoption of 2011 Business Report and Financial Statements

Explanation : 1. The 2011 Financial Statements and Consolidated Financial Statements have been audited by Deloitte & Touche, the Company's Independent Auditor, and audited by the Audit Committee. The Audit Committee's Report is as attached. (Attachment 2)

2. 2011 Business Report and Financial Statements are as attached. (Attachment 1)

Resolution :

ITEM 3 (Proposed by the Board of Directors)

Proposal : Adoption of the proposed 2011 earnings distribution

Explanation : 1. The Company's net income (as of December 31, 2011) is NT\$2,916,998,875, and the distributable earnings of the Company is NT\$4,797,336,738, i.e., the balance after deducting NT\$34,278,232 (the adjustment arising from changes in ownership of investees) and NT\$288,272,064 (the 10% legal reserve) plus NT\$2,202,888,159 (the undistributed retained earnings of previous years).

2. It is hereby proposed to distribute NT\$2,576,815,340 as dividends, and the shareholders will be entitled to receive cash dividend, i.e. NT\$0.38/per share as well as stock dividend, i.e., 38 shares/per thousand shares. The actual amount paid to each shareholder will subtract the fractional, i.e. those less than one dollar. Such fractional amount will be recorded as the Company's other income. If the stock dividends include any fractional shares which are less than one share, the shareholders concerned may coordinate with each others for pooling together their fractional shares to form the nearest whole share and register the share within 5 days after the record date of distribution. For the fractional shares which were not pooled

during the above period, the distribution will be made in the form of cash rounded to the nearest dollar amount. Such fractional shares may be subscribed by persons designated by the Chairman to be proposed to the shareholders' meeting ("AGM") for authorization.

3. The total amount of the outstanding common shares may vary and the ultimate dividends to be distributed to each common share may need to be adjusted in the event that the Company subsequently redeems its common shares or issue new common shares to its employees as a result of their exercise of stock options. It is hereby proposed to have AGM to authorize the Chairman to adjust the dollar amount of the cash dividend as well as the stock dividend based on the outstanding common shares on the distribution record date.
4. It is hereby proposed to AGM for authorizing the Chairman of Board of Directors to determine a record date of the distribution.
5. The proposal of 2011 earnings eistribution is as attached. (Attachment 4)

Resolution :

ITEM 4 (Proposed by the Board of Directors)

Proposal : Approval of the capitalization of stock dividends

Explanation : 1. For financial planning, the appropriation of distributable earnings for stock dividends to shareholders shall be NT\$1,288,407,670 for the issue of 128,840,767 common shares at par value.

2. The shareholder's rights and/or obligations of the above newly issued shares shall be the same as those of the existing shares. It is proposed to submit for AGM's approval for authorizing the Board of Directors or its designee to determine the record date for distribution of the new shares after obtaining the approval of the governmental authority.
3. As of February 29, 2012, the number of exercisable shares of employee stock options ("ESO") outstanding is approximately 43,969 thousand shares. Pursuant to the Company's Procedures of the Issuance of Employee Stock Options and Subscription of Issued Shares, the number of outstanding ESO will be adjusted accordingly. It is estimated that the number of new shares to be issued for the additional ESO are around 1,671 thousand shares. Since the additional ESO are issued in proportion to the stock dividend distribution rate, it shall have no material impact to the net worth of shareholders. Also, there are sufficient common shares reserved in the Articles of Incorporation for the additional shares to be issued under the ESO.

Resolution :

ITEM 5 (Proposed by the Board of Directors)

Proposal : Approval of amending the Company's internal rules in response to the applicable regulations

Explanation : 1. The comparison chart of the rule for the "Procedures for Acquisition or Disposal of Assets" is as attached (Attachment 5)
2. The comparison chart of the rule for the "Procedures for Financial Derivatives Transactions" is as attached (Attachment 6)

Resolution :

ITEM 6 (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)"). 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. The method and particulars of the Offering(s) is as attached. (Attachment 7)

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 rules taking into consideration then 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. Due to changes of the market conditions, the issuance price and/or the convertible price may be under par value of common shares. The Offering(s) shall be for the steadily operation of the Company, the urgency of the capital needs, as well as the feasibility of the fund raising. The price will be set by referring to the resolution of the AGM and the market price of common shares. The price setting arrangement shall be reasonable and have no significant impact to the shareholders.

Resolution :

ITEM 7 (Proposed by the Board of Directors)

Proposal : Approval of removing the competition restrictions of the directors

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. It is proposed to comply with Article 209 of Company Act to explain to the Company’s shareholders the potential competitive works of the respective on board directors. The directors who serve a position which may be deemed as within the scope of the Company’s business are as attached. (Attachment 8)

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

2011 Business Report

Macronix formally turned to 12" Fab from 2011. While Japan's 311 Earthquake-Tsunami Disaster depressed global economy and slowed down market demands, Macronix bucked up due to an increasing demand of our products by main customers in 2011Q4. The annual net sales was NT 27.844 billion, an increase of 1% year-over-year; net profit NT 2.917 billion, down 63% from the previous year; earning per share NT 0.86, falling by 63% year-over-year; and the average gross profit rate 36%, a 17-percentage-point decrease year-on-year, dropping sharply on earnings from 2010 despite better operation results than counterparts, which had to be experienced due to substantial cost and depreciation with the launch of 12" Fab, considered as an essential investment for sustainable development. In other words, it shows that Macronix is on the way to continue promoting capacity and product combination flexibility and optimize capital usages.

The capital expenditure for capacity expansion of 12" Fab in 2011 reached NT 15.368 billion and the cash flow from operating was NT 5.505 billion. Macronix's debt ratio was 38.2% and the cash and cash equivalent was maintained at NT 17.727 billion at 2011 year-end, representing a sound financial structure.

Innovation is the most important values of Macronix whose R&D expense exceeding 10% of annual revenue every year to develop next-generation Non-Volatile Memory (NVM) technology and products in order to maintain the leading edge. The company has received world recognition for achievements in advanced memory technology with research papers published in IEDM in recent years and been selected the most papers among all other Taiwan companies in 2011. Macronix obtained 391 patents in 2011 and in total 4,449 intellectual property rights of key technologies and patents and sixty five percent of them are international. Macronix is laurel-crowned with National Invention Contribution Award and Top 100 Taiwan Brands for 2011. Macronix is evaluated as No. 1 in Taiwan and No. 18 in the worldwide semiconductor industry by The Patent Board, an American research and consulting authority. All of the above further confirm Macronix's outstanding performance in R&D achievement and international granted patents.

For ROM, 65nm products contributed 82% of ROM revenue in 2011Q4 and 45nm products have been in mass production. For NOR Flash, 110nm and more advanced products represented 86% of NOR Flash revenue in 2011Q4. 75nm 1.8V NOR Flash products have been in mass production; 512MB NOR Flash products, the global leading NOR flash products, were qualified by customers and will be promoted for handheld devices and for automotive markets. Becomes the Flash total solution provider, Macronix deploys its own technology to develop 512MB and 1GB SLC NAND products for multiple areas like STB, digital camera, television, communications, industrial, and automotives to satisfy the demand of high-end embedded applications for high quality and reliability.

Macronix is again recognized by CommonWealth Magazine with the Corporate Citizenship Award for expanding corporate culture for dedication to social responsibilities, establishing Macronix Foundation for science education, investing on environmental protection for green philosophy, building a happy enterprise for staff benefits and serving the community through non-profit organizations. Macronix is also awarded the Certificate of Corporate Governance System CG6006 from the Taiwan Corporate Governance Association as an affirm on our pragmatic corporate culture and vigorous corporate governance.

Facing greater challenges from fierce market competition and high depreciation of newly operating 12” Fab, we can only give full play to 12” Fab and provide quality products of more reliable capacity by enhancing core technology, accelerating the shift of current technology and development of next-generation technology, reducing cost, developing new markets, increasing utilization rate and achieving economies of scale. In order to create another record and to maximize profit with the 8” Fab, we will develop new process consistent with energy-saving and enhance manufacturing competitiveness and establish a flexible mechanism for production to meet customers’ needs. More concerns will be referred to the impact from changes of domestic and foreign circumstances, in addition, ISO 27001, the international regulation, will be taken as a standard to promote information security and ensure company competency, enabling Macronix to lead global NVM industry.

The management will be committed to the business philosophy of integrity and increase corporate value by all means. Macronix needs all shareholders’ support and encouragement; Macronix is looking forward to achieving better performance and creating an excellent operation results for shareholders, customers and employees.

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, 2011 and 2010 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, 2011 and 2010 amounted to NT\$1,166,550 thousand and NT\$1,532,392 thousand, respectively. The related investment net loss for the years ended December 31, 2011 and 2010 amounted to NT\$649,100 thousand and NT\$460,414 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, 2011 and 2010, 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, 2011 and 2010, and have expressed an unqualified opinion with an explanatory paragraph in our report dated March 13, 2012.

