Stock Symbol: 6488

GlobalWafers Co., Ltd.

2023 Annual Report

The annual report may be accessed on the website at:
Information website: http://mops.twse.com.tw
Corporate website: http://www.sas-globalwafers.com

Prepared by GlobalWafers Co., Ltd.
Issue Date: April 30, 2024

Translation - In case of any discrepancy between Chinese and English versions, the Chinese version shall prevail.

1. **Company Spokesperson:**
   Name of spokesperson: Hsin-Yu Peng
   Job title: Special Assistant in President's Office
   Tel.: (+886) 3- 577-2255
   Email: GWCIR@sas-globalwafers.com
   Name of deputy spokesperson: Shile Ho
   Job title: Marketing and Sales Division Director
   Tel.: (+886) 3-578-3131
   Email: GWCIR@sas-globalwafers.com

2. **Address and Telephone Number of The Company Headquarter, Subsidiaries, and Plants**
   Headquarter Address: No.8, Industrial East Road 2, Hsinchu Science Park, Hsinchu, Taiwan; Tel: (+886)-3-577-2255
   Zhunan Plant Address: No. 21, Kejung Rd., Zhunan, Miaoli County, Hsinchu Science Park, Taiwan; Tel: (+886)-37-582-533
   Taisil Branch
   Address: No.2, Yanxin 1st Road, Hsinchu Science Park, Hsinchu, Taiwan; Tel: (+886)-3-578-3131
   Crystalwise Subsidiary
   Zhunan Plant Address: 6F, 8F, No. 6, Kejung Rd., Zhunan, Miaoli County, Hsinchu Science Park, Taiwan; Tel: (+886)-37-585-058
   Zhunan New Plant Address: 1F, 4F, No. 8, Kebei 5th Rd., Zhunan, Miaoli County, Hsinchu Science Park, Taiwan; Tel: (+886)-37-585-058

   Japan Subsidiary
   Niigata Address: 6-861-5 Higashiko, Seiro, Kitakanbara District, Niigata Prefecture, Japan; Tel: (+81) 25-256-3200
   Tokuyama Address: 2-1-32 Eguchi, Shunan, Yamaguchi Prefecture, Japan Tel: (+81) 834-41-3001
   Sekikawa Address: 278 Tatsutashin, Sekikawa, Iwafune District, Niigata Prefecture, Japan Tel: (+81) 254-64-0254
   Oguni Silicon Crystal Center Address: 378 Ogunimachi, Oguni, Nishiokitama District, Yamagata Prefecture, Japan Tel: (+81) 238-62-5926
   Utsunomiya Address: 11-2 Kiyohara Industrial Park, Utsunomiya City Tochigi Prefecture, Japan Tel: (+81) 28 667 6333

   Korea Subsidiary
   Cheonan Plant: 854, Manghyang-Ro, Seonggeo-eup, Sebuk-gu, Cheonan-Si, Chungcheongnam-do, 331-831 Korea
   Tel.: (+82) 41 550 4114

   China Subsidiary
   Kunshan Plant: Address: No. 303 Hanpu Road, Chengbei, Kunshan, Jiangsu, China; TEL: (+86) 512-5778-1262
   Shanghai Plant: Block B, Building 2, No. 33, Jucheng Road, Juyuan New District, Jiading District, Shanghai (+86) 21 5990 1388
   Xinzhou Plant: Semiconductor Industrial Park, Zhengfeng Street, Development District, Xinzhou City, Shanxi Province; Tel: (+86) 350 3305 557

   Malaysia Subsidiary
   Kuala Lumpur Plant: Jalan SS 8/2, Sungai Way Free Industrial Zone, 47300 Petaling Jaya, Selangor Darul Ehsan, Malaysia
   Tel.: (+603) 7877 3277

   Singapore Subsidiary
   Block D #01-41A, 11 Lorong 3 Toa Payoh, Singapore 319579
   Tel.: (+65) 6361 9720

   US Subsidiary
   Texas Plant: 200 F.M. 1417 West Sherman, Texas, USA 75092; Tel: (+1) 903 957 1999
   Missouri Plant: 501 Pearl Drive, St. Peters, Missouri, USA 63376; Tel: (+1) 636 474 5000

   Italy Subsidiary
   Merano Plant: Via Nazionale, 59, 39012 Merano (Bolzano), Italy; Tel: (+39) 0473 333 333
   Novara Plant: Viale Gherzi, 31, 28100 Novara, Italy; Tel: (+39) 0321 33 4444

   Denmark Subsidiary
   Copenhagen Plant: Siliciumvej 1, 3600 Frederikssund, Copenhagen, Denmark
   Tel.: (+45) 47 36 56 00

3. **Stock Transfer Agency:**
   Agency name: Stock Agency Department, Yuanta Securities
   Address: B1, No. 210, Sec. 3, Chengde Rd., Taipei, Taiwan
   Website: http://www.yuanta.com.tw
   Tel: +886-2-2586-5859

4. **External Auditor:**
   Name of Accounting Firm: KPMG Taiwan
   Name of CPAs: An-Chih Cheng, Mei-Yu Tseng
   Name of firm: KPMG United Accounting Firm
   Address: 68F, No. 7, Section 5, Xinyi Road, Taipei City
   Website: http://www.kpmg.com.tw
   Tel: +886-2-8101-6666

5. **The Name of Exchanges Where the Company's Securities are Traded Offshore, and the Method By Which To Access Information On Said Offshore Securities**
   Global Depository Share (GDS) Agency: Luxembourg Stock Exchange Website: https://www.bourse.lu/security/US37891E1038/250465 (Reg S GDS)
   https://www.luxse.com/security/US37891E2028/399669 (Rule 144A GDS)
   Overseas Euro-Convertible Bonds : Singapore Exchange Limited
   Website: https://www.sgx.com ; ISIN RegS: XS2344277178

6. **Company Website: http://www.sas-globalwafers.com**

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One. Letter to Shareholders

Dear Shareholders,

Thank you for sparing time to attend the Company's 2024 general shareholders' meeting. We also appreciate the care and support extended by you to the Company.

In 2023, the semiconductor industry had weakened momentum due to factors such as customer inventory adjustment and uncertain end demand. With its long-term agreements with customers, a wide spectrum of products that could support customers in switching to their required applications, coupled with the large-size wafers, specialty wafers (FZ, SOI) and compound semiconductors led by automotive electronics and industrial applications, GlobalWafers has showed operational resilience in the headwind. The full year consolidated revenue for 2023 of GlobalWafers is NT$70.65 billion, or 0.52% annual growth; the gross profit is NT$26.44 billion, and the net operating income is NT$20.06 billion; the income before income tax is NT$26.5 billion, and the net income is NT$19.77 billion, with the EPS of NT$45.41, a growth more than NT$10 from the previous year! For 2023, the full year consolidated revenue is NT$70.65 billion, growing for three consecutive years and reaching a new peak! For 2023, EPS, income before income tax, and net income margin have all broken historical records, showing fruitful results.

