



# United Microelectronics Corporation

## 2017 Annual General Meeting

### Meeting Agenda

Date: June 8, 2017

-----Disclaimer-----

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**United Microelectronics Corporation  
2017 Annual General Meeting Procedure**

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## **United Microelectronics Corporation 2017 Annual General Meeting Agenda**

1. Time: Thursday, June 8, 2017 9:00 a.m.
2. Location: UMC's Fab 8S Conference Hall, No.16, Creation Rd. 1, Hsinchu Science Park
3. Attendants: All shareholders and their proxy holders
4. Chairman: Stan Hung
5. Chairman's Address
6. Status Reports
  - (1) 2016 business operations
  - (2) Audit Committee's report of 2016 audited financial reports
  - (3) 2016 distributable compensation for employees and directors
  - (4) The status of private placement
  - (5) The issuance of corporate bonds
  - (6) The status of the 17<sup>th</sup> share repurchase program
7. Approval Items
  - (1) The Company's 2016 business report and financial statements
  - (2) The Company's 2016 earnings distribution
8. Discussion Items
  - (1) To amend the Company's Articles of Incorporation
  - (2) To amend the Company's "Acquisition or Disposal of Assets Procedure"
  - (3) To amend the Company's "Financial Derivatives Transaction Procedure"
  - (4) To amend the Company's "Loan Procedure"
  - (5) To amend the Company's "Endorsements and Guarantees Procedure"
  - (6) To propose the issuance plan of private placement for common shares, ADR/GDR or CB/ECB, including secured or unsecured corporate bonds. The amount of shares issued or convertible is proposed to be no more than 10% of registered capital.
9. Extraordinary Motions
10. Adjournment

## Status Reports

(1) 2016 business operations

- 1) CEO Po-Wen Yen reports.
- 2) Please refer to the 2016 Annual Business Report (Attachment 1).

(2) Audit Committee's report of 2016 audited financial reports

Please refer to the Audit Committee's Review Report (Attachment 2) and UMC's website ([www.umc.com](http://www.umc.com)) for 2016 Audited Reports by Independent Auditors.

(3) 2016 distributable compensation for employees and directors

- 1) Per the Company's Articles of Incorporation article 21-1, "The Company shall allocate no less than 5% of profit as employees' compensation and no more than 0.1% of profit as directors' compensation for each profitable fiscal year."
- 2) Company to distribute NT\$930,551,488 as employee cash compensation and NT\$9,713,909 as directors' compensation.

(4) The status of private placement

- 1) The Company's 2016 Annual General Meeting (AGM) has authorized the Board to raise capital from private placement through issuing instruments such as common shares, DRs (including but not limited to ADS), or Euro/Domestic convertible bonds (including secured or unsecured corporate bonds), based on market conditions and the Company's needs. The amount of shares issued or convertible is proposed to be no more than 10% of total shares issued (i.e., no more than 1,275,813,291 shares).
- 2) Considering market conditions, the Board of Directors resolved on February 22, 2017, to terminate the private placement offering.

(5) The issuance of corporate bonds

On October 26, 2016, the Board of Directors resolved to issue domestic unsecured corporate bonds for the total amount of no more than NT\$10,000 million for repaying debts. The Company completed the issuance of the 1<sup>st</sup> 2017 Domestic Unsecured Corporate Bonds for the amount of NT\$8,300 million on March 24, 2017.

Details of the 1<sup>st</sup> 2017 Domestic Unsecured Corporate Bonds:

The total amount issued is NT\$8,300 million with 5-year and 7-year bonds.

The amount of the 5-year bond is NT\$6,200 million with an interest rate of 1.15% and the amount of the 7-year bond is NT\$2,100 million with an interest rate of 1.43%.

Both bonds pay the interests annually based on simple interest rate and the principal will

be paid back at maturity.

(6) The status of the 17th share repurchase program

Explanation:

|  |                           |
|--|---------------------------|
| Instance   | 17th Round                |
| Date of Board Resolution                                 | 2016.5.11                 |
| Purpose  | To transfer to employees  |
| Buyback period   | 2016.5.12~2016.7.11       |
| Price range (NT\$)                                       | 7.90~18.70                |
| Projected shares to buyback                              | 200,000,000 Common shares |
| Classification and volume (Shares)                       | 200,000,000 Common shares |
| Amount (NT\$)  | 2,395,793,376             |
| Cancellation and transfer volume (Shares)                | 0                         |
| Cumulative holding (Shares)                              | 400,000,000               |
| Cumulated holding as a percentage of total issued shares | 3.17%                     |
| Reasons for not fully execute the buyback amount         | N/A                       |

Please refer to attachment 3 for "Transfer Repurchased Shares to Employees Phase XVII Procedure".

## Approval Items

(1) The Company's 2016 business report and financial statements

- 1) The Company's 2016 Annual Business Report and financial statements have been approved by the 12<sup>nd</sup> meeting of the Board of Directors, 13<sup>th</sup> term, and reviewed by the Audit Committee. The Audit Committee's report was issued accordingly.
- 2) Please refer to the 2016 Annual Business Report (Attachment 1) and UMC's website ([www.umc.com](http://www.umc.com)) for financial statements.
- 3) It is proposed to approve the 2016 Annual Business Report and financial statements.

Resolution:

(2) The Company's 2016 earnings distribution

- 1) The Company's 2016 Earnings Distribution Chart was approved by the 12<sup>nd</sup> meeting of the board of directors, the 13<sup>th</sup> term, and reviewed by the Audit Committee. The Audit Committee's report was issued accordingly.
- 2) Please refer to the 2016 Earnings Distribution Chart (Attachment 4).
- 3) The dividend will be paid in cash with calculation rounded down to the nearest one NTD (any amount under one NTD will be discarded). The remaining fraction will be incorporated into Equity of the Company.
- 4) In the event of any change in the number of outstanding shares resulting from the buyback of the Company's common stock, transfer, conversion or cancellation of the treasury shares, the exercise of the employee stock options or the conversion of



convertible bonds, the dividend ratio must be adjusted. It is proposed to fully authorize the board of directors to adjust the dividend ratio and to proceed on the relevant matters.

5) It is proposed to approve the 2016 Earnings Distribution Chart.

Resolution:

## **Discussion Items**

(1) To amend the Company's Articles of Incorporation.

- 1) In order to seize business opportunities within a circular economy, and to reduce the uncertainty of waste disposal in a linear economy, we plan to enlarge the company's business scope to include the following items: the research, design, manufacture, sale, promotion and import/export trade of the metals, derived fuels and chemical products that are generated simultaneously from the company's manufacturing process and the clearance, recycling and disposal of waste and manufacturing output.
- 2) Based on outstanding performances in the field of Corporate Sustainability Development, Energy/Resources Conservation and Carbon Emissions Reduction, we plan to add consulting services for sustainable development, energy/resources conservation technologies and semiconductor fab related affairs into the company's business scope to contribute to social responsibility and to put Knowledge Economy into practice.
- 3) Please refer to Attachment 5 for the Table Comparing the Original and the Amended Articles.

Resolution:

(2) To amend the Company's "Acquisition or Disposal of Assets Procedure."

- 1) The Amendment is based on the Regulations Governing the Acquisition and Disposal of Assets by Public Companies promulgated by SFC on November 11, 2016 (Ref. 1050044504) and February 9, 2017 (Ref. 1060001296).
- 2) Please refer to Attachment 6 for the Table Comparing the Original and the Amended Articles.

Resolution:

(3) To amend the Company's "Financial Derivatives Transaction Procedure."

- 1) The Amendment is based on the need of the company's operation.
- 2) Please refer to Attachment 7 for the Table Comparing the Original and the Amended Articles.

Resolution:

(4) To amend the Company's "Loan Procedure."

- 1) The Amendment is based on the need of the company's operation.
- 2) Please refer to Attachment 8 for the Table Comparing the Original and the Amended Articles.

Resolution:

(5) To amend the Company's "Endorsements and Guarantees Procedure."

- 1) The Amendment is based on the need of the company's operation.
- 2) Please refer to Attachment 9 for the Table Comparing the Original and the Amended Articles.

Resolution:

(6) To propose the issuance plan of private placement for common shares, ADR/GDR or CB/ECB, including Secured or Unsecured Corporate Bonds. The amount of shares issued or convertible is proposed to be no more than 10% of registered capital.