March 13, 2012

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, 2011 AND 2010

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

ASSETS	2011		2010		LIABILITIES AND SHAREHOLDERS' EQUITY	2011		2010	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 17,726,603	26	\$ 21,353,557	35	Short-term bank loans (Note 11)	\$ 1,800,488	3	\$ 2,806,080	5
Notes and accounts receivable, net (Notes 2, 3 and 5)	2,411,019	4	2,064,312	3	Notes and accounts payable	2,136,388	3	1,869,451	3
Receivables from related parties, net (Notes 2, 3 and 20)	1,340,244	2	1,017,059	2	Payables to related parties (Note 20)	146,858	-	157,726	-
Other receivables, net (Note 20)	111,958	-	328,277	1	Income tax payable (Notes 2 and 18)	335,135	1	652,585	1
Inventories (Notes 2 and 6)	6,398,789	9	3,821,946	6	Accrued expenses	2,072,686	3	1,872,763	3
Deferred income tax assets - current (Notes 2 and 18)	125,765	-	239,159	-	Accrued bonuses to employees, directors and supervisors (Notes 2 and 14)	530,775	1	1,149,216	2
Other current assets	407,057	1	428,301	1	Payables for equipment	869,773	1	1,969,790	3
Total current assets	28,521,435	42	29,252,611	48	Current portion of long-term bank loans (Notes 12, 21 and 23)	1,527,718	2	1,611,236	3
					Other current liabilities	66,310	-	87,515	-
LONG-TERM INVESTMENTS (Notes 2, 7, 8, 9 and 23)					Total current liabilities	9,486,131	14	12,176,362	20
Investments accounted for using equity method	3,054,069	5	3,403,579	6					
Available-for-sale financial assets - noncurrent	646,558	1	1,024,595	2	LONG-TERM LIABILITIES				
Financial assets carried at cost - noncurrent	117,556	-	159,556	-	Long-term bank loans, net of current portion (Notes 12, 21 and 23)	16,078,614	24	2,796,333	5
Total long-term investments	3,818,183	6	4,587,730	8	Long-term notes payable	105	-	1,365	-
					Total long-term liabilities	16,078,719	24	2,797,698	5
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 10 and 21)					OTHER LIABILITIES				
Cost					Accrued pension cost (Notes 2 and 13)	360,151	-	364,503	-
Land	598,076	1	598,076	1	Others	2,040	-	2,800	-
Buildings and structures	21,479,586	32	20,445,410	34	Total other liabilities	362,191	-	367,303	-
Machinery equipment	75,224,280	111	60,817,179	101	Total liabilities	25,927,041	38	15,341,363	25
Research and development equipment	2,120,639	3	1,635,510	3					
Transportation equipment	26,103	-	26,677	-	SHAREHOLDERS' EQUITY (Notes 2, 14, 15, 16 and 23)				
Leasehold improvements	2,419	-	2,419	-	Capital stock, \$10 par value				
Miscellaneous equipment	985,023	1	923,650	1	Authorized - 6,550,000 thousand shares				
	100,436,126	148	84,448,921	140	Issued - 3,384,749 thousand shares in 2011 and 3,362,302 thousand shares in 2010	33,847,486	50	33,623,017	56
Less: Accumulated depreciation	71,678,509	106	66,693,421	110	Capital surplus				
Construction in progress and prepayments for equipment	6,097,549	9	8,216,363	13	Treasury stock transactions	25,075	-	18,704	-
Net property, plant and equipment	34,855,166	51	25,971,863	43	Donation	37	-	37	-
					Long-term investments	3,436	-	-	-
INTANGIBLE ASSETS (Note 2)					Employee stock options	321,377	1	335,915	1
Software, net	70,344	-	69,820	-	Retained earnings				
Deferred charges, net	706	-	14,624	-	Legal capital reserve	2,407,003	4	1,630,512	3
Net intangible assets	71,050	-	84,444	-	Unappropriated earnings	5,085,609	7	8,714,773	14
					Other adjustments				
OTHER ASSETS					Unrealized gains on financial instruments	432,095	-	1,038,432	1
Deferred income tax assets - noncurrent (Notes 2 and 18)	418,310	1	535,409	1	Cumulative translation adjustments	(29,881)	-	(91,242)	-
Restricted assets - noncurrent (Note 21)	164,177	-	2,707	-	Treasury stock (at cost) - 3,757 thousand shares	(142,365)	-	(142,365)	-
Other assets	28,592	-	34,382	-	Total shareholders' equity	41,949,872	62	45,127,783	75
Total other assets	611,079	1	572,498	1					
TOTAL	\$ 67,876,913	100	\$ 60,469,146	100	TOTAL	\$ 67,876,913	100	\$ 60,469,146	100

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

(With Deloitte & Touche audit report dated March 13, 2012)

MACRONIX INTERNATIONAL CO., LTD.

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2011 AND 2010

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

	2011		2010	
	Amount	%	Amount	%
GROSS SALES	\$ 27,960,652		\$ 27,709,963	
SALES RETURNS AND ALLOWANCES	<u>116,979</u>		<u>151,846</u>	
NET SALES (Notes 2 and 20)	27,843,673	100	27,558,117	100
COST OF SALES (Notes 2, 6, 17 and 20)	<u>17,751,736</u>	<u>64</u>	<u>13,024,673</u>	<u>47</u>
GROSS PROFIT	10,091,937	36	14,533,444	53
REALIZED (UNREALIZED) INTERCOMPANY PROFIT (Note 2)	<u>13,040</u>	<u>-</u>	<u>(365)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>10,104,977</u>	<u>36</u>	<u>14,533,079</u>	<u>53</u>
OPERATING EXPENSES (Notes 17 and 20)				
Sales and marketing	899,093	3	886,449	3
General and administrative	1,571,924	6	2,172,457	8
Research and development	<u>3,850,265</u>	<u>14</u>	<u>2,829,060</u>	<u>10</u>
Total operating expenses	<u>6,321,282</u>	<u>23</u>	<u>5,887,966</u>	<u>21</u>
INCOME FROM OPERATION	<u>3,783,695</u>	<u>13</u>	<u>8,645,113</u>	<u>32</u>
NON-OPERATING INCOME AND GAINS				
Interest income (Note 23)	117,520	1	101,653	-
Dividend income (Note 2)	85,896	-	52,764	-
Reversal of allowance for doubtful accounts (Notes 2, 3 and 5)	34,567	-	-	-
Gain on disposal of financial instruments, net (Notes 2 and 23)	2,357	-	25,763	-
Gain on disposal of assets, net (Note 2)	-	-	11,599	-
Others (Note 20)	<u>62,857</u>	<u>-</u>	<u>129,000</u>	<u>1</u>
Total non-operating income and gains	<u>303,197</u>	<u>1</u>	<u>320,779</u>	<u>1</u>
NON-OPERATING EXPENSES AND LOSSES				
Equity in losses of equity-method investees, net (Notes 2 and 7)	455,304	2	350,169	1
Foreign exchange loss, net (Note 2)	95,814	-	140,290	1
Interest expense (Notes 10 and 23)	19,219	-	7,248	-
Impairment loss (Notes 2, 9 and 22)	2,564	-	3,162	-
Loss on disposal of assets, net (Note 2)	1,458	-	-	-
Others	<u>3,567</u>	<u>-</u>	<u>3,594</u>	<u>-</u>
Total non-operating expenses and losses	<u>577,926</u>	<u>2</u>	<u>504,463</u>	<u>2</u>

(Continued)

MACRONIX INTERNATIONAL CO., LTD.

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2011 AND 2010

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

	2011		2010	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 3,508,966	12	\$ 8,461,429	31
INCOME TAX EXPENSE (Notes 2 and 18)	<u>591,967</u>	<u>2</u>	<u>678,236</u>	<u>3</u>
NET INCOME	<u>\$ 2,916,999</u>	<u>10</u>	<u>\$ 7,783,193</u>	<u>28</u>
	2011		2010	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (Note 19)				
Basic	<u>\$ 1.04</u>	<u>\$ 0.86</u>	<u>\$ 2.53</u>	<u>\$ 2.33</u>
Diluted	<u>\$ 1.02</u>	<u>\$ 0.85</u>	<u>\$ 2.46</u>	<u>\$ 2.26</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 16):

	2011	2010
NET INCOME	<u>\$2,923,370</u>	<u>\$7,788,772</u>
EARNINGS PER SHARE		
Basic	<u>\$0.87</u>	<u>\$2.33</u>
Diluted	<u>\$0.85</u>	<u>\$2.26</u>

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

(With Deloitte & Touche audit report dated March 13, 2012)

(Concluded)

MACRONIX INTERNATIONAL CO., LTD.

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2011 AND 2010
(In Thousands of New Taiwan Dollars)**

	Capital Stock		Treasury Stock Transactions	Capital Surplus		Employee Stock Options	Retained Earnings		Other Adjustments			Total Shareholders' Equity
	Shares (In Thousands)	Aggregate Par Value		Donated Assets	Long-term Investments		Legal Capital Reserve	Unappropriated Earnings	Unrealized Gain on Financial Instruments	Cumulative Translation Adjustments	Treasury Stock	
BALANCE, JANUARY 1, 2010	3,303,028	\$ 33,030,279	\$ 45,700	\$ 37	\$ 166	\$ 183,647	\$ 1,060,878	\$ 6,498,739	\$ 675,669	\$ 39,084	\$ (142,365)	\$ 41,391,834
Appropriations of prior year's earnings (Note 14)												
Legal capital reserve	-	-	-	-	-	-	569,634	(569,634)	-	-	-	-
Cash dividends to shareholders - NT\$1.50 per share	-	-	-	-	-	-	-	(4,979,237)	-	-	-	(4,979,237)
Issuance of stock on exercised stock options	59,274	592,738	-	-	-	152,268	-	-	-	-	-	745,006
Adjustment from changes in percentage of ownership in investees	-	-	(32,575)	-	(166)	-	-	(18,288)	-	-	-	(51,029)
Net income for the year ended December 31, 2010	-	-	-	-	-	-	-	7,783,193	-	-	-	7,783,193
Valuation gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	304,838	-	-	304,838
Equity in the valuation gain on available-for-sale financial assets of equity-method investees	-	-	-	-	-	-	-	-	57,925	-	-	57,925
Company's dividends received by its subsidiary	-	-	5,579	-	-	-	-	-	-	-	-	5,579
Translation adjustments	-	-	-	-	-	-	-	-	-	(130,326)	-	(130,326)
BALANCE, DECEMBER 31, 2010	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 14)												
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	<u>3,384,749</u>	<u>\$ 33,847,486</u>	<u>\$ 25,075</u>	<u>\$ 37</u>	<u>\$ 3,436</u>	<u>\$ 321,377</u>	<u>\$ 2,407,003</u>	<u>\$ 5,085,609</u>	<u>\$ 432,095</u>	<u>\$ (29,881)</u>	<u>\$ (142,365)</u>	<u>\$ 41,949,872</u>

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

(With Deloitte & Touche audit report dated March 13, 2012)

MACRONIX INTERNATIONAL CO., LTD.