The following is a summary report on the 2023 operation results, the 2024 business plan, future company development, impact from external competition, regulatory and macroeconomic environment:

I. Operating Results in 2023

(I) Business Plan Implementation Results

Unit: NT$ thousands

Year Item	2023 (IFRSs)	2022 (IFRSs)	Percent Change (%)
Revenue	70,651,593	70,286,871	0.52%
Cost of Goods Sold	44,211,027	39,945,282	10.68%
Gross Profit	26,440,566	30,341,589	-12.86%
Operating Expenses	6,382,005	5,358,576	19.10%
Operating Income	20,058,561	24,983,013	-19.71%
Profit Before Tax	26,496,457	20,106,928	31.78%
Net Profit	19,769,641	15,367,386	28.65%

While the macroeconomics is so uncertain, GlobalWafers has outperformed and maintained the high profitability as always through signing long-term agreements with clients, flexible deployment of production locations, and active control over costs.

(II) Budget Implementation: The Company had not announced its financial forecast for 2023.

(III) Profitability Analysis

Items			2023	2022
Financial Structure	Debt to Asset Ratio		64.84%	67.95%
	Long-term funds to PPE (PPE-plant, property, equipment)		158.77%	338.60%
Profitability Analysis	Return on Assets Ratio		11.30%	9.83%
	Return on Equity Ratio		32.74%	30.75%
	Percentage in Paid-in Capital	Net Operating Income	459.94%	574.01%
		Income Before Income Tax	607.56%	461.98%
	Net Income Margin		27.98%	21.86%
	Earnings Per Share (NT$)		45.41	35.31

(IV) Financial Income and Expenditure

The company's 2023 operating revenue is NT$70,651,593 thousand, the operating costs is NT$44,211,027 thousand, the operating expenses is NT$6,382,005 thousand. The net non-operating income is NT$6,437,896 thousand, the income before income tax is NT$ 26,496,457 thousand, and the net income is NT$19,769,641 thousand; the financial income and expenditure are normal.

(V) Research and Development Status

1. 2023 R&D Achievements:

Unit: NT$ Thousand

Item/Year	2023	2022
R&D expenses	2,364,071	2,089,325
Revenues	70,651,593	70,286,871
R&D Expenses to Revenue (%)	3.35%	2.97%

2. 2023 R&D Achievements:

Name of technology or product

(1) ECAS for power application
(2) 12” Ultra-low Oi crystal pulling process
(3) 12” thin wafer
(4) 8” anneal wafer for high resistivity device
(5) Multiple doped High Resistivity and Low Oxygen crystal pulling process
(6) AI development in ingot crystal growth tuning
(7) Develop high productivity of SiC Diamond wire saw technology
(8) Low damage layer slicing technology development for SiC wafer
(9) Development of Low energy consumption MCZ puller device
(10) Development SiC crystal evaluation process with low pollution
(11) Develop Image recognition technology for SiC Defect
(12) SiC wafering process based on advanced predictive modelling
(13) Crystal technology of Ultra-low resistivity 12” subastrate
(14) Development GaN on Silicon with low Epi stress process
(15) Development SiC Epi process with high uniformity
(16) 6" conductive SiC epitaxy wafer
(17) 8" N-Type SiC crystal
(18) 8" N-Type SiC crystal ingot
(19) Other compound semiconductor
(20) GWC made SiC Crystal growth Furnace

3. Future R&D plan:

(1) SiC wafer for next generation high power automotive electronic device application
(2) Epi-substrate for GaN_HEMT application
(3) High strength and ultra thin silicon substrate with nano structure
(4) SOI substrate for next generation RF device application
(5) LT-SiC Layer Transferred SiC on SiC
(6) LT-LTO or LT-LNO on Silicon
(7) 8” CZ-FZ Crystal pulling development
(8) Engineered Customizable Application Specific “ECAS®” wafer SOI (ECAS-SOI)
(9) Development of 12” diamond wire cutting manufacturing process
(10) “ECAS®” waferfor next generation 3D memory device
(11) 8” GaN/Silicone normally open power application epi-wafer

(12) 4”/6” GaN/S.I.-SiC RF application epi-wafer
(13) Development of 8” SiC epi wafers using N-type conductive SiC substrates
(14) Development of 6” SiC epi process using bonded SiC substrates
(15) Development of CZ-FZ process for 8” crystals
(16) New generation SiC Crystal growth Furnace

II. Summary of the Business Plan for 2024

(I) Operating Philosophy

(1) Actively grasp the market trends and international events. Flexible allocation with stable shipment to meet customers’ needs under the impact of politics and the pandemics.

(2) Actively enhance the yield and debottleneck to maximize the existing capacities, prudently control capital expenditures to ensure the expansion plan is completed as scheduled.

(3) Actively develop the GaN/Si/SiC products, and work with strategic partners to utilize the complementary synergies in terms of materials.

(4) Expand the collaboration among government, industry, and academy, deploy our advanced manufacturing process for niche applications and accelerate the development of new technologies.

(5) Enhancing the operational performance of each business, while integrating R&D, production, and marketing across regions to maximize benefits.

(6) Following the principle of "responsible growth" to fulfill our corporate social responsibilities regarding the environment, workplace health and safety, and corporate governance, in order to pursue sustainable growth.

(II) Estimated Sales Volume and its Basis

According to the World Semiconductor Trade Statistics (WSTS) research report released in November 2023, due to the better-than-expected industry performance and the improvement of some end markets, WSTS revised up its semiconductor revenue forecast for 2023 and 2024. It is forecasted that in 2024, all products will grow by single-digit percentage, but the revenue of memory will increase by 44.8%, which will be the main driving force for semiconductor revenue growth. For 2024, the revenue will be US$588.364 billion, higher than the originally estimated US$575.997 billion, a year-on-year increase of 13.1%.

WSTS expects the revenue of global semiconductor to reach US$520.126 billion in 2023, slightly higher than the previously estimated US$515.095 billion, decreased by 9.4% year-on-year; the 2024 revenue will reach US$588.364 billion, higher than the original estimation of US$575.997 billion, or growing 13.1% year-on-year.

WSTS pointed out that as the semiconductor revenue performance in the second and third quarters was better than expected, and some end markets also showed improvement, the forecast for semiconductor revenue in 2023 was revised up, expected to reach US$520.126 billion, a decrease of 9.4%.

In terms of product categories, bolstered by power semiconductors, the revenue of discrete semiconductors in 2023 is expected to grow by 5.8%, the revenue of optoelectronics will decrease by 3%, the revenue of sensors will decrease by 10.9%, and the revenue of integrated circuits will It decreased by 8.9%.

In terms of regional performance, only the European market will grow by about 5.9% in 2023; the American market will decline by 6.1%, Japan will decline by 2%, and the Asia Pacific region will decline by 14.4%.