Explanation:

- A. To provide the flexibility to engage in a semiconductor technology cooperation or alliance with major companies, and meanwhile to supplement operating capital for future needs, the Company proposed to (i) engage with strategic investors through private placement and/or (ii) raise capital from specific parties, through issuing either single or combo instruments such as common shares, DRs (including but not limited to ADS), or Euro/Domestic convertible bonds (including secured or unsecured corporate bonds) in one or separated times, based on market conditions and the Company's needs. The amount of shares issued or convertible is proposed to be no more than 10% of total shares issued (i.e., no more than 1,262,431,871 shares), and it is proposed to authorize the Company's Board to determine the amount of actual shares issued based on status of capital markets.
- B. The instructions from item 6, Article 43-6, Security and Exchange Act are:
  - 1) The rationality to determine the price of private placement:
    - (a) The common stock price per share shall be no less than the reference price. The reference price is set as the higher of the following two basis prices: 1) The average closing price from either 1, 3 or 5 days before the pricing date, minus dividends adjustment, plus price discount adjustment due to capital reduction. 2) The average price of 30 days before the pricing date, minus dividends adjustment, plus price discount adjustment due to capital reduction.



- (b) The issuance price of convertible bonds shall be no less than the theoretical price which is determined by a pricing model considering all options in the issuance terms.
  - (c) The pricing date, actual reference price, theoretical price, and actual issuance price (including the conversion price of corporate bonds) are proposed to authorize the Board to determine after taking into consideration the market status, objective conditions, and qualification of specific parties. The price determination above shall follow regulations from government authorities. Considering that the Security and Exchange Act has set a no-trading period of 3 years on private placement securities, the price determination above shall be reasonable.
- 2) The method to determine specific parties: The strategic investors have the priority to be considered as specific parties for private placement if, (i) Being qualified for the rules in item 1, Article 43-6, Security and Exchange Act, (ii) Can meet the Company's needs on technology cooperation and alliance, (iii) Recognize the Company's operating strategy. It is proposed to authorize the Company's Board to determine the specific parties for private placement.
- 3) The necessity of private placement:
  - (a) The reasons for not taking a public offering: Considering the capital market status, effectiveness, feasibility and costs to raise capital, and the no-trading period of 3 years, it is better to maintain a long-term relationship with strategic partners by such security issuance of private placement. Therefore, the Company proposed to raise capital through private placement, rather than public offering.
  - (b) The amount of the private placement: less than 1,262,431,871 shares
  - (c) The capital usage plan and projected benefits of private placement: The Company plans to do private placement at one time or several times (no more than 3 times) based on market conditions and specific parties. The capital raised will be fully used as working capital. The private placement will strengthen our competitiveness, upgrade operating efficiency, and reinforce financial structure, which can benefit shareholders' equity.
- C. It is proposed to authorize the Board to determine, proceed or revise the issuance plan of private placement through instruments such as common shares, DRs (including but not limited to ADS), or Euro/Domestic convertible bonds (including secured or unsecured corporate bonds), including issue price, shares, terms and conditions, plan items, amount, record date, projected progresses and benefits, and any other item related to the issuance plan, based on market conditions. It is also proposed to authorize the Company's Board to revise the

issuance plan based on operation evaluation, environment changes or if receiving instructions from government authorities.

- D. The limitations regarding private placement are based on Article 43-8, Security and Exchange Act and other letters from government authorities.
- E. It is proposed to authorize Chairman or person assigned by Chairman to represent the Company to negotiate and sign any document and contract regarding the private placement plan. For matters regarding the private placement but not included above, it is proposed to authorize Chairman to handle, according to related laws and regulations.

Resolution:

### **Extraordinary Motions**

### **Adjournment**



## *Attachments*

### *Attachment 1*

## **United Microelectronics Corporation 2016 Annual Business Report**

Dear Shareholders,

In 2016, the world economy endured a high debt environment, low inflation, the Brexit decision by the UK, and volatility in unemployment rates. These factors led to the lowest growth since the 2008 financial crisis. As global economic growth softened in 2016, slower semiconductor demand during beginning of the year gradually strengthened as our revenue from China and Japan grew year over year, although business from North America and Europe declined compared to 2015. The semiconductor industry experienced waves of merger and acquisition announcements as China looked to enhance their position in the chip industry. China has openly expressed ambitious plans to develop a domestic semiconductor industry with the support of government backed funding, which has intensified the competitive landscape within the foundry industry. Although our 2016 business planning was impacted, we nevertheless delivered year on year growth due to breakthroughs in technology developments, capacity expansion and customer collaborations. UMC's total foundry wafer shipments grew 5.2% over 2015, reaching 6.17 million 8-inch equivalents at 88.6% capacity utilization. UMC's 2016 full year revenue maintained steady growth, with consolidated revenue increasing to NT \$147.87 billion, gross margin at 20.5% and operating margin of 4.2%. Net income attributable to shareholders of the parent was NT \$8.31 billion, with an EPS of NT\$0.68.

UMC has always provided the most suitable foundry service solutions for our customers, continuing to push towards leading edge process development and providing strategic capacity expansion. In 2016, UMC collaborated with a lead customer to complete the successful tape out of a 14nm product and started the preparation of initial pilot production. In addition, revenue contribution from 28nm and 40nm technologies reached 44.5%, which reflected an annual growth of more than 30%. Our global expansion strategy continued in 2016 as we completed construction of Fab 12X, a 300mm facility located in Xiamen, China in record time. The fab entered production in late 2016. Our Xiamen facility enables UMC to readily tap into the fast growing semiconductor demand within the Chinese semiconductor supply chain as we strive to be closer with our Chinese customers and provide them with proven manufacturing solutions and technical support. UMC's 300mm wafer fabs are strategically located throughout Asia (in Taiwan, Singapore, and China) aimed to diversify



our manufacturing base and satisfy semiconductor demand around the world. We are well positioned to capture the next wave of growth opportunities in the semiconductor industry.

In 2016, UMC invested NT\$13.53 billion on research and development. Our internally developed 14nm FinFET technologies fulfilled internal objective milestones in 2016, by meeting industry performance standards in power consumption and fulfilling our customer's yield requirements. We also developed enhanced 28nm technologies, including 28HPCu and 28HPCu+, which significantly elevates our customers' product competitiveness. In specialty technologies, we developed the world's smallest 40nm embedded charge trap solution, engineered for the most stringent requirements in automotive, industrial and consumer applications. Our 55nm offers ultra-low power technologies, which provides advantages such as longer battery life and enhanced speed in devices such as Internet of Things (IoT) products. In addition, we develop new manufacturing solutions by cooperating with world-class suppliers in tools, equipment, materials, silicon IP providers and research institutes to deliver new breakthroughs in wafer manufacturing know-how that will position our customers to steer ahead of the competition.

Besides our investment in R&D, UMC expanded our capacity in advanced and specialty technologies to satisfy growing demand. In 2016, capital expenditures totaled US\$2.8 billion, which included continuous 28nm capacity expansion of our 300mm flagship facility, Fab 12A, located in Tainan, Taiwan. A portion of the expenditure was also devoted to the expansion of our Singapore fab, Fab 12i, as well as the set-up of Fab 12X in Xiamen. We also entered a joint development project with a strategic partner to develop random access memory-related process technology, which may generate licensing revenue. UMC has a successful history as an automotive IC supplier, being the first foundry to receive ISO 22301 certification for business continuity management. The foundry implements a comprehensive "Automotive Service Package" that incorporates zero-defect manufacturing practices to help customers meet automotive quality requirements. ICs manufactured at UMC have been widely adopted by the world's most well-known carmakers in Japan, Europe, Asia and the United States.

UMC has long been proactive in corporate governance and corporate social responsibility. We strive to protect the interests of our shareholders while creating a better world for the future. With the establishment of "Remuneration Committee", "Audit Committee" and "Capital Budget Committee", UMC aims to strengthen its corporate governance to ensure structured supervisory oversight that is monitored by the Board of Directors and management team. In 2016, UMC earned its fourteenth consecutive "ROC Corporate Environmental Award" and ninth consecutive "Corporate Sustainability Report Award". We were listed as a



Climate Disclosure Leadership Index (CDLI) component by Carbon Disclosure Project (CDP), earning the highest Carbon Disclosure Score among Taiwan semiconductor companies for the fourth consecutive year and the highest ranking for Carbon Performance Bond among all Taiwanese enterprises. UMC was again chosen by the Dow Jones Sustainability Index (DJSI) as a global component for the ninth consecutive year and listed for both the DJSI-World and DJSI-Emerging Markets indexes, confirming UMC's international recognition in sustainability performance.

