



**MACRONIX
INTERNATIONAL Co., LTD.**

2019 Annual Shareholders' Meeting

Meeting Manual

(Translation)

June 18, 2019

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THIS IS A TRANSLATION OF THE AGENDA FOR THE 2019 ANNUAL SHAREHOLDERS' MEETING OF MACRONIX INTERNATIONAL CO., LTD. THE TRANSLATION IS FOR REFERENCE ONLY. IF THERE IS ANY DISCREPANCY BETWEEN THE ENGLISH VERSION AND CHINESE VERSION, THE CHINESE VERSION SHALL PREVAIL.

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Macronix International Co., Ltd.
2019 Annual Shareholders' Meeting Procedure

1. Announcement of Meeting to Order

2. Chairman's Remarks

3. Reports

4. Ratification, Discussion and Election

5. Others and Motions

6. Meeting Adjourned

Remarks: Voting Method/Sequence:

(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 timing designated by the Chairman before the end of all agenda hereunder.)

Macronix International Co., Ltd.

2019 Annual Shareholders' Meeting Agenda

Date : 9:00 a.m., June 18, 2019

Location : Room101 of the Allied Association for Science Park Industries
(Address : No. 2, Prosperity Rd. 1, Hsinchu Science Park)

Attendants : All attendant shareholders in person or by proxy

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

I. Chairman's Remarks

II. Reports

1. 2018 Business Report
2. Audit Committee's Report of 2018
3. Report of 2018 Distribution employees and/or directors compensation
4. Others

III. Ratification, Discussion and Election

1. Adoption of 2018 Business Report and Financial Statements
2. Adoption of the Company's 2018 Distribution Plan
3. Approval of the amendment of the following internal rules
 - A. Procedure Rules for Acquisition or Disposal of Assets
 - B. Procedure Rules for Derivatives Transactions
 - C. Procedure Rules for Loans to Others
 - D. Procedure Rules for Endorsement and Guarantee
4. Approval of the public offering and/or private placement of Securities
5. Approval of the issuance of new shares for employee Restricted Stock Awards
6. Election of the directors for the 11th term of the Board of Directors
7. Release of Directors' Non-Competition Obligation

Voting Method/Sequence of the above proposals: 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 timing designated by the Chairman before the end of all agenda hereunder.

IV. Others and Motions

V. Meeting Adjourned

Reports

ITEM 1 2018 Business Report

Explanation : The 2018 Business Report is attached hereto as Attachment 1.

ITEM 2 Audit Committee's Report of 2018

Explanation : The Audit Committee's Report is attached hereto as Attachment 2.

ITEM 3 Report of 2018 distribution of employees' and/or directors' compensation

Explanation : The Borad of Directors held on March 12, 2019 approved to distribute NT\$1,669,586,163 as Employee Compensation and NT\$222,611,488 as Directors compensation in cash. The Employees compensation will be distributed in installments.

ITEM 4 Others : None

Ratification, Discussion and Election

ITEM 1 (Proposed by the Board of Directors)

Proposal : Adoption of 2018 Business Report and Financial Statements

Explanation : 1. The 2018 Financial Statements (including the Parent Company Only and the Consolidated Financial Statements) have been audited by Deloitte & Touche, the Company's Independent Auditor.
2. Business Report, Independent Auditors' Report and Financial Statements are attached hereto as Attachment 1, 3 and 4.

Resolution :

ITEM 2 (Proposed by the Board of Directors)

Proposal : Adoption of the Company's 2018 Distribution Plan

Explanation : 1. It is hereby proposed to distribute NT\$2,208,200,392 as dividend, i.e., cash dividend for NT\$1.2/per share ("Distribution Plan"). The actual amount to be paid to each shareholder will subtract the fractional, i.e. those less than one dollar. Such fractional amount will be saved and recorded as the Company's incomes.
2. In the event the outstanding common shares varied, it is hereby proposed to fully authorize the Chairman to adjust the dividends to be distributed based on the outstanding common shares on the record date of the distribution.
3. It is hereby proposed to authorize the Chairman to determine the record date of the Distribution Plan after it has been resolved by the Annual Shareholders Meeting.
4. 2018 Distribution Plan is attached hereto as Attachment 5.

Resolution :

ITEM 3 (Proposed by the Board of Directors)

Proposal : Approval of the amendment of the following internal rules

Explanation : 1. In compliance with the amended "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" announced by Financial Supervisory Commission on November 26, 2018, it is hereby proposed to amend the Company's "Procedure Rules for Acquisition or Disposal of Assets" and the "Procedure Rules for Derivatives Transactions" ("Procedures").
2. In compliance with the amended "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" announced by Financial Supervisory Commission on March 7, 2019, it is hereby proposed to amend the Company's "Procedure Rules for Loans to Others" and the "Procedure Rules for Endorsement and Guarantee".
3. The comparison chart of the revised rules are attached hereto as Attachment 6 to 9.

Resolution :

ITEM 4 (Proposed by the Board of Directors)

Proposal : Approval of fund raising by issuance of new shares, overseas depositary receipts through cash capital increase, and/or the private placement of common shares and/or 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 domestic and/or overseas convertible bonds, to the extent of 360 million common shares (collectively and/or individually "Offering(s)"). For private placement, the total number of shares shall not exceed 180 million common shares. As to the private placement of convertible bonds, the total number of common shares can be converted within the limit of 180 million common shares shall be calculated in accordance with then current conversion price. It is also hereby proposed to submit to Shareholders Meeting to authorize the Board of Directors to select any type and/or all of the Offering(s), or mix certain of the Offering(s) after taking into consideration then market conditions and/or the Company's business needs. Please refer to Attachment 10.

2. It is proposed to submit the Shareholders Meeting to authorize the Board of Directors to determine and finalize the details of the Offering(s), including the number of shares to be offered, the offering plan, the conversion terms, the projected plans, the projected schedule for the use of proceeds, the projected results and related matters, in accordance with applicable government rules after taking into consideration the market conditions as well as the Company's business need.

3. It is hereby proposed to submit to the Shareholders Meeting to authorize the Board of Directors with full rights to follow-up and/or proceed adjustment, revisions and/or amendments made in connection with the amendment of law, the opinion or comments of the authority, and/or then market conditions.

4. The price will be set in accordance with the pricing rules resolved by the Shareholders Meeting and then closing price of the Company's common shares to confirm the reasonableness of price offered as well as no significant impact to the shareholders of the Company. Please refer to Attachment 10.

Resolution :

ITEM 5 (Proposed by the Board of Directors)

Proposal : Approval of the issuance of new shares for employee Restricted Stock Awards ("RSA")

Explanation : 1. In order to attract and retain employees, it is proposed to issue and/or grant RSA pursuant to Article 267 of the Company Act and the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" ("Plan")

2. The Plan includes the following matters :

- 2-1 Total numbers of shares : To the extent of 35,294,000 common shares
- 2-2 Terms and conditions :
 - 2-2-1 Price : NT\$0
 - 2-2-2 Types of shares : Common shares of the Company
 - 2-2-3 Vesting Conditions : Conditions precedents, such as seniority of employee, achievements, etc., as specified under the Offering Rules of the RSA.
 - 2-2-4 Fail to meet the vesting conditions: The Company will redeem and cancel the RSA granted there under.
- 2-3 Qualifications of employees and the numbers of shares to be granted :

The qualified employee of RSA is limited to those employees on such shares issuance date. The employees and shares granted will be in accordance with applicable laws and taking into consideration their respective position, performance, contribution(s) or achievement(s) to the Company, and/or others.
- 2-4 Approximated expenses, dilution of EPS and/or others which will affect the shareholders' interests :

Based on the closing price of NT\$21.95 on March 11, 2019 (one business day prior to the Board of Directors) and the outstanding common shares of the Company (i.e. 1,840,166,993 shares), if the RSA were fully vested and issues, the approximated expenses from 2019 to 2023 will be around NTD\$774,703 thousand, and the dilution of the Company's EPS will be approximately NTD\$0.42, hence it shall not have material impacts to the shareholders.
- 2-5 Restricted rights before RSA vested :

The RSA granted shall not be sold, transferred, pledged or as a gift to a third party or otherwise dispose.
- 2-6 The necessity of the RSA :

In order to attract and retain employees required for the Company's development so as to enhance the competitiveness of the Company for the mutual interests of the Company and shareholders.
- 2-7 Other important arrangements :

The RSA to be issued shall be held in Trust.
- 3. It is hereby proposed to the 2019 Annual Meeting of Shareholders ("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. With respect to the RSA Plan, the relevant restrictions, material arrangements and any other matters not set forth here will be follow up in accordance with the applicable laws and/or regulations as well as the RSA Rules of the Company.

Resolution :

ITEM 6

Proposal : To elect the directors of the 11th term.

Explanation : 1. The tenure of the directors of the 10th term was expired on June 15, 2019, and extended until the newly elected directors on board pursuant to Articles 195 of the Company Act. The Company shall elect the directors (including independent directors) of the 11th term at 2019 AGM.

2. According to the Company's Article of Incorporation, the board of directors are composed of nine to fifteen directors, including no less than three independent directors with remaining being non-independent directors, elected by the shareholders from duly nominated candidates. As such, it is hereby proposed to elect 15 directors, including 4 independent directors and 11 non-independent directors, at 2019 AGM.

3. The tenure of the directors of the 11th term shall begin from June 18, 2019 to June 17, 2022, and the newly elected directors will be on board immediately after the 2019 AGM is adjourned.

4. The information of Director candidates proposed by law is attached hereto as Attachment 11.

Election results :

ITEM 7

Proposal : Approval of removing the competition restrictions to the Directors of the 11th term

Explanation : 1. Article 209 of Company Act provides that “A director who does anything for himself or on behalf of another person that is within the scope of the Company’s business, shall explain to the meeting of shareholders the essential contents of such acts for the approval”.

2. In consideration of the election of the Directors of the 11th term and pursuant to Article 209 of Company Act, it’s hereby proposed to submit to the AGM for approval of releasing the director’s competition restrictions after the explanation of the competitive activities of the respective board of directors. The summary of such activities of the respective Directors of the 11th term are as attachment 12.

Resolution :

Voting Method/Sequence of the above proposals: 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 timing designated by the Chairman before the end of all agenda hereunder.

Others and Motions

Meeting Adjourned

Attachment 1

Macronix International Co., Ltd. 2018 Business Report

Macronix achieved an outstanding performance in 2018. Not only the annual revenue reaches record high, operating margin and earnings per share also increased. Although the global memory market has been impacted by uncertainties, including the US-China trade negotiations resulting in oversupply price down pressure, Macronix's high-quality and reliable products and services have earned the trust of customers. Not only the price remained stable, high-quality applications, including automotive, industrial, medical, and aerospace, has been increased to 26% of NOR Flash revenue in 2018. Those illustrated Macronix's excellent technology, research, and development capacity, and demonstrated Macronix's strict self discipline for seeking high quality, unique characteristics and competitiveness. Furthermore, settlement of around 30 patent disputed with Toshiba also add to certain of Macronix's income in 2018 (<http://mops.twse.com.tw/mops/web/t05st01>), which evidences Macronix's R&D and intellectual property as well as international negotiation and litigation strengths, and are helpful in Macronix's long-term developments.

The operating performance of 2018 is as follows: net consolidated revenue for the year was NT\$36.953 billion, an increase of 8% over the previous year. Gross profit of the combined business was NT\$13.926 billion, an increase of 10% over the previous year, while annual gross profit margin was 38%, an increase of 1 percentage point. Net profit after tax was NT\$8.993 billion, an increase of 63% over the previous year, and earnings per share posted NT\$4.94. Cash generated from operating activities was NT\$10.092 billion; meanwhile, cash expenditures for investment activities was NT\$4.852 billion, with NT\$13.612 billion in cash at the end of the period. The debt ratio was 46.9%, book value per share rose to NT\$17.06, and return on equity was as high as 32%. All these figures indicate that Macronix's financial status is well sounded.

R&D and innovation are the main goals of Macronix as well as the foundation of its sustainable operations. Since its establishment, Macronix has always focused on researching forward-looking memory technology and the development of proprietary products. Investment expenses for research and development were equivalent to about 11% of annual revenue in 2018. In addition, through long-term strategic cooperation with international technology giants, we have jointly developed advanced memory technologies to bolster the Company's technical strength. By the end of last year (2018), Macronix had been awarded 7,640 patents worldwide. Outstanding research and development achievements and strong intellectual property support continue to strengthen the value of the Company, which is also the key for creating higher investment return for shareholders.

Regarding the development of processes and products, in terms of read-only memory (ROM), products above 64Gb accounted for 72% of ROM revenues in the fourth quarter of 2018. In terms of NOR Flash, products below 75 nm accounted for 63% of NOR Flash revenue in the fourth quarter of the year, of which high-density products above 256Mb increased to 25% of NOR Flash revenue. Our market share has taken the world's leading position. Process technology is advancing towards 55 nm, and the Company continues to expand in the application market for high-quality products for automotive and industrial use. In terms of NAND Flash, the Company plans to upgrade all 36 nm in the 12-inch fab process

technology to 19 nm in order to increase high-level production capacity and meet the expectations of customers of SLC NAND Flash and 1GB-8GB eMMC NAND Flash products. Macronix hopes to become a major supplier in this sector to further enhance profitability and meet customer needs.

With the development of artificial intelligence and the integration of cloud computing, Big Data, and the Internet of Things (IoT), the application of memory chips has become more extensive. Macronix's superior product design and technical strength will provide customers with solutions that cover the general specifications or capacity requirements. For example, 2018 saw the launch of the extremely fast octa flash with high-ultra performance and extended battery life, in line with current trends of application that require extremely high performance and reliability. Read-While-Write (RWW) flash also meets customers' need for the latest functions and safety regulation updates of vehicle safety systems in a timely manner. It has also been adopted by the latest automotive instrument cluster of international car manufacturers. In addition to meeting the rigorous automotive electronic verification standard AEC-Q100, Macronix also passed the IATF 16949 certification for the automotive industry quality management system in 2018. Moreover, through advanced analysis technology, Macronix's product yield has increased significantly, and the return rate has also dropped from the industry standard "ppm" (parts per million) to "ppb" (parts per billion). It has become one of the few companies in the world that can measure defective products using the "ppb" indicator. Macronix's continuous pursuit of high-quality performance has been recognized and trusted by high-level application customers, and it has been selected as a high-quality supplier or long-term partner.

In view of the fact that the semiconductor industry is a capital and technology-intensive one, Macronix must continuously improve its production capacity and process technology to reduce production costs and maintain product competitiveness. In the fourth quarter of 2018, the Board of Directors passed capital expenditures of NT\$14.203 billion. Besides enhancing the production capacity of the high-level process of the 12-inch fab and creating higher revenue and profit through mass production of high-level process products, the Company also invests in the 3D NAND R&D program to develop 96-layer process technology and products, as well as timely developing the key technology for mainstream memories in the future, in the hopes of making Macronix more competitive.

In sector of corporate governance, Macronix has also established a Nomination Committee and a performance evaluation system for the Board of Directors to promote the sound development of the Board's functions and protect the shareholders' equity. Integrity management stands as the corporate culture of Macronix which strictly complies with laws and regulations, as well as the management of risks such as business secrets and information security, in order to create a sustainable business environment. Furthermore, in sector of corporate social responsibility, Macronix continues to improve the performance of environmental protection, occupational safety, and health with high standards. Besides promoting energy conservation, water conservation, carbon reduction, and waste reduction, the Company also actively complies with the code of conduct of the Responsible Business Alliance (RBA). Taking the latest AI Big Data analysis technology introduced in 2018 for example, it has effectively reduced the carbon emissions of the 12-inch fab and passed the RBA VAP (Validated Assessment Program) audit with excellent results, demonstrating Macronix's commitment to sustainable corporate development.

Macronix is about to enter its 30th year. Having witnessed the ups and downs of the

semiconductor industry, the Company has always focused on the development and manufacturing of advanced non-volatile memory. It is precisely due to this continuous pursuit of innovation that we have reached today's level of achievement. Moving forward, the management team will continue to strengthen technical development and cost advantages by taking on new competition and challenges with a forward-looking vision and sound strategies. We hope to work together with employees, shareholders, customers, and suppliers to create a win-win situation and reach new heights!

Attachment 2

Audit Committee's Report

To: 2019 Annual Shareholders' Meeting of Macronix International Co., Ltd.

The 2018 Financial Statements of the Company (including the parent company only financial statements), the 2018 Business Report, and the proposed 2018 Distribution Plan have been duly reviewed and concluded by the undersigned as accurate. According to Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, it is hereby reported as above.

Independent director: Yan-Kuin Su

Independent director: Chiang Kao

Independent director: John C.F. Chen

Dated: March 12, 2019

Attachment 3



勤業眾信

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Macronix International Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2018 and 2017, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2018 are stated as follows:

Recognition of revenue

The Company operates principally as a supplier of memory chips. For the year ended December 31, 2018, the

revenue recognized was NT\$36,280,727 thousand, increasing by 8% compared to that of last year. Due to the market rebound of memory chips, the Company released certain sales orders by temporarily increasing the credit line. As such, this gives the rise of the potential risk of overstating sales. We therefore considered that testing the existence and occurrence of sales is a key audit matter of the current period.

Our audit procedures performed included, but not limited to, the following:

1. We evaluated the appropriateness of the Company's accounting policies relating to revenue recognition;
2. We understood the internal controls over the approval of sales order and shipping and tested the effectiveness of those internal controls;
3. We sampled the sales documents to inspect sales details, including related transaction documents and cash collections in the audited period and the subsequent period;
4. We verified if any deviant occurred in those parties when the sales were recorded and cash was received;
5. We assessed the significant sales return or sales discount taking place in the subsequent period.