Looking to 2024, the global semiconductor market is expected to recover, with revenue reaching US$588.364 billion, growing by 13.1% strongly, with the revenues of discrete semiconductor, optoelectronics, and sensors growing by single digits. The revenue of memory will surge by 44.8%, becoming the main driving force for the semiconductor revenue growth. All markets are expected to grow in 2024. The European and Japanese markets will grow by 4.3% and 4.4%, respectively. The Americas will lead the growth by 22.3%, and the Asia Pacific region will grow by 12%.

As the macro-economics and foreign exchange rates of various countries are still evolving swiftly, it is uncertain how these factors impact the global semiconductors, the abovementioned are the best forecasts that may be provided under the current circumstance.

(III) Important production and marketing policies

(1) Actively engaging in the development of large-size semiconductor wafers and special products (compound semiconductor, SOI, and FZ), and expanding the leading advantages with existing technologies, to quickly enter emerging applications and advanced manufacturing processes.

(2) Prudentially control the rising costs resulting from the inflation, secure the sources of key materials and parts supplies to ensure smooth production.

(3) Utilize the broad presence around the world to flexibly deploy the capacities, avoid transportation plights and supply customers locally.

(4) Continuously research and develop patents and strategic positioning to enhance the core of the leading advantages.

(IV) Development Strategies of the Company in the Future

(1) Utilize the Group's high-end leading technology to develop GaN/Si/SiC wafers which match next-generation products. Move towards large size wafers for advanced process, heavily-doped crystal growth and epitaxy for power semiconductors.

(2) Implement green manufacturing and corporate social responsibility, enhance the corporate governance to cement the foundation of sustainable operation.

(3) By adopting renewable energies, enhancing the energy utilization efficiency, carbon removal and purchasing carbon offsetting goods to achieve the goal of 100% renewable energy utilization by 2050.

(4) Construct a resilient and flexible local supply chain, and establish diversified suppliers to respond to the pandemic and geopolitics impact swiftly.

(5) To increase the scale of operation through the expansion, and to keep abreast of industrial trends and actively strive for government subsidies, to enhance the competitiveness in the semiconductor wafer industry.

(6) Actively sign long-term agreements with key partners to consolidate the foundation of cooperation.

(V) Effect of External Competition, Regulatory Environment and Overall Economic Environment

(1) With the development and application of the semiconductor industry, its related products have penetrated people's life. The use of semiconductor products can be seen in daily activities. Therefore, the semiconductor industry links with macroeconomics considerably. Due to the Company's wide customer base, the end products spread across various industries and applications, such as automotive, power management, memory, etc., which can reduce the cyclical risk of single industry. Therefore, when the macroeconomics is not good, the Company can diversify risks and stabilize operations.

(2) The semiconductor wafer industry has undergone decades of development and has established entry barriers built by technology, patents…etc. However, in the face of new competitors with significant funds, we closely observe the industry's development. In order to prevent the new manufacturers from actively joining and leading to the decline in product prices to affect sales and profit, we continue to combine the technological advantages of our global presence around the world to develop niche products with core technology capabilities, and increase the added value of the product and minimize the cost to increase profit margins.

(3) The drastic changes in the international circumstance, and regional trade conflicts have shocked the macroeconomics. However, GlobalWafers has production facilities around the world and thus is able to allocate flexibly to respond to the impacts of related regulations, lower duties and operational costs. Clients all over the world also effectively diversify the impacts from the pandemic to the revenue and lower the economic risks from single area. GlobalWafers also keeps close relationships with customers and establishes a resilient local supply chain and business continuity plan (BCP) to cope with various challenges flexibly.

(4) Carbon neutrality is an international key issue. The governmental regulations, investment institutions, customers and the national policies of trade partners have increasingly scrutinized specifications for energy saving and carbon reduction. The power costs and the carbon tariff at the export destinations are a severe test for the

survival ability of enterprises. GlobalWafers is committed to optimizing its existing equipment and introducing various energy-saving measures, to produce in an environmentally friendly manner. In addition, as the parent company, SAS (Sino-American Silicon Products Inc.), the parent company, is a Green Energy Total Solution Provider, its rich experience and vertically integrated supply chain advantages may be adopted to assist the Group in building solar power plants to increase green energy power generation, and the subsidiary, Sustainable Energy Solution, will help in matching the demand for green power. GlobalWafers' new plants have also introduced various energy-saving equipment and solutions during the construction phase, to reduce energy consumption, while comprehensively applying various green solutions, expanding the proportion of green power utilization, and monitoring the impacts of extreme weather at the same time, to minimize operational risks.

Looking to 2024, the semiconductor industry is expected to recover under the influence of the easing global fiscal policy and the stable market demands. With the elevating demands and the emergence of artificial intelligence and automation, the semiconductor industry is likely to resurge. As the global semiconductor equipment market is believed to rebound in 2024, the increased investment in downstream equipment shall stimulate the demands for upstream materials. In addition to comprehensive product specifications, the highly regionalized production locations of GlobalWafers also greatly reduces the risk of carbon emissions and carbon tariffs. By introducing renewable energies, optimizing product processes, and saving energy consumption, GlobalWafers has become a long-term partner of its customers with its unique advantages of sustainability and high regionalization.

Chairperson	Hsiu-Lan Hsu
President	Mark Lynn England
Chief Accountant	Yu-Ting Lo

Two. Company Profile

I. Date of incorporation: October 18, 2011

II. Company history

October 2011	Official incorporation of GlobalWafers Co., Ltd. (carved out from SAS semiconductor business unit), with the paid-in capital of NT$1,800,000 thousand.
April 2012	GlobalWafers acquired all the semiconductor silicon wafer-related business in the subsidiaries of the Japanese-based Company, Covalent Materials Corporation, with the paid-in capital of NT$3,175,000 thousand.
August 2013	Passed the ISO14001 certification.
December 2013	Passed the Taiwan Intellectual Property Management System (TIPS) certification.
December 2013	Received the 2013 Occupational Health Initiation Mark certified by Health Promotion Administration, Ministry of Health and Welfare.
July 2014	TS16949: passed the 2009 certification
September 2014	IPO
October 2014	Emerging Stock Listing
January 2015	With the paid-in capital of NT$3,492,500 thousand upon capital increase.
April 2015	Applied for listing on TPEx.
September 2015	With the paid-in capital of NT$3,692,500 thousand upon capital increase.
September 2015	Listed on TPEx.
April 2016	2015 Best Supplier Award from Texas Instrument (TI)
July 2016	Completed the acquisition of the semiconductor business of Topsil Semiconductor Materials A/S in Denmark.
August 2016	Passed the Occupational Safety and Health System OHSAS 18001:2007 certification.
August 2016	Passed the ISO14001:2015 certification.
August 2016	Passed the TOSHMS/CNS 15506:2011 certification.
December 2016	Completed the acquisition of SunEdison Semiconductor Limited successfully.
April 2017	Ranking in the top 20% of all TPEx-listed companies in the 3rd corporate governance appraisal by Securities and Futures Institute in 2016
May 2017	With the paid-in capital of NT$4,372,500,000 upon participation in the GDR issuance.
May 2017	Received the Excellent Vendor Award from HHGrace.
June 2017	Received the Front End Direct Materials Supplier of the Year Award from ON Semiconductor. (The Front End Direct Materials Supplier of the Year Award)
July 2017	Passed the IATF 16949:2016 certification.
December 2017	Received the 2017 M&A Outstanding Achievement Award from MAPECT.
January 2018	Received The Asset Triple A Country Award Taiwan–Best GDR in 2017. (The Asset Triple A Country Award Taiwan – Best GDR)
April 2018	Ranking in the top 20% of all listed TPEx companies in the fourth corporate governance appraisal by Securities and Futures Institute in 2017
June 2018	Passed the Cleaner Production Assessment System of the Green Factory Label certification.
November 2018	Received the Golden Tower Award of the “QCC Taiwan Continuous Improvement Award of 31st term” organized by the Corporate Synergy Development Center.