UMC's strengths in technology development and wafer manufacturing are bolstered by a sound/healthy financial structure and decades of IC industry experience, which will help us grow as a company. To ensure corporate growth and profitability, our management team has four key strategies: 1) Focus on the delivery of differentiated advanced manufacturing processes and special technology development; 2) Continue to strengthen manufacturing capabilities to shorten lead times and enhance productivity; 3) Expand product and customer portfolio to diversify customer profile, and 4) Maximize employee potential and synergies to strive for operational excellence.

Chairman: Stan Hung

CEO: Po-Wen Yen

CFO: Chitung Liu



*Attachment 2*

**Audit Committee's Review Report**

The Board of Directors has prepared and submitted to us the Company's 2016 Business Report, Financial Statements, and proposal for earnings distribution. Financial Statements were audited by Ernst & Young and they issued an audited report accordingly. We, as the Audit Committee of the Company, have reviewed the Business Report, Financial Statements, and proposal for earnings distribution and do not find any discrepancies. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

United Microelectronics Corporation

Chairperson of the Audit Committee: Chung-Laung Liu

February 22, 2017

### ***Attachment 3***

## **Transfer of Repurchased Shares to Employees Phase XVII Procedure**

- Article One: To motivate employees and in accordance with R.O.C. Securities and Exchange Law article 28-2-1-1 and regulation of Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan, R.O.C. on “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies”, the Company establishes the “Transfer repurchase shares to employee phase XVII procedure”. The repurchased shares will be transferred to employees according to related laws and this procedure.
- Article Two: The shares to be transferred are the shares that were repurchased under the resolution of the 7<sup>th</sup> meeting, 13<sup>th</sup> term of Board of Directors and Supervisors of repurchasing up to 200,000,000 shares. The rights and obligations of the shares, unless regulated by this procedure or related laws, are the same as other common shares outstanding.
- Article Three: According to this procedure, the chairman is authorized to transfer this phase’s repurchased shares to employees one time or various times in three years’ time starting from the date of repurchase period.
- Article Four: For employees who have joined the Company or the Company’s subsidiaries (the subsidiaries are companies over 50% of the common stocks of which are held by the Company directly or indirectly) one year and above from the date of subscription record date or those who have special contribution to the Company and being approved by Chairman, are entitled to subscribe the amount specified in article five of this procedure.
- Article Five: To set the standard for share subscription according to employee’s rank, years of service, and special contribution to the Company, and will submit the standard to the board for approval.
- Article Six: The transfer procedure of this phase’s share repurchase program:  
According to the board resolution, make announcement and execute company share repurchase during the repurchase period.  
The Chairman is authorized under this procedure to establish and announce the subscription record date, the standard for subscription amount, the payment period, and the rights contents and restrictions etc.  
Calculate the actual share amount with payment and transfer the shares accordingly.
- Article Seven: The transfer price will be determined by the average price of shares purchased and the cost of capital could be included. If the Company’s number of common shares increase, then the transfer price will be adjusted accordingly. The cost of capital is defined Bank of Taiwan 1-yr bulk time deposit floating interest rate.
- Article Eight: After the repurchased shares are being transferred and registered under employees’ names, unless otherwise specified, the rights and obligations of the shares are the same as the other common shares.
- Article Nine: This procedure will go into effect after approval at a Meeting of the Board of Directors. This shall apply to any amendments.
- Article Ten: This procedure should be reported in the Shareholder’s meeting. This shall apply to any amendments.



*Attachment 4*

**UMC 2016 Earnings Distribution Chart**

Unit: NT\$

| Item  | Amount         |                | Note   |
|---|----------------|----------------|--|
|   | Subtotal       | Total          |  |
| 2016 Earning before Tax   | 9,011,589,834  | 9,011,589,834  |  |
| <i>Minus:</i> Income Tax Expense  | 695,929,418    |                |  |
| Net Profit after Tax  |                | 8,315,660,416  |  |
| <i>Minus:</i> Appropriated for Legal Reserve  | 831,566,042    |                |  |
| <i>Minus:</i> Actuarial Gain (Loss) on Defined Benefit Plans                        | 60,535,860     |                |  |
| <i>Plus:</i> Previous Year's Unappropriated Earnings                                | 34,729,828,450 |                |  |
| <i>Minus:</i> Adjustment of Retained Earnings Accounted for Under the Equity Method | 4,400,618,192  |                |  |
| Earnings Available for Distribution (Cumulative)                                    |                | 37,752,768,772 |  |
| Items for Distribution:   |                |                |  |
| Cash Dividends to Shareholders  | 6,112,159,358  |                | Dividend per share at approximately NT\$0.50 |
| Total Distribution  |                | 6,112,159,358  |  |
| End of Term Unappropriated Earnings   |                | 31,640,609,414 |  |

Note: According to the ruling issued by MOF on April 30, 1998 (Ref. 871941343), when distributing earnings it should be taxed according to the year that the earnings were gained. UMC adopts last-in first-out method when distributing earnings, which is to say, first distribute earnings from the most current year (i.e. 2016) and then the previous year's when not sufficient.

*Chairman: Stan Hung*

*CEO: Po-Wen Yen*

*CFO: Chitung Liu*



**Attachment 5**

**Table Comparing the Original and the Amended Articles of Articles of Incorporation**

| Article No. | Original Article (or portion thereof)  | Amended Article (or portion thereof)  | Note  |
|-------------|--|---|---|
| 2           | <p>The scope of business of the Company shall be as follow:</p> <ol style="list-style-type: none"> <li>1. Integrated circuits;</li> <li>2. Various semiconductor parts and components, such as Hybrid Circuits, IC Cards and Circuit Modules, etc.;</li> <li>3. Parts and components of microcomputers, microprocessors, peripheral support and system products, such as Contact Image Sensors (CIS) and Liquid Crystal Displays (LCD), etc.;</li> <li>4. Parts and components of Semiconductor memory and its systems products;</li> <li>5. Parts and components of semiconductor and its systems products used in digital signal acquisition and transmission system;</li> <li>6. Parts and components of semiconductor and its systems products used in telecommunication systems;</li> <li>7. Testing and packaging of integrated circuits</li> <li>8. Production of mask; research and development, design, production, sales, promotion and after sale service of all above items and their application products.</li> <li>9. Also engage in export/import trade business in relation to the business of the Company.</li> </ol> | <p>The scope of business of the Company shall be as follow:</p> <ol style="list-style-type: none"> <li>1.Integrated circuits;</li> <li>2.Various semiconductor parts and components, such as Hybrid Circuits, IC Cards and Circuit Modules, etc.;</li> <li>3.Parts and components of microcomputers, microprocessors, peripheral support and system products, such as Contact Image Sensors (CIS) and Liquid Crystal Displays (LCD), etc.;</li> <li>4.Parts and components of Semiconductor memory and its systems products;</li> <li>5.Parts and components of semiconductor and its systems products used in digital signal acquisition and transmission system;</li> <li>6.Parts and components of semiconductor and its systems products used in telecommunication systems;</li> <li>7.Testing and packaging of integrated circuits</li> <li>8.Production of mask;</li> <li><u>9. Metals, derived fuels and chemical products that are generated simultaneously from the company's manufacturing process;</u></li> <li><u>10. Management consulting service in regard to sustainable development, energy/resources conservation technologies and semiconductor fab related affairs;</u></li> <li><u>11. Clearance, recycle and disposal of waste and manufacturing outputs;</u> research and development, design, production, sales, promotion and after sale service of all above items and their application products.</li> <li><u>12. Also engage in export/import trade business in relation to the business of the Company.</u></li> </ol> | <p>In order to implement Corporate Sustainability Development, we plan to enlarge the Company's business scope.</p> |
| 25          | <p>These Articles of Incorporation were enacted on Feb. 21, 1980 , ... , and on June 7, 2016 for the thirty-sixth time.</p>  | <p>These Articles of Incorporation were enacted on Feb. 21, 1980 , ... , on June 7, 2016 for the thirty-sixth time, and on June 8, 2017 for the thirty-seventh time.</p>  | <p>Added date of revision of Articles of Incorporation</p>  |