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(In Thousands of New Taiwan Dollars)**

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 2,916,999	\$ 7,783,193
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	5,355,509	2,608,227
Amortization	61,176	52,989
Provision (reversal of allowance) for doubtful accounts	(34,567)	2,834
Gain on disposal of financial instruments, net	(253)	(394)
Loss (gain) on disposal of assets, net	1,458	(11,599)
Equity in losses of equity-method investees, net	455,304	350,169
Impairment loss	2,564	3,162
Unrealized (realized) intercompany profit	(13,040)	365
Deferred income tax	230,493	29,050
Net changes in operating assets and liabilities:		
Notes and accounts receivable	(315,377)	841,159
Receivables from related parties	(319,948)	146,206
Other receivables	216,319	(197,206)
Inventories	(2,576,843)	(972,962)
Other current assets	18,680	(205,461)
Notes and accounts payable	265,677	225,244
Payables to related parties	(10,868)	33,614
Income tax payable	(317,450)	532,884
Accrued expenses	199,923	77,836
Accrued bonuses to employees, directors and supervisors	(618,441)	171,925
Other current liabilities	(8,165)	(16,698)
Accrued pension cost	(4,352)	704
Net cash provided by operating activities	<u>5,504,798</u>	<u>11,455,241</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in restricted assets	(161,470)	(2,707)
Acquisitions of available-for-sale financial assets	(250,000)	(300,000)
Proceeds from disposal of available-for-sale financial assets	250,253	300,394
Acquisitions of investments accounted for using equity method	(297,204)	(1,118,050)
Proceeds from disposal of financial assets carried at cost	42,000	-
Acquisitions of property, plant and equipment	(15,367,779)	(16,442,841)
Proceeds from disposal of property, plant and equipment	21,905	43,992
Increase in intangible assets	(43,174)	(78,014)
Decrease (increase) in other assets	<u>5,790</u>	<u>(29,731)</u>
Net cash used in investing activities	<u>(15,799,679)</u>	<u>(17,626,957)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase (decrease) in short-term bank loans	(1,005,592)	2,806,080
Increase in long-term bank loans	16,210,000	4,000,000

(Continued)

MACRONIX INTERNATIONAL CO., LTD.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2011 AND 2010 (In Thousands of New Taiwan Dollars)

	2011	2010
Repayment of long-term bank loans	\$ (3,011,237)	\$ (229,100)
Increase (decrease) in guarantee deposits	219	(134)
Proceeds from exercise of employee stock options	209,931	745,006
Cash dividends	<u>(5,735,394)</u>	<u>(4,979,237)</u>
Net cash provided by financing activities	<u>6,667,927</u>	<u>2,342,615</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,626,954)	(3,829,101)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>21,353,557</u>	<u>25,182,658</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 17,726,603</u>	<u>\$ 21,353,557</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid (excluding capitalized interest)	<u>\$ 6,828</u>	<u>\$ 6,486</u>
Income tax paid	<u>\$ 630,289</u>	<u>\$ 116,302</u>
NON-CASH FINANCING ACTIVITIES:		
Current portion of long-term bank loans	<u>\$ 1,527,718</u>	<u>\$ 1,611,236</u>
Amounts reclassified from fixed assets to deferred assets	<u>\$ 4,608</u>	<u>\$ -</u>
INVESTING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS		
Acquisitions of property, plant and equipment	\$ 14,267,762	\$ 18,207,557
Net decrease (increase) in payables to contractors and equipment suppliers	<u>1,100,017</u>	<u>(1,764,716)</u>
Cash paid	<u>\$ 15,367,779</u>	<u>\$ 16,442,841</u>

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

(With Deloitte & Touche audit report dated March 13, 2012)

(Concluded)

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, 2011 and 2010 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 and investees accounted for using equity method. The financial statements of these subsidiaries and 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 subsidiaries and investees, is based solely on the reports of such other auditors. Such subsidiaries' financial statements reflect total assets of NT\$1,409,253 thousand and NT\$1,890,394 thousand, representing 2.07% and 3.11% of the Company's consolidated total assets as of December 31, 2011 and 2010, respectively, and also reflect net sales of NT\$80,536 thousand and NT\$259,881 thousand, representing 0.29% and 0.93% of the Company's consolidated net sales for the years then ended. The related investment loss in such investees accounted for using equity method was NT\$18,404 thousand, representing 0.22% of the Company's consolidated pretax income for the year ended December 31, 2010.

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, 2011 and 2010, 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 13, 2012

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, 2011 AND 2010

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

ASSETS	2011		2010		LIABILITIES AND SHAREHOLDERS' EQUITY	2011		2010	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 19,727,097	29	\$ 23,552,457	39	Short-term bank loans (Note 12)	\$ 1,800,488	3	\$ 2,806,080	5
Notes and accounts receivable, net (Notes 2, 3, 5 and 23)	2,889,463	4	2,413,708	4	Notes and accounts payable	2,154,754	3	1,896,174	3
Receivables from related parties, net (Notes 2, 3 and 21)	918,063	1	643,542	1	Payables to related parties (Note 21)	82,244	-	93,134	-
Other receivables, net	121,452	-	339,076	1	Income tax payable (Notes 2 and 19)	348,966	1	664,966	1
Inventories (Notes 2 and 6)	6,468,003	10	3,986,279	6	Accrued expenses	2,189,183	3	1,966,054	3
Deferred income tax assets - current (Notes 2 and 19)	133,299	-	248,174	-	Accrued bonuses to employees, directors and supervisors (Notes 2 and 15)	530,775	1	1,149,216	2
Restricted assets - current (Note 22)	23,005	-	6,177	-	Payables for equipment	875,833	1	1,997,353	3
Other current assets (Notes 2 and 23)	474,848	1	521,393	1	Current portion of long-term bank loans (Notes 13, 22 and 24)	1,527,718	2	1,611,236	3
Total current assets	30,755,230	45	31,710,806	52	Other current liabilities (Note 21)	85,504	-	104,707	-
					Total current liabilities	9,595,465	14	12,288,920	20
LONG-TERM INVESTMENTS (Notes 2, 8, 9, 10 and 24)					LONG-TERM LIABILITIES				
Financial assets at fair value through profit or loss - noncurrent	39,357	-	34,220	-	Long-term bank loans, net of current portion (Notes 13, 22 and 24)	16,078,614	24	2,796,333	4
Available-for-sale financial assets, noncurrent	879,392	2	1,480,965	3	Long-term notes payable	105	-	1,365	-
Financial assets carried at cost - noncurrent	154,491	-	195,546	-	Total long-term liabilities	16,078,719	24	2,797,698	4
Total long-term investments	1,073,240	2	1,710,731	3	OTHER LIABILITIES				
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 11 and 22)					Accrued pension cost (Notes 2 and 14)	360,234	-	364,586	1
Cost:					Others	3,661	-	1,539	-
Land	598,076	1	598,076	1	Total other liabilities	363,895	-	366,125	1
Buildings and structures	21,717,424	32	20,665,899	34	Total liabilities	26,038,079	38	15,452,743	25
Machinery equipment	75,224,281	110	60,817,179	100	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 2, 15, 16, 17 and 24)				
Research and development equipment	2,381,513	4	1,891,926	3	Capital stock, \$10 par value				
Transportation equipment	28,192	-	30,882	-	Authorized - 6,550,000 thousand shares				
Leasehold improvements	26,553	-	26,826	-	Issued - 3,384,749 thousand shares in 2011 and 3,362,302 thousand shares in 2010	33,847,486	50	33,623,017	55
Miscellaneous equipment	1,096,751	2	1,019,247	2	Capital surplus				
	101,072,790	149	85,050,035	140	Treasury stock transactions	25,075	-	18,704	-
Less: Accumulated depreciation	71,963,633	106	66,929,511	110	Donation	37	-	37	-
Construction in progress and prepayments for equipment	6,097,550	9	8,216,363	13	Long-term investments	3,436	-	-	-
Net property, plant and equipment	35,206,707	52	26,336,887	43	Employee stock options	321,377	1	335,915	1
INTANGIBLE ASSETS (Note 2)					Retained earnings				
Software, net	76,569	-	73,313	-	Legal capital reserve	2,407,003	4	1,630,512	3
Deferred charges, net	95,499	-	99,276	-	Unappropriated earnings	5,085,609	7	8,714,773	14
Net intangible assets	172,068	-	172,589	-	Other adjustments				
OTHER ASSETS					Unrealized gains on financial instruments	432,095	-	1,038,432	1
Deferred income tax assets - noncurrent (Notes 2 and 19)	419,899	1	540,806	1	Cumulative translation adjustments	(29,881)	-	(91,242)	-
Idle assets, net (Note 2)	290,125	-	282,698	1	Treasury stock (at cost) - 3,757 thousand shares	(142,365)	-	(142,365)	-
Restricted assets - noncurrent (Note 22)	164,177	-	2,707	-	Total equity attributable to shareholders of the parent	41,949,872	62	45,127,783	74
Other assets	42,389	-	50,329	-	MINORITY INTERESTS (Note 2)	135,884	-	227,027	1
Total other assets	916,590	1	876,540	2	Total shareholders' equity	42,085,756	62	45,354,810	75
TOTAL	\$ 68,123,835	100	\$ 60,807,553	100	TOTAL	\$ 68,123,835	100	\$ 60,807,553	100

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

(With Deloitte & Touche audit report dated March 13, 2012)