November 2018	The subsidiary, Taisil Electronic, received two Silver Tower awards and one Bronze Tower award of the “QCC Taiwan Continuous Improvement Award of 31st term” organized by the Corporate Synergy Development Center.
December 2018	President of the subsidiary, Taisil Electronic, Yin-sheng Hsueh received the “National Manager Excellence Award-Excellent President” for the 36th term organized by the Chinese Professional Management Association.
January 2019	GlobalWafers Hsinchu Plant passed the golden award certification for Green Building (renovation).
April 2019	Ranking in the Top 5% among TPEx-listed companies in the 2018 Corporate Governance Evaluation of fifth term organized by Securities and Futures Bureau.
May 2019	2019 Happy Enterprise Award of Technology Industries
July 2019	The Outstanding Cooperation Supplier Award ' From HHGrace
October 2019	Certified with the Green Factory Label by the Industry Development Bureau
November 2019	SGS ISO 45001 Plus Award
December 2019	Received the Golden Tower Award of the “2019 Taiwan Continuous Improvement Award” organized by the Corporate Synergy Development Center.
December 2019	The materials from the subsidiary of GlobalWafers, Taisil Electronic, received the Golden Tower Award of the “2019 Taiwan Continuous Improvement Award” organized by the Corporate Synergy Development Center.
April 2020	Ranking in the Top 5% among TPEx-listed companies in the 2019 Corporate Governance Evaluation of sixth term organized by Securities and Futures Bureau.
September 2020	Both the Hsinchu Plant and Zhunan Plant won the Extra Excellency Award for “2020 Outstanding Enterprise of Waste Reduction and Circular Economy,” sponsored by the Science Park
December 2020	Received the Golden and Silver Tower Award in “2020 Taiwan Continuous Improvement Awards” organized by the Corporate Synergy Development Center.
December 2020 to January 2022	On December 9, 2020, GlobalWafers resolved the tender offer for the outstanding ordinary shares of Siltronic AG with an offer price of EUR 125 per share via the subsidiary, GlobalWafers GmbH. Both parties entered the business combination agreement on December 9, 2020. On January 22, 2021, the final offer consideration was increased to EUR 145 per share, and achieved a final acceptance level of 70.27% at the end of the offer period, March 1, 2021. However, as of January 31, 2022, the approval from the German government was not obtained, the takeover offer and the agreements which came into existence as a result of the offer were not completed and lapsed.
March 2021	The Utsunomiya Plant (MJL) was awarded the “Eruboshi” label for the business promoting female participation and career advancement in the workplace.
March 2021	GlobalWafers is rated with long-term issuer's credit rating of "twAA-” and short-term issuer's credit rating of “twA-1+,” with the outlook “stable” by Taiwan Ratings.
April 2021	Ranking in the Top 5% among TPEx-listed companies in the 2020 Corporate Governance Evaluation of the seventh term organized by the Securities and Futures Bureau.
May 2021	Issuance of 1st tranche of 2021 unsecured corporate bonds
June 2021	Issuance of the 1st tranche of offshore unsecured convertible corporate bonds for US$1 billion.
August 2021	Issuance of the 2nd tranche of 2021 unsecured corporate bonds
November 2021	Awarded the Copper Award of the "Third Term of National Enterprise

