



**MACRONIX  
INTERNATIONAL Co., LTD.**

## **2020 Annual Shareholders' Meeting**

# **Meeting Manual**

**(Translation)**

May 27, 2020

*-----Disclaimer-----*

*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.*

# TABLE OF CONTENTS

<b>Meeting Procedure</b> .....	1
<b>Meeting Agenda</b>	
1.Reports.....	3
2.Ratification and Discussion .....	4
3.Others and Motions .....	6
<b>Attachment</b>	
1. 2019 Business Report.....	7
2. Audit Committee’s Report.....	9
3. Independent Auditors’ Report and 2019 Parent Company Only Financial Statements .....	10
4. Independent Auditors’ Report and 2019 Consolidated Financial Statements.....	20
5. 2019 Distribution Plan.....	30
6.The Method and Particulars of the Public Offering and/or the Private Placement of Securities .....	31
7.The Competitive Activities of the Respective Board of Directors .....	34
<b>Appendix</b>	
1. Articles of Incorporation.....	35
2. Procedure Rules of Shareholders’ Meeting .....	40
3. Shareholding of all Directors.....	43
4. Others .....	43

**Macronix International Co., Ltd.**  
**2020 Annual Shareholders' Meeting Procedure**

- 1. Announcement of Meeting to Order**
- 2. Chairman's Remarks**
- 3. Reports**
- 4. Ratification and Discussion**
- 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.**

## **2020 Annual Shareholders' Meeting Agenda**

Date : 9:00 a.m., May 27, 2020

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. 2019 Business Report
2. Audit Committee's Report of 2019
3. Report of the 2019 Employees' and/or Directors' Compensation Distributions
4. Others

III. Ratification and Discussion

1. Adoption of Year 2019 Business Report and Financial Statements
2. Adoption of the Company's Year 2019 Distribution Plan
3. Approval of the public offering and/or private placement of Securities
4. 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** 2019 Business Report

Explanation : The 2019 Business Report is attached hereto as Attachment 1.

**ITEM 2** Audit Committee's Report of 2019

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

**ITEM 3** Report of the 2019 employees' and/or directors' compensation distributions

Explanation : The Borad of Directors held on February 17, 2020 approved to distribute NT\$544,330,128 as employees' compensation and NT\$72,577,350 as directors's compensation in cash. The employees' compensation will be distributed in installments.

**ITEM 4** Others : None

# Ratification and Discussion

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

Proposal : Adoption of Year 2019 Business Report and Financial Statements

Explanation : 1. The 2019 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 Year 2019 Distribution Plan

Explanation : 1. It is hereby proposed to distribute NT\$2,207,890,634 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. 2019 Distribution Plan is attached hereto as Attachment 5.

Resolution :

## **ITEM 3** (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 the Attachment 6.

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 the Attachment 6.

Resolution :

#### **ITEM 4**

Proposal : Approval of releasing directors' non-competition obligation.

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. Pursuant to Article 209 of Company Act, it's hereby proposed to submit to the AGM for approval of releasing the director's competition restriction after the explanation of the competitive activities of the respective board of directors. The summary of such activities of the directors are as Attachment 7.

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. 2019 Business Report**

As of 2019, Macronix has engaged in the field of non-volatile memory for 30 years, and during that time has won the support and trust of its clients. Macronix ROM and NOR Flash have risen to the top of the memory market, and its NAND Flash has shown its superior ability in the global memory market. It is now headed into the new era of 3D NAND! Over the past year, due to uncertainties from the US-China trade negotiations and business cycles, demand has dampened and the price of memory has experienced a significant drop. In recent years, Macronix has successfully deployed in high-capacity and high-quality markets, and thus it can continue to provide high-end application clients with superior products of the highest quality. This has reduced the impact from the drop in prices. Revenue in 2019 fell by 5% from the previous year, and average gross margin decreased by 10 percentage points. However, advanced process products have gradually been adopted by clients, and in new and emerging high-quality applications, such as the automotive, 5G, wearable device, and health medical fields, we have obtained field-leading results—these results will be the impulse for the growth of our operations in the future.

The operating performance of 2019 is as follows: net consolidated revenue for the year was NT\$34.995 billion, annual consolidated gross profit was NT\$9.615 billion, while annual gross profit margin was 28%, net profit after tax was NT\$3.013 billion, and earnings per share was NT\$1.64. Cash generated from operating activities was NT\$4.543 billion, cash expenditures for investment activities was NT\$12.404 billion, with NT\$8.725 billion in cash at the end of the period, debt ratio was 46.4%, book value per share rose to NT\$17.68. All these figures indicate that Macronix's financial status is well sounded.