Valuation of inventory

The Company provides ROM products, NOR Flash, and NAND Flash, which are widely used in consumer electronics. As of December 31, 2018, inventory was NT\$17,906,555 thousand, accounting for 30% of the total assets. With the current rapid changes in technology and the improvements in manufacturing technologies, demand for memory chip market could change significantly and thereby, results in inventory obsolescence. Since inventory valuation and estimates of net realizable value of inventory are subject to management's judgment, they are considered as accounting estimates with relatively high uncertainty. Therefore, valuation of inventory has been identified as a key audit matter. Refer to notes 4 (e) and 11 to the financial statements for the details of accounting policy, accounting judgment, key sources of estimation uncertainty and the related information about the valuation of inventory.

Our key audit procedures performed in respect of the above area included the following:

1. We understood and assessed the adequacy of the policy and procedures for the inventory valuation adopted by the management.
2. We obtained data on the assessment of lower cost or net realizable value and selected sample data, and we tested the reasonableness of net realizable value by comparing inventory carrying amounts to recent selling prices; we tested the reasonableness of allowance for inventory loss by comparing net realizable value with carrying amounts. We obtained the inventory aging report, and we tested the accuracy and completeness of the report by agreeing the age interval, quantity and amount to the supporting documents of inbound inventory. We assessed the reasonableness of allowance for inventory loss by recalculating the amount in accordance with the stated valuation policy for the inventory.
3. We performed a retrospective review of inventory movements to evaluate the reasonableness of inventory obsolescence reserve policy and policy on scrapping of inventories.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ming Hui Chen and Ching Pin Shih.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2019

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance 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 applied in the Republic of China.

For the convenience of readers, the independent 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 independent auditors' report and financial statements shall prevail.

MACRONIX INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars)

ASSETS	2018		2017	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 32)	\$ 12,712,172	22	\$ 7,438,187	17
Notes receivable and trade receivables, net (Notes 4, 10, 32 and 34)	3,094,833	5	3,990,528	9
Receivables from related parties, net (Notes 4, 32 and 33)	1,208,039	2	2,039,793	5
Other receivables (Notes 4,10, 32 and 33)	143,687	-	126,544	-
Inventories (Notes 4 and 11)	17,906,555	30	9,796,393	22
Other current assets (Note 16)	417,946	1	184,112	-
Total current assets	<u>35,483,232</u>	<u>60</u>	<u>23,575,557</u>	<u>53</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4, 7 and 32)	1,201,824	2	-	-
Available-for-sale financial assets - non-current (Notes 4, 8 and 32)	-	-	1,349,993	3
Financial assets measured at cost - non-current (Notes 4, 9 and 32)	-	-	58,500	-
Investments accounted for using equity method (Notes 4 and 12)	2,128,488	4	2,249,939	5
Property, plant and equipment (Notes 4, 13 and 34)	18,829,669	32	15,781,321	36
Intangible assets (Notes 4 and 14)	42,755	-	44,149	-
Deferred tax assets (Notes 4 and 26)	1,179,084	2	992,838	2
Other financial assets - non-current (Notes 4, 15, 32 and 34)	179,957	-	158,383	1
Total non-current assets	<u>23,561,777</u>	<u>40</u>	<u>20,635,123</u>	<u>47</u>
TOTAL	<u>\$ 59,045,009</u>	<u>100</u>	<u>\$ 44,210,680</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities (Note 24)	\$ 13,598	-	\$ -	-
Notes payable and trade payables (Notes 18 and 32)	2,611,878	4	2,786,652	6
Payables to related parties (Notes 32 and 33)	8,926,201	15	3,414,139	8
Accrued employees' compensation and remuneration of directors (Notes 25 and 32)	2,292,435	4	1,130,162	3
Payables for purchases of equipment (Note 32)	964,872	2	673,604	1
Other payables (Notes 19 and 32)	1,310,443	2	1,339,747	3
Other payables to related parties (Notes 32 and 33)	160,112	-	170,106	-
Current tax liabilities (Note 26)	184,257	-	-	-
Provisions - current (Notes 4 and 21)	14,106	-	294,513	1
Current portion of long-term borrowings (Notes 17, 32 and 34)	3,334,772	6	3,178,666	7
Other current liabilities (Note 20)	336,834	1	91,044	-
Total current liabilities	<u>20,149,508</u>	<u>34</u>	<u>13,078,633</u>	<u>29</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17, 32 and 34)	5,885,318	10	4,859,729	11
Net defined benefit liabilities (Notes 4 and 22)	1,640,069	3	1,609,941	4
Other non-current liabilities (Note 20)	10,091	-	6,715	-
Total non-current liabilities	<u>7,535,478</u>	<u>13</u>	<u>6,476,385</u>	<u>15</u>
Total liabilities	<u>27,684,986</u>	<u>47</u>	<u>19,555,018</u>	<u>44</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 23)				
Share capital				
Ordinary shares	18,402,919	31	18,049,385	41
Share capital to be cancelled	(1,249)	-	(1,627)	-
Total share capital	<u>18,401,670</u>	<u>31</u>	<u>18,047,758</u>	<u>41</u>
Capital surplus	(56,241)	-	(207,088)	-
Retained earnings				
Legal reserve	541,360	1	-	-
Special reserve	74,275	-	-	-
Unappropriated earnings	13,461,892	23	5,413,602	12
Total retained earnings	<u>14,077,527</u>	<u>24</u>	<u>5,413,602</u>	<u>12</u>
Other equity	(903,872)	(2)	1,560,451	3
Treasury shares	(159,061)	-	(159,061)	-
Total equity	<u>31,360,023</u>	<u>53</u>	<u>24,655,662</u>	<u>56</u>
TOTAL	<u>\$ 59,045,009</u>	<u>100</u>	<u>\$ 44,210,680</u>	<u>100</u>

MACRONIX INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 24 and 33)	\$ 36,280,727	100	\$ 33,500,949	100
OPERATING COSTS (Notes 4, 11, 22, 25 and 33)	<u>23,002,158</u>	<u>63</u>	<u>21,529,215</u>	<u>65</u>
GROSS PROFIT	13,278,569	37	11,971,734	35
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES (Note 4)	<u>18,882</u>	<u>-</u>	<u>(34,639)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>13,297,451</u>	<u>37</u>	<u>11,937,095</u>	<u>35</u>
OPERATING EXPENSES (Notes 4, 22, 25 and 33)				
Selling and marketing expenses	991,162	3	894,865	3
General and administrative expenses	1,655,468	4	1,477,606	4
Research and development expenses	<u>4,259,551</u>	<u>12</u>	<u>4,034,615</u>	<u>12</u>
Total operating expenses	<u>6,906,181</u>	<u>19</u>	<u>6,407,086</u>	<u>19</u>
INCOME FROM OPERATIONS	<u>6,391,270</u>	<u>18</u>	<u>5,530,009</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 25 and 33)	2,624,372	7	119,197	-
Other gains and losses (Note 25)	244,760	1	(124,920)	-
Finance costs (Notes 4 and 25)	(143,353)	-	(215,602)	(1)
Share of profit of subsidiaries, associates and joint ventures (Notes 4 and 12)	<u>121,328</u>	<u>-</u>	<u>209,163</u>	<u>1</u>
Total non-operating income and expenses	<u>2,847,107</u>	<u>8</u>	<u>(12,162)</u>	<u>-</u>
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	9,238,377	26	5,517,847	16
INCOME TAX EXPENSE (Notes 4 and 26)	<u>245,371</u>	<u>1</u>	<u>-</u>	<u>-</u>
NET INCOME FOR THE YEAR	<u>8,993,006</u>	<u>25</u>	<u>5,517,847</u>	<u>16</u>

(Continued)

MACRONIX INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (79,122)	-	\$ (91,188)	-
Unrealized loss on investments in equity instruments at FVTOCI	(567,696)	(2)	-	-
Share of other comprehensive loss of subsidiaries accounted for using the equity method	(391,039)	(1)	-	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Notes 4 and 23)	94,809	-	(76,541)	-
Unrealized gain on available-for-sale financial assets (Notes 4 and 23)	-	-	490,743	1
Exchange differences on translating foreign operations of associates accounted for using the equity method (Notes 4 and 23)	-	-	(77)	-
Unrealized gain on available-for-sale financial assets of associates accounted for using the equity method (Notes 4 and 23)	-	-	283,717	1
Other comprehensive income (loss) for the year, net of income tax	<u>(943,048)</u>	<u>(3)</u>	<u>606,654</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 8,049,958</u>	<u>22</u>	<u>\$ 6,124,501</u>	<u>18</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 4.94</u>		<u>\$ 3.06</u>	
Diluted	<u>\$ 4.65</u>		<u>\$ 2.97</u>	

MACRONIX INTERNATIONAL CO., LTD.

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)**

	Share Capital			Capital Surplus	Retained Earnings			Other Equity					Total Equity
	Shares (In Thousands)	Ordinary Shares	Share Capital to be Cancelled		Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Available-for- sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Employee Unearned Compensation	Treasury Shares	
BALANCE AT JANUARY 1, 2017	3,615,354	\$ 36,153,535	\$ (7,654)	\$ 340,713	\$ -	\$ -	\$ (18,651,070)	\$ (8,565)	\$ 956,774	\$ -	\$ (306,958)	\$ (159,061)	\$ 18,317,714
Net income for the year ended December 31, 2017	-	-	-	-	-	-	5,517,847	-	-	-	-	-	5,517,847
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	-	(91,188)	(76,618)	774,460	-	-	-	606,654
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	-	5,426,659	(76,618)	774,460	-	-	-	6,124,501
Capital reduction to cover accumulated deficit	(1,865,107)	(18,651,070)	-	-	-	-	18,651,070	-	-	-	-	-	-
Issue of restricted shares to employees	57,476	574,756	-	(561,699)	-	-	(13,057)	-	-	-	-	-	-
Compensation cost of restricted shares for employees	-	-	-	(8,258)	-	-	-	-	-	-	221,358	-	213,100
Retirement of restricted shares for employees	(2,784)	(27,836)	6,027	21,809	-	-	-	-	-	-	-	-	-
Change in capital surplus from investments in subsidiaries accounted for using equity method	-	-	-	347	-	-	-	-	-	-	-	-	347
BALANCE AT DECEMBER 31, 2017	1,804,939	18,049,385	(1,627)	(207,088)	-	-	5,413,602	(85,183)	1,731,234	-	(85,600)	(159,061)	24,655,662
Effect of retrospective application	-	-	-	-	-	-	2,158,766	(146,758)	(1,731,234)	112,903	-	-	393,677
ADJUSTED BALANCE AT JANUARY 1, 2018	1,804,939	18,049,385	(1,627)	(207,088)	-	-	7,572,368	(231,941)	-	112,903	(85,600)	(159,061)	25,049,339
Legal reserve	-	-	-	-	541,360	-	(541,360)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	74,275	(74,275)	-	-	-	-	-	-
Cash dividends distributed by the Company - \$1 per share	-	-	-	-	-	-	(1,804,776)	-	-	-	-	-	(1,804,776)
Share dividends distributed by the Company - \$0.2 per share	36,095	360,955	-	-	-	-	(360,955)	-	-	-	-	-	-
Net income for the year ended December 31, 2018	-	-	-	-	-	-	8,993,006	-	-	-	-	-	8,993,006
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	(79,122)	94,809	-	(958,735)	-	-	(943,048)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	8,913,884	94,809	-	(958,735)	-	-	8,049,958
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(99,070)	-	-	99,070	-	-	-
Compensation cost of restricted shares for employees	-	-	-	141,885	-	-	(143,924)	-	-	-	65,622	-	63,583
Retirement of restricted shares for employees	(742)	(7,421)	378	7,043	-	-	-	-	-	-	-	-	-
Change in capital surplus from investments in subsidiaries accounted for using equity method	-	-	-	1,919	-	-	-	-	-	-	-	-	1,919
BALANCE AT DECEMBER 31, 2018	1,840,292	\$ 18,402,919	\$ (1,249)	\$ (56,241)	\$ 541,360	\$ 74,275	\$ 13,461,892	\$ (137,132)	\$ -	\$ (746,762)	\$ (19,978)	\$ (159,061)	\$ 31,360,023

MACRONIX INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 9,238,377	\$ 5,517,847
Adjustments for:		
Depreciation expense	2,076,231	1,922,176
Amortization expense	26,405	26,932
Finance costs	143,353	215,602
Interest income	(29,830)	(15,750)
Dividend income	(102,920)	(84,181)
Compensation cost of employee restricted shares	63,583	213,100
Share of loss of subsidiaries and associates	(121,328)	(209,163)
Gain on disposal of property, plant and equipment	(36,148)	(10,164)
(Gain) loss on disposal of investments	(180)	2,517
Unrealized (gain) loss on transactions with subsidiaries and associates	(18,882)	34,639
Net (gain) loss on foreign currency exchange	(181,535)	279,218
Changes in operating assets and liabilities		
Notes receivable and trade receivables	929,451	(1,500,845)
Receivables from related parties	862,164	(675,022)
Other receivables	(16,624)	(9,068)
Inventories	(8,110,162)	(2,803,010)
Other current assets	(233,834)	(6,426)
Contract liabilities	(39,085)	-
Notes payable and trade payables	(183,144)	212,623
Payables to related parties	5,306,901	2,287,080
Payables for employees' compensation and director's remuneration	1,162,273	1,130,162
Other payables	(14,723)	301,238
Other payables to related parties	(10,826)	41,028
Provisions	(59,861)	93,264
Other current liabilities	70,391	36,610
Net defined benefit liabilities	(48,994)	(13,533)
Cash generated from operations	10,671,053	6,986,874
Interest received	29,312	15,071
Dividend received	102,920	84,181
Interest paid	(161,174)	(219,644)
Income tax paid	(247,360)	-
Net cash generated from operating activities	<u>10,394,751</u>	<u>6,866,482</u>

(Continued)

MACRONIX INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets measured at cost	\$ -	\$ 5,357
Payments for property, plant and equipment	(4,848,563)	(2,210,532)
Proceeds from disposal of property, plant and equipment	36,928	10,819
Increase in refundable deposits	(2,070)	(208)
Decrease in refundable deposits	215	77
Payments for intangible assets	(25,011)	(49,136)
(Increase) decrease in other financial assets	<u>(19,719)</u>	<u>4,997</u>
Net cash used in investing activities	<u>(4,858,220)</u>	<u>(2,238,626)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	971,597
Repayments of short-term borrowings	-	(1,371,597)
Proceeds from long-term borrowings	4,800,000	10,386,886
Repayments of long-term borrowings	(3,621,981)	(12,265,577)
Proceeds from guarantee deposits received	3,353	6,495
Refund of guarantee deposits received	(310)	(987)
Distribution of cash dividends	<u>(1,804,776)</u>	<u>-</u>
Net cash used in financing activities	<u>(623,714)</u>	<u>(2,273,183)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>361,168</u>	<u>(239,263)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,273,985	2,115,410
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>7,438,187</u>	<u>5,322,777</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 12,712,172</u>	<u>\$ 7,438,187</u>

Attachment 5



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Macronix International Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2018 are stated as follows:

Recognition of revenue

The Group operates principally as a supplier of memory chips. For the year ended December 31, 2018, the revenue recognized was NT\$36,953,032 thousand, increasing by 8% compared to that of last year. Due to the market rebound of memory chips, the Group released certain sales orders by temporarily increasing the credit line. As such, this gives the rise of the potential risk of overstating sales. We therefore considered that testing the existence and occurrence of sales is a key audit matter of the current period.

Our audit procedures performed included, but not limited to, the following:

1. We evaluated the appropriateness of the Group's accounting policies relating to revenue recognition;
2. We understood the internal controls over the approval of sales order and shipping and test the effectiveness of those internal controls;
3. We sampled the sales documents to inspect sales details, including related transaction documents and cash collections in the audited period and the subsequent period;
4. We verified if any deviant occurred in those parties when the sales were recorded and cash was received;
5. We assessed the significant sales return or sales discount taking place in the subsequent period.

Valuation of inventory

The Group provides ROM products, NOR Flash, and NAND Flash, which are widely used in consumer electronics. As of December 31, 2018, inventory was NT\$17,949,234 thousand, accounting for 30% of the total assets in the consolidated balance sheet. With the current rapid changes in technology and the improvements in manufacturing technologies, demand for memory chip market could change significantly and thereby, results in inventory obsolescence. Since inventory valuation and estimates of net realizable value of inventory are subject to management's judgment, they are considered as accounting estimates with relatively high uncertainty. Therefore, valuation of inventory has been identified as a key audit matter. Refer to notes 4 (f), 5 (a), and 13 to the consolidated financial statements for the details of accounting policy, accounting judgment, key sources of estimation uncertainty and the related information about the valuation of inventory.

Our key audit procedures performed in respect of the above area included the following:

1. We understood and assessed the adequacy of the policy and procedures for the inventory valuation adopted by the management.
2. We obtained data on the assessment of lower cost or net realizable value and selected sample data, and we tested the reasonableness of net realizable value by comparing inventory carrying amounts to recent selling prices; we tested the accuracy of allowance for inventory loss by comparing net realizable value with carrying amounts. We obtained the inventory aging report, and we tested the accuracy and completeness of the report by agreeing the age interval, quantity, and amount to the supporting documents of inbound inventory. We assessed the reasonableness of allowance for inventory loss by recalculating the amount in accordance with the stated valuation policy for the inventory.
3. We performed a retrospective review of inventory movements to evaluate the reasonableness of inventory obsolescence reserve policy and policy on scrapping of inventories.