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2011 AND 2010

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

	2011		2010	
	Amount	%	Amount	%
GROSS SALES	\$ 28,403,040		\$ 28,197,631	
SALES RETURNS AND ALLOWANCES	<u>164,369</u>		<u>161,596</u>	
NET SALES (Notes 2 and 21)	28,238,671	100	28,036,035	100
COST OF SALES (Notes 2, 6, 18 and 21)	<u>17,974,374</u>	<u>64</u>	<u>13,206,859</u>	<u>47</u>
REALIZED GROSS PROFIT	<u>10,264,297</u>	<u>36</u>	<u>14,829,176</u>	<u>53</u>
OPERATING EXPENSES (Notes 18 and 21)				
Sales and marketing	1,118,647	4	1,124,085	4
General and administrative	1,776,601	6	2,255,507	8
Research and development	<u>4,260,575</u>	<u>15</u>	<u>3,242,090</u>	<u>12</u>
Total operating expenses	<u>7,155,823</u>	<u>25</u>	<u>6,621,682</u>	<u>24</u>
INCOME FROM OPERATION	<u>3,108,474</u>	<u>11</u>	<u>8,207,494</u>	<u>29</u>
NON-OPERATING INCOME AND GAINS				
Reversal of allowance for doubtful accounts (Notes 2 and 5)	142,316	1	15,541	-
Interest income (Note 24)	131,630	-	109,519	-
Dividend income (Note 2)	94,783	-	58,828	-
Valuation gain on financial assets, net (Notes 2 and 8)	4,119	-	7,864	-
Gain on disposal of financial instruments, net (Note 2)	2,357	-	25,759	-
Gain on disposal of assets, net (Note 2)	-	-	7,138	-
Others (Note 21)	<u>55,367</u>	<u>-</u>	<u>131,448</u>	<u>1</u>
Total non-operating income and gains	<u>430,572</u>	<u>1</u>	<u>356,097</u>	<u>1</u>
NON-OPERATING EXPENSES AND LOSSES				
Foreign exchange loss, net (Note 2)	96,720	-	151,754	-
Interest expense (Notes 11 and 24)	19,219	-	7,387	-
Loss on disposal of assets, net (Note 2)	2,732	-	-	-
Impairment loss (Notes 2, 10 and 23)	2,564	-	3,162	-
Equity in losses of equity-method investees, net (Notes 2 and 7)	-	-	18,404	-
Others	<u>4,400</u>	<u>-</u>	<u>3,692</u>	<u>-</u>
Total non-operating expenses and losses	<u>125,635</u>	<u>-</u>	<u>184,399</u>	<u>-</u>

(Continued)

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2011 AND 2010
(In Thousands of New Taiwan Dollars)

	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		Donated Assets	Long-term Investments	Employee Stock Options	Legal Capital Reserve	Unappropriated Earnings	Unrealized Gain on Financial Instruments	Cumulative Translation Adjustments	Treasury Stock			Total
BALANCE, JANUARY 1, 2010	3,303,028	\$ 33,030,279	\$ 45,700	\$ 37	\$ 166	\$ 183,647	\$ 1,060,878	\$ 6,498,739	\$ 675,669	\$ 39,084	\$ (142,365)	\$ 41,391,834	\$ 136,201	\$ 41,528,035
Appropriations of prior year's earnings (Note 15)														
Legal capital reserve	-	-	-	-	-	-	569,634	(569,634)	-	-	-	-	-	-
Cash dividends to shareholders - NT\$1.50 per share	-	-	-	-	-	-	-	(4,979,237)	-	-	-	(4,979,237)	-	(4,979,237)
Issuance of stock on exercised stock options	59,274	592,738	-	-	-	152,268	-	-	-	-	-	745,006	-	745,006
Adjustment from changes in percentage of ownership in investees	-	-	(32,575)	-	(166)	-	-	(18,288)	-	-	-	(51,029)	51,029	-
Consolidated net income for the year ended December 31, 2010	-	-	-	-	-	-	-	7,783,193	-	-	-	7,783,193	(111,588)	7,671,605
Valuation gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	304,838	-	-	304,838	-	304,838
Equity in the valuation gain on available-for-sale financial assets of equity-method investees	-	-	-	-	-	-	-	-	57,925	-	-	57,925	-	57,925
Company's dividends received by its subsidiary	-	-	5,579	-	-	-	-	-	-	-	-	5,579	-	5,579
Translation adjustments	-	-	-	-	-	-	-	-	-	(130,326)	-	(130,326)	-	(130,326)
Increase in minority interests	-	-	-	-	-	-	-	-	-	-	-	-	5,665	5,665
Effect of changes in consolidated entities	-	-	-	-	-	-	-	-	-	-	-	-	145,720	145,720
BALANCE, DECEMBER 31, 2010	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 15)														
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

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

(With Deloitte & Touche audit report dated March 13, 2012)

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2011 AND 2010

(In Thousands of New Taiwan Dollars)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income attributable to shareholders of the parent	\$ 2,916,999	\$ 7,783,193
Net loss attributable to minority interests	(131,609)	(111,588)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	5,417,470	2,671,995
Amortization	117,579	109,281
Reversal of the allowance for doubtful accounts	(142,316)	(15,541)
Gain on disposal of financial instruments, net	(253)	(394)
Equity in losses of equity-method investees, net	-	18,404
Valuation gain on financial assets, net	(4,119)	(7,864)
Loss (gain) on disposal of assets, net	2,732	(7,138)
Impairment loss	2,564	3,162
Deferred income tax	235,782	27,077
Net changes in operating assets and liabilities:		
Notes and accounts receivable	(336,415)	996,087
Receivables from related parties	(271,284)	26,569
Other receivables	217,624	(201,632)
Inventories	(2,481,859)	(1,047,125)
Other current assets	43,981	(245,946)
Notes and accounts payable	257,320	146,070
Payables to related parties	(10,890)	23,550
Income tax payable	(316,000)	537,641
Accrued expenses	223,129	70,680
Accrued bonuses to employees, directors and supervisors	(618,441)	171,925
Other current liabilities	(17,299)	(19,417)
Accrued pension cost	(4,352)	787
Net cash provided by operating activities	<u>5,100,343</u>	<u>10,929,776</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in restricted assets	(178,298)	(2,731)
Acquisitions of available-for-sale financial assets	(250,000)	(300,000)
Proceeds from disposal of available-for-sale financial assets	250,253	300,394
Proceeds from disposal of financial assets carried at cost	42,000	-
Acquisitions of property, plant and equipment	(15,419,699)	(16,525,791)
Proceeds from disposal of property, plant and equipment	22,346	44,081
Increase in intangible assets	(105,941)	(127,663)
Decrease (increase) in other assets	7,932	(25,695)
Net cash used in investing activities	<u>(15,631,407)</u>	<u>(16,637,405)</u>

(Continued)

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2011 AND 2010

(In Thousands of New Taiwan Dollars)

	2011	2010
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase (decrease) in short-term bank loans	\$ (1,005,592)	\$ 2,806,080
Increase in long-term bank loans	16,210,000	4,000,000
Repayment of long-term bank loans	(3,011,237)	(229,100)
Increase (decrease) in guarantee deposits	219	(134)
Proceeds from exercise of employee stock options	209,931	745,006
Cash dividends	(5,729,024)	(4,973,658)
Increase in minority interests	<u>9,494</u>	<u>5,665</u>
Net cash provided by financing activities	<u>6,683,791</u>	<u>2,353,859</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>21,913</u>	<u>(77,685)</u>
EFFECT OF INCLUSION IN CONSOLIDATION OF CERTAIN SUBSIDIARIES	<u>-</u>	<u>169,431</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,825,360)	(3,262,024)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>23,552,457</u>	<u>26,814,481</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 19,727,097</u>	<u>\$ 23,552,457</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid (excluding capitalized interest)	<u>\$ 6,828</u>	<u>\$ 6,486</u>
Income tax paid	<u>\$ 646,264</u>	<u>\$ 125,871</u>
NON-CASH FINANCING ACTIVITIES:		
Current portion of long-term bank loans	<u>\$ 152,718</u>	<u>\$ 1,611,236</u>
Amounts reclassified from fixed assets to deferred assets	<u>\$ 4,608</u>	<u>\$ -</u>
Amounts reclassified from deferred assets to other assets	<u>\$ 8</u>	<u>\$ -</u>
INVESTING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS		
Acquisitions of property, plant and equipment	\$ 14,298,179	\$ 18,301,407
Net decrease (increase) in payables to contractors and equipment suppliers and obligations under capital leases	<u>1,121,520</u>	<u>(1,775,616)</u>
Cash paid	<u>\$ 15,419,699</u>	<u>\$ 16,525,791</u>

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

(With Deloitte & Touche audit report dated March 13, 2012)

(Concluded)

Attachment 2

Audit Committee's Report

To: 2012 Annual General Shareholders Meeting of Macronix International Co., Ltd.

The 2011 financial statements of the Company (including the consolidated financial statements), the 2011 business report, and the proposed 2011 earnings distribution 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 13, 2012

Attachment 3

MACRONIX INTERNATIONAL CO., LTD.