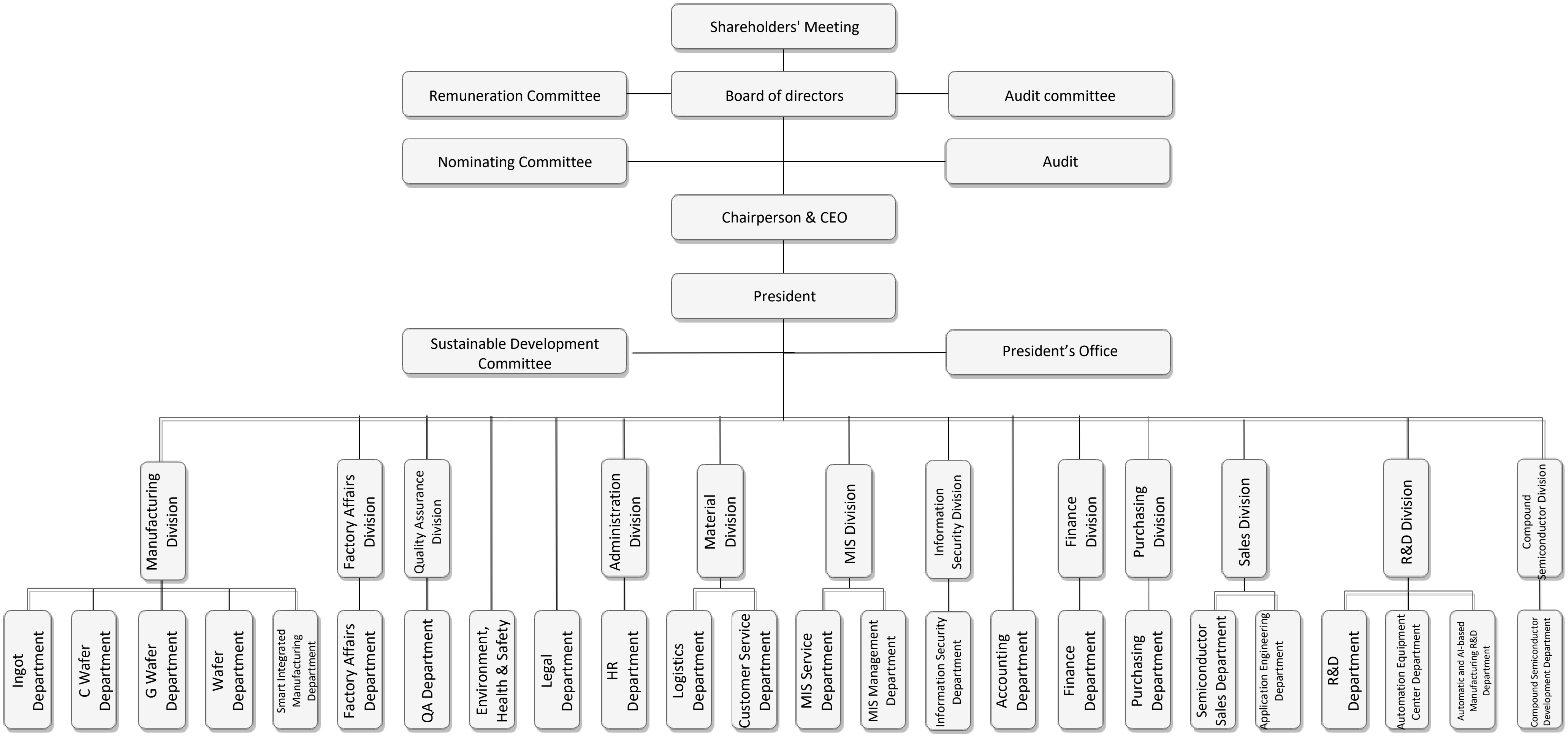
	Environmental Protection Award" from the Environmental Protection Administration, Executive Yuan
November 2021	Awarded the Best Trading Contribution in the 2021 "Awards for Excellent Trading Businesses" from the Bureau of Foreign Trade, MOEA
December 2021	Mr. Ming-Huei Chien, CFO, was awarded the “Excellent Manager Award - CFO” from the 39th Chinese Professional Management Association
December 2021	Received the Golden Tower Award of the “2021 Taiwan Continuous Improvement Award” organized by the Corporate Synergy Development Center.
January 2022	Both the Hsinchu Plant and Zhunan Plant received “the Badge of Accredited Healthy Workplace” by Health Promotion Administration, Ministry of Health and Welfare
March 2022	GlobalWafers was confirmed with long-term issuer's credit rating of "twAA-” and short-term issuer's credit rating of “twA -1+;” with the outlook “stable” by Taiwan Ratings.
April 2022	Awarded as 2021 Supplier Excellence Award by Texas Instruments
April 2022	Ranking in the Top 5% among TPEx-listed companies in the 2021 Corporate Governance Evaluation of eighth term organized by Securities and Futures Bureau.
September 2022	Received the Outstanding Supplier Award from HHGrace, Shanghai.
October 2022	Formally joined the RE100 Initiative and committed to use 100% renewable energy by 2050
November 2022	Chairperson, Hsiu-Lan Hsu, was ranked among the top 20 of the 2022 Asia’s Power Business List by Forbes Asia by Forbes Magazine
November 2022	Won the National Enterprise Environmental Protection Award and Taiwan Corporate Sustainability Awards
December 2022	Won three Silver Tower Awards for the "2022 Taiwan Continuous Improvement Competition" held by the Corporate Synergy Development Center
December 2022	Mr. Huang, Chun-Rong, VP of manufacturing in Taisil Branch, was awarded the “Excellent Manager Award – Manufacturing Manager” from the 40th Chinese Professional Management Association
December 2022	Zhunan Plant was awarded as the 2022 Energy Saving Excellence Award for its intensive cultivation in green production process.
December 2022	GlobalWafers elected in “2022 Taiwan Best-in-Class 100” by Foreign Investors
March 2023	GlobalWafers was affirmed with long-term issuer’s credit rating of “twAA-” and short-term issuer’s credit rating of “twA -1+;” with the outlook “stable” by Taiwan Ratings.
April 2023	Ranking in the Top 5% among TPEx-listed companies in the 2022 Corporate Governance Evaluation of ninth term organized by Securities and Futures Bureau.
April 2023	On April 23, 2023, GlobalWafers’ subsidiary, Kunshan Sino Silicon Technology Co., Ltd., acquired 100% of the equity of Shanghai Sawyer ShenKai Technology Material Co., Ltd. and completed the equity transfer.
June 2023	Chairperson, Hsiu-Lan Hsu, won “EY World Entrepreneur of The Year (2023)” from Ernst & Young
June 2023	Acknowledged by Bosch 2023 Global Supplier Award
June 2023	Elected continuously as a constituent of the FTSE4Good Index Series
August 2023	Chairperson, Hsiu-Lan Hsu, was awarded as the “Best Female CEO in Public Listed Companies in Taiwan of the 2nd Term" by Harvard Business Review, Traditional Chinese Edition
September 2023	Named “2023 Taiwan Best-in-Class 100” by Foreign Investors

October 2023	GlobalWafers Taisil Branch Won the Excellence Award in the “Best Practice Competition on Prevention of Ergonomic Hazards in the Workplace”
November 2023	On November 1, 2023, GlobalWafers exchanged shares with Crystalwise Technology Inc. and acquired 100% of the equity of Crystalwise Technology Inc.
November 2023	Won 2023 Taiwan Corporate Sustainability Award
November 2023	Won two "Silver Tower Awards in the Unity Category" of Taiwan Continuous Improvement Awards in 2023
November 2023	Won the "National Enterprise Environmental Protection Award of the 5th Term"
December 2023	Chairperson, Hsiu-Lan Hsu, received the "National Achievement Award for Excellence" by Chinese Professional Management Association; Liang-Ching Chen, Vice President of Engineering and R&D of GlobalWafers Taisil Branch, was awarded the “National Outstanding Manager Award”
December 2023	Honored with the Excellent Award in “2023 Best Equality Workplace” in Hsinchu Science Park"
December 2023	Awarded by TSMC as 2023 Best Carbon Reduction Partner
January 2024	GlobalWafers’ German subsidiary, GlobalWafers GmbH, successfully priced EUR 345.2 million Exchangeable Units exchangeable for Siltronic AG shares
March 2024	GlobalWafers was affirmed with long-term issuer's credit rating of "twAA-” and short-term issuer's credit rating of “twA -1+;” with the outlook “stable” by Taiwan Ratings.
April 2024	GlobalWafers conducted a cash capital increase through the issuance of Global Depositary Shares (GDSs) amounting to US$689 million, resulting in a paid-in capital of NT$4,781,137,250.
April 2024	Ranking in the Top 5% among TPEx-listed companies in the 2023 Corporate Governance Evaluation of tenth term organized by Securities and Futures Bureau.