**Attachment 6**

**Table Comparing the Original and the Amended Articles of “Acquisition or Disposal of Assets Procedure”**

| Article No. | Original Article (or portion thereof)  | Amended Article (or portion thereof)   | Explanation  |
|-------------|--|--|--|
| 3           | <p>“Assets” mentioned in this Procedure are defined as the following:</p> <p>6) China investment: is referred to the investment in China approved by the Investment Committee of Ministry of Economic Affairs.</p>   | <p>“Assets” mentioned in this Procedure are defined as the following:</p> <p>6) China investment: is referred to the investment in China approved by the Investment Committee of Ministry of Economic Affairs.</p> <p>7) <u>The term “Latest Financial Statements” used in the procedure is the financial statements of this company audited or reviewed by a certified public accountant which has been published in accordance with applicable regulations before the subject acquisition or disposal of assets.</u><br/> <u>The term “10% of the company’s total asset” used in the procedure should be calculated based on the total asset stated in the most recent standalone financial report prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u><br/> <u>Any unspecified terms in the procedures shall be subject to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”</u></p> | <p>Conform to the needs of commercial practice.</p>      |
| 6           | <p>(.....)</p> <p>A. Acquisition of start-up companies’ securities through capital injection</p> <p>B. Acquisition of securities from companies proceeding new share issuance through capital injection at par value</p> <p>C. Acquisition of securities from 100% owned investee companies proceeding new share issuance through capital injection</p> <p>D. Securities traded in Stock Exchange, OTC or other public offering markets</p> <p>E. Treasury or repos and reverser repos</p> <p>F. Domestic/Foreign Funds</p> <p>G. Acquisition or disposal of listed companies’ securities through TSE and OTC’s auction or bid regulations</p> <p>H. Acquisition of new share issuance</p> | <p>(.....)</p> <p>A. <u>Start-up companies which were established by following “The Company Act” and the acquisition of its’ securities through capital injection and the rights entitled to the securities is equivalent to its ownership percentage.</u></p> <p>B. Acquisition of securities from companies proceeding new share issuance through capital injection at par value</p> <p>C. Acquisition of securities from 100% owned investee companies proceeding new share issuance through capital injection</p> <p>D. Securities traded in Stock Exchange, OTC or other public offering markets</p> <p>E. Treasury or repos and reverser repos</p>   | <p>Conform to the amendments to related regulations.</p> |

|          |   |   |  |
|----------|---|---|--|
|          | <p>through capital injection from public offering companies, and the new shares acquired are not privatized.</p> <p>I. Subscription to fund shares before the establishment of a fund in accordance with Article 11, paragraph 1 of the Securities Investment Trust and Consulting Act and the Financial Supervisory Commission's 1 November 2004 Order No. Financial-Supervisory-Securities-IV-09-30005249.</p> <p>J. <u>Subscription or redemption of domestic private placement funds, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.</u></p>   | <p>F. Domestic/Foreign Funds</p> <p>G. Acquisition or disposal of listed companies' securities through TSE and OTC's auction or bid regulations</p> <p>H. Acquisition of new share issuance through capital injection from public offering companies <u>or subscription to domestic bonds (including financial bonds)</u> , and the new shares acquired are not privatized.</p> <p>I. Subscription to fund shares before the establishment of a fund in accordance with Article 11, paragraph 1 of the Securities Investment Trust and Consulting Act <u>for the subscription or redemption of domestic private placement funds, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.</u></p>  |  |
| <p>9</p> | <p>(.....)</p> <p>1)Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.</p> <p>2)Merger, spin-off, acquisition or transfer of shares.</p> <p>3)The transaction losses derived from derivatives reaches the upper limit set forth in the Financial Derivatives Transaction Procedure for all or any individual contract.</p> <p>4)Where an asset transaction other than any of those referred to in the preceding <u>three</u> subparagraphs, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>A. Buying or selling government bonds.</p> <p>B. Buying or selling securities in domestic or foreign stock exchange or over-the-counter when the Company's scope of business is investment.</p> | <p>(.....)</p> <p>1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>repurchase of domestic securities investment trust issued domestic money market funds.</u></p> <p>2) Merger, spin-off, acquisition or transfer of shares.</p> <p>3) The transaction losses derived from derivatives reaches the upper limit set forth in the Financial Derivatives Transaction Procedure for all or any individual contract.</p> <p>4) <u>Acquiring or disposing of equipment which is for operation purposes, and the counter party to which is not a related party, and the transaction amount of which exceed NT\$1 billion.</u></p> <p>5) <u>Acquiring the fixed assets through engaging others to build on the company's own land, engaging others to build on rented land, cooperative construction for the distribution of houses, cooperative</u></p> | <p>Conform to the amendments to related regulations.</p> |

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| <p>C. Buying or selling bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.</p> <p><u>D. Acquiring or disposing of equipment which is for operation purpose, and the counter party to which is not a related party, and the transaction amount of which does not exceed NT\$500 million.</u></p> <p><u>E. Acquiring the fixed assets through engaging others to build on the company's own land, engaging others to build on rented land, cooperative construction for the distribution of houses, cooperative construction for the distribution of shares, cooperative construction for sale and the transaction amount not exceeding NT\$ 500 million.</u></p> <p>The transaction amount is calculated according to the following formulas:</p> <ol style="list-style-type: none"> <li>1) Transaction amount of each transaction.</li> <li>2) The accumulated amount of transactions with the same party in one year for similar objects.</li> <li>3) The accumulated amount of transactions in one year of the acquisition or disposal (acquisition and disposal calculated separately) of real property for the same development plan.</li> <li>4) The accumulated amount of transactions in one year of the acquisition or disposal (acquisition and disposal calculated separately) of the same securities.</li> </ol> <p>The one-year period mentioned in the preceding paragraph shall be calculated as one year before the occurrence of the transaction event. The part already disclosed according to the Procedure shall not be calculated.</p> <p>In case the items to be disclosed is erroneous or omitted and shall be rectified, all the items shall be disclosed and reported again.</p> <p>The relevant contracts, meeting minutes, register, appraisal report, opinion of the CPA, lawyers, or underwriters shall be kept in the Company for at least 5 years unless otherwise specified by other laws.</p> <p>For the calculation of 10 percent of total assets under this Procedure, only the total assets stated in the most recent parent company's financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall</p> | <p><u>construction for the distribution of shares, cooperative construction for sale and the transaction amount exceeding NT\$ 500 million.</u></p> <p>6) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>A. Buying or selling government bonds.</p> <p><u>B. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of securities by a securities firm, or subscription of domestic corporate bonds or financial bonds without consideration of equity value issued in either in primary market or in accordance with relevant regulations; securities subscribed by securities firms for operation purposes as an underwriter or the advising and recommending securities firms of emerging stocks traded on the Taipei Exchange or</u> buying or selling securities in domestic or foreign stock exchanges or over-the-counter when the Company's scope of business is investment.</p> <p>C. Buying or selling bonds under repurchase/resale agreements, or subscription or <u>repurchase</u> of domestic money market funds <u>issued by domestic securities investment trusts.</u></p> <p>D.</p> <p>The transaction amount is calculated according to the following formulas:</p> <ol style="list-style-type: none"> <li>1) Transaction amount of each transaction.</li> <li>2) The accumulated amount of transactions with the same party in one year for similar objects.</li> <li>3) The accumulated amount of transactions in one year of the acquisition or disposal (acquisition and disposal calculated separately) of real property for the same development plan.</li> <li>4) The accumulated amount of transactions in one year of the acquisition or disposal (acquisition and disposal calculated separately) of the same securities.</li> </ol> <p>The one-year period mentioned in the preceding paragraph shall be calculated as one year before the occurrence of the transaction event. The part already disclosed according to the Procedure shall not be</p> |  |
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|    | <p>be used.<br/>(.....)<br/>In case the items to be disclosed is erroneous or omitted and shall be rectified, all the items shall be disclosed and reported again.<br/>The relevant contracts, meeting minutes, register, appraisal report, opinion of the CPA, lawyers, or underwriters shall be kept in the Company for at least 5 years unless otherwise specified by other laws.<br/><u>For the calculation of 10 percent of total assets under this Procedure, only the total assets stated in the most recent parent company's financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</u></p>  | <p>calculated.<br/>In case the items to be disclosed is erroneous or omitted and shall be rectified, all the items shall be disclosed and reported again within two days after acknowledgement.<br/>The relevant contracts, meeting minutes, register, appraisal report, opinion of the CPA, lawyers, or underwriters shall be kept in the Company for at least 5 years unless otherwise specified by other laws.<br/>For the calculation of 10 percent of total assets under this Procedure, only the total assets stated in the most recent parent company's financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.<br/>(.....)<br/>In case the items to be disclosed is erroneous or omitted and shall be rectified, all the items shall be disclosed and reported again <u>within two days after acknowledgement.</u><br/>The relevant contracts, meeting minutes, register, appraisal report, opinion of the CPA, lawyers, or underwriters shall be kept in the Company for at least 5 years unless otherwise specified by other laws.</p> |   |
| 15 | <p>When the Company acquires or disposes of real property from or to a related party, or when it acquires or disposes of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>redemption</u> of domestic money market funds, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by Audit Committee and the board of directors:<br/>(.....)<br/>When the Procedures for the Acquisition and Disposal of Assets are submitted for discussion by the board of directors pursuant to the first paragraph, the board of directors shall take into full consideration each independent director's opinions and any positive or negative opinions and</p> | <p>When the Company acquires or disposes of real property from or to a related party, or when it acquires or disposes of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by Audit Committee and the board of directors:<br/>(.....)<br/>When the Procedures for the Acquisition and Disposal of Assets are submitted for discussion by the board of directors pursuant to the first paragraph, the board of directors shall take into full consideration each independent director's opinions and</p>   | Conform to the needs of commercial practices. |