Macronix has continued to maintain its global competitiveness owing to crucial breakthroughs and innovations in technology. Ever since its founding, it has constantly engaged in R&D of prospective memory technology and development of new products. Investment expenses for research and development were equivalent to about 10% of revenue last year (2019). As of the end of last year (2019), Macronix accumulated 8,018 patents worldwide. It also has incorporated many foundational patents and key 3D NAND technologies. Macronix not only holds a high quantity of patents, but also patents of high quality, which further strengthens the Company's leading position in the non-volatile memory market and facilitates its long-term development.

Regarding the development of processes and products, in terms of ROM, products with capacity over 64Gb accounted for 73% of ROM revenues in the fourth quarter of last year (2019). In terms of NOR Flash, products below 75 nm accounted for 74% of NOR Flash revenue in the fourth quarter of last year (2019), of which high-density products above 256Mb increased to 36% of NOR Flash revenue. Process technology has been advanced to 55 nm. In terms of NAND Flash, 19 nm SLC NAND Flash products began mass production in the third quarter of last year (2019), which satisfied demand for higher density memory from set-top box clients. Beginning this year (2020), Macronix has gradually promoted these products in many scopes of application. Last year (2019), using 3D NAND technology, we successfully

developed 48-layer 128 Gb products, which have been adopted by clients. We expect to mass produce these products in the second half of the year (2020). In addition, in the fourth quarter of last year (2019), the Board of Directors passed NT\$8.70 billion in capital expenditure, which will be invested in 3D NAND process technology and product development. Also, the Company will continue to press forward with 192-layer stack technology to give Macronix an even more solid foundation for its competitive ability and enhance product competitiveness.

As applications of AI such as IoT, automotive electronics, and 5G telecommunications are increasing in importance, Macronix has continued to provide its clients with solutions that go beyond normal requirements for standards and capacities. For example: We introduced the brand-new ArmorFlash™ last year (2019), wherein crucial security elements have been incorporated into memory chips to satisfy pressing needs for information security in such memory applications as IoT and automotive electronics. This technology has been adopted in the autonomous vehicle computing platforms of international manufacturers. Macronix's OctaBus flash memory provides high-efficiency data transmission, which has led to its use in solutions for clients promoting embedded AI in memory. In addition, Macronix provides low power consumption, high-speed IO, and high capacity memory solutions to adapt to the coming 5G-era. These solutions have fulfilled client expectations for stability and durability, and have been adopted by 80% of manufacturers of 5G base stations. These many examples are ample evidence that Macronix possesses first-rate product designs and manufacturing technologies. It is precisely these qualities and the Company's competitive edge that have distinguished Macronix in the memory market. At the same time, Macronix has incorporated big data and AI analysis into its production process to increase product yield, giving it a leading position in terms of features and advantages. Furthermore, its prospective research in Memory Centric AI technology has opened the gates to the next era of technology in the memory industry.

As the leading manufacturer of Non-volatile memory, Macronix continues to innovate and advance with quality products. In addition, it has devoted itself to the care of its employees, the development of professional talent, and the fulfillment of social responsibility. Last year (2019), Macronix was recognized with the CSR Annual Sustainable Elite at the first SGS CSR Awards. It also gave back to the community with real, tangible actions: it donated to National Cheng Kung University to build Macronix Innovation Center, which provides a platform for interdisciplinary innovation and multi-functional uses, which thereby strengthens Taiwan's capacity for technological innovation.

Looking into the future, our management team will continue to uphold its "Honesty" business philosophy and will focus on its action plan of optimizing wafer fabs and speeding up development of 3D NAND process products and innovative memory technologies. We will move forward creating more value with high quality as our goal; and we look forward to sharing our tremendous operating results with our shareholders, clients, and employees.

## **Attachment 2**

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

To: 2020 Annual Shareholders' Meeting of Macronix International Co., Ltd.

The 2019 Financial Statements of the Company (including the parent company only financial statements), the 2019 Business Report, and the proposed 2019 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: Tyzz-Jiun Duh

Independent director: Chiang Kao

Independent director: John C.F. Chen

Dated: March 6, 2020

**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, 2019 and 2018, 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, 2019 and 2018, 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, 2019. 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, 2019 are stated as follows:

**Recognition of revenue**

The Company operates principally as a supplier of memory chips. In recent years, due to changes in the memory chip market, the amount of sales revenue in 2019 has decreased. For new customers or customers whose sales changes are different from expected, the risk of inflated sales revenue may increase, which has a significant impact on the parent company only financial statements. We therefore considered that the testing of 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 orders and crediting and tested the effectiveness of those internal controls;
3. We sampled the sales documents to inspect sales details;
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, 2019, inventory was NT\$12,768,317 thousand, accounting for 21% 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), 5(a) and 9 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, 2019 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