Procedure Rules of Shareholders' Meeting

- Article 1. Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures, unless the law provides otherwise.
- Article 2. A sign-in booklet has been installed for shareholders (or their respective representatives) to sign in. Shareholders (or their respective representatives).The number of shares in attendance shall be based on the sign-book or the number of sign-in cards submitted. Where votes are taken in written or electronic means, unless the law requires otherwise, ballots submitted in writing or by electronic means shall be included in the aforementioned shares in attendance.
- Shareholders (or their respective representatives) are required to bring their attendance certification to attend the meeting. Sign-in cards or proof of appointment shall be preserved for at least one year.
- Article 3. Attendance and votes of Shareholders' Meetings shall be counted based upon the number of shares in attendance.
- Article 4. The location of Shareholders' Meetings shall be either where the Company is located, or any other place deemed convenient for the shareholders to attend and proper for holding such meeting. The Shareholders' Meetings shall be held no earlier than 9 a.m. and no later than 3 p.m. on the designated meeting date.
- Article 5. The Board of Directors shall call the Shareholders' Meetings. The chairman of the Board of Directors shall preside over the meeting. If the chairman of the Board of Directors is not available for the meeting then the vice-chairman of the Board of Directors shall act on his/her behalf to preside over the meeting. If neither the chairman nor the vice-chairman of the Board of Directors is available for the meeting, the chairman shall designate a director of the Board of Directors to act on his/her behalf to preside over the meeting. The Board of Directors shall elect a director to act on the chairman's behalf if the chairman appoints no designee. Other than the Board of Directors, a person entitled by law to call a Shareholders' Meeting shall preside over the meeting, if and when such meeting is called, if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.
- Article 6. The Company may designate legal attorneys, certified-public-accountants, or other related persons to attend the meetings. Persons handling affairs of the Meeting shall wear identification cards or badges.
- Article 7. Shareholders' meeting shall be taped or recorded, and any tape or recording shall be preserved in accordance to the law. Recording of the deliberations shall be preserved for as long as the business remains in operation.
- Article 8. Chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not

yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Law of the Republic of China. If during the process of the Meeting the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum, the chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Law of the Republic of China.

Article 9. The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda. The chairman may announce to go into voting after the discussion of any resolution or hold certain and/or all votes of such proposals until the preceding of Motions. Such votes are not deemed to change the agenda.

The above provision applies to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting.

Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved. However, in the event that the Chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.

Article 10. When a shareholder (or their respective representatives) present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance Card) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairman.

If any shareholder (or their respective representatives) present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail.

Unless otherwise permitted by the chairman and the shareholder (or their respective representatives) in speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption.

Article 11. Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than two times (each time not exceeding 5 minutes).

Except for the prior consent of the chairman, the shareholder shall speak after all the report items listed in the agenda are reported by the chairman or his designated person.

In case the speech of any shareholder violates all the above provision or exceeds

the scope of the discussion item, the chairman may stop the speech of such shareholder.

Article 12. Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting. If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.

Article 13. After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.

Article 14. The chairman may announce to end the discussion of any resolution and go into voting if the Chairman deems it appropriate.

Article 15. If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

Article 16. Unless otherwise provided for in the Company Law or Company Rules, a motion approved by more than one-half of the votes constitutes final approval. The chairman rules that a resolution may be decided by either a vote or by asking for objections. In the case that there was no objection when asked by the chairman, the issue is resolved as if approved by voting, except in the case for elections of directors or supervisors, which shall be governed by company rules regarding elections for directors or supervisors and by applicable laws.

The chairman shall appoint ballot inspectors and calculation officials, and the inspectors must possess shareholder status.

Article 17. The chairman shall appoint ballot inspectors and calculation officials, and the inspectors must possess shareholder status.

Ballots (including those for the elections) will not be announced on by one, but the result shall be announced and recorded in the meeting. Ballots (including those for the elections) will not be announced on by one, but the result shall be announced and recorded in the meeting.

Article 18. During the Meeting, the chairman may, at his discretion, set time for intermission.

Article 19. The chairman may conduct the disciplinary officers (or the security guard) to assist in keeping order of the Meeting place. Such disciplinary officers (or security guards) shall wear badges marked "Disciplinary Officers" for identification purpose.

Article 20. If an air-raid warning is declared during the meeting, the chairman may announce that the meeting will be terminated and dissolved to be reconvened one hour after the warning has been lifted (or at other times announced by the chairman).

Article 21. Where this Regulation does not specifically provide, relevant laws shall be applicable.

Article 22. These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

Attachment 4

MACRONIX INTERNATIONAL CO., LTD.

The Proposal of 2011 Earnings Distribution

Units : NT\$

Item	Amount
Net Income of 2011	2,916,998,875
Less: Adjustment arising from changes in ownership of investees	34,278,232
10% Legal reserve	288,272,064
Plus: undistributed earnings of previous years	2,202,888,159
Distributable earnings	4,797,336,738
Distribution Items :	
Cash Dividends to Shareholders (\$0.38 per share)	1,288,407,670
Stock Dividends to Shareholders (\$0.38 per share)	1,288,407,670
Undistributed earnings	2,220,521,398
Note :	
Compensation for Directors : NT\$51,888,972	
Employee Bonus (in cash) : NT\$454,732,119	

Note1 : The dividend per share was based on the outstanding common shares on February 29, 2012, i.e. 3,390,546,498 shares.

Note2 : Retained earnings should be individually identified pursuant to the letter dated April 30, 1998 of Ministry of Finance (No. 871941343). The Company's 2011 earnings shall first be distributed.

Attachment 5

The comparison chart of the rule for the “Procedures for Acquisition or Disposal of Assets”

Article	Original	Revised
Article 7	<p>Total amounts of real property and securities acquired by the Company and each subsidiary company for non-operating use, and limits on individual securities.</p> <p>1. Total amounts of real property acquired by the Company for non-operating use: within 20% of book value.</p> <p>2. The limits on individual securities acquired by the Company: within the book value.</p> <p>3. Total amounts of securities acquired by the Company: within 150% of book value.</p> <p>4. Total amounts of real property and securities and limits on individual securities acquired by the Company’s subsidiaries which are not investment professionals are subject to all the preceding paragraphs.</p> <p>5. Total amounts of real property and securities and limits on individual securities acquired by the Company’s subsidiaries which are investment professionals are the capital of the subsidiary.</p>	<p>Total amounts of real property and securities acquired by the Company and each subsidiary company for non-operating use, and limits on individual securities.</p> <p>1. Total amounts of real property acquired by the Company for non-operating use: within 20% of book value.</p> <p>2. The limits on individual securities acquired by the Company: within the book value.</p> <p>3. Total amounts of securities acquired by the Company: within 150% of book value.</p> <p>4. Total amounts of real property and securities and limits on individual securities acquired by the Company’s subsidiaries which are not investment professionals are subject to all the preceding paragraphs.</p> <p>5. Total amounts of real property and securities and limits on individual securities acquired by the Company’s subsidiaries which are investment professionals are the capital of the subsidiary.</p>
Article 8	<p>Procedures for acquisition or disposal real property or other fixed assets:</p> <p>1. Appraisal procedures:</p> <p>1-1 the means of price determination</p> <p>The responsible unit shall inquire, compares and discusses the price, and prepare the analysis report and present to the president to resolve.</p> <p>1-2 supporting reference material</p> <p>Refer to the publicly announced value, evaluated value, the actual trading price of near real property, and the appraisal report issued when conditions in paragraph 3 are met.</p> <p>2. Operating procedures:</p> <p>2-1 degree of authority delegated, the levels to which authority is delegated:</p> <p>The responsible unit shall prepare budget and resolved by Board of Directors, under the limit of the budget, president is authorized to handle all the related affairs. If out of the budget, the amount of acquisition or disposal of the assets (the Amount) under NT<u>D</u>30 millions shall be authorized by the president, if the Amount above NT<u>D</u> 30 millions but under NT<u>D</u>100 millions shall be authorized by the</p>	<p>Procedures for acquisition or disposal real property or other fixed assets:</p> <p>1. Appraisal procedures:</p> <p>1-1 the means of price determination</p> <p>The responsible unit shall inquire, compares and discusses the price, and prepare the analysis report <u>which shall be approved by the degree of authority delegated and the levels to which authority is delegated.</u></p> <p>1-2 supporting reference material</p> <p>Refer to the publicly announced value, evaluated value, the actual trading price of near real property, and the appraisal report issued when conditions in paragraph 3 are met.</p> <p>2. Operating procedures:</p> <p>2-1 degree of authority delegated, the levels to which authority is delegated:</p> <p>The responsible unit shall prepare budget and resolved by Board of Directors, under the limit of the budget, president is authorized to handle all the related affairs. If out of the budget, the amount of acquisition or disposal of the assets (the Amount) under NT<u>S</u>30 millions shall be authorized by the president, if the Amount above NT<u>S</u> 30 millions but</p>

Article	Original	Revised
	<p>Chairman of the Board of Directors, if the Amount is above NT\$100 millions, it should be resolved by the Board of the Directors.</p> <p>2-2 the units responsible for implementation The units responsible for implementation of real property and other fixed assets are the users and related authorized and responsible units.</p> <p>2-3 transaction procedures 2-3-1 the acquisition of assets: the responsible unit prepare the capital expenditure proposal in advance, and evaluate the feasibility, then forward to the finance units to arrange the capital expenditure budget and execution and control afterward. 2-3-2 the disposal of assets: the user shall apply for it stating the reason and method of disposition, and implement after getting approval.</p> <p>3. appraisal report. In acquiring or disposing real property or other fixed assets where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of business machinery and equipment, shall obtain an appraisal report <u>in advance</u> from a professional appraiser and shall further comply with the following provisions:</p> <p>3-1 Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>3-2 Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>3-3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, a <u>certified public accountant</u> shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p>	<p>under NT\$100 millions shall be authorized by the Chairman of the Board of Directors, if the Amount is above NT\$100 millions, it should be resolved by the Board of the Directors.</p> <p>2-2 the units responsible for implementation The units responsible for implementation of real property and other fixed assets are the users and related authorized and responsible units.</p> <p>2-3 transaction procedures 2-3-1 the acquisition of assets: the responsible unit prepares the capital expenditure proposal in advance, and evaluate the feasibility, then forward to the finance units to arrange the capital expenditure budget and execution and control afterward. 2-3-2 the disposal of assets: the user shall apply for it stating the reason and method of disposition, and implement after getting approval.</p> <p>3. <u>Appraisal report</u>. In acquiring or disposing real property or other fixed assets where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of business machinery and equipment, shall obtain an appraisal report <u>prior to the date of occurrence of the event</u> from a professional appraiser and shall further comply with the following provisions:</p> <p>3-1 Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>3-2 Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>3-3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, <u>unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount</u>, a <u>CPA</u> shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF and render a specific opinion regarding the reason for the discrepancy</p>