Three. Corporate Governance Report

I. Organization

(I) Organizational Structure



(II) Business of Major Departments

Department	Business Item
Chairperson	Set the Company's target, make management strategies, make the Company's management policies, and execute matters handed over by board of directors' resolutions and matters decided by shareholders' meeting
Audit Office	Check and evaluate the soundness, rationality and effectiveness of the Company's internal control system. Responsible for the promotion, auditing and reporting of the internal control system.
President and President's Office	Execute matters handed over by board of directors' resolutions, promote management system and project business, draft and make business plans, manage and supervise head of the department to achieve planning objectives, and evaluate and analyze business performance
Manufacturing Division	Responsible for product production, yield and abnormal management, raw material use and scrap management, site maintenance and safety implementation, manpower planning and training, and planning and implementation of capacity expansion, assessing and introducing new equipment and instrument, responsible for improving, maintaining and servicing the production equipment.
Factory Affairs Division	Construction, maintenance, and service of the plants and facilities.
Quality Assurance Division	Responsible for the formulation and management of product quality standards and inspection specifications, feeding, instrumentation, process and product quality inspection, and promotion of quality improvement activities.
Environment, Health & Safety	1. Define the labor safety & health management plans, and instruct related departments to implement the same. 2. Plan and supervise the labor safety & health audit and management conducted by various departments. 3. Plan and supervise the checkpoints and inspection on safety & health facilities. 4. Plan and implement the labor safety & health educational training. 5. Supervise the investigation, treatment, statistics and analysis on labors' occupational disasters. 6. Provide the information and suggestions about labor safety & health management. 7. Plan and supervise the execution of environmental protection plans.
Legal Department	Consultation about legal affairs and compliance.
Administration Division	1. Plan, recruit and reserve human resources; implement personnel regulations and systems, educational training and welfare policies. 2. Evaluation and supply of group meals, setting regulations of uniforms, planning of travel and accommodation, management of vehicles, access control, environment cleaning, purchase and payment of miscellaneous materials. 3. Employee health management and consultation, emergency first aid and regular education and training, occupational injury prevention and treatment, evaluating work resumption/allocation, promoting health -related projects, employee group insurance, and implementation of occupational safety regulations.
Material Division	1. Manage production schedules and arrange allocation of production capacity. 2. Handle customers' order and shipment, communication and after-services.
MIS Division	1. Maintain software and hardware equipment related to information system. 2. Plan and execute computerization.
Information Security Division	Coordinate the establishment, implementation, risk management and compliance of the policies related to the cyber securities and protection
Accounting Department	1. Establish, boost and control the preparation of the Company's annual budget, and review the results thereof. 2. Plan, establish, execute and amend the accounting system. 3. Preparation of financial structure, changes of income and accounting reports, and analysis and interpretation thereon. 4. Tax planning.
Finance Division	1. Allocate the Company's financial capital and negotiate with financial institutions for credit facilities. 2. Execute the plans related to any specific projects.
Purchasing Division	Execute the purchasing operations, evaluate new vendors, and manage raw materials and collaborative vendors.
Sales Division	1. Make marketing strategy, expand sales market, make communication with customers and provide after-sales service. 2. Responsible for collection of market information, customer service and product application, and assistance in the development and promotion of new products.
R&D Division	Research, develop and test products; improve production technologies, yield rate and production capacity; work with academic units to research, develop and improve production equipment.
Compound Semiconductor Division	leading technology and equipment development for wide band gap compound semiconductor materials such as SiC and GaN.

II. Directors, Supervisors, President, Vice President, Associates and Heads of Departments

(I) Information of Directors and Supervisors

April 19, 2024, Unit: Share; %

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected (Inaugurated)	Term of Office	Date of Initial Election	Shares Held at the Time of Election		Current Shareholding		Shares Held by Spouse and Minor Children		Shares Held in the Name of Others		Experience (Education)	Concurrent Position in the Company and Other Companies at Present	Other Heads, Directors or Supervisors with Relations Such as Spouses or Parents			Remarks
							Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio			Title	Name	Relationship	
Chairperson	Taiwan R.O.C.	Hsiu-Lan Hsu	Female 61-70 years old	2021.08.24	Three years	2011.10.01	847,879	0.19%	847,879	0.18%	—	—	—	—	MA in Computer Science from University of Illinois/President of Sino-American Silicon Products Inc.	Note 1	VP, R&D and Manufacturing	Wen-Ching Hsu	Sister and Brother	Note 8
Director	Taiwan R.O.C.	Sino-American Silicon Products Corporation Representative: Ming-Kuang Lu	Male, 71-80 years old	2021.08.24 2021.08.24	Three years Three years	2011.10.01 2011.10.01	222,727,000 1,000,000	51.17% 0.23%	223,007,864 1,000,000	46.64% 0.21%	— 290,000	— 0.06%	— —	— —	Honorary Doctor of Engineering of National Chiao Tung University/Honorary Doctor of Engineering of Tatung University/Academician of Industrial Technology Research Institute/Chairman of Sino-American Silicon Products Inc./Chairman of Actron Technology Corporation/President of Dunnan Technology Corporation Manager/President of Xuxing Technology Co., Ltd./Vice President of Xuli Corporation	Note 2	None None	None None	None None	—
Director	Taiwan R.O.C.	Sino-American Silicon Products Inc. Representative: Tang-Liang Yao	Male 61-70 years old	2021.08.24 2021.08.24	Three years Three years	2011.10.01 2011.10.01	222,727,000 200,293	51.17% 0.05%	223,007,864 202,253	46.64% 0.04%	— 674	— 0.00%	— —	— —	MA in Management from Tamkang University/President of Sino-American Silicon Products Inc./Assistant Vice President of the Manufacturing Division of Xuxing Science and Technology Corporation	Note 3	None None	None None	None None	—

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected (Inaugurated)	Term of Office	Date of Initial Election	Shares Held at the Time of Election		Current Shareholding		Shares Held by Spouse and Minor Children		Shares Held in the Name of Others		Experience (Education)	Concurrent Position in the Company and Other Companies at Present	Other Heads, Directors or Supervisors with Relations Such as Spouses or Parents			Remarks
							Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio			Title	Name	Relationship	
Director	Taiwan R.O.C.	Kuo-Chow Chen	Male 61-70 years old	2021.08.24	Three years	2014.05.26	665,773	0.15%	665,773	0.14%	–	–	–	–	Tainan Nan Ying Senior Commercial & Industrial Vocational School/Chairman of Nan Hai Corp./Board Director of COTA Bank	Note 4	None	None	None	–
Independent Director	Taiwan R.O.C.	Jeng-Ywan Jeng	Male, 61-70 years old	2021.08.24	Three years	2018.06.25	–	–	–	–	–	–	–	–	Ph.D. in Mechanical Engineering of University of Liverpool/Dean of Engineering College of National Taiwan University of Science and Technology/Chairman of Additive Manufacturing Association of Taiwan	Note 5	None	None	None	–
Independent Director	Taiwan R.O.C.	Chung-Yu Wang	Male 71-80 years old	2021.08.24	Three years	2021.08.24	–	–	–	–	–	–	–	–	Honorary Doctorate of Chemical Engineering in Chung Yuan University/Advanced Management Program, Harvard University/chairman of Taisil Electronic Materials Corporation./chairman of China Steel Corporation/chairman of Tong Lung Metal Industry Co., Ltd./chairman of Kaohsiung MRT	Note 6	None	None	None	–