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|           | <p>objecting reason shall be recorded in the minutes of the board of directors meeting.</p>  | <p>any positive or negative opinions and objecting reason shall be recorded in the minutes of the board of directors meeting. <u>For the acquisition or disposal of operation-purpose equipment between the Company and its subsidiaries, the Board may delegate the Chairman to decide such transaction when the amount is within NT\$1 billion and have the decisions subsequently submitted to and ratified at the next Board meeting.</u></p>  |  |
| <p>19</p> | <p>In effecting the merger, spin-off, acquisition and transfer of shares, before the meeting of board of directors, the CPA, lawyers, or underwriters shall be consulted with to express opinion on the ratio of exchange of shares, acquisition price and other matters and then presented to the board of directors for discussion and approval.</p> | <p>In effecting the merger, spin-off, acquisition and transfer of shares, before the meeting of board of directors, the CPA, lawyers, or underwriters shall be consulted with to express opinion on the ratio of exchange of shares, acquisition price and other matters and then presented to the board of directors for discussion and approval. <u>However, the merger of the Company and its 100 percent directly or indirectly owned subsidiaries or the merger between subsidiaries that are 100 percent directly or indirectly owned by the Company and not required to seek expert opinion towards such transaction.</u></p> | <p>Conform to the amendments to related regulations.</p> |

*Attachment 7*

**Table Comparing the Original and the Amended Articles of “Financial Derivatives Transaction Procedure”**

| Article No. | Original Article (or portion thereof)  | Amended Article (or portion thereof)  | Description   |
|-------------|--|---|---|
| 3           | <p>2)Operation and hedging strategy:<br/>The Company’s <u>foreign currencies positions will be hedged to minimize loss.</u></p> <p>4)Transaction amount &amp; restriction:<br/>A.FX position: based on the needs of each net currency position and the forecasted cash flows, the policy is set to natural hedge. The authorization for each type of transaction is as follows:</p> <p>C.Maximum Contract Size &amp; Loss Limit<br/>The total amount of derivatives which the Company is capable to take is based on 100% of latest quarterly revenue amounts. The upper limit of <u>total losses from derivative contracts is US\$ 10 million (or NT\$ equivalent)</u>. The upper limit of losses for <u>single derivative contract is 5% of such contract amount</u>. When losses exceed such upper limits, the authorized FX trader shall provide documentation, stating both impacts to the Company and solutions to decrease such losses, after a discussion with <u>FIN 1<sup>st</sup> level manager</u>. After the approval from CFO and Chairman, the authorized FX trader shall take such solutions and report to Audit Committee the Board afterwards.</p> | <p>2)Operation and hedging strategy:<br/><u>The derivative transactions should mainly be conducted for the purpose to ensure profit of the Company’s business and avoid risks associated with fluctuation in exchange rate, interest rate, and/or value of assets.</u></p> <p>4)Transaction amount &amp; restriction:<br/>A.FX position: based on the needs of each net currency position and the forecasted cash flows, the policy <u>of Forward FX transaction</u> is set to natural hedge. The authorization for each type of transaction is as follows:</p> <p>C.Maximum Contract Size &amp; Loss Limit<br/>The total amount of derivatives which the Company is capable to take is based on 100% of latest quarterly revenue amounts. <u>For hedging transactions, the upper limit of losses is 20% of the contract amount for all contracts in aggregate or for any individual contract. For other special derivative transactions, the maximum losses for all contracts is 10% of total contract amount, and the losses limit for an individual contract is 5% of such contract amount.</u> When losses exceed such upper limits, the authorized FX trader shall provide documentation, stating both impacts to the Company and solutions to decrease such losses, after a discussion with <u>Finance Division 1<sup>st</sup> level manager</u>. After the approval from CFO and Chairman, the authorized FX trader shall take such solutions and report them to Audit Committee and the Board afterwards.</p> | <p>Text amended to meet with the Company’s operation needs.</p> |
| 4           | <p>5)The derivative transactions shall be reported to Board Meeting.</p>   | <p>5)The derivative transactions shall be reported to <u>the next</u> Board Meeting.</p>  | <p>Text amended</p>   |

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|   |   | <u>afterwards.</u>   | pursuant to the regulations issued by the competent authority.       |
| 5 | The Company shall disclose its and its subsidiaries derivative transactions before 10th of each month to <u>Securities and Futures Bureau's</u> Market Observation Post System website. | The Company shall disclose its and its subsidiaries derivative transactions before 10th of each month to <u>Financial Supervisory Commission's</u> Market Observation Post System website.   | Text amended pursuant to the name change of the competent authority. |
| 6 | The derivative transactions shall be recorded in accordance with Accounting Regulation and related Accounting principles.   | The derivative transactions shall be recorded in accordance with <u>the accounting principles and regulations announced by the relevant competent authorities as well as the Company's accounting policy. The monthly realized and unrealized gains and/or losses regarding the derivative transactions shall be recorded and disclosed accordingly.</u> | Text amended to be more specific.                                    |



**Attachment 8**

**Table Comparing the Original and the Amended Articles of “Loan Procedure”**

| Article No. | Original  | Modified  | Explanation   |
|-------------|---|---|---|
| 4           | <p>The total amount available for lending purpose shall not exceed <u>10%</u> of the total net value of the Company. For any borrower, the total amount available and evaluation guidelines are as follows:</p> <p>1) Funds lent to companies having short-term capital needs with the Company or subsidiaries shall not exceed <u>40% of net value of the said companies or subsidiaries or 2% of the Company’s net value, whichever is lower.</u></p> <p>2) Funds lent to companies that have business relationship with the Company shall not exceed <u>10%</u> of the previous year’s amount of business with the borrower or <u>2%</u> of the Company’s net value, whichever is lower.</p> <p>(Omitted below)</p>  | <p>The total amount available for lending purpose shall not exceed <u>40%</u> of the total net value of the Company. For any borrower, the total amount available and evaluation guidelines are as follows:</p> <p>1) Funds lent to companies having short-term capital needs with the Company or subsidiaries shall not exceed <u>10% of the Company’s net value,</u></p> <p>2) Funds lent to companies that have business relationship with the Company shall not exceed <u>the previous year’s amount</u> of business with the borrower or <u>10%</u> of the Company’s net value, whichever is lower.</p> <p>(Omitted below)</p>   | <p>According to the need of company’s operation</p> |
| 5           | <p>Procedures for Lending of Capital:</p> <p>1) The borrower applying for the loan shall present a written application specifying the credit line of the loan to the Company with the necessary documents and guarantee information. The <u>Finance Department</u> shall conduct an investigation and evaluation on the application with respect to the borrower’s business, financial status, ability to repay the debt, credit, profitability and purpose for lending and come out with a report to the chairman of board of directors for the board’s approval. While discussing during the board meeting, opinions from independent directors shall be thoroughly considered and their concurring or opposing opinions and the reasons for objection shall be recorded in meeting minutes. Material amount of Loan shall be reported to the board meeting after receiving the approval from more than 1/2 members of Audit Committee.</p> <p>2) The <u>Finance Department</u> shall conduct a thorough investigation and evaluation of the borrower. The items to be evaluated shall contain at least the</p> | <p>Procedures for Lending of Capital:</p> <p>1) The borrower applying for the loan shall present a written application specifying the credit line of the loan to the Company with the necessary documents and guarantee information. The <u>Finance Department</u> shall conduct an investigation and evaluation on the application with respect to the borrower’s business, financial status, ability to repay the debt, credit, profitability and purpose for lending and come out with a report to the chairman of board of directors for the board’s approval. While discussing during the board meeting, opinions from independent directors shall be thoroughly considered and their concurring or opposing opinions and the reasons for objection shall be recorded in meeting minutes. Material amount of Loan shall be reported to the board meeting after receiving the approval from more than 1/2 members of Audit Committee.</p> <p>2) The <u>Finance Department</u> shall conduct a thorough investigation and evaluation of the borrower. The items to be evaluated shall contain at least the followings.</p> | <p>Adjustment Chinese’s Wordings</p>                |