February 17, 2020

*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, 2019 AND 2018**  
(In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4, 6 and 29)	\$ 7,631,948	13	\$ 12,712,172	22
Notes receivable and trade receivables, net (Notes 4, 8 and 29)	2,910,111	5	3,094,833	5
Receivables from related parties, net (Notes 4, 29 and 30)	1,841,672	3	1,208,039	2
Other receivables (Notes 4, 8, 29 and 30)	125,248	-	143,687	-
Inventories (Notes 4, 5 and 9)	12,768,317	21	17,906,555	30
Other current assets (Note 15)	226,115	-	417,946	1
Total current assets	<u>25,503,411</u>	<u>42</u>	<u>35,483,232</u>	<u>60</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4, 7 and 29)	1,440,574	2	1,201,824	2
Investments accounted for using equity method (Notes 4 and 10)	2,397,392	4	2,128,488	4
Property, plant and equipment (Notes 4, 11, 31 and 32)	28,904,312	48	18,829,669	32
Right-of use assets(Notes 3, 4 and 12)	970,622	2	-	-
Intangible assets (Notes 4 and 13)	43,559	-	42,755	-
Deferred tax assets (Notes 4 and 25)	1,104,876	2	1,179,084	2
Other financial assets - non-current (Notes 4, 14, 29 and 31)	161,802	-	179,957	-
Total non-current assets	<u>35,023,137</u>	<u>58</u>	<u>23,561,777</u>	<u>40</u>
<b>TOTAL</b>	<u>\$ 60,526,548</u>	<u>100</u>	<u>\$ 59,045,009</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 16 and 29)	\$ 1,550,000	3	\$ -	-
Contract liabilities (Note 23)	97,101	-	13,598	-
Notes payable and trade payables (Notes 17 and 29)	2,140,288	4	2,611,878	4
Payables to related parties (Notes 29 and 30)	4,720,212	8	8,926,201	15
Accrued employees' compensation and remuneration of directors (Notes 24 and 30)	1,285,774	2	2,292,435	4
Payables for purchases of equipment (Note 29)	877,848	2	964,872	2
Other payables (Notes 18 and 29)	1,345,691	2	1,310,443	2
Other payables to related parties (Notes 29 and 30)	149,947	-	160,112	-
Current tax liabilities (Notes 4 and 25)	-	-	184,257	-
Provisions - current (Notes 4 and 20)	4,856	-	14,106	-
Lease liabilities - current (Notes 3, 4 and 12)	72,307	-	-	-
Current portion of long-term borrowings (Notes 16, 29 and 31)	3,267,200	5	3,334,772	6
Other current liabilities (Note 19)	222,706	-	336,834	1
Total current liabilities	<u>15,733,930</u>	<u>26</u>	<u>20,149,508</u>	<u>34</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 16, 29 and 31)	9,774,330	16	5,885,318	10
Lease liabilities - non-current (Notes 3, 4 and 12)	906,049	1	-	-
Net defined benefit liabilities (Notes 4 and 21)	1,610,575	3	1,640,069	3
Other non-current liabilities (Note 19)	10,272	-	10,091	-
Total non-current liabilities	<u>12,301,226</u>	<u>20</u>	<u>7,535,478</u>	<u>13</u>
Total liabilities	<u>28,035,156</u>	<u>46</u>	<u>27,684,986</u>	<u>47</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 22 and 27)</b>				
Share capital				
Ordinary shares	18,399,271	31	18,402,919	31
Share capital to be cancelled	(182)	-	(1,249)	-
Total share capital	<u>18,399,089</u>	<u>31</u>	<u>18,401,670</u>	<u>31</u>
Capital surplus	543,920	1	(56,241)	-
Retained earnings				
Legal reserve	1,440,661	2	541,360	1
Special reserve	1,007,052	2	74,275	-
Unappropriated earnings	12,237,717	20	13,461,892	23
Total retained earnings	<u>14,685,430</u>	<u>24</u>	<u>14,077,527</u>	<u>24</u>
Other equity	(977,986)	(2)	(903,872)	(2)
Treasury shares	(159,061)	-	(159,061)	-
Total equity	<u>32,491,392</u>	<u>54</u>	<u>31,360,023</u>	<u>53</u>
<b>TOTAL</b>	<u>\$ 60,526,548</u>	<u>100</u>	<u>\$ 59,045,009</u>	<u>100</u>