Article	Original	Revised
	<p>3-1-1 The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>3-2-2 The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>3-4 <u>Where an appraisal is conducted before a contract execution date, no more than three months may pass</u> between the date of the appraisal report and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>and the appropriateness of the transaction price:</p> <p>3-3-1 The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>3-3-2 The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>3-4 <u>No more than three months may elapse</u> between the date of the appraisal report <u>issued by a professional appraiser</u> and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser. <u>The calculation of the transaction amounts shall be done in accordance with Article 22, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser has been obtained need not be counted toward the transaction amount.</u></p>
Article 9	<p>Procedures for acquisition or disposal of securities</p> <p>1. Appraisal procedures:</p> <p>1-1 the means of price determination</p> <p>1-1-1 Acquisition or disposal securities which trading from the market overt, the price is determined by the market.</p> <p>1-1-2 Acquisition or disposal securities which is not trading from the market overt, it shall refer the book value per share, the profitability , the potential , the interest rate, and the liquidity and refer the professional opinion and other trading price at that time.</p> <p>1-2 reference basis</p> <p>The Company acquiring or disposing of securities shall <u>first</u> obtain financial statements of the issuing company for the most recent period, certified or reviewed by a <u>certified public accountant</u>, for reference in appraising the transaction price. And refer the professional opinion which mentioned on article 9 paragraph 3.</p> <p>2. Operating procedures:</p> <p>2-1 degree of authority delegated, the levels to which authority is delegated:</p> <p>The responsible unit shall prepare budget and resolved by Board of Directors, under the limit of the budget, president is authorized to handle all the related affairs. If out of the budget, the amount of acquisition or disposal of the assets (the Amount) under <u>NTD</u>30 millions shall be authorized by the</p>	<p>Procedures for acquisition or disposal of securities</p> <p>1. Appraisal procedures:</p> <p>1-1 the means of price determination</p> <p>1-1-1 Acquisition or disposal securities which trading from the market overt, the price is determined by the market.</p> <p>1-1-2 Acquisition or disposal securities which is not trading from the market overt, it shall refer the book value per share, the profitability , the potential , the interest rate, and the liquidity and refer the professional opinion and other trading price at that time.</p> <p>1-2 reference basis</p> <p>The Company acquiring or disposing of securities shall <u>prior to the date of occurrence of the event</u> obtain financial statements of the issuing company for the most recent period, certified or reviewed by a <u>CPA</u>, for reference in appraising the transaction price. And refer the professional opinion which mentioned on article 9 paragraph 3.</p> <p>2. Operating procedures:</p> <p>2-1 degree of authority delegated, the levels to which authority is delegated:</p> <p>The responsible unit shall prepare budget and resolved by Board of Directors, under the limit of the budget, president is authorized to handle all the related affairs. If out of the budget, the amount of acquisition or disposal of the assets (the Amount) under <u>NT\$</u>30 millions shall be authorized by the</p>

Article	Original	Revised
	<p>president, if the Amount above NTD 30 millions but under NTD100 millions shall be authorized by the Chairman of the Board of Directors, if the Amount is above NTD100 millions, it should be resolved by the Board of the Directors.</p> <p>2-2 the units responsible for implementation The finance department is the responsible unit.</p> <p>2-3 transaction procedure An evaluation team formed by the responsible unit, execute after feasibility study.</p> <p>3. Professional opinion In acquiring or disposing securities where the transaction amount reaches 20 percent of more of paid-in capital or NT\$300 million or more, the Company shall engage a <u>certified public accountant</u> to render an opinion on the reasonableness of the transaction price.</p> <p>This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Executive Yuan's Financial Supervisory Commission (FSC).</p> <p>3-1 The shares incorporated via promotion or established by offering, and are purchased by cash.</p> <p>3-2 To subscribe the cash issue of shares at par value where the issuer registered pursuant to related regulations.</p> <p>3-3 To subscribe the cash issue of shares of an investee, which is 100% wholly owned by the Company.</p> <p>3-4 Trading of listed securities or emerging stocks on an exchange market or OTC exchange.</p> <p>3-5 Trading of government bonds or bonds with repurchase/resale agreement.</p> <p>3-6 Domestic and Foreign mutual fund</p> <p>3-7 Acquisition and disposal of listed shares under the stock exchange market or OTC by tender offer or consignment.</p> <p>3-8 To subscribe the cash issue of shares which are not accrued from private placement.</p>	<p>president, if the Amount above NT\$ 30 millions but under NT\$100 millions shall be authorized by the Chairman of the Board of Directors, if the Amount is above NT\$100 millions, it should be resolved by the Board of the Directors.</p> <p>2-2 the units responsible for implementation The finance department is the responsible unit.</p> <p>2-3 transaction procedure An evaluation team formed by the responsible unit, execute after feasibility study.</p> <p>3. Professional opinion In acquiring or disposing securities where the transaction amount reaches 20 percent of more of paid-in capital or NT\$300 million or more, the Company shall engage a <u>CPA prior to the date of occurrence of the event</u> to render an opinion on the reasonableness of the transaction price. <u>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. The calculation of the transaction amounts shall be done in accordance with Article 22, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which a CPA's opinion has been obtained need not be counted toward the transaction amount.</u></p> <p>This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Executive Yuan's Financial Supervisory Commission (FSC).</p> <p>3-1 The shares incorporated via promotion or established by offering, and are purchased by cash.</p> <p>3-2 To subscribe the cash issue of shares at par value where the issuer registered pursuant to related regulations.</p> <p>3-3 To subscribe the cash issue of shares of an investee, which is 100% wholly owned by the Company.</p> <p>3-4 Trading of listed securities or emerging stocks on an exchange market or OTC exchange.</p> <p>3-5 Trading of government bonds or bonds with repurchase/resale agreement.</p> <p>3-6 Domestic and Foreign mutual fund</p> <p>3-7 Acquisition and disposal of listed shares under the stock exchange market or OTC by tender offer or consignment.</p> <p>3-8 To subscribe the cash issue of shares which are not accrued from private placement.</p> <p>3-9 To subscribe the trust fund before the trust fund</p>

Article	Original	Revised
	<p>3-9 To subscribe the trust fund before the trust fund was established according to the provisions set out in article 11, paragraph 1, of Securities Investment Trust and Consulting Act, and the letter 0930005249 dated Nov. 1st 2004.</p> <p>3-10 Subscription or redemption of domestic private placements whose investment targets are same as those of mutual funds unless the investment strategies mentioned in trust contract include margin trading and open position.</p>	<p>was established according to the provisions set out in article 11, paragraph 1, of Securities Investment Trust and Consulting Act, and the letter 0930005249 dated Nov. 1st 2004.</p> <p>3-10 Subscription or redemption of domestic private placements whose investment targets are same as those of mutual funds unless the investment strategies mentioned in trust contract include margin trading and open position.</p>
Article 10	<p>Procedures for acquisition or disposal of memberships or intangible assets</p> <p>1. Appraisal procedures:</p> <p>1-1 the means of price determination</p> <p>The responsible unit prepare the analysis report <u>and present to the president to resolve.</u></p> <p>1-2 supporting reference material</p> <p>1-2-1 memberships: Refer to the market value.</p> <p>1-2-2 intangible assets: Refer to market value or <u>appraisal report</u> described in paragraph 4.</p> <p>2. Operating procedures:</p> <p>2-1 degree of authority delegated, the levels to which authority is delegated:</p> <p>The responsible unit shall prepare budget and resolved by Board of Directors, under the limit of the budget, president is authorized to handle all the related affairs. If out of the budget, the amount of acquisition or disposal of the assets (the Amount) shall be under <u>NTD</u>30 millions is authorized by the president, if the Amount above <u>NTD</u> 30 millions but under <u>NTD</u>100 millions shall be authorized by the Chairman of the Board of Directors, if the Amount is above <u>NTD</u>100 millions, it should be resolved by the Board of the Directors.</p> <p>2-2 the units responsible for implementation</p> <p>The units responsible for implementation of memberships or intangible assets are the users and related authorized and responsible units.</p> <p>2-3 transaction procedures</p> <p>An evaluation team formed by the responsible unit, execute after feasibility study.</p> <p>3. Professional opinion</p> <p>In acquiring or disposing memberships or intangible assets where the transaction amount reaches 20 percent or more of paid-in capital or <u>NT\$</u>300 million or more, the Company shall engage a <u>certified public accountant</u> to render an opinion on the reasonableness of the transaction price.</p>	<p>Procedures for acquisition or disposal of memberships or intangible assets</p> <p>1. Appraisal procedures:</p> <p>1-1 the means of price determination</p> <p>The responsible unit prepares <u>the analysis report which shall be approved by the degree of authority delegated and the levels to which authority is delegated.</u></p> <p>1-2 supporting reference material</p> <p>1-2-1 memberships: Refer to the market value.</p> <p>1-2-2 intangible assets: Refer to market value or <u>expert opinion</u> described in paragraph 3.</p> <p>2. Operating procedures:</p> <p>2-1 degree of authority delegated, the levels to which authority is delegated:</p> <p>The responsible unit shall prepare budget and resolved by Board of Directors, under the limit of the budget, president is authorized to handle all the related affairs. If out of the budget, the amount of acquisition or disposal of the assets (the Amount) shall be under <u>NT\$</u>30 millions is authorized by the president, if the Amount above <u>NT\$</u> 30 millions but under <u>NT\$</u>100 millions shall be authorized by the Chairman of the Board of Directors, if the Amount is above <u>NT\$</u>100 millions, it should be resolved by the Board of the Directors.</p> <p>2-2 the units responsible for implementation</p> <p>The units responsible for implementation of memberships or intangible assets are the users and related authorized and responsible units.</p> <p>2-3 transaction procedures</p> <p>An evaluation team formed by the responsible unit, execute after feasibility study.</p> <p>3. Professional opinion</p> <p>In acquiring or disposing memberships or intangible assets where the transaction amount reaches 20 percent or more of paid-in capital or <u>NT\$</u>300 million or more, the Company shall engage a <u>CPA</u> <u>prior to the date of occurrence of the event</u> to render an opinion on the reasonableness of the transaction price. <u>The CPA shall do so in accordance with the provisions of Statement of Auditing Standards No.</u></p>

