

# **United Microelectronics Corporation**

## **2018 First Extraordinary General Meeting**

### **Meeting Minutes**

**Date: August 20, 2018**

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**United Microelectronics Corporation**  
**2018 First Extraordinary General Meeting Minutes**

Time: Monday, August 20, 2018 9:00 am

Location: UMC's Fab 8S Conference Hall, No.16, Creation Rd. 1, Hsinchu Science Park

Attendants: All shareholders and their proxy holders, representing 9,878,393,863 shares (among them, 8,112,605,098 shares voted via electronic transmission), or 82.26% of the total 12,008,239,978 outstanding shares

Board Members Present: SC Chien, Cheng-Li Huang, and Ting-Yu Lin

Chairperson: Stan Hung, Chairman

Minute Recorder: Philip Lien

**I. Chairman announced commencement.**

**II. Chairman's Address (omitted)**

**III. Discussion Items**

- (1) To approve proposal for Hejian Technology (Suzhou) Co., Ltd., a subsidiary of the Company, to issue an initial public offering ("IPO") of RMB denominated ordinary shares (A-shares) on the Shanghai Stock Exchange

A. Purpose of listing:

In order to respond to China's rapid growth within the semiconductor industry and to consider the long-term development of UMC Group, Hejian Technology (Suzhou) Co., Ltd., a subsidiary of the Company through business of the third area that operates an 8-inch foundry business (hereinafter referred to as "HJ (Suzhou)"), together with United Semiconductor (Xiamen) Co., Ltd., another Company subsidiary in China, and United Semiconductor (Shandong) Co., Ltd., a subsidiary of HJ (Suzhou) operating the business of IC Design Support Service, are proposing to file for IPO of RMB-denominated ordinary shares (A-shares) with the China Securities Regulatory Commission and are applying for listing on the Shanghai Stock Exchange. This move is meant to expand business in China, attract local talent, and enhance UMC Group's global competitiveness.

B. Impact on the Company's financial status:

1) Impact on financial status:

- (a) After the funds are in place, HJ (Suzhou) will be capable of improving and transforming its production line, which will sharpen its competitive edge. Furthermore, the acquisition of advanced equipment, hiring of exceptional talent, enhancing internal innovation skill, and increasing net profit attributable to the Company will benefit the stockholders of the parent.

- (b) HJ (Suzhou)'s listing on the A-share market will build up an independent funding platform, provide the means to obtain more diversified sources of local capital, improve the financial structure of consolidated financial statements, allow more capital to remain in Taiwan, and accelerate the Company's development in Taiwan and worldwide.
- (c) HJ (Suzhou)'s listing on A share market will strengthen the Company's asset and capital positions and maximize the interests of shareholders.
- (d) After this public offering, the Company shall retain its control over HJ (Suzhou) through the business of the third area. Furthermore, the stocks to be listed this time are issued through public offering of new shares. It does not involve any transfer of the existing shares of the Company.

2) Impact on business

- (a) HJ (Suzhou) will coordinate the Company's business of Foundry and IC Design Support Service to provide its customers with complete IC Manufacturing solutions.
- (b) Through listing on the A-share market, raised funds will be allocated towards reinvestment in UMC's existing successful China operations to develop its China market, further increase its productivity and strengthen its R&D capabilities. This will help raise the competitive threshold for the industry, increase the existing value advantage of the Company and bring in higher profits.
- (c) HJ (Suzhou)'s listing on the A-share market will attract local and global talent and enhance the stability of key employees through retention incentives such as equity-based compensation programs. These would help the Company to expand its long-term development and global strategy.

C. Method of diffusion of ownership

Method of Diffusion of Ownership: HJ (Suzhou) is planning to file for an IPO of RMB denominated ordinary shares (A-shares) in China and applying for listing on the Shanghai Stock Exchange, with a par value of RMB 1 per share. The newly issued shares will account for 11.10% (tentative) of HJ (Suzhou)'s total issued share capital. The Company plans to propose to the shareholders' meeting to authorize the board of directors, HJ (Suzhou)'s board of directors or its designated personnel to negotiate the final issued shares with the lead underwriter, based China's rules and regulations, funding needs,

communication outcome with China’s competent authority and market conditions.

D. Usage of proceeds raised through this IPO:

The funds raised will be largely invested in the following projects:

Items	Project Name	Total Amount of investment ( RMB )
1	Increase the Capacity of Wafer Manufacturing of Hejian Technology (Suzhou) Co., Ltd.	No more than 2.5 billion
2	Replenishment of current capital	

E. Pricing guideline on diffusion of ownership:

HJ (Suzhou)’s listing on the A-share market will use the price inquiry method that is adopted by the laws and regulations of China or other methods that are recognized by China’s securities regulatory agencies.

F. The party receiving the newly issued shares:

The parties receiving the shares are price inquiry parties that fulfill the qualifications specified in relevant laws and regulations of China or required by the supervisory authorities, the domestic natural person or legal persons that have established a securities account with the Shanghai Stock Exchange, or other investors meeting the requirements of the China Securities Regulatory Commission. The Company will not participate in the subscription.

G. Impact on the Company’s status as a listed company in Taiwan:

HJ (Suzhou)’s successful listing on the A-share market will not affect the continued listing of the Company in Taiwan’s stock market, since the Company’s ownership of HJ (Suzhou) is still high, and the interests of the Company’s shareholders are fully protected.