## MACRONIX INTERNATIONAL CO., LTD.

### PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 23 and 30)	\$ 34,235,969	100	\$ 36,280,727	100
OPERATING COSTS (Notes 4, 9, 21, 24 and 30)	<u>25,377,649</u>	<u>74</u>	<u>23,002,158</u>	<u>63</u>
GROSS PROFIT	8,858,320	26	13,278,569	37
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES (Note 4)	<u>13,890</u>	<u>-</u>	<u>18,882</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>8,872,210</u>	<u>26</u>	<u>13,297,451</u>	<u>37</u>
OPERATING EXPENSES (Notes 4, 21, 24 and 30)				
Selling and marketing expenses	894,834	3	991,162	3
General and administrative expenses	1,433,247	4	1,655,468	4
Research and development expenses	<u>3,577,367</u>	<u>10</u>	<u>4,259,551</u>	<u>12</u>
Total operating expenses	<u>5,905,448</u>	<u>17</u>	<u>6,906,181</u>	<u>19</u>
INCOME FROM OPERATIONS	<u>2,966,762</u>	<u>9</u>	<u>6,391,270</u>	<u>18</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 7, 12, 24 and 30)	154,343	1	2,624,372	7
Other gains and losses (Note 24)	(56,784)	-	244,760	1
Finance costs (Notes 4 and 24)	(194,803)	(1)	(143,353)	-
Share of profit of subsidiaries, associates and joint ventures (Notes 4 and 10)	<u>142,442</u>	<u>-</u>	<u>121,328</u>	<u>-</u>
Total non-operating income and expenses	<u>45,198</u>	<u>-</u>	<u>2,847,107</u>	<u>8</u>
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	3,011,960	9	9,238,377	26
INCOME TAX EXPENSE (Notes 4 and 25)	<u>-</u>	<u>-</u>	<u>245,371</u>	<u>1</u>
NET INCOME FOR THE YEAR	<u>3,011,960</u>	<u>9</u>	<u>8,993,006</u>	<u>25</u>

(Continued)

## MACRONIX INTERNATIONAL CO., LTD.

### PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (108,120)	-	\$ (79,122)	-
Unrealized loss on investments in equity instruments at FVTOCI (Notes 22 and 29)	238,750	1	(567,696)	(2)
Share of other comprehensive loss of subsidiaries accounted for using the equity method	208,972	-	(391,039)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 22)	<u>(98,748)</u>	<u>-</u>	<u>94,809</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>240,854</u>	<u>1</u>	<u>(943,048)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,252,814</u>	<u>10</u>	<u>\$ 8,049,958</u>	<u>22</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 1.64</u>		<u>\$ 4.94</u>	
Diluted	<u>\$ 1.61</u>		<u>\$ 4.65</u>	

(Concluded)

**MACRONIX INTERNATIONAL CO., LTD.**

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(In Thousands of New Taiwan Dollars)**

	Share Capital			Capital Surplus	Retained Earnings		Unappropriated Earnings (Accumulated Deficit)	Other Equity					Total Equity
	Shares (In Thousands)	Ordinary Shares	Share Capital to be Cancelled		Legal Reserve	Special Reserve		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, 2018	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 - \$1.00 per share	-	-	-	-	-	-	(1,804,776)	-	-	-	-	-	(1,804,776)
Share dividends distributed by the Company - \$0.20 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	-	-	-	-	-	-	-	-	-
Dividends paid to subsidiaries to adjust capital surplus	-	-	-	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
Legal reserve	-	-	-	-	899,301	-	(899,301)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	932,777	(932,777)	-	-	-	-	-	-
Cash dividends distributed by the Company - \$1.20 per share	-	-	-	-	-	-	(2,208,200)	-	-	-	-	-	(2,208,200)
Net income for the year ended December 31, 2019	-	-	-	-	-	-	3,011,960	-	-	-	-	-	3,011,960
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	(108,120)	(98,748)	-	447,722	-	-	240,854
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	2,903,840	(98,748)	-	447,722	-	-	3,252,814
Issuance of restricted shares for employees	-	-	-	508,772	-	-	-	-	-	-	(508,772)	-	-
Compensation cost of restricted shares for employees	-	-	-	86,460	-	-	(87,737)	-	-	-	85,684	-	84,407
Retirement of restricted shares for employees	(365)	(3,648)	1,067	2,581	-	-	-	-	-	-	-	-	-
Dividends paid to subsidiaries to adjust capital surplus	-	-	-	2,348	-	-	-	-	-	-	-	-	2,348
BALANCE AT DECEMBER 31, 2019	1,839,927	\$ 18,399,271	\$ (182)	\$ 543,920	\$ 1,440,661	\$ 1,007,052	\$ 12,237,717	\$ (235,880)	\$ -	\$ (299,040)	\$ (443,066)	\$ (159,061)	\$ 32,491,392

