

FOR IMMEDIATE RELEASE



April 21, 2014

Name of the Company: MegaChips Corporation  
 Representative: Akira Takata, President and CEO  
 (Code No. 6875, First Section of the Tokyo Stock Exchange)

### Notice of Stock Purchase by Consolidated Subsidiary (Becoming Second Tier Subsidiary)

MegaChips Corporation, hereby announces that it made a decision as of April 21, 2014, by Japanese Commercial Code Section 370 (Witten Consent in lieu of Board of Directors Meeting), that its consolidated subsidiary, MegaChips Taiwan Corporation (Main Office : Taipei, Taiwan / hereinafter “MegaChips Taiwan”) will subscribe for new shares of stock issued by Modiotek Co., Ltd. (Main Office : Hsinchu, Taiwan / hereinafter “Modiotek”) and make Modiotek a subsidiary (second tier subsidiary of MegaChips Corporation).

#### 1. The purpose of investment

For the purpose of expanding the business of our group in East Asia, making Modiotek one of our group companies will enable us to expand the channels to customers and enhance our capabilities of the marketing, sales, development and customer support in Asia, mainly in Taiwan and China.

#### 2. Outline of Subsidiary which will Subscribe for New Shares of Stock (MegaChips Taiwan)

(1) Name	MegaChips Taiwan Corporation
(2) Location	RM. B 2F, Worldwide House, No.129, Min Sheng E.Rd., Sec.3, Taipei 105 Taiwan
(3) Title and name of representative	Chairman : Shigeki Matsuoka (Executive Vice President of the Company and Officer of the Corporate Business Management Office)
(4) Business details	Marketing, production management, development technical support, mainly in Taiwan, as the business control base for East Asia, excluding Japan,
(5) Capital	NT\$610 million
(6) Established	September 2013
(7) Major Shareholders and their Shareholding Ratio	MegaChips Corporation 59.0%、Shun Yin Investment Ltd. 41.0%

#### 3. Outline of Acquired Second Tier Subsidiary (Modiotek)

(1) Name	Modiotek Co., Ltd.
(2) Location	4F, No.3, Creation Road III, Science Park, HsinChu, Taiwan
(3) Title and name of representative	Chairman : Miin Wu (Chairman & CEO of Macronix International Co., Ltd.)
(4) Business details	Fabless solution provider which develops and outsources manufacture of semiconductor products for 3 dimension remote controller for smart TV and audio/music processing for portable devices
(5) Capital	NT\$80,810,790 (as of March 12, 2014)
(6) Established	August 16, 2006
(7) Major Shareholder and its Shareholding Ratio	Macronix International Co., Ltd. 74.2%

(8) Relations between MegaChips Corporation and Modiotek	Capital	Nothing	
	Personnel	Nothing	
	Business Transaction	Nothing	
(9) Consolidated business performance and financial condition of Modiotek for recent 3 financial years (NT\$1,000)			
	FY2011	FY2012	FY2013
Net assets	226,047	101,535	80,543
Total assets	244,521	117,628	96,583
Net sales	23,035	23,760	16,841
Operating income (loss)	(121,725)	(124,809)	(122,125)
Net income (loss)	(107,409)	(124,220)	(119,755)
Dividends	-	-	-

#### 4. Way of Stock Purchase (Schedule)

Modiotek will increase its capital by issue of new shares of stock in the amount of NT\$210 million, and MegaChips Taiwan will subscribe for all of the increased shares of stock. As a result, MegaChips Taiwan will own 72.2% of outstanding shares of Modiotek.

#### 5. Number and price of shares to be purchased and the shareholding ratio before and after the stock purchase (schedule)

(1) Number of Shares Owned before Stock Purchase	0 shares (Number of Voting Rights : -) (Shareholding Ratio : -%)
(2) Number and Price of Shares to be Purchased	21,000,000 shares (Number of Voting Rights : 21,000,000) (Proportion to Outstanding Shares : 72.2%) (Purchase Price : NT\$210 million)
(3) Number of Shares Owned after Stock Purchase	21,000,000 shares (Number of Voting Rights : 21,000,000) (Shareholding Ratio : 72.2%)

#### 6. Schedule

(1) Date of Decision at MegaChips Corporation	April 21, 2014
(2) Date of Payment	April 22, 2014 (Schedule)

#### 7. Future outlook

This stock purchase (making Modiotek one of 2nd tier subsidiaries) has no significant effect to the performance of the fiscal year ending in March 2015.

Since Modiotek's capital amount exceeds 10/100 of the same of MegaChips Corporation, Modiotek will be a "specified subsidiary" of MegaChips Corporation.