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|          | <p>followings.<br/>(Omitted below)</p> <p>3) After the amount of the loan is approved, the borrower shall fill in the “drawdown request” to request the disposition of funds.</p> <p>4) If the borrower requests the disposition of funds according to the preceding section, the borrower shall furnish <u>promissory notes, bank guarantee, or other collaterals of equal amount, and when necessary create pledge of movables or immovables, mortgage of movables or immovables</u> to serve as the securities of the loan. When the subsidiaries in which the Company directly and indirectly holds more than 50% of the voting shares are the borrowers, they are excepted in this case.<br/>(Omitted below)</p>  | <p>(Omitted below)</p> <p>3) After the amount of the loan is approved, the borrower shall fill in the “drawdown request” to request the disposition of funds. <u>Within the credit line that has been approved by the board meeting, the borrower can drawdown the loan once or several times and the loan can be revolving within one year.</u></p> <p>4) If the borrower requests the disposition of funds according to the preceding section, the borrower shall furnish <u>notes of equal amount</u> to serve as the securities of the loan. When the subsidiaries in which the Company directly and indirectly holds more than 50% of the voting shares are the borrowers, they are excepted in this case.<br/>(Omitted below)</p>   | <p>According to the need of company’s operation</p>                           |
| <p>6</p> | <p>The term of the loan shall not <u>exceed one year.</u></p>  | <p><u>In principle, the term of the loan shall be within one year.</u><br/><u>In case the period of the business cycle is longer than one year, that period shall prevail.</u></p>  | <p>According to the need of company’s operation</p>                           |
| <p>7</p> | <p>Follow-up Controlling Measure and Procedure for Collecting Loans Matured.</p> <p>1) After the loan is granted, the finance department shall follow and trace financial status, business and credit status of the borrower and guarantor <u>monthly</u>, and when necessary, may request the borrower to furnish financial data from time to time. In case any collateral is furnished, attention shall be paid to the value change of it. In case of material change in the value of the collateral, the chairman of the board of directors shall immediately be notified and proper measures be taken as instructed by the chairman.</p> <p>2) When the loan is due or the borrower pays the loan before the due date, the borrower shall calculate the payable interests and pay the interests with the principal before the <u>promissory notes, bank guarantee, other collaterals, or object of mortgage</u> may be rescinded and returned to the lender or the mortgage registration may be cancelled. The lender shall demand repayment of principals and interests when the loan becomes due. If the timely repayment could not be effected and extension of</p> | <p>Follow-up Controlling Measure and Procedure for Collecting Loans Matured.</p> <p>1) After the loan is granted, the finance department shall follow and trace financial status, business and credit status of the borrower and guarantor <u>periodically</u>, and when necessary, may request the borrower to furnish financial data from time to time. In case any collateral is furnished, attention shall be paid to the value change of it. In case of material change in the value of the collateral, the chairman of the board of directors shall immediately be notified and proper measures be taken as instructed by the chairman.</p> <p>2) When the loan is due or the borrower pays the loan before the due date, the borrower shall calculate the payable interests and pay the interests with the principal before <u>notes or other collaterals</u> may be rescinded and returned to the lender or the mortgage registration may be cancelled. The lender shall demand repayment of principals and interests when the loan becomes due. If the timely repayment could not be effected and extension of the term is needed, prior request is required to <u>the Audit Committee for its approval and then to the board of</u></p> | <p>According to the need of company’s management control</p> <p>According</p> |

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|   | <p>the term is needed, prior request <u>is required to the board of directors for its approval. Each extension shall not exceed 6 months and the whole lending period shall be within one year. Such extension shall be limited to only once.</u> Any loan which is due and which is not repaid after the written notice of collection by the Company shall be subjected to the Company's further legal actions or the court's ruling and the <u>promissory notes</u> and collaterals be effected.<br/>(Omitted below)</p> | <p>directors for its approval. <u>In principle, the whole lending period of each extension shall be within one year.</u> Any loan which is due and which is not repaid after the written notice of collection by the Company shall be subjected to the Company's further legal actions or the court's ruling and the <u>notes</u> and collaterals will be effected.<br/>(Omitted below)</p>  | <p>to Article 5 modification</p> <p>According to the need of company's operation</p> |
| 8 | <p>The interest rate of the loan shall not be lower than the capital cost of the Company from its short-term loan with the financial institution. Any adjustment of the interest rates shall be submitted by the <u>financial department</u> to the board of directors for its approval and then be executed. The interests to be collected mentioned in the preceding section shall be calculated and paid once a month, be withheld when the fund is appropriated, or be paid on the last day of the lending period.</p> | <p>The interest rate of the loan shall not be lower than the capital cost of the Company from its short-term loan with the financial institution. Any adjustment of the interest rates shall be submitted by the <u>financial department</u> to the board of directors for its approval and then be executed. The interests to be collected mentioned in the preceding section shall be calculated and paid once a month, be withheld when the fund is appropriated, or be paid on the last day of the lending period.</p> | <p>Adjusting Chinese's Wording</p>   |

*Attachment 9*

**Table Comparing the Original and the Amended Articles of  
“Endorsements and Guarantees Procedure”**

| Article No. | Original  | Modified   | Explanation                                  |
|-------------|---|--|--|
| 4           | <p>The total amount of the Company’s endorsements and guarantees is limited to <u>20%</u> of the Company’s net value, and the amount of endorsements and guarantees to one enterprise is as follows.</p> <p>1) The accumulated amount of endorsements and guarantees to one enterprise shall not exceed <u>5%</u> of the net value of the Company.</p> <p>2) For the endorsements and guarantees to the companies having business relationship with the Company, in addition to the aforementioned amount restriction, the amount of the endorsement and guarantee shall not exceed the amount of business. The amount of business refers to the higher amount of buying or selling. The consolidated amount of endorsements and guarantees from the Company and subsidiaries shall not exceed <u>40%</u> of the Company’s net value, and, for any single entity, shall not exceed <u>20%</u> of the Company’s net value.</p> | <p>The total amount of the Company’s endorsements and guarantees is limited to <u>45%</u> of the Company’s net value, and the amount of endorsements and guarantees to one enterprise is as follows.</p> <p>1) The accumulated amount of endorsements and guarantees to one enterprise shall not exceed <u>45%</u> of the net value of the Company.</p> <p>2) For the endorsements and guarantees to the companies having business relationship with the Company, in addition to the aforementioned amount restriction, the amount of the endorsement and guarantee shall not exceed the amount of business. The amount of business refers to the higher amount of buying or selling. The consolidated amount of endorsements and guarantees from the Company and subsidiaries shall not exceed <u>45%</u> of the Company’s net value, and, for any single entity, shall not exceed <u>45%</u> of the Company’s net value.</p> | According to the need of company’s operation |
| 6           | <p>Endorsements and Guarantees Procedure</p> <p>1) In effecting the endorsement and guarantee, the Finance Department shall review item by item the qualification of the company to be endorsed or guaranteed, whether the amount is in conformity with the Procedure, and if it has satisfied the criteria for disclosure and report, and analyze, evaluate the risks and make records . Then it shall, with clear reporting of the content, reason and risk evaluation, be reported to the chairman for its approval, and then presented to the board of directors to be discussed and consented to . If it is within the authorized amount, the chairman <u>of board of director</u> may approve first and then reported to the board of directors <u>for approval</u>.</p> <p>2) Credit survey and risk assessment shall be conducted by the <u>Finance</u></p>   | <p>Endorsements and Guarantees Procedure</p> <p>1) In effecting the endorsement and guarantee, the Finance Department shall review item by item the qualification of the company to be endorsed or guaranteed, whether the amount is in conformity with the Procedure, and if it has satisfied the criteria for disclosure and report <u>and shall set an expiration date for providing endorsements and guarantees</u> and analyze, evaluate the risks and make records. Then it shall, with clear reporting of the content, reason and risk evaluation, be reported to the chairman for its approval, and then presented to the board of directors to be discussed and consented to. If it is within the authorized amount, <u>which is approved by the board of directors in advance</u>, the chairman may approve first <u>and then</u> report to the board</p>  | According to the need of company’s operation |