# MACRONIX INTERNATIONAL CO., LTD.

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 3,011,960	\$ 9,238,377
Adjustments for:		
Depreciation expense	2,653,483	2,076,231
Amortization expense	31,850	26,405
Finance costs	194,803	143,353
Interest income	(22,539)	(29,830)
Dividend income	(105,188)	(102,920)
Compensation cost of employee restricted shares	84,407	63,583
Share of gain (loss) of subsidiaries and associates	(142,442)	(121,328)
Gain on disposal of property, plant and equipment	(319,124)	(36,148)
Gain on disposal of investments	(7,410)	(180)
Realized gain on transactions with associates and joint ventures	(13,890)	(18,882)
Net gain on foreign currency exchange	(30,337)	(181,535)
Changes in operating assets and liabilities		
Notes receivable and trade receivables	139,590	929,451
Receivables from related parties	(665,757)	862,164
Other receivables	25,889	(16,624)
Inventories	5,138,238	(8,110,162)
Other current assets	191,831	(233,834)
Contract liabilities	83,503	(39,085)
Notes payable and trade payables	(463,325)	(183,144)
Payables to related parties	(4,060,942)	5,306,901
Payables for employees' compensation and director's remuneration	(1,006,661)	1,162,273
Other payables	73,797	(14,723)
Other payables to related parties	(8,498)	(10,826)
Provisions	(9,250)	(59,861)
Other current liabilities	(107,465)	70,391
Net defined benefit liabilities	(137,614)	(48,994)
Cash generated from operations	4,528,909	10,671,053
Interest received	22,500	29,312
Dividend received	105,188	102,920
Interest paid	(212,990)	(161,174)
Income tax paid	(110,049)	(247,360)
Net cash generated from operating activities	<u>4,333,558</u>	<u>10,394,751</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(12,741,208)	(4,848,563)
Proceeds from disposal of property, plant and equipment	340,012	36,928
Increase in refundable deposits	(63)	(2,070)
Decrease in refundable deposits	10	215
Payments for intangible assets	(32,654)	(25,011)
Decrease (increase) in other financial assets	18,204	(19,719)
Net cash used in investing activities	<u>(12,415,699)</u>	<u>(4,858,220)</u>

(Continued)

# MACRONIX INTERNATIONAL CO., LTD.

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ 4,000,000	\$ -
Repayments of short-term borrowings	(2,450,000)	-
Proceeds from long-term borrowings	9,776,000	4,800,000
Repayments of long-term borrowings	(5,955,028)	(3,621,981)
Proceeds from guarantee deposits received	550	3,353
Refund of guarantee deposits received	(150)	(310)
Repayment of leased liabilities	(90,977)	-
Distribution of cash dividends	<u>(2,208,200)</u>	<u>(1,804,776)</u>
Net cash generated from (used in) financing activities	<u>3,072,195</u>	<u>(623,714)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(70,278)</u>	<u>361,168</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,080,224)	5,273,985
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>12,712,172</u>	<u>7,438,187</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 7,631,948</u>	<u>\$ 12,712,172</u>

(Concluded)

## Attachment 4

# Deloitte.

## 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 consolidated financial statements of Macronix International Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, 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, 2019 and 2018, 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, 2019. 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, 2019 are stated as follows:

##### Recognition of revenue

The Group operates principally as a supplier of memory chips. In recent years, due to changes in the memory chip market, the amount of sales revenue in 2019 has decreased. For new customers or customers whose sales changes are different from expected, the risk of inflated sales revenue may increase, which has a significant

impact on the consolidated financial statements. We therefore considered that the testing of 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 orders and crediting and tested the effectiveness of those internal controls;
3. We sampled the sales documents to inspect sales details;
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, 2019, inventory was NT\$12,810,437 thousand, accounting for 21% 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 10 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 the Company as of and for the years ended December 31, 2019 and 2018 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, 2019 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