Article	Original	Revised
		<p><u>20 published by the ARDF.</u></p> <p><u>The calculation of the transaction amounts shall be done in accordance with Article 22, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. The items for CPA's opinion have been obtained which does not need to be counted toward the transaction amount.</u></p>
Chapter 5	<u>Acquire or dispose of real property from related parties</u>	<u>Related Party Transactions</u>
Article 11	<p><u>Acquiring Real Property From Related Parties</u></p> <p>1. The Company <u>that acquires real property from a related party through purchase or swap shall ensure</u> that the necessary resolutions are adopted the reasonableness of the transaction terms is appraised, and other relevant matters are carried out, in compliance with the <u>article 7</u> of this procedure and this <u>Section</u>.</p> <p>When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>2. The Company that intends to acquire real property from a related party may not proceed <u>with the</u> transaction until the following matters have been approved by the board of directors and recognized by the supervisors:</p>	<p><u>Acquisition or Disposal of Assets From a Related party</u></p> <p>1. The Company <u>engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring</u> that the necessary resolution are adopted the reasonableness of the transaction terms is appraised, and other relevant matters are carried out, in compliance with the <u>Second, Third, Fourth Chapter</u> of this procedure and this <u>Chapter</u> <u>if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the Second, Third and Fourth Chapter.</u></p> <p><u>The calculation of the transaction amounts shall be done in accordance with Article 22, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or CPA's opinion has been obtained need not be counted toward the transaction amount.</u></p> <p>When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>2. The Company that intends to acquire <u>or dispose of</u> real property from <u>or to</u> a related party, <u>or when it intends to acquire or dispose of assets other than</u> real property from or to a related party and the <u>transaction amount reaches 20 percent or more of paid-in capital, 10 percent of the company's total assets, or NT\$300 million or more, the company may not proceed to enter into a transaction contract or make a payment</u> until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p>2-1 The purpose, necessity and anticipated benefit of the acquisition <u>or disposal of asset.</u></p>

Article	Original	Revised
	<p>2-1 The purpose, necessity and anticipated benefit of the <u>real property</u> acquisition.</p> <p>2-2 The reason for choosing the related party as a trading counterparty.</p> <p>2-3 Information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with <u>the provisions of Article 11, paragraph 3 and 4.</u></p> <p>2-4 The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.</p> <p>2-5 Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>2-6 Restrictive covenants and other important stipulations associated with the transaction.</p> <p>Where the position of independent director has been established in accordance with the provisions of the Act, when an acquisition of real property from a related party is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>Where an audit committee has been established in accordance with the provisions of the Act, the matters for which paragraph 2 requires recognition by the supervisors shall first be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of the provisions of Article 4, paragraphs 3 and 4.</p>	<p>2-2 The reason for choosing the related party as a trading counterparty.</p> <p>2-3 <u>With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 12 and Article 13.</u></p> <p>2-4 The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.</p> <p>2-5 Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>2-6 <u>An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</u></p> <p><u>2-7 Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts shall be made in accordance with Article 22, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.</u></p> <p>Where the position of independent director has been established in accordance with the provisions of the Act, when an acquisition of real property from a related party is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>Where an audit committee has been established in accordance with the provisions of the Act, the matters for which paragraph 2 requires recognition by the supervisors shall first be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of the provisions of Article 4, paragraphs 3 and 4.</p>
Article 16	Procedures for Mergers, Demergers, Acquisitions,	Procedures for Mergers, Demergers, Acquisitions,

Article	Original	Revised
paragraphs 1	<p>and Transfer of Shares:</p> <p>1. Appraisal procedures: 1-1 the means of price determination The Company that conducts a merger, demerger, acquisition, or transfer of shares, shall engage an attorney, CPA, and securities underwriter to plan legal procedures, and to organize a committee execute in accordance with the procedures.</p> <p>Prior to convening the board of directors to resolve on the matter, the Company shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.</p>	<p>and Transfer of Shares:</p> <p>1. Appraisal procedures: 1-1 the means of price determination The Company that conducts a merger, demerger, acquisition, or transfer of shares, shall engage an attorney, CPA, and securities underwriter to plan legal procedures, and to organize a committee execute in accordance with the procedures.</p> <p>Prior to convening the board of directors to resolve on the matter, the Company shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.</p>
Article 17	<p>Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any Company related to the plan for merger, demerger, acquisition, or transfer of shares.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for five years for reference:</p> <p>1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</p> <p>2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</p> <p>3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall, within two days of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in</p>	<p>Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any Company related to the plan for merger, demerger, acquisition, or transfer of shares.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for five years for reference:</p> <p>1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</p> <p>2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</p> <p>3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall, within two days <u>commencing immediately from the date</u> of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based</p>

Article	Original	Revised
	subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.	information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.
Article 22	<p>Procedures for Public and Disclosure of Information</p> <p>1. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within two days from <u>day</u> of occurrence of the fact:</p> <p>1-1 <u>Acquisition</u> of real property from a related party.</p> <p>1-2 <u>Investment in the mainland area.</u></p> <p>1-3 Merger, demerger, acquisition, or transfer of shares.</p> <p>1-4 Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the Procedures adopted by the Company.</p> <p>1-5 Where an asset transaction other than any of those referred to in the preceding <u>four</u> subparagraphs, or <u>a disposal of receivables by a financial institution</u>, reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>1-5-1 Trading of government bonds</p> <p>1-5-2 Trading of bonds under repurchase/resale agreements</p> <p>1-5-3 Where the type of asset acquired or disposed is equipment/machinery for operational use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>1-5-4 Where land is acquired under an arrangement for commissioned construction on self-owned land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is less than NT\$500 million..</p> <p>2. The amount of transactions above shall be calculated as follows:</p> <p>2-1 The amount of any individual transaction.</p> <p>2-2 The cumulative transaction amount of</p>	<p>Procedures for Public and Disclosure of Information</p> <p>1. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within two days <u>commencing immediately from the date</u> of occurrence of the fact:</p> <p>1-1 <u>The Company that intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent of the company's total assets, or NT\$300 million or more. This shall not apply to trading of government bonds or bonds under repurchase and resale agreements.</u></p> <p>1-2 Merger, demerger, acquisition, or transfer of shares.</p> <p>1-3 Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the Procedures adopted by the Company.</p> <p>1-4 Where an asset transaction other than any of those referred to in the preceding <u>three</u> subparagraphs, or <u>investment in the mainland area</u>, reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>1-4-1 Trading of government bonds</p> <p>1-4-2 Trading of bonds under repurchase/resale agreements</p> <p>1-4-3 Where the type of asset acquired or disposed is equipment/machinery for operational use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>1-4-4 Where land is acquired under an arrangement for commissioned construction on self-owned land, <u>engaging others to build on rented land</u>, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is less than NT\$500 million.</p> <p>2. The amount of transactions above shall be calculated as follows:</p> <p>2-1 The amount of any individual transaction.</p> <p>2-2 The cumulative transaction amount of</p>

Article	Original	Revised
	<p>acquisitions and disposals of the same type of underlying asset with the same trading counterparty within one year.</p> <p>2-3 The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within one year.</p> <p>2-4 The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year.</p> <p>Within one year as used in the paragraph refers to the year preceding the base date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be entered.</p> <p>3. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the 2 paragraph above, a public report of relevant information shall be made on the information reporting website designated by the FSC within two days from the <u>day</u> of occurrence of the fact:</p> <p>3-1 Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>3-2 The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p>	<p>acquisitions and disposals of the same type of underlying asset with the same trading counterparty within one year.</p> <p>2-3 The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within one year.</p> <p>2-4 The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year.</p> <p>Within one year as used in the paragraph refers to the year preceding the base date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be entered.</p> <p>3. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the 2 paragraph above, a public report of relevant information shall be made on the information reporting website designated by the FSC within two days <u>commencing immediately</u> from the <u>date</u> of occurrence of the fact:</p> <p>3-1 Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>3-2 The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p><u>3-3 Change to the originally publicly announced and reported information.</u></p>
Article 23	<p>Public and Disclosure of Information by Subsidiaries</p> <p>1. Information required to be reported in accordance with the provisions of Chapter III on acquisitions and disposals of assets by any subsidiary of the Company that is not itself a domestic public companies shall be reported by the Company.</p> <p>2. The paid-in capital of the Company shall be the standard for determining whether or not a subsidiary under the preceding paragraph is subject to the provision <u>in Article 22, paragraph 1, subparagraph 5</u> requiring a public announcement and filing with the authority in the event the type of transaction specified therein “reaches 20 percent of paid-in capital”.</p>	<p>Public and Disclosure of Information by Subsidiaries</p> <p>1. Information required to be reported in accordance with the provisions of Chapter III on acquisitions and disposals of assets by any subsidiary of the Company that is not itself a domestic public companies shall be reported by the Company.</p> <p>2. The paid-in capital <u>or total asset</u> of the Company shall be the standard for determining whether or not a subsidiary under the preceding paragraph is subject to the provisions <u>of this Chapter</u> requiring a public announcement and filing with the authority in the event the type of transaction specified therein “reaches 20 percent of paid-in capital” <u>or “10 percent of the company’s total assets.”</u></p>
Article 26	<p>1. The Company shall execute control activities when a subsidiary acquiring or disposing of assets.</p> <p>2. The Company shall enforce subsidiaries to formulate the “Procedures for Acquisition or</p>	<p>1. The Company shall execute control activities when a subsidiary acquiring or disposing of assets.</p> <p>2. The Company shall enforce subsidiaries to formulate <u>and execute</u> the “Procedures for</p>

Article	Original	Revised
	Disposal of Assets” base on the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”	Acquisition or Disposal of Assets” base on the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”
Article 27	Punishments Employees shall enforce punishments depending on instance for violations of these Regulations or Procedures.	Punishments Employees shall enforce punishments depending on instance for violations of these Regulations or Procedures.
Article 29	Where an audit committee has been established in accordance with the provisions of the Act, the provisions regarding supervisors set out in Articles 4, in <u>article 11, paragraph 2</u> , and <u>article 28</u> , shall apply mutatis mutandis to the audit committee. Where an audit committee has been established in accordance with the provisions of the Act, the provisions regarding independent directors set out in Article 14, paragraph 1, subparagraph 2 shall apply mutatis mutandis to the audit committee.	Where an audit committee has been established in accordance with the provisions of the Act, the provisions regarding supervisors set out in Articles 4, in <u>Article 11</u> , and <u>Article 28</u> , shall apply mutatis mutandis to the audit committee. Where an audit committee has been established in accordance with the provisions of the Act, the provisions regarding independent directors set out in Article 14, paragraph 1, subparagraph 2 shall apply mutatis mutandis to the audit committee.