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected (Inaugurated)	Term of Office	Date of Initial Election	Shares Held at the Time of Election		Current Shareholding		Shares Held by Spouse and Minor Children		Shares Held in the Name of Others		Experience (Education)	Concurrent Position in the Company and Other Companies at Present	Other Heads, Directors or Supervisors with Relations Such as Spouses or Parents			Remarks
							Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio			Title	Name	Relationship	
Independent Director	Taiwan R.O.C.	Ming-Ren Yu	Male 51-60 years old	2021.08.24	Three years	2021.08.24	–	–	–	–	–	–	–	–	MBA from New York University/Vice President of J.P. Morgan/Coretronic Corporation CFO & President of Backlight Module Business Group/Executive Vice President of Yuanta Securities Co., Ltd. In Investment Banking Department/Senior Vice President & Executive Director of FIH Mobile Limited/Chief Financial Officer of Elite Material Co., Ltd.	Note 7	None	None	None	–
Independent Director	Taiwan R.O.C.	Ta-Hsien Lo	Male 61~70 years old	2023.06.20	1 year	2023.06.20	–	–	–	–	–	–	–	–	PhD from the Institute of Management of Technology, National Yang Ming Chiao Tung University / CEO of ITRI College / Vice President of Guan Chen Electronics Co., Ltd. / Quality Control Department Manager of Texas Instruments Taiwan Ltd.	Note 8	None	None	None	–

Note 1: CEO of GlobalWafers (concurrent), Chairperson and CEO of Sino-American Silicon Products Inc., Representative of Institutional Director of Actron Technology Corporation, Representative of Institutional Director of Advanced Wireless Semiconductor Company, Chairperson of Taiwan Specialty Chemicals Corporation, Representative of Institutional Director of SAS Sunrise Inc., Chairperson of Sunrise PV Three Co., Ltd., Chairperson of SAS Holding Co., Ltd., Chairperson of Sustainable Energy Solution Co., Ltd., Chairperson of Sunrise PV Four Co., Ltd., Chairperson of GlobalWafers Holding Co., Ltd., Director of GlobalSemiconductor Inc., Chairperson & CEO of GlobiTech Incorporated, Chairperson of GlobalWafers Japan Co., Ltd., Chairperson of MEMC Japan Limited, Vice Chairperson of Kunshan Sino Silicon Technology Co., Ltd., Chairperson of Topsil GlobalWafers A/S, Director of GlobalWafers Singapore Pte., Ltd., Director of GlobalWafers B.V., Director of MEMC Korea Company, and Chairperson of GlobalWafers America, LLC., Chairperson of Crystalwise Technology Inc., and Director of Crystalwise Technology (HK) Limited.

Note 2: Director and Honorary chairman of Sino-American Silicon Products Inc., Director and Honorary Chairman of Actron Technology Corporation, Chairman of REC Technology Corporation, Chairman of Big best Solutions Inc., Representative of Institutional Director Formerica Optoelectronics Inc., Independent Director of LITE-ON Technology Corporation, Representative of Institutional Director SAS Holding Co., Ltd., and Representative of Institutional Director GlobalWafers Holding Co., Ltd.

Note 3: Vice Chairman of Sino-American Silicon Products Inc., Chairman and CEO of Actron Technology Corporation, Representative of Institutional Director Advanced Wireless Semiconductor Company, Representative of Institutional Director Taiwan Specialty Chemicals Corporation, Representative of Institutional Director REC Technology Corporation, Representative of Institutional Director Ding-Wei Technology Co., Ltd., Corporate Director Representative of Mosel Vitelic Inc., Representative of Institutional Director Sunrise PV Three Co., Ltd., Representative of Institutional Director SAS Holding Co., Ltd., Director of GlobalWafers Holding Co., Ltd., Director of GlobiTech Incorporated, Director of GlobalWafers Japan Co., Ltd., Chairman of Kunshan Sino Silicon Technology Co., Ltd., Director of GWafers Singapore Pte. Ltd., and Director of GlobalWafers

America, LLC., Director of Yuan Hong (SHANDONG) Technical Materials Ltd..

Note 4: Director of Nan-hai Photoelectric Co., Ltd.

Note 5: Professor, Engineering Department, National Taiwan University of Science and Technology, Independent Director of Ant Precision Industry Co., Ltd., Independent Director of Actron Technology Corporation.

Note 6: Director of CX Technology Corporation, Independent Director of Chih Lien Industrial Co., Ltd.

Note 7: Currently the CFO of Taiwan Cement Corp., Corporate Director Representative of Phihong Technology Co., Ltd.

Note 8: Currently serves as the Chairperson of the Chinese Professional Management Association, Distinguished Expert of the Industrial Technology Research Institute (ITRI), the CEO of Pan Wen Yuan Association, Secretary-General of ITRI Alumni, adjunct professor at National Tsing Hua University, and adjunct EMBA professor at Feng Chia University.

Note 9: Where the chairman of the board of directors and the president or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto.

The Chairperson of the Company also serves as the Chief Executive Officer. This is in consideration of the Company’s operating scale and to improve overall operating efficiency. The Company has separately appointed the position of President. The division of authorities between CEO and President is different. The CEO is for planning (the major function is to formulate the Company’s operation guidelines, annual budget plan, important customer relationship maintenance, strategic alliance planning, reinvestment positioning planning and tracking of the actual achievement of the annual plan); the President is responsible for the execution (responsible for the execution, coordination of the Company’s business, and commands and supervises subordinates to achieve operational goals, while implementing the Company’s policies and the operational strategies and related operational matters planned by the CEO); both of them complement each other; the Company’s Chairperson currently serves as the CEO; this will effectively implement the Company’s development blueprint planned by the Board of Director to the planning and execution, as well as enable the board of directors to better grasp the Company’s operation. More than half of the Board members of the Company do not serve concurrently as employees or manager, and the board of directors has four independent director seats. The majority of the members for each functional committee are independent directors who, after full discussion of important issues, can make recommendations to the board of directors. This can strengthen the board's oversight function and implement corporate governance.

1. Major Shareholders of Corporate Shareholders:

Name of corporate shareholder	Major shareholder of corporate shareholder
Sino-American Silicon Products Inc.	Dedicated account for CAPITAL TIP Taiwan Select High Dividend ETF (7.57%), Dedicated securities investment trust fund account for Yuanta Taiwan Value High Dividend ETF in the custody of Hua Nan Bank (4.65%), Hong-Wang Investment Company (4.27%), Dedicated securities investment trust fund account for Fuh Hwa Taiwan Technology Dividend Highlight ETF in the custody of TAIPEIFUBON COMMERCIAL BANK CO., LTD (3.73%), Weilian Technology Co., Ltd. (2.24%), Cathy Life Insurance Co., Ltd. (2.08%), Chang, Ching-Chao (2.03%), Ming-Kuang Lu (1.88%), Hongmao Investment Co., Ltd. (1.78%), India West Select Master Fund Co., Ltd. Investment Account in the custody of HSBC (Taiwan) Commercial Bank Co., Ltd. (1.55%)

2. Major Shareholders of Corporate Shareholders, Who are Juristic Persons:

Name of the juristic person	Major shareholders of institution
Hong-Wang Investment Company	Weilian Technology Co., Ltd. (39.02%), GlobalWafers Co. Ltd.(30.98%), Actron Technology Corporation (30.00%)
Weilian Technology Co., Ltd.	Hongmao Investment Co., Ltd. (32.48%)
Hongmao Investment Co., Ltd.	Christian Chinese Trust, Hope and Love Foundation (17.50%), Peace Taiwan Trust, Hope and Love Culture and Education Foundation (17.50%), Social Welfare Charitable Trust Social Welfare Foundation (17.50%) and Weisheng Trust, Hope and Love Charity Foundation (17.50%).