Other Matter

We have also audited the parent company only financial statements of Macronix International Co., Ltd. as of and for the years ended December 31, 2018 and 2017 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the

consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ming Hui Chen and Ching Pin Shih.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2019

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance 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 consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent 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 independent auditors' report and consolidated financial statements shall prevail.

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

ASSETS	2018		2017	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 35)	\$ 13,611,502	23	\$ 8,633,183	20
Notes receivable and trade receivables, net (Notes 4, 12 and 35)	3,786,498	7	4,978,143	11
Receivables from related parties, net (Notes 4, 35 and 36)	695,028	1	732,888	2
Other receivables (Notes 4, 12, 35 and 36)	169,916	-	132,004	-
Inventories (Notes 4, 5 and 13)	17,949,234	30	9,872,170	22
Financial assets measured at amortized cost - current (Notes 4, 8 and 35)	26,832	-	-	-
Other current assets (Notes 17 and 19)	438,280	1	184,168	1
Total current assets	<u>36,677,290</u>	<u>62</u>	<u>24,532,556</u>	<u>56</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 3, 4, 7 and 35)	1,601,941	3	-	-
Available-for-sale financial assets - non-current (Notes 3, 4, 9 and 35)	-	-	2,053,087	5
Financial assets measured at cost - non-current (Notes 3, 4, 10 and 35)	-	-	90,641	-
Financial assets measured at amortized cost - non-current (Notes 3, 4, 8 and 35)	22,360	-	-	-
Debt investments with no active market - non-current (Notes 3, 11 and 35)	-	-	27,390	-
Property, plant and equipment (Notes 4, 15 and 37)	19,308,675	33	16,258,622	37
Intangible assets (Notes 4 and 16)	45,223	-	45,808	-
Deferred tax assets (Notes 4, 5 and 29)	1,184,101	2	997,664	2
Other financial assets - non-current (Notes 4, 18, 35 and 37)	190,510	-	168,505	-
Other non-current assets (Notes 17 and 19)	18,721	-	19,626	-
Total non-current assets	<u>22,371,531</u>	<u>38</u>	<u>19,661,343</u>	<u>44</u>
TOTAL	<u>\$ 59,048,821</u>	<u>100</u>	<u>\$ 44,193,899</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities (Notes 3 and 27)	\$ 14,913	-	\$ -	-
Notes payable and trade payables (Notes 21 and 35)	2,613,758	4	2,787,531	6
Payables to related parties (Notes 35 and 36)	8,926,201	15	3,414,139	8
Accrued employees' compensation and remuneration of directors (Notes 28, 35 and 36)	2,292,435	4	1,130,162	3
Payables for purchases of equipment (Note 35)	964,872	2	673,604	1
Other payables (Notes 22 and 35)	1,446,095	2	1,469,264	3
Other payables to related parties (Notes 35 and 36)	425	-	-	-
Current tax liabilities (Notes 4, 5 and 29)	187,612	-	2,030	-
Provisions - current (Notes 4 and 24)	28,517	-	311,027	1
Current portion of long-term borrowings (Notes 20, 35 and 37)	3,334,772	6	3,178,666	7
Other current liabilities (Note 23)	342,629	1	93,446	-
Total current liabilities	<u>20,152,229</u>	<u>34</u>	<u>13,059,869</u>	<u>29</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 20, 35 and 37)	5,885,318	10	4,859,729	11
Net defined benefit liabilities (Notes 4, 5 and 25)	1,640,817	3	1,610,438	4
Other non-current liabilities (Note 23)	10,100	-	7,516	-
Total non-current liabilities	<u>7,536,235</u>	<u>13</u>	<u>6,477,683</u>	<u>15</u>
Total liabilities	<u>27,688,464</u>	<u>47</u>	<u>19,537,552</u>	<u>44</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 4 and 26)				
Share capital				
Ordinary shares	18,402,919	31	18,049,385	41
Share capital to be cancelled	(1,249)	-	(1,627)	-
Total share capital	<u>18,401,670</u>	<u>31</u>	<u>18,047,758</u>	<u>41</u>
Capital surplus	(56,241)	-	(207,088)	-
Retained earnings				
Legal reserve	541,360	1	-	-
Special reserve	74,275	-	-	-
Unappropriated earnings	13,461,892	23	5,413,602	12
Total retained earnings	<u>14,077,527</u>	<u>24</u>	<u>5,413,602</u>	<u>12</u>
Other equity	(903,872)	(2)	1,560,451	3
Treasury shares	(159,061)	-	(159,061)	-
Equity attributable to shareholders of the parent	31,360,023	53	24,655,662	56
NON-CONTROLLING INTERESTS (Note 26)	334	-	685	-
Total equity	<u>31,360,357</u>	<u>53</u>	<u>24,656,347</u>	<u>56</u>
TOTAL	<u>\$ 59,048,821</u>	<u>100</u>	<u>\$ 44,193,899</u>	<u>100</u>

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 27 and 36)	\$ 36,953,032	100	\$ 34,196,916	100
OPERATING COSTS (Notes 11, 25, 28 and 36)	<u>23,026,713</u>	<u>62</u>	<u>21,562,205</u>	<u>63</u>
GROSS PROFIT	<u>13,926,319</u>	<u>38</u>	<u>12,634,711</u>	<u>37</u>
OPERATING EXPENSES (Notes 25, 28 and 36)				
Selling and marketing expenses	1,400,549	4	1,272,309	4
General and administrative expenses	1,756,892	5	1,574,883	4
Research and development expenses	<u>4,259,540</u>	<u>11</u>	<u>4,034,313</u>	<u>12</u>
Total operating expenses	<u>7,416,981</u>	<u>20</u>	<u>6,881,505</u>	<u>20</u>
INCOME FROM OPERATIONS	<u>6,509,338</u>	<u>18</u>	<u>5,753,206</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 28 and 36)	2,661,551	7	143,515	-
Other gains and losses (Notes 28 and 32)	236,851	1	(144,642)	-
Finance costs (Notes 4 and 28)	<u>(143,353)</u>	<u>(1)</u>	<u>(215,602)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>2,755,049</u>	<u>7</u>	<u>(216,729)</u>	<u>(1)</u>
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	9,264,387	25	5,536,477	16
INCOME TAX EXPENSE (Notes 4 and 29)	<u>271,538</u>	<u>1</u>	<u>19,168</u>	<u>-</u>
NET INCOME FOR THE YEAR	<u>8,992,849</u>	<u>24</u>	<u>5,517,309</u>	<u>16</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(79,122)	-	(91,188)	-
Unrealized loss on investments in equity instruments at FVTOCI (Notes 26 and 35)	(958,735)	(3)	-	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 26)	94,809	1	(76,624)	-
Unrealized gain on available-for-sale financial assets (Note 26)	<u>-</u>	<u>-</u>	<u>774,460</u>	<u>2</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(943,048)</u>	<u>(2)</u>	<u>606,648</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 8,049,801</u>	<u>22</u>	<u>\$ 6,123,957</u>	<u>18</u>

(Continued)

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the parent	\$ 8,993,006	24	\$ 5,517,847	16
Non-controlling interests	<u>(157)</u>	<u>-</u>	<u>(538)</u>	<u>-</u>
	<u>\$ 8,992,849</u>	<u>24</u>	<u>\$ 5,517,309</u>	<u>16</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Shareholders of the parent	\$ 8,049,958	22	\$ 6,124,501	18
Non-controlling interests	<u>(157)</u>	<u>-</u>	<u>(544)</u>	<u>-</u>
	<u>\$ 8,049,801</u>	<u>22</u>	<u>\$ 6,123,957</u>	<u>18</u>
EARNINGS PER SHARE (Note 30)				
Basic	<u>\$ 4.94</u>		<u>\$ 3.06</u>	
Diluted	<u>\$ 4.65</u>		<u>\$ 2.97</u>	

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent													Non-controlling Interests	Total Equity
	Share Capital				Retained Earnings			Other Equity							
	Shares (Thousands)	Ordinary Shares	Share Capital to be Cancelled	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Employees' Unearned Compensation	Treasury Shares	Total		
BALANCE AT JANUARY 1, 2017	3,615,354	\$ 36,153,535	\$ (7,654)	\$ 340,713	\$ -	\$ -	\$ (18,651,070)	\$ (8,565)	\$ 956,774	\$ -	\$ (306,958)	\$ (159,061)	\$ 18,317,714	\$ 1,686	\$ 18,319,400
Net income (loss) for the year ended December 31, 2017	-	-	-	-	-	-	5,517,847	-	-	-	-	-	5,517,847	(538)	5,517,309
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	-	(91,188)	(76,618)	774,460	-	-	-	606,654	(6)	606,648
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	-	5,426,659	(76,618)	774,460	-	-	-	6,124,501	(544)	6,123,957
Capital reduction to cover accumulated deficit	(1,865,107)	(18,651,070)	-	-	-	-	18,651,070	-	-	-	-	-	-	-	-
Issue of restricted shares to employees	57,476	574,756	-	(561,699)	-	-	(13,057)	-	-	-	-	-	-	-	-
Compensation cost of restricted shares for employees	-	-	-	(8,258)	-	-	-	-	-	-	221,358	-	213,100	-	213,100
Retirement of restricted shares for employees	(2,784)	(27,836)	6,027	21,809	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in non-controlling interests	-	-	-	347	-	-	-	-	-	-	-	-	347	(457)	(110)
BALANCE AT DECEMBER 31, 2017	1,804,939	18,049,385	(1,627)	(207,088)	-	-	5,413,602	(85,183)	1,731,234	-	(85,600)	(159,061)	24,655,662	685	24,656,347
Effect of retrospective application	-	-	-	-	-	-	2,158,766	(146,758)	(1,731,234)	112,903	-	-	393,677	-	393,677
ADJUSTED BALANCE AT JANUARY 1, 2018	1,804,939	18,049,385	(1,627)	(207,088)	-	-	7,572,368	(231,941)	-	112,903	(85,600)	(159,061)	25,049,339	685	25,050,024
Legal reserve	-	-	-	-	541,360	-	(541,360)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	74,275	(74,275)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company - \$1 per share	-	-	-	-	-	-	(1,804,776)	-	-	-	-	-	(1,804,776)	-	(1,804,776)
Share dividends distributed by the Company - \$0.2 per share	36,095	360,955	-	-	-	-	(360,955)	-	-	-	-	-	-	-	-
Net income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	8,993,006	-	-	-	-	-	8,993,006	(157)	8,992,849
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	(79,122)	94,809	-	(958,735)	-	-	(943,048)	-	(943,048)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	8,913,884	94,809	-	(958,735)	-	-	8,049,958	(157)	8,049,801
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(99,070)	-	-	99,070	-	-	-	-	-
Compensation cost of restricted shares for employees	-	-	-	141,885	-	-	(143,924)	-	-	-	65,622	-	63,583	-	63,583
Retirement of restricted shares for employees	(742)	(7,421)	378	7,043	-	-	-	-	-	-	-	-	-	-	-
Change in capital surplus from investments in subsidiaries and joint ventures accounted for using equity method	-	-	-	1,919	-	-	-	-	-	-	-	-	1,919	-	1,919
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(194)	(194)
BALANCE AT DECEMBER 31, 2018	1,840,292	\$ 18,402,919	\$ (1,249)	\$ (56,241)	\$ 541,360	\$ 74,275	\$ 13,461,892	\$ (137,132)	\$ -	\$ (746,762)	\$ (19,978)	\$ (159,061)	\$ 31,360,023	\$ 334	\$ 31,360,357

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 9,264,387	\$ 5,536,477
Adjustments for:		
Depreciation expense	2,093,048	1,944,114
Amortization expense	27,322	28,241
Impairment loss recognized on trade receivables	-	53
Finance costs	143,353	215,602
Interest income	(45,991)	(25,547)
Dividend income	(105,698)	(86,724)
Compensation cost of employee restricted shares	63,583	213,100
Gain on disposal of property, plant and equipment	(35,884)	(9,747)
Gain on disposal of intangible assets	-	(8,333)
(Gain) loss on disposal of investments	(180)	2,517
Impairment loss on non-financial assets	-	1,485
Net (gain) loss on foreign currency exchange	(158,383)	237,665
Changes in operating assets and liabilities		
Notes receivable and trade receivables	1,225,401	(1,939,296)
Receivables from related parties	68,270	(206,942)
Other receivables	(35,763)	(10,406)
Inventories	(8,077,064)	(2,784,753)
Other current assets	(254,106)	18,033
Contract liabilities	(37,770)	-
Notes payable and trade payables	(182,143)	212,840
Payables to related parties	5,306,901	2,287,080
Payables for employees' compensation and director's remuneration	1,162,273	1,130,162
Other payables	1,999	303,574
Other payables to related parties	(407)	-
Provisions	(31,668)	90,908
Other current liabilities	32,900	27,807
Net defined benefit liabilities	(48,743)	(14,037)
Cash generated from operations	10,375,637	7,163,873
Interest received	43,843	24,325
Dividend received	105,695	86,714
Interest paid	(161,174)	(219,644)
Income tax paid	(272,393)	(20,777)
Net cash generated from operating activities	<u>10,091,608</u>	<u>7,034,491</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the disposal of financial assets at fair value through other comprehensive income	43,582	-
Payments for financial assets measured at amortized cost	(22,965)	-
Payments for debt investments with no active market	-	(26,916)
Proceeds from disposal of financial assets measured at cost	-	5,357
Disposal of subsidiaries	-	(3,892)

(Continued)

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
Payments for property, plant and equipment	\$ (4,861,806)	\$ (2,220,308)
Proceeds from disposal of property, plant and equipment	36,963	19,351
Increase in refundable deposits	(2,970)	(2,042)
Decrease in refundable deposits	858	1,148
Payments for intangible assets	(26,768)	(50,373)
Disposal of intangible assets	-	13,000
(Increase) decrease in other financial assets	(19,772)	6,784
Decrease in other non-current assets	<u>905</u>	<u>747</u>
Net cash used in investing activities	<u>(4,851,973)</u>	<u>(2,257,144)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	971,597
Repayments of short-term borrowings	-	(1,371,597)
Proceeds from long-term borrowings	4,800,000	10,386,886
Repayments of long-term borrowings	(3,621,981)	(12,265,577)
Proceeds from guarantee deposits received	3,353	6,495
Refund of guarantee deposits received	(310)	(987)
Decrease in other non-current liabilities	(792)	(816)
Distribution of cash dividends	(1,804,776)	-
Increase in non-controlling interests	<u>2,623</u>	<u>349</u>
Net cash used in financing activities	<u>(621,883)</u>	<u>(2,273,650)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>360,567</u>	<u>(238,853)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,978,319	2,264,844
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>8,633,183</u>	<u>6,368,339</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 13,611,502</u>	<u>\$ 8,633,183</u>

Attachment 5**Macronix International Co., Ltd.
2018 Distribution Plan**

	Units : NT\$
Items	Amount
Net Income of 2018	8,993,005,769
Plus : Undistributed earnings of previous years	2,632,236,045
Effect of retrospective application of IFRS 9 and retrospective restatement	2,158,765,921
Less : Remeasurement on defined benefit plans recognized in retained earnings	(79,122,000)
Issuing Employee Restricted Stock Awards at below par value	(143,923,264)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income and associates disposed the investments in equity instruments designated as at fair value through other comprehensive income	(99,070,122)
Appropriated for 10% Legal Reserve	(899,300,577)
Appropriated for Special Reserve	(932,776,916)
Retained Earnings Available for Distribution as of December 31, 2018	11,629,814,856
Distribution Item:	
Cash Dividend to Shareholders (NT\$1.2/per share)	2,208,200,392
Unappropriated Retained Earnings, End of Year	9,421,614,464

Note : The dividend per share was based on the outstanding common shares on March 12, 2019, i.e. 1,840,166,993 shares.