H. Other matters

For the purpose of HJ (Suzhou)’s initial public offering of RMB denominated ordinary shares (A-share) and applying for listing on Shanghai Stock Exchange:

- 1) According to the relevant regulations in China and the requirements of the China Securities Regulatory Commission, the Company, the business of the third area stated above, and relevant subsidiaries should avoid any horizontal competition with HJ (Suzhou) and its subsidiaries. As part of the Company’s management strategy, the listing of HJ (Suzhou) is expected to bring significant positive effects to the Company, including increased brand awareness, and opportunities for further expansion in China and the international markets using the funds raised from China’s capital market through HJ (Suzhou). Considering that HJ (Suzhou) and its subsidiaries have been virtually responsible for the Company’s business of

Foundry and IC Design Support Service, we and the business of the third area stated above are prepared to enter into a “Horizontal Agreement” with HJ (Suzhou) to ensure compliance with relevant regulations in China and the requirements of the China Securities Regulatory Commission. In view of the superior-subordinate relationship between the Company and HJ (Suzhou), we believe the establishment of the horizontal agreement is unlikely to continue any violation of the Fair Trade Act of the Republic of China.

- 2) According to the relevant regulations in China and the requirements of the China Securities Regulatory Commission, the Company, the business of the third area stated above and HJ (Suzhou)’s should sign the commitment letters relative to HJ (Suzhou)’s repurchasing of its stocks in compliance of laws, or the Company’s increasing its holdings of HJ (Suzhou)’s stocks to stabilize stock price, and cash compensation for the Company, the business of the third area stated above and HJ (Suzhou)’s supplementary payment, fine or other losses caused from false tax declaration, or unpaid social insurance and housing funds. In view of the whole advantage of HJ (Suzhou)’s listing to the Company stated above, the Company is prepared to sign the commitment letters in compliance of the opinions of the relevant government authorities and rules and regulations of the listing place.
- 3) We propose that the shareholders’ meeting authorize the board of directors, chairman or his designated personnel, and/or the subsidiary’s board of directors or its designated personnel (applicable depending on the situation) to make necessary adjustments based on the execution of listing proposals, opinions of the relevant government authorities and the Shanghai Stock Exchange, rules and regulations of listing place, or market conditions, or actual situations, and to handle with full power the related matters in connection with the listing, including but not limited to engaging professional advisers, determining the issuing terms, issuing time, issuing amount, issuing counterparty, issuing method, pricing methodology, issuing price (including price range and final price), base date, strategic allocation (if any), use of proceeds, modifying and entering into the Horizontal Agreement, issuing cash compensation commitment of tax, social insurance and housing fund, issuing commitment letter of stable stock price, issuing other commitment letters and documents, and conducting any and all other matters in connection with the listing.

Summary of shareholders’ statement:

Shareholders (No.1512017, No.334090 and No.2017487) made statements about the Company’s ownership of HJ (Suzhou), listed entity, issuing terms, issuing amount, the impact of HJ (Suzhou)’s listing on the Company’s business and financial status, competition in business and the impact of China-U.S. Trade War.

The Chairman and the person designated by the Chairman responded to the above statements.

Resolution: Approved and acknowledged as proposed by Board of Directors.

Voting Result: 9,878,393,863 shares were represented at the time of voting (including 8,112,605,098 shares voted via electronic transmission)

Voting Results	% of the total representation at the time of voting
Votes in favor : 8,939,395,507 votes (including 7,188,422,034 shares voted via electronic transmission)	90.49%
Votes against : 147,009 votes (including 129,806 shares voted via electronic transmission)	0.00%
Votes invalid : 0 votes (including 0 share voted via electronic transmission)	0.00%
Votes abstained: 938,851,347 votes (including 924,053,258 shares voted via electronic transmission)	9.51%

(2) To release the director from non-competition restrictions

- 1) According to Article 209, Company Act, if directors’ activities for personal or others’ interests are related to the Company’s business scope, directors shall explain the content of their activities and ask the approval from shareholders at the meeting.
- 2) The Company is the ultimate holding company of Hejian Technology (Suzhou) Co., Ltd., which operates an 8-inch foundry business, and the Company appointed the Chairman, Stan Hung as the Chairman of Hejian Technology (Suzhou) Co., Ltd. in order to create synergy.
- 3) Propose to approve the Company’s Chairman, Stan Hung, to act as the Chairman of Hejian Technology (Suzhou) Co., Ltd. during his tenure, and release Chairman, Stan Hung, from non-competition restrictions.

Summary of shareholders’ statement:

Shareholders (No.1084720, No.2017487 and No.1512017) made statements about the protection of intellectual property, details of proposed releasing and allocation of the Chairman’s working time.

The Chairman and the person designated by the Chairman responded to the above statements.

Resolution: Approved and acknowledged as proposed by Board of Directors.

Voting Result: 9,878,393,863 shares were represented at the time of voting (including

8,112,605,098 shares voted via electronic transmission)

Voting Results	% of the total representation at the time of voting
Votes in favor : 8,541,813,510 votes (including 6,791,071,977 shares voted via electronic transmission)	86.47%
Votes against : 232,246,984 votes (including 232,054,089 shares voted via electronic transmission)	2.35%
Votes invalid : 0 votes (including 0 share voted via electronic transmission)	0.00%
Votes abstained: 1,104,333,369 votes (including 1,089,479,032 shares voted via electronic transmission)	11.18%

**IV. Extraordinary Motions: None**

**V. Adjournment: Meeting ended at 10:28 am**