February 17, 2020

#### 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, 2019 AND 2018**  
(In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4, 6 and 31)	\$ 8,725,089	14	\$ 13,611,502	23
Notes receivable and trade receivables, net (Notes 4, 9 and 31)	3,947,729	7	3,786,498	7
Receivables from related parties, net (Notes 4, 31 and 32)	973,076	2	695,028	1
Other receivables (Notes 4, 9, 31 and 32)	156,080	-	169,916	-
Inventories (Notes 4, 5 and 10)	12,810,437	21	17,949,234	30
Financial assets measured at amortized cost - current (Notes 4, 8 and 31)	21,525	-	26,832	-
Other current assets (Notes 15 and 17)	252,759	-	438,280	1
Total current assets	<u>26,886,695</u>	<u>44</u>	<u>36,677,290</u>	<u>62</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4, 7 and 31)	2,001,130	3	1,601,941	3
Financial assets measured at amortized cost - non-current (Notes 4, 8 and 31)	-	-	22,360	-
Property, plant and equipment (Notes 4, 12, 33 and 34)	29,365,507	49	19,308,675	33
Right-of-use assets (Notes 3, 4 and 13)	1,077,468	2	-	-
Intangible assets (Notes 4 and 14)	47,022	-	45,223	-
Deferred tax assets (Notes 4 and 27)	1,107,366	2	1,184,101	2
Other financial assets - non-current (Notes 4, 16, 31 and 33)	171,590	-	190,510	-
Other non-current assets (Notes 15 and 17)	-	-	18,721	-
Total non-current assets	<u>33,770,083</u>	<u>56</u>	<u>22,371,531</u>	<u>38</u>
<b>TOTAL</b>	<u>\$ 60,656,778</u>	<u>100</u>	<u>\$ 59,048,821</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 18 and 31)	\$ 1,550,000	3	\$ -	-
Contract liabilities (Note 25)	98,557	-	14,913	-
Notes payable and trade payables (Notes 19 and 31)	2,141,510	4	2,613,758	4
Payables to related parties (Notes 31 and 32)	4,720,212	8	8,926,201	15
Accrued employees' compensation and remuneration of directors (Notes 26 and 32)	1,285,774	2	2,292,435	4
Payables for purchases of equipment (Note 31)	878,536	1	964,872	2
Other payables (Notes 20 and 31)	1,496,387	3	1,446,095	2
Other payables to related parties (Notes 31 and 32)	-	-	425	-
Current tax liabilities (Notes 4 and 27)	11,231	-	187,612	-
Provisions - current (Notes 4 and 22)	20,460	-	28,517	-
Lease liabilities - current (Notes 3, 4 and 13)	93,919	-	-	-
Current portion of long-term borrowings (Notes 18, 31 and 33)	3,267,200	5	3,334,772	6
Other current liabilities (Note 21)	230,440	-	342,629	1
Total current liabilities	<u>15,794,226</u>	<u>26</u>	<u>20,152,229</u>	<u>34</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 18, 31 and 33)	9,774,330	16	5,885,318	10
Lease liabilities - non-current (Notes 3, 4 and 13)	973,712	1	-	-
Net defined benefit liabilities (Notes 4 and 23)	1,611,562	3	1,640,817	3
Other non-current liabilities (Note 21)	10,280	-	10,100	-
Total non-current liabilities	<u>12,369,884</u>	<u>20</u>	<u>7,536,235</u>	<u>13</u>
Total liabilities	<u>28,164,110</u>	<u>46</u>	<u>27,688,464</u>	<u>47</u>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 4, 24 and 29)</b>				
Share capital				
Ordinary shares	18,399,271	30	18,402,919	31
Share capital to be cancelled	(182)	-	(1,249)	-
Total share capital	<u>18,399,089</u>	<u>30</u>	<u>18,401,670</u>	<u>31</u>
Capital surplus	543,920	1	(56,241)	-
Retained earnings				
Legal reserve	1,440,661	2	541,360	1
Special reserve	1,007,052	2	74,275	-
Unappropriated earnings	12,237,717	20	13,461,892	23
Total retained earnings	<u>14,685,430</u>	<u>24</u>	<u>14,077,527</u>	<u>24</u>
Other equity	(977,986)	(2)	(903,872)	(2)
Treasury shares	(159,061)	-	(159,061)	-
Equity attributable to shareholders of the parent	<u>32,491,392</u>	<u>54</u>	<u>31,360,023</u>	<u>53</u>
<b>NON-CONTROLLING INTERESTS (Note 24)</b>	<u>1,276</u>	<u>-</u>	<u>334</u>	<u>-</u>
Total equity	<u>32,492,668</u>	<u>54</u>	<u>31,360,357</u>	<u>53</u>
<b>TOTAL</b>	<u>\$ 60,656,778</u>	<u>100</u>	<u>\$ 59,048,821</u>	<u>100</u>

## MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 25, 32 and 37)	\$ 34,995,411	100	\$ 36,953,032	100
OPERATING COSTS (Notes 4, 10, 23, 26 and 32)	<u>25,379,917</u>	<u>72</u>	<u>23,026,713</u>	<u>62</u>
GROSS PROFIT	<u>9,615,494</u>	<u>28</u>	<u>13,926,319</u>	<u>38</u>
OPERATING EXPENSES (Notes 4, 23, 26 and 32)				
Selling and marketing expenses	1,518,621	5	1,400,549	4
General and administrative expenses	1,442,077	4	1,756,892	5
Research and development expenses	<u>3,555,919</u>	<u>10</u>	<u>4,259,540</u>	<u>11</u>
Total operating expenses	<u>6,516,617</u>	<u>19</u>	<u>7,416,981</u>	<u>20</u>
INCOME FROM OPERATIONS	<u>3,098,877</u>	<u>9</u>	<u>6,509,338</u>	<u>18</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 7, 13 and 26)	190,594	-	2,661,551	7
Other gains and losses (Note 26)	(66,202)	-	236,851	1
Finance costs (Notes 4 and 26)	<u>(196,943)</u>	<u>(1)</u>	<u>(143,353)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(72,551)</u>	<u>(1)</u>	<u>2,755,049</u>	<u>7</u>
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	3,026,326	8	9,264,387	25
INCOME TAX EXPENSE (Notes 4 and 27)	<u>13,425</u>	<u>-</u>	<u>271,538</u>	<u>1</u>
NET INCOME FOR THE YEAR	<u>3,012,901</u>	<u>8</u>	<u>8,992,849</u>	<u>24</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(108,120)	-	(79,122)	-
Unrealized gain (loss) on investments in equity instruments at FVTOCI (Notes 24 and 31)	447,722	1	(958,735)	(3)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 24)	<u>(98,748)</u>	<u>-</u>	<u>94,809</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>240,854</u>	<u>1</u>	<u>(943,048)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,253,755</u>	<u>9</u>	<u>\$ 8,049,801</u>	<u>22</u>