Attachment 6

The Comparison Chart of the revised “Procedure Rules for Acquisition or Disposal of Assets”

Article	Original	Revised
Chapter 1	General Principles	General Principles
Article 2	<p>Scope of Assets</p> <p>The term "assets" as used in the Procedures includes the following:</p> <ol style="list-style-type: none"> 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, houses and buildings, investment property, <u>and right-of-use land</u>) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. <u>5. Derivatives.</u> <u>6. Assets acquired or disposed of through mergers, demergers, acquisitions, or transfer of shares in accordance with the law.</u> <u>7. Other major assets.</u> 	<p>Scope of Assets</p> <p>The term "assets" as used in the Procedures includes the following:</p> <ol style="list-style-type: none"> 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, houses and buildings <u>and</u> investment property) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. <u>5. Right-of-use assets.</u> <u>6. Derivatives.</u> 7. Assets acquired or disposed of through mergers, demergers, acquisitions, or transfer of shares in accordance with the law. <u>8. Other major assets.</u>
Article 3	<p>Terminology definitions</p> <p>Terms used in these Procedures are defined as follows:</p> <ol style="list-style-type: none"> 1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, swap contracts, <u>and compound</u> contracts combining the above <u>products</u> whose value is derived from <u>assets</u>, interest rates, foreign exchange rates, <u>indexes</u> or <u>other interests</u>. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. 2. Assets acquired or disposed of through mergers, demergers, acquisitions, or transfer of shares in accordance with the law: Refers to assets acquired or disposed of through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act or other acts, or to transfer shares to another company through issuance of new shares of its own (hereinafter referred to as "transfer of shares") as pursuant to Paragraph 8 of Article 156 	<p>Terminology definitions</p> <p>Terms used in these Procedures are defined as follows:</p> <ol style="list-style-type: none"> 1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, swap contracts, <u>or hybrid</u> contracts combining the above <u>contracts</u> whose value is derived from <u>a specified</u> interest rate, <u>financial instrument price, commodity price</u>, foreign exchange rate, index <u>of prices</u> or <u>rates, credit rating or credit index, or other variables; hybrid contracts or structured products containing embedded derivatives</u>. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. 2. Assets acquired or disposed of through mergers, demergers, acquisitions, or transfer of shares in accordance with the law: Refers to assets acquired or disposed of through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act or other acts, or to transfer

Article	Original	Revised
Article 3	<p>of the Company Act.</p> <p>3.Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4.Professional appraiser: Refers to a real property appraiser or other persons duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5.Date of occurrence: Refers to the date of contract signing, payment, consignment trade, transfer, board meeting resolutions, or other dates that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. For investment for which approval of the competent authority is required, the earlier of the above dates or the date of receipt of approval by the competent authority shall apply.</p> <p>6.Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>	<p>shares to another company through issuance of new shares of its own (hereinafter referred to as "transfer of shares") as pursuant to Article 156-3 of the Company Act.</p> <p>3.Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4.Professional appraiser: Refers to a real property appraiser or other persons duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5.Date of occurrence: Refers to the date of contract signing, payment, consignment trade, transfer, board meeting resolutions, or other dates that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. For investment for which approval of the competent authority is required, the earlier of the above dates or the date of receipt of approval by the competent authority shall apply.</p> <p>6.Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p><u>7. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation (TWSE); "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authority of the jurisdiction where it is located.</u></p> <p><u>8.Over-the-counter venue ("OTC venue"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange (TPEX); "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and permitted to conduct securities business.</u></p>
Article 4	<p>The acquisition or disposal of assets <u>is subject to the approval of the board of directors under the Company's Procedures or other regulations, and where a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been established</u> when the acquisition or disposal of assets is</p>	<p>The <u>Company's</u> acquisition or disposal of assets <u>shall be processed in accordance with the Procedures.</u> When the acquisition or disposal of assets is submitted to the Board of Directors for discussion, the Company shall take into full consideration each Independent Director's opinion. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board meeting.</p>

Article	Original	Revised
Article 4	<p>submitted to the Board of Directors for discussion <u>pursuant to the preceding paragraph</u>, the Company shall take into full consideration each independent director's opinion. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board meeting.</p> <p><u>Where an audit committee has been established</u>, major asset transactions shall require the approval of at least half of all members of the Audit Committee, and be submitted to the Board of Directors for resolution. If the approval of at least half of all members of the Audit Committee is not obtained as described in the preceding paragraph, the major asset transaction may be implemented if it is approved by more than two-thirds of all Directors and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting.</p> <p>"All members of the Audit Committee" and "all Directors" referred to in Paragraph 2 and the preceding paragraph shall include only the persons who currently hold such offices.</p>	<p><u>Major</u> asset transactions shall require the approval of at least half of all members of the Audit Committee, and be submitted to the Board of Directors for resolution. If the approval of at least half of all members of the Audit Committee is not obtained as described in the preceding paragraph, the major asset transaction may be implemented if it is approved by more than two-thirds of all Directors and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting.</p> <p>"All members of the Audit Committee" and "all Directors" referred to in Paragraph 2 and the preceding paragraph shall include only the persons who currently hold such offices.</p>
Article 5	<p>Where the Company obtains appraisal reports or opinions from certified public accounts (CPAs), attorneys, or securities underwriters, the professional appraisers and their officers, CPAs, attorneys, or securities underwriters shall <u>not be a related party of any party of the transaction</u>.</p>	<p>Where the Company obtains appraisal reports or opinions from certified public accounts(CPAs), attorneys, or securities underwriters, the professional appraisers and their officers, CPAs, attorneys, or securities underwriters shall <u>meet the following requirements:</u></p> <ol style="list-style-type: none"> <u>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for the violation of the Securities and Exchange Act, the Company Act, the Banking Act of the Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since the expiration of a suspended sentence period, or since a pardon was received.</u> <u>2. May not be a related party or de facto related party of any party of the transaction.</u> <u>3. If the Company is required to obtain appraisal reports from 2 or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u>

Article	Original	Revised
Article 7	<p>Total amounts of real property and securities acquired by the Company and each subsidiary not for business use, and limits on individual securities.</p> <ol style="list-style-type: none"> 1. Total amounts of real property acquired by the Company not for business use shall be restricted to 20% of the Company's book value. 2. The Company's investment in individual securities shall be restricted to the Company's book value. 3. The Company's total investment in securities shall be restricted to 150% of the Company's book value. 4. Total amounts of real property that are not for business use or securities and limits on investment in individual securities acquired by each subsidiary <u>which is not investment professional</u> of the Company shall be applicable to the regulations above. 5. <u>Total amounts of real property and securities and limits on individual securities acquired by the Company's subsidiary which is investment professional are the capital of the subsidiary.</u> 	<p>Total amounts of real property and <u>right-of-use assets thereof</u> or securities acquired by the Company and each subsidiary not for business use, and limits on individual securities</p> <ol style="list-style-type: none"> 1. The total amount of real property <u>and right-of-use assets thereof</u> acquired by the Company not for business use shall be restricted to 20% of the Company's book value. 2. The Company's investment in individual securities shall be restricted to the Company's book value. 3. The Company's total investment in securities shall be restricted to 150% of the Company's book value. 4. Total amounts of real property <u>and right-of-use assets thereof</u> that are not for business use or securities and limits on investment in individual securities acquired by each subsidiary of the Company shall be applicable to the regulations above.
Chapter 2	Acquisition or Disposal of Real Property <u>or</u> Equipment,	Acquisition or Disposal of Real Property, Equipment, <u>or Right-of-Use Assets Thereof</u>
Article 8	<p>Procedures for acquisition or disposal of real property <u>or</u> equipment:</p> <ol style="list-style-type: none"> 1. Evaluation procedures <ol style="list-style-type: none"> (1) Means of price determination The implementation unit shall investigate, compare, and negotiate prices and formulate an analysis report for approval based on the limit and level of authority delegated. (2) Reference materials Refer to the publicly announced current value, assessed current value, actual transaction prices of nearby real property. It shall also refer to appraisal reports submitted in accordance with Paragraph 3 of this Article. 2. Operating procedures <ol style="list-style-type: none"> (1) Limit and level of authority delegated The implementation unit shall propose a budget and obtain approval from the Board of Directors. If the acquisition or disposal is within budget, the President shall be authorized to decide the implementation. If the need is temporary, assets acquired or disposed outside the scope of the budget valued under NT\$30 million shall require the approval of the President; amounts between NT\$30 million and NT\$100 million shall require the approval of the Chairman; amounts above NT\$100 	<p>Procedures for acquisition or disposal of real property, equipment <u>or right-of-use assets thereof</u>:</p> <ol style="list-style-type: none"> 1. Evaluation procedures <ol style="list-style-type: none"> (1) Means of price determination The implementation unit shall investigate, compare, and negotiate prices and formulate an analysis report for approval based on the limit and level of authority delegated. (2) Reference materials Refer to the publicly announced current value, assessed current value, actual transaction prices of nearby real property, <u>or non-related party transactions of properties of similar sizes in nearby areas within 1 year</u>. It shall also refer to appraisal reports submitted in accordance with Paragraph 3 of this Article. 2. Operating procedures <ol style="list-style-type: none"> (1) Limit and level of authority delegated The implementation unit shall propose a budget and obtain approval from the Board of Directors. If the acquisition or disposal is within budget, the President shall be authorized to decide the implementation. If the need is temporary, assets acquired or disposed outside the scope of the budget valued under NT\$30 million shall require the approval of the President; amounts between NT\$30

Article	Original	Revised
Article 8	<p>million shall require the approval of the Board of Directors before implementation.</p> <p>(2)The implementation unit The implementation unit of real property <u>and</u> equipment are the usage units and relevant authorized and responsible units.</p> <p>(3)Transaction process A.For asset acquisition, the usage units shall formulate a capital expenditure plan and conduct a feasibility analysis, then submit the information to the finance unit and compile a capital expenditure budget for implementation and control in accordance with the contents of the plan. B.For asset disposal, the usage units shall fill out an application form or submit a special project proposal to describe the reason for the disposal and method of disposal, then obtain approval before implementation.</p> <p>3.Appraisal report Where the Company acquires or disposes of real property <u>or</u> equipment and the transaction amount reaches 20% of paid-in capital or NT\$300 million or more, except in transactions with a government agency, engaging others to build on its own land or on rented land, or acquiring or disposing of machinery equipment for business use, the Company shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall comply with the following provisions: (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 to the Board of Directors for approval in advance; the same procedure shall be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p>	<p>million and NT\$100 million shall require the approval of the Chairman; amounts above NT\$100 million shall require the approval of the Board of Directors before implementation.</p> <p>(2)The implementation unit The implementation unit of real property, equipment, <u>and right-of-use assets thereof</u> are the usage units and relevant authorized and responsible units.</p> <p>(3)Transaction process A.For asset acquisition, the usage units shall formulate a capital expenditure plan and conduct a feasibility analysis, then submit the information to the finance unit and compile a capital expenditure budget for implementation and control in accordance with the contents of the plan. B.For asset disposal, the usage units shall fill out an application form or submit a special project proposal to describe the reason for the disposal and method of disposal, then obtain approval before implementation.</p> <p>3.Appraisal report Where the Company acquires or disposes of real property, equipment, <u>and right-of-use assets thereof</u> and the transaction amount reaches 20% of paid-in capital or NT\$300 million or more, except in transactions with a <u>domestic</u> government agency, engaging others to build on its own land or on rented land, or acquiring or disposing of machinery equipment <u>or right-of-use assets thereof</u> for business use, the Company shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall comply with the following provisions: (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 to the Board of Directors for approval in advance; the same procedure shall be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p>
Chapter 3	Acquisition or Disposal of Securities	Acquisition or Disposal of Securities

Article	Original	Revised
Article 9	<p>3. Expert opinions</p> <p>Where the Company acquires or disposes of securities and the transaction amount reaches 20% of paid-in capital or NT\$300 million or more, the Company shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; where the CPA requires the use of expert reports, it shall comply 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.</p> <p>This requirement does not apply, however, to any of the following conditions or publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the competent authority of securities:</p> <ol style="list-style-type: none"> (1) Securities obtained via cash capital contribution for establishment or fundraising of companies in accordance with <u>the Company Act</u> where the rights represented by the securities obtained are equivalent to the proportion of cash capital contribution. (2) Participation in the subscription of securities issued at par value by companies for capital cash increase of the underlying company in accordance with relevant regulations. (3) Participation in subscription of securities issued by an investee which the Company <u>100% owned</u> for cash capital increase. (4) Securities listed on securities exchange or OTC venue and securities traded on the emerging market. (5) <u>G</u>overnment bonds or bonds under redemption and resale. (6) <u>Domestic and foreign</u> public offered funds. (7) Stocks of listed companies acquired or disposed of under <u>securities exchange</u> or <u>OTC venue</u> bidding rules or auction rules. (8) Participation in subscription of securities issued by a public company for capital cash increase or subscription of domestic corporate bonds (including bank debentures) for which the securities are not private placement. (9) Subscription of domestic funds via private placement before the establishment of the fund in 	<p>3. Expert opinions</p> <p>Where the Company acquires or disposes of securities and the transaction amount reaches 20% of paid-in capital or NT\$300 million or more, the Company shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; where the CPA requires the use of expert reports, it shall comply 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.</p> <p>This requirement does not apply, however, to any of the following conditions or publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the competent authority of securities:</p> <ol style="list-style-type: none"> (1) Securities obtained via cash capital contribution for establishment or fundraising of companies in accordance with <u>law</u> where the rights represented by the securities obtained are equivalent to the proportion of cash capital contribution. (2) Participation in the subscription of securities issued at par value by companies for capital cash increase of the underlying company in accordance with relevant regulations. (3) Participation in subscription of securities issued by an investee which the Company <u>directly or indirectly owns 100% of shares</u> for cash capital increase <u>or participation in cross subscription of securities issued by 100%-owned subsidiaries</u>. (4) Securities listed on securities exchange or OTC venue and securities traded on the emerging market. (5) <u>Domestic</u> government bonds or bonds under redemption and resale. (6) <u>P</u>ublic offered funds. (7) Stocks of listed companies acquired or disposed of under <u>TWSE</u> or <u>TPEX</u> bidding rules or auction rules. (8) Participation in subscription of securities issued by a <u>domestic</u> public company for capital cash increase or subscription of domestic corporate bonds (including bank debentures) for which the securities are not private placement.

Article	Original	Revised
	<p>accordance with Article 11 of the Securities Investment Trust and Consulting Act or subscription or redemption of domestic private placement funds for which the trust contract specifies an investment strategy with the same investment scope as public offered funds except for securities credit transactions and unsettled positions held.</p>	<p>(9)Subscription of domestic funds via private placement before the establishment of the fund in accordance with Article 11 of the Securities Investment Trust and Consulting Act or subscription or redemption of domestic private placement funds for which the trust contract specifies an investment strategy with the same investment scope as public offered funds except for securities credit transactions and unsettled positions held.</p>
Chapter 4	Acquisition or Disposal of <u>Memberships or</u> Intangible assets	Acquisition or Disposal of Intangible Assets, <u>Right-of-Use Assets Thereof, or Memberships</u>
Article 10	<p>Procedures for the acquisition or disposal of <u>memberships or</u> intangible assets</p> <p>1.Evaluation procedures</p> <p>(1)Means of price determination The implementation unit shall formulate an analysis report for approval based on the limit and level of authority delegated.</p> <p>(2)Reference materials</p> <p><u>A. Memberships:</u> The market price shall be referenced.</p> <p><u>B. Intangible assets:</u> shall refer expert opinions submitted in accordance with Paragraph 3 of this Article <u>or market price.</u></p> <p>2.Operating procedures</p> <p>(1)Limit and level of authority delegated The implementation unit shall propose a budget and obtain approval from the Board of Directors for the Company's acquisition or disposal of assets. If the acquisition or disposal is within budget, the President shall be authorized to decide the implementation. If the need is temporary, assets acquired or disposed outside the scope of the budget valued under NT\$30 million shall require the approval of the President; amounts between NT\$30 million and NT\$100 million shall require the approval of the Chairman; amounts above NT\$100 million shall require the approval of the Board of Directors before implementation.</p> <p>(2)The implementation unit The usage unit and relevant authorized units are responsible for implementation.</p> <p>(3)Transaction process The implementation unit shall establish an assessment group and perform a feasibility analysis before implementation.</p> <p>3.Expert opinions If the transaction amount of the <u>memberships or</u> intangible asset reaches 20% of paid-in capital or</p>	<p>Procedures for the acquisition or disposal of intangible assets, <u>right-of-use assets thereof, and memberships</u></p> <p>1.Evaluation procedures</p> <p>(1)Means of price determination The implementation unit shall formulate an analysis report for approval based on the limit and level of authority delegated.</p> <p>(2)Reference materials The market price shall be referenced <u>or shall meet the</u> expert opinions submitted in accordance with Paragraph 3 of this Article.</p> <p>2.Operating procedures</p> <p>(1)Limit and level of authority delegated The implementation unit shall propose a budget and obtain approval from the Board of Directors for the Company's acquisition or disposal of assets. If the acquisition or disposal is within budget, the President shall be authorized to decide the implementation. If the need is temporary, assets acquired or disposed outside the scope of the budget valued under NT\$30 million shall require the approval of the President; amounts between NT\$30 million and NT\$100 million shall require the approval of the Chairman; amounts above NT\$100 million shall require the approval of the Board of Directors before implementation.</p> <p>(2)The implementation unit The usage unit and relevant authorized units are responsible for implementation.</p> <p>(3)Transaction process The implementation unit shall establish an assessment group and perform a feasibility analysis before implementation.</p> <p>3.Expert opinions If the transaction amount of the intangible asset, <u>right-of-use asset thereof, or membership</u> reaches 20% of paid-in capital or NT\$300 million or more, except in transactions with a <u>domestic</u> government agency,</p>

Article	Original	Revised
	<p>NT\$300 million or more, except in transactions with a government agency, the Company shall engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price; the CPA shall comply with the provisions of the Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>the Company shall engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price; the CPA shall comply with the provisions of the Statement of Auditing Standards No. 20 published by the ARDF.</p>
Chapter 5	Related Party Transactions	Related Party Transactions
Article 11	<p>2. When the Company 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% of paid-in capital, 10% of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the Supervisors:</p> <ol style="list-style-type: none"> (1) The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets. (2) The reason for choosing the related party as the transaction counterparty. (3) 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. (4) The date and price at which the related party originally acquired the assets, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party. (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. (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article. (7) Restrictive covenants and other important stipulations associated with the transaction. <p>The calculation of the transaction amounts shall be done</p>	<p>2. When the Company intends to acquire or dispose of real property <u>or right-of-use assets thereof</u> from or to a related party, or when it intends to acquire or dispose of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party and the transaction amount reaches 20% of paid-in capital, 10% of the Company's total assets, or NT\$300 million or more, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the Supervisors:</p> <ol style="list-style-type: none"> (1) The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets. (2) The reason for choosing the related party as the transaction counterparty. (3) With respect to the acquisition of real property <u>or right-of-use assets thereof</u> from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 12 and Article 13. (4) The date and price at which the related party originally acquired the assets, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party. (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. (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.