Attachment 6

The comparison chart of the rule for the “Procedures for Financial Derivatives Transactions”

Article	Original	Revised
Article 5	<p>Procedures of Public Announcement</p> <p>1. The Company should make announcements in accordance with Articles 25 and 26 of "Procedures for Handling Acquisition or Disposal of Properties" of the Company.</p> <p>2. The Company should make announcements within 2 days from its occurrence when the loss from derivative reaches the upper limit by the aggregate or single agreement specified in this guidelines.</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 any subparagraph of the preceding paragraph.</p> <p>4. The Company should re-announce all the items when mistakes or omissions occur in the announcement.</p> <p>5. The Company should maintain relevant agreement, agenda, the book for reference for at least five years °</p>	<p>Procedures of Public Announcement</p> <p>1. The Company should make announcements in accordance with Articles 25 and 26 of "Procedures for Handling Acquisition or Disposal of Properties" of the Company.</p> <p>2. The Company should make announcements within 2 days from its occurrence when the loss from derivative reaches the upper limit by the aggregate or single agreement specified in this guidelines.</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 any subparagraph of the preceding paragraph.</p> <p>4. The Company should re-announce all the items <u>within 2 days from its occurrence</u> when mistakes or omissions occur in the announcement.</p> <p>5. The Company should maintain relevant agreement, agenda, the book for reference for at least five years °</p>

Attachment 7

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. 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 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 amount of the private placement of domestic or overseas convertible bonds shall be calculated by the projected convertible shares and price.
- (2) 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 convertible 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 convertible price. 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 convertible price setting arrangement shall be reasonable.

- (3) 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.
- (4) The necessity of private placement : In consideration of 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.
- (5) The transfer restriction of the privately placed convertible bonds is in accordance with Article 43-8 of Securities and Exchange Act.
- (6) 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.

Attachment 8

The directors who serve a position which may be deemed as within the scope of the Company's business

Name	Title of other company	Note	Main business	
Miin Chyou Wu	Nan Shan Life Insurance Co., Ltd.	Director	New	Personal Insurance
	Eastern Electronics Co., Ltd.	Managing Director	Permitted	Engineering Manufacturing Service
	* Macronix (Asia) Limited	Director	Permitted	After-sale service
	* Macronix America Inc.	Director	Permitted	Marketing
	* Macronix (BVI) Co., Ltd.	Director	Permitted	Investment Holding Company
	* Macronix (Hong Kong) Co., Ltd.	Director	Permitted	Marketing
	* Hui Ying Investment Ltd.	Representative (Director)	Permitted	Investment
	* Run Hong Investment Ltd.	Representative (Director)	Permitted	Investment
	* Macronix Microelectronics (Suzhou) Co., Ltd.	Chairman	Permitted	Design, maintenance and test of IC systems and rendering of related technical consultation and services
	* Magic Pixel Inc.	Chairman	Permitted	IC Design
	* MaxRise Inc.	Chairman	Permitted	IC Design
	* MoDioTek Co., Ltd.	Chairman	Permitted	IC Design
	* Infomax Communication Co., Ltd.	Chairman	Permitted	IC Design
* Mxtran Inc.	Chairman&President	Permitted	IC Design	
Champion Investment Corporation	Unizyx Holding Corporation	Director	Permitted	Investment Holding Company
	WEB POINT CO., LTD.	Director	Permitted	Data Processing Services
Representative : Ding-Hua Hu	Personal Genomics, Inc.	Chairman	New	Biotechnology Services
	Phalanx Biotech Group, Inc.	Representative (Chairman)	New	Biotechnology Services
	Ti-Shiue Biotech, Inc.	Representative (Chairman)	New	Biotechnology Services
	Ming Li Investment Corporation	Director	Permitted	Investment
	Chien Hsu Investment Corporation	Director	Permitted	Investment
	ZOWIE Technology Corporation	Representative (Director)	Permitted	Diodes and Discrete Components
	Applied Vacuum Coating Technologies Co., Ltd.	Representative (Director)	Permitted	Glass and glass made products manufacturing
	Industrial Technology Investment Corporation	Representative (Director)	Permitted	Venture Investment
	Champion Consulting Corporation	Chairman	Permitted	Venture Investment
	Champion Investment Corporation	Chairman	Permitted	Investment
	Giga Solution Tech. Co., Ltd.	Representative (Chairman)	Permitted	IC Testing
	Chien Pang Vacuum Capital Corporation	Representative (Chairman)	Permitted	Venture Investment
	Honpang Venture Capital Corporation	Representative (Chairman)	Permitted	Venture Investment
Hung Chih Investment Corporation	Eastern Electronics Co., Ltd.	Director	Permitted	Engineering Manufacturing Service
	Technology Associates Corp.	Director	Permitted	Venture Investment
	Tech Alliance Corp.	Director	Permitted	Venture Investment
Representative : H. C. Chen	Eastern Electronics Co., Ltd.	Representative (Director)	Permitted	Engineering Manufacturing Service
	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

Name	Title of other company	Note	Main business	
	Shiong Yek Steel Corporation	Chairman	Permitted	Iron and Steel Rolls over Extends and Crowding
	Technology Associates Corp.	Representative (Chairman)	Permitted	Venture Investment
	Tech Alliance Corp.	Representative (Chairman)	Permitted	Venture Investment
Chih-Yuan Lu	Ardentec Korea Co., Ltd.	Director	Permitted	Wafer Testing
	Ardentec Corporation	Chairman & CEO	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
	* Macronix Europe NV.	Director	Permitted	After-sale service
	* Macronix (Hong Kong) Co., Ltd.	Director	Permitted	Marketing
* Macronix America Inc.	Chairman	Permitted	Marketing	
Shui Ying Investment Representative : Shigeki Matsuoka	MegaChips Corporation	Director & Executive Vice President	New	IC Design
Cheng-Yi Fang	Avnet Asia Pte. Ltd., Taiwan Branch	Regional President of Taiwan	Permitted	Retail Sale of Electronic Materials
Chung-Laung Liu	United Microelectronics Corp.	Independent Director	Permitted	Wafer Foundry
	Anpec Electronics Corporation	Independent Director	Permitted	IC Design
	Powerchip Technology Corporation	Independent Director	Permitted	DRAM manufacture
	CMSC, Inc.	Director	Permitted	IC Design
	DRAMeXchange Tech. Inc.	Chairman	Permitted	Data Processing Services
Achi Capital Limited	* Mxtran Inc.	Director	Permitted	IC Design
Representative : Stacey Lee	* Mxtran Inc.	Representative of Director	Permitted	IC Design
	* Magic Pixel Inc.	Representative of Director	Permitted	IC Design
Dang-Hsing Yiu	* Macronix America Inc.	Director	Permitted	Marketing
	* Infomax Holding Co., Ltd.	Director	Permitted	Investment Holding Company
	* Infomax Holding Company Limited	Director	Permitted	Investment Holding Company
	* Magic Pixel Inc.	Representative (Director)	Permitted	IC Design
	* MoDio Tek Co., Ltd.	Representative (Director)	Permitted	IC Design
	* Mxtran Inc.	Representative (Director)	Permitted	IC Design
	* MaxRise Inc.	Representative (Director)	Permitted	IC Design
	* Infomax Communication (Suzhou) Co., Ltd.	Chairman&President	Permitted	Design, maintenance and test of IC systems and rendering of related technical consultation and services
* Infomax Communication Co., Ltd.	Director&President	Permitted	IC Design	
Ful-Long Ni	* Macronix Pte.Ltd.	Director	Permitted	After-sale service
	* Macronix (Hong Kong) Co., Ltd.	Director	Permitted	Marketing
	* Infomax Communication Co., Ltd.	Representative (Director)	Permitted	IC Design
	* Macronix Europe NV.	Chairman	Permitted	After-sale service
Wen-Sen Pan	* Macronix (Hong Kong) Co., Ltd.	Director	Permitted	Marketing
	* Macronix Pte. Ltd.	Chairman	Permitted	After-sale service
Yan-Kuin Su	Himax Technologies, Inc.	Independent Director	New	IC Design
John C.F. Chen	Chan Chun Investment Inc.	Representative (Director)	Permitted	Investment
	Realy Development & Construction Corp.	Representative (Director)	Permitted	Construction
	Chen Chow Investment Inc.	Director	Permitted	Investment
	Diwan Investment Inc.	Chairman	Permitted	Investment

* Affiliated enterprises of Macronix International Co., Ltd.

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 while the remaining directors are non-independent) 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 writting, 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.