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|  | <p><u>Department.</u><br/>The items to be evaluated include:<br/>(Omitted below)</p> <p>7) <u>The Company shall set an expiration date when providing endorsement and guarantee.</u> When the net value of endorsed or guaranteed companies lower than 50% of their paid-in capital, <u>it shall apply Article 6 and shall not make extension for such endorsement or guarantee when the original term expires. When the net value of a subsidiary lower than 50% of its paid-in capital, it shall apply Article 6 and FIN</u> department shall follow its financial status quarterly and provide written reports about unusual issues and recommendations, if any. The aforementioned paid-in capital shall be the sum of the share capital and paid-in capital in excess of par value of the share in case of a subsidiary with shares having no par values or a par value other than NT\$10.</p> | <p>of directors for <u>ratification.</u><br/>2) Credit survey and risk assessment shall be conducted by the <u>finance department.</u><br/>The items to be evaluated include:<br/>(Omitted below)</p> <p>7) <u>For the company and its subsidiaries, when</u> the net value of endorsed or guaranteed companies lower than 50% of their paid-in capital, <u>the finance department shall follow its financial status quarterly and provide written reports about unusual issues and recommendations and report to Audit Committee periodically, if any.</u> The aforementioned paid-in capital shall be the sum of the share capital and paid-in capital in excess of par value of the share in case of a subsidiary with shares having no par values or a par value other than NT\$10.</p> <p>o</p> | <p>Adjustment<br/>Chinese's<br/>Wordings</p> <p>According<br/>to the need<br/>of<br/>company's<br/>operation</p> |
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## *Appendices*

### *Appendix 1*

#### **United Microelectronics Corporation Convention Rules for Shareholders' Meetings**

1. The convention procedures in a Shareholders' Meeting should follow the Rules.
2. Attending shareholders or their representatives should wear Attendee Passes and turn in their Attendance Cards to prove their attendance. The cards will also be used to compute stock rights.
3. The Chairman will commence the Meeting when enough shareholders are present to represent over half of the stocks issued.
4. The agenda shall be determined by the Board of Directors. The Meeting shall follow the procedures set by the agenda.
5. In order to receive consideration for any proposal not listed in the agenda or for any amendments or alternatives to such a proposal, the proposer must be endorsed by another shareholder(s). In addition, the shares held by the proposer and endorser(s) must together represent at least one percent of the total number of common stocks issued.
6. Only proposals will be discussed or voted on. The Chairman has the right to announce the end of any discussion at the appropriate time or terminate discussions if necessary.
7. The Chairman can commence voting on proposals when discussions are over or terminated.
8. Except for those that contradict the Company Law, proposals are approved if over half of the voting rights attending the Meeting consent to them. If no shareholders object after inquiries by the Chairman, proposals are also deemed approved.
9. Attending shareholders must write down their name, the number of their Attendees' Passes, and the number of shares held before making speeches. The Chairman shall decide the order of speeches by shareholders.
10. Any shareholder's speech (including those by individuals or legal entities) shall be limited to three minutes, but can be extended once by the Chairman. Any shareholder (including individuals and legal entities) cannot speak more than twice on the same issue.
11. The Chairman may stop shareholders' speeches if time is out or if the speeches are not relevant to the issues at hand. Shareholders who disturb the meeting will be asked to leave by the Chairman.
12. The Chairman may announce a recess in the middle of the Meeting if appropriate.
13. The Meeting will be stopped and dismissed in the event of an air strike alarm and will be reconvened one hour after the alarm is over.
14. Issues not covered by the Rules shall be dealt with in accordance with the rules promulgated by the Company Law and the Company's Articles of Incorporation.
15. The Rules and any future amendments must be approved by the Shareholders' Meeting.

## *Appendix 2*

**(Translation)**  
**Articles of Incorporation**  
**of**  
**United Microelectronics Corporation**

Last Updated: June 7, 2016

### **Section I      General Provisions**

Article 1      The Company shall be incorporated as a company limited by shares under the Company Law and its name shall be “United Microelectronics Corporation.”

Article 2      The scope of business of the Company shall be as follow:

1.      Integrated circuits;
2.      Various semiconductor parts and components, such as Hybrid Circuits, IC Cards and Circuit Modules, etc.;
3.      Parts and components of microcomputers, microprocessors, peripheral support and system products, such as Contact Image Sensors (CIS) and Liquid Crystal Displays (LCD), etc.;
4.      Parts and components of Semiconductor memory and its systems products;
5.      Parts and components of semiconductor and its systems products used in digital signal acquisition and transmission system;
6.      Parts and components of semiconductor and its systems products used in telecommunication systems;
7.      Testing and packaging of integrated circuits;
8.      Production of mask; research and development, design, production, sales, promotion and after sale service of all above items and their application products;
9.      Also engage in export/import trade business in relation to the business of the Company.

Article 2-1      The Company may act as a guarantor.

Article 2-2      When the Company becomes a shareholder of limited liability in other companies, the total amount of its investment may not be subject to the restriction of not exceeding 40% of its own paid-in capital as provided in Article 13 of the Company Law.

Article 3 The Company shall have its head-office in Hsinchu Science-based Industrial Park and, if necessary, may set up branches or business offices in and out of this country upon a resolution of its Board of Directors and approval from the competent government authority.

Article 4 Public notices of the Company shall be made in accordance with Article 28 of the Company Law.

## **Section II Shares**

Article 5 The total capital amount of the Company shall be Two Hundred and Sixty billion New Taiwan Dollars accounting for Twenty Six billion shares, at a par value of Ten New Taiwan Dollars (NT\$10) per share. The Board of Directors is authorized to issue the unissued shares in installments. The issue price per share will be determined by the Board of Directors pursuant to the ROC Company Law or relevant securities-related laws and regulations.

The capital, within fifteen billion New Taiwan Dollars, is for corporate bonds with equity warrants, which is one thousand and five hundred million shares, at a par value of ten New Taiwan Dollars (NT\$10) per share. The Board of Directors is authorized to issue the unissued shares in installments depending on the business needs of the Company.

Moreover, the capital, within twenty billion New Taiwan Dollars, is for warrant, which is two billion shares at a par value of Ten New Taiwan Dollars (NT\$10) per share. The Board of Directors is authorized to issue the unissued shares in installments depending on the business needs of the Company.

Article 6 The share certificate of the Company can be all name-bearing share certificates and shall be signed by, and affixed with the seals or by signature of, at least three directors of the Company, and issued after duly authentication pursuant to the law.

The Company can also deliver shares by wiring into account books based on related regulations, rather printing physical shares. When issuing other securities, the same rule applies.

Article 7 Registration for transfer of shares shall all be suspended 60 days before the



convocation of any ordinary shareholders' meeting, 30 days before the convocation of extraordinary shareholders' meeting, or 5 days before the record day for distribution of dividend, interest and bonus or any other benefit as scheduled by the Company.

### **Section III Shareholders' Meeting**

Article 8 Shareholders' meeting shall be of two types, namely general and extraordinary shareholders' meeting; the former shall be convened once a year by the Board of Directors in accordance with laws within six months after the close of each accounting fiscal year and the latter shall be convened in accordance with laws whenever necessary.

Article 9 In case a shareholder is unable to attend a shareholders' meeting, he/she may issue proxy printed by the Company setting forth the scope of authorization by signing or affixing his/her seal on the proxy form for the representative to be present on his/her behalf.

Article 10 Unless otherwise provided in the Laws, a shareholder of the Company shall have one vote for each share held by him or her.

Article 11 Unless otherwise provided in the Company Law, Securities and Exchange Act or other Laws, resolution shall be made at the meeting attended by shareholders holding and representing majority of the total number of issued and outstanding shares and at which meeting a majority of the shareholders shall vote in favor of the resolution.

### **Section IV Directors and Committees**

Article 12 The Company shall have nine (9) to eleven (11) directors to be elected at a shareholders' meeting through a nominating system from persons of legal capacity to serve a term of three years. A director or supervisor may be re-elected.

At least three (3) directors or one-fifth of all directors, whichever is higher, shall be the independent directors. The qualification, the limitations of shareholding and concurrently serving other positions, the methods of nomination and election and other related matters shall be subject to the applicable laws.