Article	Original	Revised
	<p>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.</p> <p><u>Where the position of independent director has been established,</u> when the acquisition or disposal of assets with related parties is submitted to the Board of Directors for discussion in accordance with the preceding regulations, the Company 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 meeting.</p> <p><u>Where an audit committee has been established,</u> items that require the ratification of the Supervisors in accordance with Paragraph 2 shall require the approval of a half of all members of the Audit Committee, and be submitted to the Board of Directors for resolution. The resolution of the Audit Committee shall be recorded in the minutes of the board meeting and provisions Article 4, Paragraph 3 and Paragraph 4 shall apply mutatis mutandis to the resolution.</p>	<p>(7)Restrictive covenants and other important stipulations associated with the transaction.</p> <p>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 that have been approved by the Board of Directors and recognized by the Supervisors need not be counted toward the transaction amount.</p> <p><u>3. With respect to the following transactions between the Company and its subsidiaries, the Company's Board of Directors may delegate the chairman to decide such matters and have the decisions subsequently submitted to and ratified by the next board meeting:</u></p> <p><u>(1)Acquisition or disposal of equipment or right-of-use assets thereof held for business use within NT\$100 million.</u></p> <p><u>(2)Acquisition or disposal of real property right-of-use assets held for business use within NT\$100 million.</u></p> <p><u>When the acquisition or disposal of assets with related parties is submitted to the Board of Directors for discussion in accordance with the preceding regulations, the Company 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 meeting.</u></p> <p><u>Items that require the ratification of the Supervisors in accordance with Paragraph 2 shall require the approval of a half of all members of the Audit Committee, and be submitted to the Board of Directors for resolution. The resolution of the Audit Committee shall be recorded in the minutes of the board meeting and provisions Article 4, Paragraph 3 and Paragraph 4 shall apply mutatis mutandis to the resolution.</u></p>
Article 12	<p>Evaluation of the reasonableness of the transaction costs for acquiring real property from related parties</p> <p>1. When the Company acquires real property from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>(1)Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on the borrowing in the year the Company purchases the property; it may not be higher than the maximum non-financial industry</p>	<p>Evaluation of the reasonableness of the transaction costs for acquiring real property <u>or right-of-use assets thereof</u> from related parties</p> <p>1. When the Company acquires real property <u>or right-of-use assets thereof</u> from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>(1)Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on the borrowing in the year the</p>

Article	Original	Revised
	<p>lending rate announced by the Ministry of Finance.</p> <p>(2)If the related party has previously created a mortgage on the property as security for a loan, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>2.Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>3.When acquiring real property from a related party, the Company shall appraise the cost of the real property in accordance with Paragraphs 1 and 2 of this Article. The Company shall also engage a CPA to verify and provide a specific opinion on the appraisal.</p> <p>4.Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 11, and the preceding three paragraphs shall not apply:</p> <p>(1)The related party acquired the real property through inheritance or as a gift.</p> <p>(2)More than 5 years have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>(3)The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</p>	<p>Company purchases the property; it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>(2)If the related party has previously created a mortgage on the property as security for a loan, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>2.Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>3.When acquiring real property <u>or the right-to-use assets thereof</u> from a related party, the Company shall appraise the cost of the real property <u>or the right-to-use assets thereof</u> in accordance with Paragraphs 1 and 2 of this Article. The Company shall also engage a CPA to verify and provide a specific opinion on the appraisal.</p> <p>4.Where the Company acquires real property <u>or right-of-use assets thereof</u> from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 11, and the preceding three paragraphs shall not apply:</p> <p>(1)The related party acquired the real property <u>or right-of-use assets thereof</u> through inheritance or as a gift.</p> <p>(2)More than 5 years have elapsed from the time the related party signed the contract to obtain the real property <u>or right-of-use assets thereof</u> to the signing date for the current transaction.</p> <p>(3)The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</p> <p><u>(4)The real property right-of-use assets for business use are acquired by the Company or its subsidiaries.</u></p>
Article 13	<p>Proof of the reasonableness of the transaction price for acquiring real property when the appraised price is lower than the transaction price</p> <p>1.When the results of the Company's appraisal conducted in accordance with Paragraphs 1 and 2 of</p>	<p>Proof of the reasonableness of the transaction price for acquiring real property <u>or right-of-use assets thereof</u> when the appraised price is lower than the transaction price</p> <p>1.When the results of the Company's appraisal</p>

Article	Original	Revised
Article 13	<p>the preceding Article are uniformly lower than the transaction price, the matter shall be handled in accordance with Article 14. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, this restriction shall not apply:</p> <p>(1)Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale practices.</p> <p><u>C. Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</u></p> <p>(2)Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>2.Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced</p>	<p>conducted in accordance with Paragraphs 1 and 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in accordance with Article 14. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, this restriction shall not apply:</p> <p>(1)Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale <u>or leasing</u> practices.</p> <p>(2)Where the Company acquiring real property <u>or obtaining real property right-of-use assets through leasing or</u> from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>2.Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by</p>

Article	Original	Revised
	<p>current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; "within the preceding year" refers to the year preceding the date of occurrence of the acquisition of the real property.</p>	<p>unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; "within the preceding year" refers to the year preceding the date of occurrence of the acquisition of the real property <u>or obtainment of the right-of-use assets thereof</u>.</p>
<p>Article 14</p>	<p>Procedures for cases where appraised price of the real property is lower than the transaction price</p> <p>1. Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with <u>this Article</u>, Articles 12 and 13 are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(1) The Company shall set aside a special reserve in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, the special reserve called for under Article 41, Paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.</p> <p>(2) The Supervisors shall perform their duties in accordance with Article 218 of the Company Act.</p> <p>(3) Actions taken pursuant to the <u>subparagraph 1 and subparagraph 2</u> shall be reported to a shareholders meeting and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>2. Where the Company has set aside a special reserve under the preceding paragraph, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the competent authority of securities has given its consent.</p> <p>3. When the Company obtains real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	<p>Procedures for cases where appraised price of the real property <u>or right-of-use assets thereof</u> is lower than the transaction price</p> <p>1. Where the Company acquires real property <u>or right-of-use assets thereof</u> from a related party and the results of appraisals conducted in accordance with Articles 12 and 13 are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(1) The Company shall set aside a special reserve in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act against the difference between the real property <u>or right-of use asset thereof</u> transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, the special reserve called for under Article 41, Paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.</p> <p>(2) The Supervisors shall perform their duties in accordance with Article 218 of the Company Act.</p> <p>(3) Actions taken pursuant to the <u>preceding two subparagraphs</u> shall be reported to a shareholders meeting and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>2. Where the Company has set aside a special reserve under the preceding paragraph, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or they have been disposed of, <u>or the leasing contract has been terminated</u>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the competent authority of securities has given its consent.</p> <p>3. When the Company obtains real property <u>or right-of-use assets thereof</u> from a related party, it shall also comply with the preceding two paragraphs if there</p>

Article	Original	Revised
		is other evidence indicating that the acquisition was not an arm's length transaction.
Chapter 8	Public Disclosure of Information	Public Disclosure of Information
Article 22	<p>Public announcement and reporting procedures</p> <p>1. When acquiring or disposing of assets, the Company shall publicly announce and report the relevant information on the designated website in the appropriate format as prescribed by regulations of the competent authority of securities within 2 days of the event, inclusive of the date of occurrence, under any of the following circumstances:</p> <p>(1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20% of paid-in capital, 10% of the Company's total assets, or NT\$300 million or more; this shall not apply to the trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(2) Merger, demerger, acquisition, or transfer of shares.</p> <p>(3) Losses from derivatives transactions reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>(4) Where the type of asset is equipment for business use are acquired or disposed of, the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>A. Where the Company's paid-in capital is less than NT\$10 billion and the transaction amount reaches NT\$500 million or more.</p> <p>B. Where the Company's paid-in capital is NT\$10 billion or more and the transaction amount reaches NT\$1 billion or more.</p> <p>(5) Where land is acquired under an arrangement on engaging others to build on the Company's own land or leased land, joint construction and allocation of housing units or of ownership percentages, or joint construction and separate sale, and the transaction amount the Company expects to invest in reaches NT\$500 million.</p> <p>(6) Where an asset transaction other than any of those referred to in the preceding 5 subparagraphs, or an</p>	<p>Public announcement and reporting procedures</p> <p>1. When acquiring or disposing of assets, the Company shall publicly announce and report the relevant information on the designated website in the appropriate format as prescribed by regulations of the competent authority of securities within 2 days of the event, inclusive of the date of occurrence, under any of the following circumstances:</p> <p>(1) Acquisition or disposal of real property <u>or right-of-use assets thereof</u> from or to a related party, or acquisition or disposal of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party where the transaction amount reaches 20% of paid-in capital, 10% of the Company's total assets, or NT\$300 million or more; this shall not apply to the trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(2) Merger, demerger, acquisition, or transfer of shares.</p> <p>(3) Losses from derivatives transactions reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>(4) Where equipment <u>or right-of-use assets thereof</u> for business use are acquired or disposed of, the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>A. Where the Company's paid-in capital is less than NT\$10 billion and the transaction amount reaches NT\$500 million or more.</p> <p>B. Where the Company's paid-in capital is NT\$10 billion or more and the transaction amount reaches NT\$1 billion or more.</p> <p>(5) Where land is acquired under an arrangement on engaging others to build on the Company's own land or leased land, joint construction and allocation of housing units or of ownership percentages, or joint construction and separate sale, <u>the transaction counterparty is not a related party</u>, and the transaction amount the Company expects to</p>

Article	Original	Revised
	<p>investment in the mainland China area reaches 20% of paid-in capital or NT\$300 million or more; provided, this shall not apply to the following circumstances:</p> <p>A. Trading of government bonds.</p> <p>B. Trading of bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises.</p> <p>2.The amount of transactions of the preceding paragraphs shall be calculated as follows:</p> <p>(1)The amount of any individual transaction.</p> <p>(2)The cumulative transaction amount of acquisitions or disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>(3)The cumulative transaction amount of acquisitions or disposals (cumulative acquisitions or disposals, respectively) of real property within the same development project within the preceding year.</p> <p>(4)The cumulative transaction amount of acquisitions or disposals (cumulative acquisitions or disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be counted toward the transaction amount.</p>	<p>invest in reaches NT\$500 million.</p> <p>(6)Where an asset transaction other than any of those referred to in the preceding 5 subparagraphs, or an investment in the mainland China area reaches 20% of paid-in capital or NT\$300 million or more; provided, this shall not apply to the following circumstances:</p> <p>A. Trading of <u>domestic</u> government bonds.</p> <p>B. Trading of bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises.</p> <p>2.The amount of transactions of the preceding paragraphs shall be calculated as follows:</p> <p>(1)The amount of any individual transaction.</p> <p>(2)The cumulative transaction amount of acquisitions or disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>(3)The cumulative transaction amount of acquisitions or disposals (cumulative acquisitions or disposals, respectively) of real property <u>or right-of-use assets thereof</u> within the same development project within the preceding year.</p> <p>(4)The cumulative transaction amount of acquisitions or disposals (cumulative acquisitions or disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be counted toward the transaction amount.</p>
Article 23	<p>Announcement and reporting procedures for subsidiaries</p> <p>1.Information required to be publicly announced and reported in accordance with the provisions of this Chapter and Chapter 3 of Regulation Governing the Acquisition and Disposal of Assets by Public Companies (“Regulations”) on acquisitions or disposals of assets by the Company's subsidiary that is a non-public company shall be reported by the Company.</p> <p>2.The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, <u>specified therein “reaches 20 percent of</u></p>	<p>Announcement and reporting procedures for subsidiaries</p> <p>1.Information required to be publicly announced and reported in accordance with the provisions of this Chapter and Chapter 3 of Regulation Governing the Acquisition and Disposal of Assets by Public Companies (“Regulations”) on acquisitions or disposals of assets by the Company's subsidiary that is a non-public company shall be reported by the Company.</p> <p>2.The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, <u>relative to</u> paid-in capital or total assets, it</p>

Article	Original	Revised
	paid-in capital” or “ <u>10 percent of</u> total assets”, it reaches a threshold requiring public announcement and regulatory filing in this Chapter.	reaches a threshold requiring public announcement and regulatory filing in this Chapter.
Article 25	Retention of information When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, appraisal reports, and opinions of the CPA, attorney, or securities underwriter at the Company for at least 5 years, unless another law states otherwise.	Retention of information When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, appraisal reports, and opinions of the CPA, attorney, or securities underwriter at the Company for at least 5 years, unless another law states otherwise.
Chapter 9	Control and Management Procedures for Subsidiaries' Acquisition or Disposal of Assets	Control and Management Procedures for Subsidiaries' Acquisition or Disposal of Assets
Article 26	2.The Company shall ensure that subsidiaries establish and execute "Procedures for Acquisition or Disposal of Assets" in accordance with relevant regulations in the Regulations.	2.The Company shall ensure that subsidiaries establish and execute "Procedures for Acquisition or Disposal of Assets" in accordance with relevant regulations in the Regulations. <u>Those that have not established procedures shall be processed in accordance with the Procedures.</u>
Chapter 11	Supplementary Provisions	Supplementary Provisions
Article 28	Implementation and revisions The implementation of the Procedures must be approved by <u>the board of directors, and submitted to supervisors</u> and to shareholders’ meeting for approval, <u>any amendment is subject to the same procedures. Where a director expresses dissent and it is contain in the minutes or a written statement, the Company shall submit the director’s opinion to each supervisor. Where the position of independent director has been established in accordance with the provisions of the Procedures, when the Procedures are submitted to the Board of Directors for discussion, the Company 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 meeting. Where an audit committee has been established any amendment or revision of the Procedure shall be approved by at least half of all members of the Audit Committee and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 4, paragraphs 3 and 4.</u>	Implementation and revisions The implementation <u>or revisions</u> of the Procedures must be approved by <u>at least half of all members of the Audit Committee and be submitted to the Board of Directors for resolution</u> , then submitted to the shareholders' meeting for approval. <u>If the approval of at least half of all members of the Audit Committee is not obtained, the Procedures may be implemented or revisions if they are approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting. "All members of the Audit Committee" in the 2 preceding paragraphs and "all Directors" referred to in the preceding paragraph shall include only the persons who currently hold such offices.</u> <u>When the Procedures are submitted to the Board of Directors for discussion, the Company 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 meeting.</u>
Article 29	<u>Where an audit committee has been established, provisions on Supervisors in Article 4, Article 11 and Article 28</u> of the Procedures shall apply mutatis mutandis to the Audit Committee; regulations in	<u>Provisions on Supervisors in Article 11 of the Procedures</u> shall apply mutatis mutandis to the Audit Committee; regulations in Subparagraph 2, Paragraph 1 Article 14 shall apply mutatis mutandis to Independent

Article	Original	Revised
	Subparagraph 2, Paragraph 1 Article 14 shall apply mutatis mutandis to Independent Directors of the Audit Committee.	Directors of the Audit Committee.
Article 30	<p>For the calculation of 10% of total assets under the Procedures, the total assets stated in the most recent parent company-only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p> <p>If the Company's shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20% of paid-in capital under the Procedures, 10% of equity attributable to owners of the parent company shall be substituted.</p>	<p>For the calculation of 10% of total assets under the Procedures, the total assets stated in the most recent parent company-only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p> <p>If the Company's shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20% of paid-in capital under the Procedures, 10% of equity attributable to owners of the parent company shall be substituted; <u>for calculations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent company shall be substituted.</u></p>

Attachment 7

The Comparison Chart of the revised “Procedure Rules for Derivatives Transactions”

Article	Original	Revised
Article 3	<p>Transaction principles and guidelines</p> <p>1.Transaction categories</p> <p>"Derivatives" in the Procedures refer to forward contracts, options contracts, futures contracts, leverage contracts, swap contracts, <u>and compound</u> contracts combining the above <u>products</u> whose value is derived from <u>assets</u>, interest rates, foreign exchange rates, <u>indexes</u> or <u>other interests</u>.</p> <p>The term "forward contracts" in the Procedures does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>2.Management and hedging strategies</p> <p>The Company's main goal for derivatives transactions is hedging. The primary goal for the choice of transaction products is to avoid risks derived from the Company's business operations. In addition, the Company should choose banks with which it maintains regular business relations as transaction counterparties to avoid credit risks.</p> <p>3.Division of powers and responsibilities</p> <p>The treasury management department is responsible for formulating and executing strategies for derivatives transactions and regular assessments and reports on the Company's positions. The Board of Directors assigns a senior executive from departments other than the treasury management department to take charge of the assessment, supervision, and control of relevant risks.</p>	<p>Transaction principles and guidelines</p> <p>1.Transaction categories</p> <p>"Derivatives" in the Procedures refer to forward contracts, options contracts, futures contracts, leverage contracts, swap contracts, <u>or hybrid</u> contracts combining the above <u>contracts</u> whose value is derived from a <u>specified</u> interest rate, <u>financial instrument price</u>, <u>commodity price</u>, foreign exchange rate, index <u>of prices</u> or <u>rates</u>, <u>credit rating or credit index</u>, or <u>other variables</u>; <u>hybrid contracts or structured products containing embedded derivatives</u>.</p> <p>The term "forward contracts" in the Procedures does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>2.Management and hedging strategies</p> <p>The Company's main goal for derivatives transactions is hedging. The primary goal for the choice of transaction products is to avoid risks derived from the Company's business operations. In addition, the Company should choose banks with which it maintains regular business relations as transaction counterparties to avoid credit risks.</p> <p>3.Division of powers and responsibilities</p> <p><u>(1)</u>The treasury management department is responsible for formulating and executing strategies for derivatives transactions and regular assessments and reports on the Company's positions. The Board of Directors assigns a senior executive from departments other than the treasury management department to take charge of the assessment, supervision, and control of relevant risks.</p> <p><u>(2)Major derivatives transactions shall first be approved by at least half of all members of the Audit Committee and shall be submitted to the Board of Directors for resolution.</u></p>