(Continued)

## MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the parent	\$ 3,011,960	9	\$ 8,993,006	24
Non-controlling interests	<u>941</u>	<u>-</u>	<u>(157)</u>	<u>-</u>
	<u>\$ 3,012,901</u>	<u>9</u>	<u>\$ 8,992,849</u>	<u>24</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the parent	\$ 3,252,814	9	\$ 8,049,958	22
Non-controlling interests	<u>941</u>	<u>-</u>	<u>(157)</u>	<u>-</u>
	<u>\$ 3,253,755</u>	<u>9</u>	<u>\$ 8,049,801</u>	<u>22</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ 1.64</u>		<u>\$ 4.94</u>	
Diluted	<u>\$ 1.61</u>		<u>\$ 4.65</u>	

(Concluded)

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent											Non-controlling Interests	Total Equity		
	Share Capital			Capital Surplus	Retained Earnings			Other Equity							
	Shares (Thousands)	Ordinary Shares	Share Capital to be Cancelled		Legal Reserve	Special Reserve	Unappropriated Earnings	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, 2018	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 - \$1.00 per share	-	-	-	-	-	-	(1,804,776)	-	-	-	-	-	(1,804,776)	-	(1,804,776)
Share dividends distributed by the Company - \$0.20 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	-	-	-	-	-	-	-	-	-	-	-
Dividends paid to subsidiaries to adjust capital surplus	-	-	-	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
Legal reserve	-	-	-	-	899,301	-	(899,301)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	932,777	(932,777)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company - \$1.20 per share	-	-	-	-	-	-	(2,208,200)	-	-	-	-	-	(2,208,200)	-	(2,208,200)
Net income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	3,011,960	-	-	-	-	-	3,011,960	941	3,012,901
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	(108,120)	(98,748)	-	447,722	-	-	240,854	-	240,854
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	2,903,840	(98,748)	-	447,722	-	-	3,252,814	941	3,253,755
Issuance of restricted shares for employees	-	-	-	508,772	-	-	-	-	-	-	(508,772)	-	-	-	-
Compensation cost of restricted shares for employees	-	-	-	86,460	-	-	(87,737)	-	-	-	85,684	-	84,407	-	84,407
Retirement of restricted shares for employees	(365)	(3,648)	1,067	2,581	-	-	-	-	-	-	-	-	-	-	-
Dividends paid to subsidiaries to adjust capital surplus	-	-	-	2,348	-	-	-	-	-	-	-	-	2,348	-	2,348
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1
BALANCE AT DECEMBER 31, 2019	1,839,927	\$ 18,399,271	\$ (182)	\$ 543,920	\$ 1,440,661	\$ 1,007,052	\$ 12,237,717	\$ (235,880)	\$ -	\$ (299,040)	\$ (443,066)	\$ (159,061)	\$ 32,491,392	\$ 1,276	\$ 32,492,668

# MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 3,026,326	\$ 9,264,387
Adjustments for:		
Depreciation expense	2,697,467	2,093,048
Amortization expense	33,554	27,322
Finance costs	196,943	143,353
Interest income	(38,387)	(45,991)
Dividend income	(109,016)	(105,698)
Compensation cost of employee restricted shares	84,407	63,583
Gain on disposal of property, plant and equipment	(319,027)	(35,884)
Gain on disposal of investments	(7,404)	(180)
Gain on foreign currency exchange	(63,592)	(157,485)
Changes in operating assets and liabilities		
Notes receivable and trade receivables	(206,363)	1,225,401
Receivables from related parties	(310,035)	68,270
Other receivables	20,258	(35,763)
Inventories	5,138,797	(8,077,064)
Other current assets	185,806	(254,106)
Contract liabilities	83,644	(37,770)
Notes payable and trade payables	(463,983)	(182,143)
Payables to related parties	(4,060,942)	5,306,901
Payables for employees' compensation and director's remuneration	(1,006,661)	1,162,273
Other payables	89,114	1,999
Other payables to related parties	1,242	(407)
Provisions	(8,057)	(31,668)
Other current liabilities	(105,526)	32,900
Net defined benefit liabilities	(137,375)	(48,743)
Cash generated from operations	4,721,190	10,376,535
Interest received	39,370	43,843
Dividend received	108,189	105,695
Interest paid	(212,991)	(161,174)
Income tax paid	(113,071)	(272,393)
Net cash generated from operating activities	<u>4,542,687</u>	<u>10,092,506</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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)
Proceeds from disposal of financial assets measured at amortized cost	25,830	-
Payments for property, plant and equipment	(12,752,517)	(4,861,806)
Proceeds from disposal of property, plant and equipment	340,012	36,963
Increase in refundable deposits	(63)	(2,970)
Decrease in refundable deposits	10	858

(Continued)

# MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Payments for intangible assets	\$ (35,514)	\$ (26,768)
Decrease (increase) in other financial assets	18,678	(19,772)
Decrease in other non-current assets	<u>-</u>	<u>905</u>
Net cash used in investing activities	<u>(12,403,564)</u>	<u>(4,851,973)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	4,000,000	-
Repayments of short-term borrowings	(2,450,000)	-
Proceeds from long-term borrowings	9,776,000	4,800,000
Repayments of long-term borrowings	(5,955,028)	(3,621,981)
Proceeds from guarantee deposits received	550	3,353
Refund of guarantee deposits received	(150)	(310)
Repayment of leased liabilities	(119,548)	-
Decrease in other non-current liabilities	-	(792)
Distribution of cash dividends	(2,205,852)	(1,802,857)
Increase (decrease) in non-controlling interests	<u>1</u>	<u>(194)</u>
Net cash generated from (used in) financing activities	<u>3,045,973</u>	<u>(622,781)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>(71,509)</u>	<u>360,567</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(4,886,413)	4,978,319
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>13,611,502</u>	<u>8,633,183</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 8,725,089</u>	<u>\$ 13,611,502</u>

(Concluded)

**Attachment 5****Macronix International Co., Ltd.  
2019 Distribution Plan**

Units : NT\$	
Items	Amount
<b>Net Income of 2019</b>	<b>3,011,960,041</b>
Plus : Undistributed earnings of previous years	9,421,614,464
Less : Remeasurement on defined benefit plans recognized in retained earnings	(108,120,000)
Issuing Employee Restricted Stock Awards at below par value	(87,736,884)
Appropriated for 10% Legal Reserve	(301,196,004)
Plus : Reversal of Special Reserve	385,856,572
<b>Retained Earnings Available for Distribution as of December 31, 2019</b>	<b>12,322,378,189</b>
<b>Distribution Item:</b>	
Cash Dividend to Shareholders (NT\$1.2/per share )	2,207,890,634
<b>Unappropriated Retained Earnings, End of Year</b>	<b>10,114,487,555</b>

Note : The dividend per share was based on the outstanding common shares on March 6, 2020, i.e., 1,839,908,862 shares.



## **Attachment 6**

### **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 7

### 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
Cheng-Yi Fang	Ardentec Semiconductor Co., Ltd. Representative (Chairman)	Electronics-related Industry	Permitted
	Mercuries & Associates Holding Ltd. Director	Investment Holding Company	New
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	Unizyx Holding Corporation Director	Investment Holding Company	New
	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	SiTime Corporation Director	MEMS Timing Device	New
Tyzz-Jiun Duh	China Development Financial Holding Corporation Independent Director	Finance Holding Company	New
	CDIB Capital Group Independent Director	Investment and Asset Management	New
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. Shareholding of All Directors

1. As of the book closure date for the 2020 AGM, the issued shares were 1,839,908,862 shares (including 1,956,619 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. 44,157,813 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 2020 AGM, the shareholding of individual director and all directors recorded in the shareholders' register is as follows:

As of March 29, 2020

Position	Name	Shares	Shareholding ratio
Chairman	Miin Chyou Wu	12,740,809	0.69%
Director	Chien Hsu Investment Corporation	811,421	0.04%
Director	Chih-Yuan Lu	2,521,766	0.14%
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	6,601,322	0.36%
Director	Ful-Long Ni	1,787,933	0.10%
Director	Hui Ying Investment Ltd.	1,956,619	0.11%
Independent Director	Tyzz-Jiun Duh	-	-
Independent Director	Chiang Kao	-	-
Independent Director	Yan-Kuin Su	-	-
Independent Director	John C.F. Chen	-	-
Total Shareholding of all Directors		50,343,603	2.74%

## Appendix 4 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.