- Article 13           The Company shall set forth the Audit Committee, which comprises of all the independent directors. The seats, the term, the authorities, the rules governing meetings and the resources the Company shall provide upon the committee's exercise of authority shall be governed by the charter of Audit Committee, which will be set forth separately.
- Article 13-1       The Company established a Remuneration Committee, of which the number of members, duration of duty, rights of duty, rules of procedure, and resources that the Company must provide during period of duty shall be separately determined by the Charter of the Remuneration Committee.
- Article 14           The Company has to purchase D&O for directors during their terms.
- Article 15           The Board of Directors shall be organized by directors. The Chairman of the Board shall be elected by majority of directors present at a meeting attended by more than two thirds of directors. The directors may also elect a vice Chairman of the Board whenever they may deem necessary to carry out the Company's activities. The Chairman of the Board shall internally be the Chairman of the meeting of shareholders, Board of Directors and managing directors' meeting and externally represent the Company.
- Article 16           In case the Chairman of the Board of Directors is on leave or unable to perform his duties for cause, the vice Chairman of the Board of Directors, if any, shall act as the Chairman. If there is no vice Chairman of the Board or the vice Chairman of the Board is also on leave or unable to perform his duties for cause, the Chairman of the Board shall designate a director to act as the chairman. If there is no such designation, the directors shall elect one from among themselves.
- Article 16-1       In case a board member is unable to attend the Board of Directors' meeting, he/she may issue proxy setting forth the scope of authorization by signing or affixing his/her seal on the proxy form for another board member to present on his/her behalf. The representative shall serve as the proxy for one director only.
- Other than what is demanded by ROC Company Law, Securities and Exchange Act or other Laws, the resolution of the board of directors shall be adopted by a majority of the directors present at the meeting attended by

more than half of the directors.

Article 17 Remunerations for all directors shall be decided by the Board of Directors authorized by a meeting of shareholders according to involvements and contributions to the Companies' operation and at the normal rate adopted by other firms of the same industry.

Article 18 The Board of Directors shall have the following functions and responsibilities:

1. Examination and review of operational policy and medium and long-term development plans.
2. Review of and supervision over execution of annual business plans.
3. Approval of budget and examination of the final settlement of account.
4. Examination of capital increase/decrease plans.
5. Examination of earnings distribution or making up of loss programs.
6. Examination and approval of important contracts.
7. Examination of Articles of Incorporation or amendments thereof.
8. Approval of organizational by-laws and important business rules.
9. Decision in establishment, reorganization or removal of branch offices.
10. Approval of major capital expenditure plans.
11. Appointment and discharge of managers.
12. Execution of resolutions adopted at shareholders' meeting.
13. Examination of matters proposed by the general manager for decision.
14. Convocation of shareholders' meeting and making business reports.
15. Other matters to be handled in accordance with the laws.

Article 19 Except for the authority provided under Paragraph 4, Article 14-4 of the Securities and Exchange Act, the authorities granted to each of the supervisors under the Company Act, the Securities and Exchange Act and other laws shall be granted to and exercised by the Audit Committee. Provisions of Paragraph 4, Article 14-4 of the Securities and Exchange Act which relate to the supervisor's activities and capacity of being the representative of a company provided under the Company Act shall apply mutatis mutandis to each independent director and a member of the Audit Committee.

## **Section V Managers**

Article 20 The Company may have one Chief Executive Officer and several managers, whose appointments, discharge, and remunerations shall be subject to provisions in Article 29 of the ROC Company Law as well as related regulations. The title and scope of authority of the managers are to be determined by the board of directors, and the board of directors can authorize the chairman to determine.

**Section VI Accounting**

Article 21 The Board of Directors shall prepare at the close of each accounting fiscal year for the Company (1) Business Report, (2) Financial Statements, (3) Proposal of Distribution of Earnings or Making Up of Loss, etc. and submit the same to the general shareholders meeting for acceptance.

Article 21-1 The Company shall allocate no less than 5% of profit as employees' compensation and no more than 0.1% of profit as directors' compensation for each profitable fiscal year after offsetting any cumulative losses. The aforementioned employees' compensation will be distributed in shares or cash. The employees of the Company's subsidiaries who fulfill specific requirements stipulated by the Board of Directors may be granted such compensation. Directors may only receive compensation in cash. The Company may, by a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute the aforementioned employees' and director's compensation and report to the shareholders' meeting for such distribution.

Article 22 After making the final settlement of account, the Company shall allocate the net profit ("earnings"), if any, according to the following sequence:

1. Payment of taxes.
2. Making up for loss in preceding years.
3. Setting aside 10% for legal reserve, except for when accumulated legal reserve has reached the Company's paid-in capital.
4. Appropriating or reversing special reserve by government officials or other regulations
5. The remaining, plus the previous year's unappropriated earnings, shall be distributed according to the distribution plan proposed by the board of directors according to the dividend policy in paragraph two of this clause and submitted to the shareholders' meeting for approval.

Because the company conducts business in a capital intensive industry and continues to operate in its growth phase, the dividend policy of the Company shall be determined pursuant to factors, such as the investment environment, its funding requirements, domestic and overseas competitive landscape and its capital expenditure forecast, as well as shareholders interest, balancing dividends and the Company's long term financial planning. The Board of Directors shall propose the distribution plan and submit to the shareholders' meeting every year. The distribution of shareholders dividend shall be allocated as cash dividend in the range of 20% to 100%, and stock dividend in the range of 0% to 80%.

## **Section VII Additional Rules**

Article 23 The organization by-law of the Company shall be provided otherwise.

Article 24 In regard to all matters not provided for in these Articles of Incorporation, the Company Law, Securities and Exchange Act or other Laws shall govern.

Article 25 These Articles of Incorporation were enacted on Feb. 21, 1980 and amended on Feb. 21, 1981 for the first time, on May 16, 1981 for the second time, on Aug. 8, 1981 for the third time, on Oct. 20, 1981 for the fourth time, on Jan. 15, 1982 for the fifth time, on Apr. 28, 1983 for the sixth time, on Mar. 19, 1984 for the seventh time, on Aug. 7, 1984 for the eighth time, on Apr. 30, 1985 for the ninth time, on Apr. 26, 1986 for the tenth time, on May 23, 1987 for the eleventh time, on Mar. 5, 1988 for the twelfth time, on March 25, 1989 for the thirteenth time, on June 6, 1989 for the fourteenth time, on Apr. 14, 1990 for the fifteenth time, on Jun. 29, 1991 for the sixteenth time, on May 7, 1992 for the seventeenth time, on Apr. 22, 1994 for the eighteenth time, on May 4, 1995 for the nineteenth time, on Jun. 21, 1995 for the twentieth time, on Apr. 11, 1996 for the twenty-first time, on Jun. 24, 1997 for the twenty-second time, on May 5, 1998 for the twenty-third time, on May 13, 1999 for twenty-fourth time, on Jul. 30, 1999 for twenty-fifth time, on Apr. 7, 2000 for twenty-sixth time, on May 30, 2001 for the twenty-seventh time, on June 3, 2002 for the twenty-eighth time, on June 9, 2003 for the twenty-ninth time, on June 1, 2004 for the thirtieth time, on June 13, 2005 for the thirty-first time, on June 12, 2006 for the thirty-second time, on June 11, 2007 for the thirty-third time, on June 13, 2008 for the



thirty-fourth time, on June 15, 2011 for the thirty-fifth time, and on June 7, 2016 for the thirty-sixth time.



*Appendix 3*

**Impact of Stock Dividend Distribution on Operating Results, Earnings per Share and Shareholders' Return on Investment**

Not Applicable.

## Appendix 4

### UMC Directors' Shareholdings & Minimum Shareholdings Required

1. UMC Directors Shareholdings and Legal Minimum Shareholdings is as follows:

|  |                       |
|--|-----------------------|
| Common shares issued                               | 12,624,318,715 shares |
| Legal holding of all directors in number of shares | 160,000,000 shares    |

2. As of April 10, 2017, all board members' shareholdings are as follows:

| Position             | Name  | Number of shares | Shareholding % |
|----------------------|---|------------------|----------------|
| Chairman             | Stan Hung   | 16,341,452       | 0.13%          |
| Director             | Po-Wen Yen (Representative of Hsun Chieh Investment Co.)                | 441,371,000      | 3.50%          |
| Director             | Jason S. Wang (Representative of Silicon Integrated Systems Corp.)      | 315,380,424      | 2.50%          |
| Director             | Shan-Chieh Chien (Representative of UMC Science and Culture Foundation) | 10,000           | 0.00%          |
| Director             | Ting-Yu Lin   | 12,547,222       | 0.10%          |
| Independent Director | Chung Laung Liu   | 0                | 0.00%          |
| Independent Director | Cheng-Li Huang  | 0                | 0.00%          |
| Independent Director | Wenyi Chu   | 0                | 0.00%          |

Note:

- As of April 10, 2017, the total shareholdings of all directors are 785,650,098 shares.
- Independent directors' holdings are excluded from total shareholding calculations.
- The Company has set up an Audit Committee, so limitations on supervisors' holdings are not applicable.