Article	Original	Revised
Article 8	<p>Internal audit system</p> <p>Internal auditors shall regularly check the adequacy of the Company's internal control for derivatives transactions. They shall conduct monthly audits on the trading department to ensure compliance with the processing standards and the Procedures and produce audit reports. The auditors are required to notify Supervisors in written form if any significant violation is found.</p> <p><u>Where an audit committee has been established, the provision of preceding paragraph for supervisors shall be subject to mutatis mutandis.</u></p>	<p>Internal audit system</p> <p>Internal auditors shall regularly check the adequacy of the Company's internal control for derivatives transactions. They shall conduct monthly audits on the trading department to ensure compliance with the processing standards and the Procedures and produce audit reports. The auditors are required to notify Supervisors <u>or the Audit Committee</u> in written form if any significant violation is found.</p>
Article 9	<p>Regular assessment methods</p> <p>The Company shall assess its derivatives transactions positions once a week. Hedging transactions conducted to meet business requirements shall be assessed twice a month. Assessment reports shall be submitted to the senior executive authorized by the Board of Directors.</p>	<p>Regular assessment methods</p> <p>The Company shall assess its derivatives transactions positions once a week. Hedging transactions conducted to meet business requirements shall be assessed twice a month. Assessment reports shall be submitted to the senior executive authorized by the Board of Directors.</p>
Article 10	<p>Supervision and management</p> <p>1.The Board of Directors of the Company shall conduct thorough supervision and management in accordance with the following principles:</p> <p>(1)Assign a senior executive to take charge of the supervision and control of risks in derivatives transactions at all times.</p> <p>(2)Regularly review the performance of derivatives transactions to ensure that they are consistent with the business strategies as planned and that the risks involved are within the Company's risk tolerance.</p> <p>2.Senior executive authorized by the Board of Directors shall regularly assess whether existing risk management measures are adequate and whether they are strictly implemented in accordance with the Procedures. The implementation status shall be reported at the next board meeting.</p>	<p>Supervision and management</p> <p>1.The Board of Directors of the Company shall conduct thorough supervision and management in accordance with the following principles:</p> <p>(1)Assign a senior executive to take charge of the supervision and control of risks in derivatives transactions at all times.</p> <p>(2)Regularly review the performance of derivatives transactions to ensure that they are consistent with the business strategies as planned and that the risks involved are within the Company's risk tolerance.</p> <p>2.Senior executive authorized by the Board of Directors shall regularly assess whether existing risk management measures are adequate and whether they are strictly implemented in accordance with the Procedures. The implementation status shall be reported at the next board meeting.</p>
Article 11	<p>Procedures for irregularities</p> <p>Senior executive authorized by the Board of Directors shall supervise the status of transactions and profit or loss. In case any irregularity is found, they shall take necessary actions and report to the Board of Directors immediately.</p> <p><u>Where the position of independent director has been established, an Independent Director shall be present at the board meeting to provide opinions.</u></p>	<p>Procedures for irregularities</p> <p>Senior executive authorized by the Board of Directors shall supervise the status of transactions and profit or loss. In case any irregularity is found, they shall take necessary actions and report to the Board of Directors immediately.</p> <p><u>An Independent Director shall be present at the board meeting to provide opinions.</u></p>
Article 12	<p>Supplementary provisions</p> <p>The Procedure <u>is subject to the approval of the</u> Board of</p>	<p>Supplementary provisions</p> <p><u>The implementation or revisions of</u> the Procedures shall</p>

Article	Original	Revised
Article 12	<p>Directors, <u>and shall submit to supervisors (if established)</u> then submitted to the shareholders' meeting for approval. <u>any revisions is subject to the same procedures.</u></p> <p><u>Where a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's opinion to each supervisor (if established).</u></p> <p><u>Where the position of independent director has been established,</u> when the Procedure <u>is</u> submitted to the Board of Directors for discussion <u>pursuant to the preceding paragraph,</u> the Company 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 meeting.</p> <p><u>Where an audit committee has been established, the implementation or revision to the Procedure and major derivatives transactions shall be approved by at least half of all members of the Audit Committee and submitted to the board of directors for a resolution.</u></p> <p>If the approval of at least half of all members of the Audit Committee is not obtained as described in the preceding paragraph, the implementation or revisions of the Procedures <u>and transactions</u> may be implemented if they are approved by more than two-thirds of all Directors and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting.</p> <p>"All members of the Audit Committee" <u>in paragraph 4</u> and "all Directors" <u>in the preceding paragraph</u> referred to in the Procedures shall include only the persons who currently hold such offices.</p>	<p><u>be approved by at least half of all members of the Audit Committee and be submitted to the</u> Board of Directors <u>for resolution,</u> then submitted to the shareholders' meeting for approval.</p> <p>If the approval of at least half of all members of the Audit Committee is not obtained as described in the preceding paragraph, the implementation or revisions of the Procedures may be implemented if they are approved by more than two-thirds of all Directors and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting.</p> <p>"All members of the Audit Committee" and "all Directors" referred to in the Procedures shall include only the persons who currently hold such offices.</p> <p>When the Procedures <u>or major derivatives transactions are</u> submitted to the Board of Directors for discussion, the Company 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 meeting.</p>

Attachment 8

The Comparison Chart of the revised “Procedure Rules for Loans to Others”

Article	Original	Revised
Article 3	<p>Definitions</p> <p>"Subsidiaries" as referred to in the Procedures shall be as determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>"Net worth of the Company" as used in the Procedures refers to the equity attributable to the shareholders of the parent in the balance sheet in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>“Date of occurrence” as used in the Procedures refers to the dates of contract signing, payment, Board of Directors resolutions, or other dates that can confirm the entity and monetary amount of the <u>transaction</u>, whichever date is earlier.</p>	<p>Definitions</p> <p>"Subsidiaries" as referred to in the Procedures shall be as determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>"Net worth of the Company" as used in the Procedures refers to the equity attributable to the shareholders of the parent in the balance sheet in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>“Date of occurrence” as used in the Procedures refers to the dates of contract signing, payment, Board of Directors resolutions, or other dates that can confirm the entity and monetary amount of the <u>loaning of funds</u>, whichever date is earlier.</p>
Article 7	<p>Procedures and evaluation of the loaning of funds</p> <p>1.Application</p> <p>The borrower shall apply to the Company for the financing amount in writing by providing its company information and financial information.</p> <p>2.Credit investigation and risk assessment</p> <p>After accepting the application, the Company shall investigate, evaluate, and prepare a report on the entity’s business, financial status, solvency and credit, profitability, and purposes of the loan. The <u>aforementioned</u> report shall also include the necessity and reasonableness of the loaning of funds to others and the impact on the Company's operational risks, financial conditions, and shareholders' equity.</p> <p>3.Approval</p> <p>After the credit investigation and assessment, and the Company intend to loan funds, the personnel responsible for implementation shall submit the credit investigation report and review opinions, formulate loan conditions, and report to the Chairman for approval in accordance with the tiered approval procedures. The proposal shall be implemented after it is approved during the resolution of the board meeting.</p> <p>Loans of funds between the Company and its subsidiaries or between its subsidiaries shall be submitted to the Board for resolution pursuant to the</p>	<p>Procedures and evaluation of the loaning of funds</p> <p>1.Application</p> <p>The borrower shall apply to the Company for the financing amount in writing by providing its company information and financial information.</p> <p>2.Credit investigation and risk assessment</p> <p>After accepting the application, the Company shall investigate, evaluate, and prepare a report on the entity’s business, financial status, solvency and credit, profitability, and purposes of the loan. The report shall also include the necessity and reasonableness of the loaning of funds to others and the impact on the Company's operational risks, financial conditions, and shareholders' equity.</p> <p>3.Approval</p> <p>After the credit investigation and assessment, and the Company intend to loan funds, the personnel responsible for implementation shall submit the credit investigation report and review opinions, formulate loan conditions, and report to the Chairman for approval in accordance with the tiered approval procedures. The proposal shall be implemented after it is approved during the resolution of the board meeting.</p> <p><u>During the aforementioned Board discussion, opinions from each independent director shall be taken into full consideration, and their opinions for consent, opposition</u></p>

Article	Original	Revised
	<p>preceding paragraph, and the Chairman may be authorized, for a specific borrowing counterparty within a certain monetary limit resolved by the Board of Directors and within 1 year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.</p> <p>The preceding paragraph called "certain monetary limit" as used in the Procedures refers to the authorized amount of the loaning of funds made by the Company and its subsidiaries to a single enterprise shall not exceed 10% of its net worth stated in the latest financial statements.</p>	<p>or reservations shall also be recorded in the minutes of the board meeting.</p> <p>Loans of funds between the Company and its subsidiaries or between its subsidiaries shall be submitted to the Board for resolution pursuant to the regulations, and the Chairman may be authorized, for a specific borrowing counterparty within a certain monetary limit resolved by the Board of Directors and within 1 year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.</p> <p>"Certain monetary limit" as used in the Procedures refers to the authorized amount of the loaning of funds made by the Company and its subsidiaries to a single enterprise shall not exceed 10% of its net worth stated in the latest financial statements.</p>
Article 9	<p>Subsequent measures for control and management of loans and procedures for handling overdue loans</p> <ol style="list-style-type: none"> 1. After appropriating a loan, close attention shall be paid to the financial conditions, businesses, and credit of the borrower and the guarantor. If collateral is provided, any changes in the value of the collateral should be noted. In case of material changes, the Chairman of the Company shall be informed immediately and take appropriate action as per the instructions. When a borrower repays loans prior to maturity, interests accrued shall be calculated first. After the interests and principal are paid off altogether, collateral may be returned or the mortgage may be canceled. 2. The borrower shall pay off the principal and interest of the loan upon maturity. If the borrower fails to pay off the principal and interest, the Company may dispose of and recover the loss from the provided collateral or guarantor. 3. The Company shall establish a memorandum book for loans and register the borrower, the amount, the date of approved by the Board of Directors, the date the loan is allocated, and the matters to be carefully evaluated in accordance with the Procedures. 4. The Company's internal auditors shall audit the Procedures and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Supervisors in writing of any material violations found. 5. Where a change in the Company causes the entity of a loan to be ineligible with the regulations in the 	<p>Subsequent measures for control and management of loans and procedures for handling overdue loans</p> <ol style="list-style-type: none"> 1. After appropriating a loan, close attention shall be paid to the financial conditions, businesses, and credit of the borrower and the guarantor. If collateral is provided, any changes in the value of the collateral should be noted. In case of material changes, the Chairman of the Company shall be informed immediately and take appropriate action as per the instructions. When a borrower repays loans prior to maturity, interests accrued shall be calculated first. After the interests and principal are paid off altogether, collateral may be returned or the mortgage may be canceled. 2. The borrower shall pay off the principal and interest of the loan upon maturity. If the borrower fails to pay off the principal and interest, the Company may dispose of and recover the loss from the provided collateral or guarantor. 3. The Company shall establish a memorandum book for loans and register the borrower, the amount, the date of approved by the Board of Directors, the date the loan is allocated, and the matters to be carefully evaluated in accordance with the Procedures. 4. The Company's internal auditors shall audit the Procedures and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Supervisors or the Audit Committee in writing of any material violations found. 5. Where a change in the Company causes the entity of a

Article	Original	Revised
	<p>Procedures or causes the amount to exceed the limit, a rectification plan shall be formulated and delivered to the Supervisors, and complete the rectification in accordance with the planned schedule.</p>	<p>loan to be ineligible with the regulations in the Procedures or causes the amount to exceed the limit, a rectification plan shall be formulated and delivered to the Supervisors or the Audit Committee, and complete the rectification in accordance with the planned schedule.</p>
Article10	<p>Controlling procedures of the subsidiaries for loaning funds to others</p> <ol style="list-style-type: none"> 1. Where a subsidiary of the Company that intends to loan funds to others, the Company shall order the subsidiary to establish the "Procedures Rules for Loans to Others" in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and process the loans in accordance with its Procedures. 2. Unless the Procedures state otherwise, the Company's controlling procedures of the subsidiaries for loaning funds to others shall be governed by the Company's Regulations of the Supervision and Management of Subsidiaries. 3. Subsidiaries shall compile statements of loaning of funds to others in the previous month and submit the statements to the Company before the 10th day (exclusive) of each month. 4. The internal auditors of subsidiaries shall audit its Procedures and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the audit unit of the Company in writing of any material violations found. The Company's audit unit shall deliver the information in written format to the Supervisors. 	<p>Controlling procedures of the subsidiaries for loaning funds to others</p> <ol style="list-style-type: none"> 1. Where a subsidiary of the Company that intends to loan funds to others, the Company shall order the subsidiary to establish the "Procedures Rules for Loans to Others" in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and process the loans in accordance with its Procedures. 2. Unless the Procedures state otherwise, the Company's controlling procedures of the subsidiaries for loaning funds to others shall be governed by the Company's Regulations of the Supervision and Management of Subsidiaries. 3. Subsidiaries shall compile statements of loaning of funds to others in the previous month and submit the statements to the Company before the 10th day (exclusive) of each month. 4. The internal auditors of subsidiaries shall audit its Procedures and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the audit unit of the Company in writing of any material violations found. The Company's audit unit shall deliver the information in written format to the Supervisors or the Audit Committee.
Article11	<p>Penal provisions</p> <p>A violation of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" or the Procedures by a managerial officer or person(s) in charge of the endorsement or guarantee shall be handled and penalized in accordance with relevant human resources management policies and the Company's Employee Handbook based on the severity of the violation.</p>	<p>Penal provisions and damage compensation</p> <p>A violation of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" or the Procedures by a managerial officer or person(s) in charge of the endorsement or guarantee shall be handled and penalized in accordance with relevant human resources management policies and the Company's Employee Handbook based on the severity of the violation.</p> <p>The person responsible for the Company who has violated the provisions of Paragraph 1 of Article 2 shall be liable, jointly and severally with the borrower, for the repayment of the loan and for the damages, if any, to the Company resulted therefrom.</p>

Article	Original	Revised
Article 12	<p>Implementation and revisions</p> <p><u>The Procedure is subject to the approval of the Board of Directors, and shall submit to supervisors</u> then submitted to the shareholders' meeting for approval <u>and implementation. Where a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's opinion to each supervisor then submitted to the shareholders' meeting for discussion, any revisions is subject to the same procedures.</u></p> <p><u>Where the position of independent director has been established, when the Procedure is submitted to the Board of Directors for discussion pursuant to the preceding paragraph, the Company 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 meeting.</u></p> <p><u>Where an audit committee has been established, the</u> implementation and revisions of the Procedures <u>and major loans</u> must be approved by at least half of all members of the Audit Committee and be submitted to the Board of Directors for resolution</p> <p><u>The Audit Committee shall replace the Supervisors for the duties specified in the Procedures.</u></p> <p>If the approval of at least half of all members of the Audit Committee is not obtained as described in the preceding paragraph, <u>it can be</u> approved by more than two-thirds of all Directors and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting.</p> <p>"All members of the Audit Committee" <u>in paragraph 2 and the preceding paragraph</u> and "all Directors" <u>in the preceding paragraph</u> shall include only the persons who currently hold such offices.</p>	<p>Implementation and revisions</p> <p><u>The</u> implementation or revisions of the Procedures must be approved by at least half of all members of the Audit Committee and be submitted to the Board of Directors for resolution, then submitted to the shareholder's meeting for approval.</p> <p>If the approval of at least half of all members of the Audit Committee is not obtained as described in the preceding paragraph, <u>the Procedures may be implemented or revisions if they are</u> approved by more than two-thirds of all Directors and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting.</p> <p>"All members of the Audit Committee" and "all Directors" <u>referred to in the Procedures</u> shall include only the persons who currently hold such offices.</p>

Attachment 9

The Comparison Chart of the revised “Procedure Rules for Endorsement and Guarantee”

Article	Original	Revised
Article 2	<p>Applicable scope</p> <p>The term "endorsement /guarantee" as used in the Procedures refers to the following:</p> <p>1.Financing endorsements/guarantees, including:</p> <p style="padding-left: 20px;">(1)Bill discount financing.</p> <p style="padding-left: 20px;">(2)Endorsements or guarantees made to meet the financing needs of another company.</p> <p style="padding-left: 20px;">(3)Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company.</p> <p>2.Customs duty endorsements/ guarantees refer to an endorsement or guarantee for the Company or another company with respect to customs duty matters.</p> <p>3.Other endorsements/guarantees refer to endorsements or guarantees beyond the scope of the above 2 subparagraphs.</p> <p>4.Any creation by the Company of an pledge or mortgage on its chattel or real property as security for the loans of <u>another company</u> shall <u>also</u> be processed in accordance with the Procedures.</p>	<p>Applicable scope</p> <p>The term "endorsement /guarantee" as used in the Procedures refers to the following:</p> <p>1.Financing endorsements/guarantees, including:</p> <p style="padding-left: 20px;">(1)Bill discount financing.</p> <p style="padding-left: 20px;">(2)Endorsements or guarantees made to meet the financing needs of another company.</p> <p style="padding-left: 20px;">(3)Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company.</p> <p>2.Customs duty endorsements/guarantees refer to an endorsement or guarantee for the Company or another company with respect to customs duty matters.</p> <p>3.Other endorsements/guarantees refer to endorsements or guarantees beyond the scope of the above 2 subparagraphs.</p> <p>Any creation by the Company of an <u>endorsement/guarantee or a</u> pledge or mortgage on its chattel or real property as security for the loans of <u>any third party</u> shall <u>all</u> be processed in accordance with the Procedures.</p>
Article 3	<p>Definitions</p> <p>"Subsidiaries," as used to in the Procedures, shall be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>"Net worth of the Company," as used in the Procedures refers to the equity attributable to the shareholders of the parent in the balance sheet in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>“Date of occurrence,” as used in the Procedures, refers to the dates of contract signing, payment, Board of Directors resolutions, or other dates on which the counterparty and monetary amount of the <u>transaction</u> can be confirmed, whichever date is earlier.</p>	<p>Definitions</p> <p>"Subsidiaries," as used to in the Procedures, shall be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>"Net worth of the Company," as used in the Procedures refers to the equity attributable to the shareholders of the parent in the balance sheet in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>“Date of occurrence,” as used in the Procedures, refers to the dates of contract signing, payment, Board of Directors resolutions, or other dates on which the counterparty and monetary amount of the <u>endorsement/guarantee</u> can be confirmed, whichever date is earlier.</p>

Article	Original	Revised
Article 7	<p>Follow-up control and management measures for endorsements/guarantees</p> <p>1.The Company shall establish a memorandum book for endorsements/guarantees. The memorandum book shall record the details of the endorsement/guarantee items, name of the recipient, risk assessment results, the date the application was passed by the Board of Directors or approved by the Chairman, endorsement/guarantee amount, contents of the collateral, and the conditions and dates of the termination of the endorsement / guarantee.</p> <p>2.The Company shall evaluate the conditions of the endorsements/guarantees. It shall also disclose related information on contingent losses due to endorsements/guarantees in the financial report and provide relevant information to the certified public accountant for the implementation of necessary auditing procedures.</p> <p>3.The Company's internal auditors shall audit the Procedures and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Supervisors in writing of any material violations found.</p> <p>4.Where a change in the Company causes the recipient of an endorsement/guarantee to be ineligible with the regulations in the Procedures or causes the amount to exceed the limit, a rectification plan shall be formulated and delivered to the Supervisors to complete the rectification in accordance with the schedule set out in the plan.</p>	<p>Follow-up control and management measures for endorsements/guarantees</p> <p>1.The Company shall establish a memorandum book for endorsements/guarantees. The memorandum book shall record the details of the endorsement/guarantee items, name of the recipient, risk assessment results, the date the application was passed by the Board of Directors or approved by the Chairman, endorsement/guarantee amount, contents of the collateral, and the conditions and dates of the termination of the endorsement/ guarantee.</p> <p>2.The Company shall evaluate the conditions of the endorsements/guarantees. It shall also disclose related information on contingent losses due to endorsements/guarantees in the financial report and provide relevant information to the certified public accountant for the implementation of necessary auditing procedures.</p> <p>3.The Company's internal auditors shall audit the Procedures and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Supervisors <u>or the Audit Committee</u> in writing of any material violations found.</p> <p>4.Where a change in the Company causes the recipient of an endorsement/guarantee to be ineligible with the regulations in the Procedures or causes the amount to exceed the limit, a rectification plan shall be formulated and delivered to the Supervisors <u>or the Audit Committee</u> to complete the rectification in accordance with the schedule set out in the plan.</p>
Article 8	<p>Control and management procedures for endorsements /guarantees for subsidiaries</p> <p>1.Where a subsidiary of the Company intends to provide endorsements /guarantees to others, the Company shall order the subsidiary to establish the "Procedures for Endorsement/Guarantee" in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and process the endorsements/guarantees in accordance with its Procedures.</p> <p>2.Unless otherwise specified in the Procedures, the Company's control and management procedures for subsidiaries' endorsements /guarantees shall be governed by the Company's Regulations of the Supervision and Management of Subsidiaries.</p>	<p>Control and management procedures for endorsements /guarantees for subsidiaries</p> <p>1.Where a subsidiary of the Company intends to provide endorsements/guarantees to others, the Company shall order the subsidiary to establish the "Procedures for Endorsement/Guarantee" in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and process the endorsements/guarantees in accordance with its Procedures.</p> <p>2.Unless otherwise specified in the Procedures, the Company's control and management procedures for subsidiaries' endorsements /guarantees shall be governed by the Company's Regulations of the Supervision and Management of Subsidiaries.</p>

Article	Original	Revised
Article 8	<p>3.Subsidiaries shall compile statements of endorsements /guarantees for others in the previous month and submit the statements to the Company before the 10th day (exclusive) of each month.</p> <p>4.The internal auditors of subsidiaries shall audit its Procedures and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the audit unit of the Company in writing of any material violations found. The Company's audit unit shall deliver the information in written format to the Supervisors.</p>	<p>3.Subsidiaries shall compile statements of endorsements /guarantees for others in the previous month and submit the statements to the Company before the 10th day (exclusive) of each month.</p> <p>4.The internal auditors of subsidiaries shall audit its Procedures and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the audit unit of the Company in writing of any material violations found. The Company's audit unit shall deliver the information in written format to the Supervisors <u>or the Audit Committee.</u></p>
Article10	<p>Levels of authority is delegated</p> <p>1.All guarantees for external parties shall be subject to limits that are established in accordance with the credit levels of the recipient, and they shall be implemented pursuant to the review and approval of the Board of Directors. However, the Board of Directors may authorize the Chairman to decide on the execution of guarantees within 10% of the Company's net worth under the following conditions, and submit the case to the next board meeting for recognition:</p> <p>(1)Where a board meeting was not held in time.</p> <p>(2)Where the guarantee is required based on the principle of reciprocity or provided in response to transactions by affiliated companies.</p> <p>(3)Where the <u>endorsement</u> /guarantee for a single enterprise remains within the approved limit.</p> <p><u>Where the position of independent director has been established. When the Company discusses endorsement /guarantee cases, it shall take into full consideration each Independent Director's opinions, such consent or objection shall be recorded in the minutes of the board meeting.</u></p> <p>2.Where a subsidiary in which the Company holds, directly or indirectly, more than 90% of the voting shares provides endorsements/guarantees in accordance with Paragraph 2 of Article 4, it shall submit the proposal to the Company's Board of Directors for approval before implementation. However, this restriction shall not apply to endorsements /guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.</p> <p>3.Where the endorsement/guarantee based on business requirements calls for an amount over the limits specified herein and the endorsement/guarantee meets the conditions specified in the Procedures, the approval</p>	<p>Levels of authority is delegated</p> <p>1.All guarantees for external parties shall be subject to limits that are established in accordance with the credit levels of the recipient, and they shall be implemented pursuant to the review and approval of the Board of Directors. However, the Board of Directors may authorize the Chairman to decide on the execution of guarantees within 10% of the Company's net worth under the following conditions, and submit the case to the next board meeting for recognition:</p> <p>(1)Where a board meeting was not held in time.</p> <p>(2)Where the guarantee is required based on the principle of reciprocity or provided in response to transactions by affiliated companies.</p> <p>(3)Where the <u>endorsement</u> /guarantee for a single enterprise remains within the approved limit.</p> <p>2.Where a subsidiary in which the Company holds, directly or indirectly, more than 90% of the voting shares provides endorsements/guarantees in accordance with Paragraph 2 of Article 4, it shall submit the proposal to the Company's Board of Directors for approval before implementation. However, this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.</p> <p>3.Where the endorsement/guarantee based on business requirements calls for an amount over the limits specified herein and the endorsement/guarantee meets the conditions specified in the Procedures, the approval of the Board of Directors and a joint guarantee from at least half of the Directors shall be required. The Procedures shall be revised and submitted to the shareholders' meeting for ratification. If the shareholders' meeting does not grant approval to the amendments, a plan shall be formulated to cancel the</p>

Article	Original	Revised
Article10	<p>of the Board of Directors and a joint guarantee from at least half of the Directors shall be required. The Procedures shall be revised and submitted to the shareholders' meeting for ratification. If the shareholders' meeting does not grant approval to the amendments, a plan shall be formulated to cancel the excess parts within a specific period.</p> <p><u>Where the position of independent director has been established, when the Company discusses the matter pursuant to the preceding paragraph</u> in board meetings, it shall take into full consideration each independent director's opinions, such consent or objection and reasons for objection shall be recorded in the minutes of the board meeting.</p>	<p>excess parts within a specific period.</p> <p>4. <u>When the Company discusses endorsement/ guarantee cases</u> in board meetings, it shall take into full consideration each Independent Director's opinions, such consent or objection and reasons for objection shall be recorded in the minutes of the board meeting.</p>
Article11	<p>Public announcement and reporting procedures</p> <p>1.The Company shall announce and report the previous month's balance of endorsements/guarantees of the Company and its subsidiaries before the 10th day of each month.</p> <p>2.Where endorsements and guarantees reach one of the following thresholds, the Company shall announce and report such conditions within 2 days of the occurrence:</p> <p>(1)The balance of the Company and its subsidiaries' endorsements/guarantees reach 50% or more of the Company's net worth as stated in its latest financial statements.</p> <p>(2)The balance of the Company and its subsidiaries' endorsements/guarantees to a single entity reach 20% or more of the Company's net worth as stated in its latest financial statements.</p> <p>(3)The balance of the Company and its subsidiaries' endorsements/guarantees to a single entity reach NT\$10 million, and the amount of investments <u>of a long-term nature</u> and the total balance of loans reach 30% or more of the Company's net worth as stated in its latest financial statements.</p> <p>(4)The balance of the Company and its subsidiaries' new endorsements/guarantees reach NT\$30 million or more and at least 5% of the Company's net worth as stated in its latest financial statements.</p> <p>3.In the event that the subsidiary is a non-public domestic company, the Company shall, on behalf of the subsidiary, carry out the relevant announcement and reporting as stipulated in Subparagraph 4 of the preceding Paragraph.</p>	<p>Public announcement and reporting procedures</p> <p>1.The Company shall announce and report the previous month's balance of endorsements/ guarantees of the Company and its subsidiaries before the 10th day of each month.</p> <p>2.Where endorsements and guarantees reach one of the following thresholds, the Company shall announce and report such conditions within 2 days of the occurrence:</p> <p>(1)The balance of the Company and its subsidiaries' endorsements/guarantees reach 50% or more of the Company's net worth as stated in its latest financial statements.</p> <p>(2)The balance of the Company and its subsidiaries' endorsements/guarantees to a single entity reach 20% or more of the Company's net worth as stated in its latest financial statements.</p> <p>(3)The balance of the Company and its subsidiaries' endorsements/guarantees to a single entity reach NT\$10 million, and the <u>carrying</u> amount of investments <u>recognized under the equity method</u> and the total balance of loans reach 30% or more of the Company's net worth as stated in its latest financial statements.</p> <p>(4)The balance of the Company and its subsidiaries' new endorsements/guarantees reach NT\$30 million or more and at least 5% of the Company's net worth as stated in its latest financial statements.</p> <p>3.In the event that the subsidiary is a non-public domestic company, the Company shall, on behalf of the subsidiary, carry out the relevant announcement and reporting as stipulated in Subparagraph 4 of the preceding Paragraph.</p>

Article	Original	Revised
<p>Article13</p> <p>Article13</p>	<p>Implementation and revisions</p> <p><u>The Procedure is subject to the approval of the Board of Directors, and shall submit to supervisors (if established) then submitted to the shareholders’ meeting for approval. Where a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director’s opinion to each supervisor (if established) then submitted to the shareholders’ meeting for discussion, any revisions is subject to the same procedures.</u></p> <p><u>Where the position of independent director has been established, when the Procedure is submitted to the Board of Directors for discussion pursuant to the preceding paragraph, the Company 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 meeting.</u></p> <p><u>Where an audit committee has been established, the implementation or revision of the Procedure and major endorsement or guarantee must be approved by at least half of all members of the Audit Committee and be submitted to the Board of Directors for resolution. The paragraph 1 of article 10 is not applicable herein, and the Audit Committee shall replace the Supervisors for the duties specified in the Procedures.</u></p> <p>If the approval of at least half of all members of the Audit Committee is not obtained as described in the preceding paragraph, <u>it can be</u> approved by more than two-thirds of all Directors and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting.</p> <p>“All members of the Audit Committee” <u>in paragraph 2</u> and "all Directors" <u>in the preceding paragraph</u> shall include only the persons who currently hold such offices.</p>	<p>Implementation and revisions</p> <p><u>The</u> implementation or revisions of the Procedures must be approved by at least half of all members of the Audit Committee and be submitted to the Board of Directors for resolution, then submitted to the shareholder’s meeting for approval.</p> <p>If the approval of at least half of all members of the Audit Committee is not obtained as described in the preceding paragraph, <u>the Procedures may be implemented or revisions if they are</u> approved by more than two-thirds of all Directors and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting.</p> <p>"All members of the Audit Committee" and "all Directors" <u>referred to in the Procedures</u> shall include only the persons who currently hold such offices.</p>

Attachment 10

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 or competitive auction.
 - 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 the nearest whole 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.
 - C. "Competitive Auction" 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 Depository 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 average 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 average closing price of the Company's common shares for the thirty business days immediately preceding its price determination date, and adjusted by the applicable stock dividends, cash dividends, and/or capital reduction.

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

- (2) The method of selecting the specified subscribers : The Company will select the specified subscribers in accordance with Article 43-6 of Securities and Exchange Act. If a strategic investor is targeted, only those individual and/or legal entities which may help the Company in improving its technologies, developing products, reducing cost, enlarging market shares, and/or strengthen customers relationships, etc. will be selected to enhance the Company's competitiveness, business operation, and/or profitability through the strategic investors' experience, technology, knowledge, brand, or distribution channels.
- (3) The necessity of private placement : In consideration of market conditions, fund raising efficiency, costs of the offering(s) as well as equity stabilizing, private placement may be adopted as a fund raising mechanizes. If the private placement is for the strategic investors, it is to maintain long-term relations with such strategic investors through the transfer restriction of shares subscribed. Also, the use of proceeds thereof shall be for the Company's business operation and/or development; and it shall be for the steadily operation of the Company as well as the interests of the shareholders.
- (4) Except for the transfer restriction as provided under Article 43-8 of Securities and Exchange Act, the rights and obligations of the privately placed common shares is the same as the outstanding common shares.

IV. The private placement of domestic and/or overseas convertible bonds

- (1) The term of the privately placed convertible bonds shall not be more than seven years.
- (2) It is hereby proposed to AGM for authorizing the Board of Directors to determine the coupon rate of the privately placed convertible bonds.
- (3) The basis and rationality of the private placement price : The issuance price of the privately placed convertible bonds shall be no less than 80% of the theoretical price and that the conversion price shall be no less than 80 percent of the higher of the following:

- A. The average 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 average 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 price based on the resolution of the AGM and then market conditions. Considering that the privately placed securities have a three-year transfer restriction as required by Securities and Exchange Act and that the price will be set by referring to the market price of common shares, the conversion price setting arrangement shall be reasonable.

- (4) The method of selecting the specified subscribers : The Company will select the specified subscribers in accordance with Article 43-6 of Securities and Exchange Act. If a strategic investor is targeted, only those individual and/or legal entities which may help the Company in improving its technologies, developing products, reducing cost, enlarging market shares, and/or strengthen customer relationships, etc. will be selected to enhance the Company's competitiveness, business operation, and/or profitability through the strategic investors' experience, technology, knowledge, brand, or distribution channels.
- (5) The necessity of private placement : In consideration of market conditions, fund raising efficiency, costs of the offering(s) as well as equity stabilizing, private placement may be adopted as a fund raising mechanism. 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 steady operation of the Company as well as the interests of the shareholders.
- (6) The transfer restriction of the privately placed convertible bonds is in accordance with Article 43-8 of Securities and Exchange Act.
- (7) It is hereby proposed to the AGM for fully authorizing the Chairman or his designee to handle and follow-up related affairs and to represent the company to sign any contract and/or related documents.

V. The issuance price (“Price”)

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

The Price will be set according to relevant regulations (for example: the privately placed shares have a three-year transfer restriction as required by Securities and Exchange Act etc.) and the resolution of the AGM. Also, it shall be in consideration of the steady operation of the Company, the security of the financial structure, the urgency of the capital needs, as well as the feasibility of the fund raising, and the analysis of the significant impact to our shareholders. Therefore, the price setting or the reasons for not adopting other fund raising methods in the nature of liabilities are reasonable.

Attachment 11

The Information of Nominated Directors

1. Director Candidates

Shareholders Account Number	Name - Representative of Juristic Person	Shareholdings (shares)	Education	Working Experience	Position
21	Miin Chyou Wu	12,371,859	M.S. degree in Material Science and Engineering from Stanford University	<ul style="list-style-type: none"> Chairman & President of Macronix International Co., Ltd. 	<ul style="list-style-type: none"> Chairman & CEO of Macronix International Co., Ltd. Managing Director of Eastern Electronics Co., Ltd.
1242496	Chien Hsu Investment Corporation	811,421	-	-	-
45641	Chih-Yuan Lu	2,300,395	Ph.D. degree in Physics from Columbia University	<ul style="list-style-type: none"> IEEE Fellow APS Fellow Deputy General Director of Electronics Research Lab. of Industrial Technology Research Institute President of Vanguard International Semiconductor Co. Senior V.P. of Macronix International Co., Ltd. Chairman & President of Ardentec Corporation Academia Sinica Academician ITRI Laureate NAI Fellow 	<ul style="list-style-type: none"> President of Macronix International Co., Ltd. Chairman & CEO of Ardentec Corporation
777505	Shun Yin Investment Ltd - Shigeki Matsuoka	22,587,265	M.S. degree in electronics engineering from Kyoto University	<ul style="list-style-type: none"> President & CEO of MegaChips Corporation 	Adviser of MegaChips Corporation
239	Cheng-Yi Fang	353,026	B.S. degree in Business Administration Department from National Taiwan University	<ul style="list-style-type: none"> Vice Chairman of Mercuries & Associates Ltd. Regional President of Taiwan of Avnet Asia Pte. Ltd. 	<ul style="list-style-type: none"> Director of Mercuries & Associates, Holding Ltd.

Shareholders Account Number	Name - Representative of Juristic Person	Shareholdings (shares)	Education	Working Experience	Position
941249	Chung-Laung Liu	80,986	Sc.D.degree in Electrical Engineering from Massachusetts Institute of Technology	<ul style="list-style-type: none"> • Fellow of Academia Sinica • President of National Tsing Hua University 	<ul style="list-style-type: none"> • Chairman of Trendforce Corp. • Director of United Microelectronics Corp. • Director of UBI Pharma Inc. • Independent Director of Powerchip Technology Corporation • Independent Director of Accton Technology Corp. • Independent Director of Microelectronics Technology Corp. • Independent Director of Far Eastone Telecommunications Co., Ltd.
1065570	Achi Capital Limited	902,456	-	-	-
L10156****	Che-Ho Wei	-	Ph. D. in electronic engineering from the University of Washington, Seattle, USA.	<ul style="list-style-type: none"> • Professor, Chairman of EE Department, Dean of EE&CS College, Vice President of National Chiao Tung University • Chairman of National Science Council 	<ul style="list-style-type: none"> • Chairman of NII Enterprise Promotion Association • Director of Taipei Medical University • Director of Arcadyan Technology Corporation • Director of Unizyx Holding Corporation • Independent Director of Sunplus Technology Co., Ltd. • Independent Director of Genesis Photonics Inc.
810	Dang-Hsing Yiu	6,557,048	M.S. degree in Electronic Engineering from University of California, Berkeley	<ul style="list-style-type: none"> • Founder & President of Dynasty Technology Inc. • Senior Vice President of Macronix International Co., Ltd. 	<ul style="list-style-type: none"> • Senior V.P. & Chief Marketing Officer of Macronix International Co., Ltd. • Outside Director of Mega Chips Corporation
837	Ful-Long Ni	1,647,732	M.S. degree in Electronic Engineering from University of Michigan	Associate V.P. of Macronix International Co., Ltd.	Vice President of Macronix International Co., Ltd.
280338	Hui Ying Investment Ltd.	1,956,619	-	-	-

2. Independent Director Candidates

ID	Name	Shareholdings (shares)	Education	Working Experience	Position	Rationale for Nomination
A10038****	Chiang Kao	-	Ph.D. degree in Forest Management from Oregon State University	<ul style="list-style-type: none"> • Professor of Department of Computer Science Southwest Texas State University • President of National Cheng Kung University 	Chair Professor of Department of Industrial and Information Management of National Cheng Kung University	Note 1
E10128****	Yan-Kuin Su	-	Ph.D. in electrical engineering from National Cheng Kung University	<ul style="list-style-type: none"> • IEEE Fellow • SPIE Fellow • Professor & Chair of Electrical Engineering, V.P. for R&D, V.P for Academic Affairs of National Cheng Kung University • Director General of Department of Engineering and Applied Sciences , National Science Council • President of Kun Shan University 	<ul style="list-style-type: none"> • Honorary Professor of National Cheng Kung University • Independent Director of Himax Technologies, Inc • Independent Director of Universal Cement Corporation • Independent Director of Epileds Technologies, Inc. • Professor of Kun Shan University • Chief Director of Kun Shan University Green Energy Technology Research Center 	Note 2
N10005****	John C.F. Chen	-	B.S. degree in Accounting & Statistics from National Cheng Kung University	<ul style="list-style-type: none"> • Admitted, Taiwan CPA • Chairman of Diwan & Company, CPAs 	<ul style="list-style-type: none"> • Chairman of Chen Chow Investment Inc. • Director of Diwan Investment Inc. • Representative(Director) of Chan Chun Investment Inc. • Representative(Director) of Realy Development & Construction Co. 	Note 3
T12036****	Tyzz-Jiun Duh	-	Ph D.Graduate Institute of Forestry from National Taiwan University	<ul style="list-style-type: none"> • Director General of Department of Commerce, Ministry of Economic Affairs • Director General of Department of Industrial Technology, Ministry of Economic Affairs • Director General of Industrial Development Bureau, Ministry of Economic Affairs • Minister of Ministry of Economic Affairs • Minister of National Development Council • Vice Premier of Executive Yuan 	<ul style="list-style-type: none"> • Policy Advisor of Taiwan Electrical and Electronic Manufacturer's Association • Chief Consultant of Taiwan Transportation Vehicle Manufacturers' Association • Independent Director of CDIB Capital Group • Part-time Associate Professor of Department of Business Administration of Soochow University 	-

Note :

1. Mr. Chiang Kao has professional capabilities in strategy analysis and management. The Company needs his expertise for guiding its future development by improving the decision-making quality and performance of the Board of Directors. The Board of Directors came to the conclusion that Mr. Kao still has the necessary independence and the ability to make objective judgments to serve as an independent director, contribute value and fulfill the responsibility of supervision.
2. Mr. Yan-Kuin Su has extensive experience in semiconductor research and the applications of technology. The Company needs his expertise and experience in the industry to guide its future development by assisting the Board of Directors and management in formulating prudent business strategies. The Board of Directors came to the conclusion that Mr. Su still has the necessary independence and the ability to make objective judgments to serve as an independent director, contribute value and fulfill the responsibility of supervision.
3. Mr. John C.F. Chen is a certified public accountant in Taiwan with extensive experience in finance, accounting and business. He can contribute his professional knowledge and capacity, make independent judgments and give valuable opinions to help the Audit Committee and the Board of Directors function effectively. The Board of Directors came to the conclusion that Mr. Chen still has the necessary independence and the ability to make objective judgments to serve as an independent director, contribute value and fulfill the responsibility of supervision.

Attachment 12

The Competitive Activities of the Respective Board of Directors

Name	Title of Other Company	Main Business	Note
Miin Chyou Wu	Eastern Electronics Co., Ltd. Managing Director	Engineering Manufacturing Service	Permitted
Chien Hsu Investment Corporation	ZOWIE Technology Corporation Director	Diodes and Discrete Components	Permitted
Chih-Yuan Lu	Giga Solution Tech. Co., Ltd. Representative (Chairman)	IC Testing	Permitted
	Hong Tai Electric Industrial Co.,Ltd. Independent Director	Electrical and Cable	Permitted
	Ardentec Corporation Chairman & CEO	Wafer Testing	Permitted
	Ardentec Korea Co., Ltd. Director	Wafer Testing	Permitted
	Ardentec Singapore Pte. Ltd. Director	Wafer Testing	Permitted
	Ardentec Semiconductor Co., Ltd. Representative (Chairman)	Electronics-related industry	Permitted
Chung-Laung Liu	Trendforce Corp. Chairman	Data Processing Services	Permitted
	United Microelectronics Corp. Director	Wafer Foundry	Permitted
	Powerchip Technology Corporation Independent Director	DRAM Manufacture	Permitted
Che-Ho Wei	Arcadyan Technology Corporation Director	Electronics-related industry	Permitted
	Sunplus Technology Co., Ltd. Independent Director	IC Design	Permitted
	Genesis Photonics Inc. Independent Director	Optoelectronic	Permitted
Dang-Hsing Yiu	MegaChips Corporation Outside Director	IC Design	Permitted
	MegaChips Taiwan Corporation Representative (Director)	IC Sales and Services	Permitted
Yan-Kuin Su	Epileds Technologies, Inc. Independent Director	Optoelectronic	Permitted
	Himax Technologies, Inc. Independent Director	IC Design	Permitted

Appendix 1

Macronix International Co., Ltd. Articles of Incorporation

May 26, 2017
Revised by the regular shareholders' meeting of 2017

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 one year; provided, however, that shareholder file a litigation in accordance with Article 189 of the Company Law, the minutes shall be kept till the end of such litigation.

Article 16-1: When Powerchip Semiconductor Corp. and its affiliates (individually and/or collectively

“PSC”) itself serves or designates others to serve the director of this company (individually and/or collectively “PSC Director”), neither PSC nor PSC Director shall use information of this company on matters other than the operation of this company, or disclose such information to any third party. The transaction between this company and each PSC (“Transaction”) shall obtain the prior approval of more than one half of the shareholders (other than PSC) attending the shareholders’ meeting of this company. However, in the event the Transaction merely grants rights to this company, it can be proceeded if more than one half of the directors of this company (other than PSC Director) approve said Transaction and its details are reported to the following shareholders’ meeting. The president of this company shall report the progress of the Transaction to the supervisor from time to time, and the negotiation and conclusion of any and all Transaction shall be represented by non-PSC supervisor(s) of this company. The Transaction is invalid if the foregoing is violated.

CHAPTER 4: DIRECTORS, SUPERVISORS AND MANAGERS

- Article 17: The Company shall have nine to fifteen directors (including at least three independent directors with the remaining being non-independent directors) to be elected by the Shareholders from nomination list, with a term of three-year and renewable upon re-election. Corporate shareholders may appoint representative to serve the directorship and may appoint new representative to take over as director for the remaining term of the directorship.
Compensation for the chairman, non-independent directors and independent directors shall be determined by the Board of Directors in accordance with their respective participation and contribution to the operations of the business, and the domestic and international business standards. The Company shall purchase liability insurance for the directors (including independent and non-independent).
- Article 18: The Company shall have three to four supervisors to be elected by the shareholders from a nomination list, with a term of three-year and renewable upon re-election. In the event an audit committee, i.e., a committee to be formed by at least three independent directors with at least one independent director specialized in accounting or finance) is established, the Company is not required to elect supervisor. In the case that supervisors have been elected, they will be terminated immediately upon the formation of the audit committee and the provisions relating to Supervisor hereof shall become void.
Compensation for supervisors shall be determined in accordance with their participation and value of contribution, and the domestic and international business standards. The Company shall purchase liability insurance for the supervisors. Corporate shareholders may appoint representative to be elected as supervisors and may appoint new representatives or supervisor to take over as supervisors for the remaining term.
- Article 19: The Directors shall elect from among themselves a board chair acting as the representative of the Company, by a majority in a meeting attended by over two-thirds of the Directors.
- Article 20: The directors' meeting shall be convened by the chairman of the board. The initial directors' meeting of each term shall be convened by the director who receives the number of ballots representing the largest number of votes. If a director is unable to attend a directors' meeting, the director may appoint another director to attend the meeting as proxy; provided, however, that the proxy shall accept the appointment of one director only. A director who lives abroad may appoint in written form another shareholder domiciled within the territory of R.O.C. to attend regularly by proxy any directors' meeting. Such appointment of proxy shall be registered with the competent authority.
If the directors' meeting is conducted in a manner of digital videoconference, the directors who participate in such conference via digital video shall be deemed be present in person.

- Article 21: The notice of directors' meeting shall specify the purposes for which the meeting is convened and the agenda. Notice shall be provided to the directors and supervisors by 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.

CHAPTER 5: ACCOUNTING

- 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.

Article 30: The Company accrued employees' compensation and remuneration of directors at the rates of 15% and no higher than 2%, for each profitable fiscal year after offsetting any cumulative losses.

Employees eligible to receive employees' compensation may include employees from the affiliated companies

The Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside a legal reserve 10% of the remaining profit (until the amount of the legal reserve equals the amount of the Company's paid-in capital), setting aside or reversing a special reserve in accordance with the laws and regulations.

The Company is classified under the capital intensive industry. In accordance with the long-term financial program of the Company, the above shareholders' dividends can be retained as undistributed earnings, and then be distributed in future, as determined by the shareholders at the Annual General Meeting.

Distributions shall be prioritized to take the form of cash dividends. Nevertheless, it still depends on the Company's financial, sales or operating conditions. That no more than 50% of the current year's total amount of distributable earnings can be distributed in the form of share dividends.

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.

SECTION 6: SUPPLEMENTARY PROVISIONS

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

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; twenty-fourth revision on June 18th, 2015; twenty-fifth revision on May 26th, 2017.

Appendix 2

Macronix International Co., Ltd. Procedure Rules of Shareholders' Meeting

June 6, 2012

Revised by the regular shareholders' meeting of 2012

- 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.
- 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.

Appendix 3

Macronix International Co., Ltd. Rules for the Directors / Supervisors Election

June 29, 2007

Revised by the regular shareholders' meeting of 2007

- Article 1 The directors of this Company shall be elected in accordance with the rules specified herein.
- Article 2 Election of directors of this Company shall be held at the shareholders' meeting.
- Article 3 The candidate nomination system is adopted for election of directors of this Company. All directors shall be elected by shareholders from the candidate list announced by this Company (the "Candidate").
- Article 4 The number of positions for director shall be in compliance with the Company's Articles of Incorporation.
- Article 5 Unless otherwise prescribed by the Company's Articles of Incorporation, Company's directors shall be elected through cumulative voting. The number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates. Independent and non-independent directors shall be elected at the same time, but in separately calculated numbers.
- Article 6 During the election, the chairman shall appoint vote inspectors (the "Inspector") and vote counters to take charge of inspecting and counting the votes. The ballot box used for voting shall be prepared by this Company and checked by the Inspector before voting.
- Article 7 Subject to the provisions otherwise provided for the rules specified herein, the candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director elect (the "Electee"), and such number shall be in compliance with the Articles of Incorporation.
- Article 8 In any of the following events, this Company will notify the original candidate who acquires the number of votes secondarily to substitute for the vacancy position in writing.
- (1) Any discrepancies proved by this Company; or any electee not meet paragraph 3 or paragraph 4 of Article 26-3 of Securities and Exchange Act, or relevant laws;
 - (2) Any electee specified in any subparagraph of Article 30 of the Company Act.
- Article 9 In the event a candidate is elected both director and supervisor for the same term, such candidate may choose either position and notify the Chairman. The candidate who acquires the number of votes secondarily will substitute for the vacancy position. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall follow the sequence decided by the Chairman to draw lots to decide who should win

the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present.

- Article 10 In the event an audit committee is established, at least one independent director shall be specialized in accounting or finance. If each elected independent director is not specialized in accounting or finance, the independent director candidate who acquires the number of votes secondarily will substitute for the vacancy position.
- Article 11 This Company shall prepare the ballots with a record of the number of attendance card and votes (the "ballots"), and send to attendant shareholders.
- Article 12 If the candidate is (1) a shareholder of this Company, voters shall fill in the "candidate" column the candidate's name and shareholder's number ; (2) not a shareholder of this Company, voters shall fill in the "candidate" column the candidate's name, the candidate's ID number. If the candidate is (1) a government agency or a legal entity, the full name of the government agency or the legal entity should be filled in the column ; (2) the representative(s) a government agency or a legal entity, the full name of the government agency or the legal entity and the name(s) of their representative(s) should be filled in the column.
- Article 13 Ballots shall be deemed void under the following conditions:
- (1) Ballots not prepared in compliance with this Regulation
 - (2) Blank ballots placed in the ballot box
 - (3) The name filled in the ballot inconsistent with the Candidates
 - (4) Illegible writing;
 - (5) The name of the candidate filled in the ballot is incorrect (e.g. inconsistent with the shareholders' register)
 - (6) Ballots written inconsistent with this Regulation or with other written characters in addition to Article 12
 - (7) Two or more candidates filled in the same ballot.
- Article 14 The number of votes which are not cast for candidates deem waive the voter's right.
- Article 15 The ballots should be calculated during the meeting right after the vote casting and the results of the election should be announced by the Chairman at the meeting. Any issue with regard to the ballots or this Regulation, the Chairmen shall has right to adjudicate.
- Article 16 This Company shall issue notifications to the directors elected.
- Article 17 The provisions of this Article, except Article 10, shall apply mutatis mutandis to the election of supervisors.
- Article 18 Where this Regulation does not specifically provide, the Articles of Incorporation and relevant laws shall be applicable.
- Article 19 These rules and any revision thereof shall become effective after approval at the shareholders' meeting.
- Article 20 These rules were enacted on July 18, 1992; 1st revision on May 30, 2002; 2nd revision on June 30, 2006; 3rd revision on June 29, 2007.

Appendix 4

Macronix International Co., Ltd. Shareholding of All Directors

1. As of the book closure date for the 2019 AGM, the issued shares were 1,840,166,993 shares (including 1,978,756 shares without voting rights pursuant to Article 179 of the Company Act).
2. Pursuant to Article 26 of the Securities and Exchange Act and the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”, the total shareholding of all directors shall not be less than 2.4% of the total issued shares, i.e. 44,164,008 shares.
3. The Company has established Audit Committee, and therefore the minimum shareholding requirements for supervisors do not apply.
4. As of the book closure date for the 2019 AGM, the shareholding of individual director and all directors recorded in the shareholders' register is as follows:

As of April 20, 2019

Position	Name	Shares	Shareholding ratio
Chairman	Miin Chyou Wu	12,371,859	0.67%
Director	Chien Hsu Investment Corporation	811,421	0.04%
Director	Chih-Yuan Lu	2,300,395	0.13%
Director	Shun Yin Investment Ltd. Representative : Shigeki Matsuoka	22,587,265	1.23%
Director	Cheng-Yi Fang	353,026	0.02%
Director	Chung-Laung Liu	80,986	0.00%
Director	Achi Capital Limited	902,456	0.05%
Director	Cho-Ho Wei	-	-
Director	Dang-Hsing Yiu	6,557,048	0.36%
Director	Ful-Long Ni	1,647,732	0.09%
Director	Hui Ying Investment Ltd.	1,956,619	0.11%
Independent Director	Chiang Kao	-	-
Independent Director	Yan-Kuin Su	-	-
Independent Director	John C.F. Chen	-	-
Total Shareholding of all Directors		49,568,807	2.70%

Appendix 5

Others

The impact of stock dividend distribution proposed or adopted at the shareholders' meeting on business performance, EPS, and the return rate of shareholders: Not applicable.