(II) Information disclosure for professional qualification and experience of directors and supervisors, and independent directors' independence:

Conditions / Name	Professional qualification and experience	Independence status	Number of Other Public Issuing Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairperson Hsiu-Lan Hsu	Ms. Hsiu-Lan Hsu obtained her master degree in Computer Science from University of Illinois, the U.S. She served as Sales Assistant President, Vice President, and President of Sino-American Silicon; since Globalwafers was spinned off from SAS, Ms. Hsu has served as the chairperson of Globalwafers; currently she also serves as the Chairperson of SAS concurrently. Ms. Hsu has worked in the semiconductor industry for more the three decades. As an executive, she has involved in commerce, legal affairs, finance, and accounting fields required for the Company's operation, with abundant experience, as well as the expertise and abilities required for the Company's operation. Ms. Hsiu-Lan Hsu does not have any of the circumstances in the subparagraphs of Article 30 of the Company Act.	Not Applicable	-
Director Sino-American Silicon Products Inc. Representative: Ming-Kuang Lu	Mr. Lu is an honorary Doctor of Engineering from National Yang Ming Chiao Tung University, an Honorary Doctor of Engineering from Tatung University, and an academician of ITRI. Mr. Lu has served as the President of Lite-On Semiconductor Corp. and Lite-On Power Semi, the chairman of Sino-American Silicon, and the chairman of Actron Technology Corporation. He is currently the honorary chairman of Sino-American Silicon and Actron Technology Corporation. Mr. Lu has worked in the semiconductor industry for more the four decades. He had frequently outperformed in terms of corroborate management, with excellent management ability, unique forward-looking vision, commercial negotiation skills, and deep knowledge of finance and accounting, with sufficient intelligence and expertise required for the Company's operation. Mr. Ming-Kuang Lu does not have any of the circumstances in the subparagraphs of Article 30 of the Company Act.	Not Applicable	1

Director Sino-American Silicon Products Inc. Representative: Tang-Liang Yao	Mr. Yao obtained a master's degree from Tamkang University Graduate School of Management and has served as President of Sino-American Silicon, associate director of Lite-On Power Semi, and Vice Chairperson of Crystalwise Technology Inc. He is currently the Chairperson of Sino-American Silicon and Actron Technology Corporation. Mr. Yao has spent 40 years in the industry, with rich knowledge about production, manufacturing, and management. The multiple-year experience as an executive enables Mr. Yao to be very familiar about the operation and management of a company, with abundant cross-discipline corporate experience, to furnish unique insights and advice depending on different macroeconomic and industrial scenarios. Mr. Tang-Liang Yao does not have any of the circumstances in the subparagraphs of Article 30 of the Company Act.	Not Applicable	-
Director Kuo-Chow Chen	Mr. Kuo-Chow Chen graduated from Nanying Commerce and Industry, and served as Chairman of Nanhai Optoelectronics Technology Co., Ltd. and Director of Sanxin Commercial Bank. Mr. Kuo-Chow Chen is very familiar with the capital market and financial system, and he is also sensitive to the industry. He can provide instant views and insights on the Company's operation direction and strategy, and provides adjustment directions and suggestions. Mr. Kuo-Chow Chen does not have any of the circumstances in the subparagraphs of Article 30 of the Company Act.	Not Applicable	-
Independent Director Jeng-Ywan Jeng	PhD from Institute of Mechanical Engineering, University of Liverpool / Distinguished Professor for the Department of Mechanical Engineering, NTUST Mr. Jeng's research field includes additive manufacturing (3D printing or rapid prototyping), laser processing, corporate R&D patents and knowledge Management, cross-field integration. His broad knowledge is very beneficial to the Company's R&D direction and IP management. Mr. Jeng-Ywan Jeng does not have any of the circumstances in the subparagraphs of Article 30 of the Company Act, and qualified for the requirements of the professional qualification in Article 2 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	Mr. Jeng-Ywan Jeng is qualified for the requirements of the professional qualification in Article 3 and Article 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," including but not limited to: him/herself, spouse, or relative within the second degree of kinship serving as a director, supervisor, or employee of the Company or any of its affiliates; himself, spouse, or relative within the second degree of kinship not holding the Company's shares (or under other's name); not serving as a director, supervisor, or employee of the companies having certain	2

		relationship with the Company; compensation received for providing auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate in the past two years not exceeding the statutory limit.	
Independent Director Chung-Yu Wang	Mr. Chung-Yu Wang is an honorary PhD of Department of Chemical Engineering, Chung Yuan Christian University; he had served the Chairman of many companies, including China Steel, Taisil Electronic, Tong Lung Metal, and Kaohsiung Rapid Transit Corporation. He also served as the Chairman of Taiwan Steel & Iron Industries Association, ROC-USA Business Council, and Chinese International Economic Cooperation Association, as well as the president of World Steel Association. Mr. Wang also served as the member of the Legislative Yuan of 5th Term. His cross-industry and management experience brings the valuable reference and advices from different aspects. Mr. Chung-Yu Wang does not have any of the circumstances in the subparagraphs of Article 30 of the Company Act, and qualified for the requirements of the professional qualification in Article 2 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	Mr. Chung-Yu Wang is qualified for the requirements of the professional qualification in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," including but not limited to: him/herself, spouse, or relative within the second degree of kinship serving as a director, supervisor, or employee of the Company or any of its affiliates; himself, spouse, or relative within the second degree of kinship not holding the Company's shares (or under other's name); not serving as a director, supervisor, or employee of the companies having certain relationship with the Company; compensation received for providing auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate in the past two years not exceeding the statutory limit.	1
Independent Director Ming-Ren Yu	Mr. Yu obtained a master's degree in business administration from New York University, and has served as Vice President of JPMorgan Chase Bank, chief financial officer and President of the Backlight Module Business Team of Coretronic Corporation, executive vice president of Yuanta Securities, senior vice president and executive director of FIH Mobile Limited, and Chief Financial Officer of Elite Material Co., Ltd. Mr. Yu has worked both in the banking and industry, and thus obtained broad finance knowledge and rich practical operations in the industry. Mr. Yu's expertise, knowledge, and finance specialty are essential to the fast-growing GlobalWafers.	Mr. Ming-Ren Yu is qualified for the requirements of the professional qualification in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," including but not limited to: him/herself, spouse, or relative within the second degree of kinship serving as a director, supervisor, or employee of the Company or any of its affiliates; himself, spouse, or relative within the second degree of kinship not holding the Company's shares (or under	-

	Mr. Ming-Ren Yu does not have any of the circumstances in the subparagraphs of Article 30 of the Company Act, and qualified for the requirements of the professional qualification in Article 2 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.”	other’s name); not serving as a director, supervisor, or employee of the companies having certain relationship with the Company; compensation received for providing auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate in the past two years not exceeding the statutory limit.	
Independent Director Ta-Hsien Lo	Mr. Lo obtained a PhD from the Institute of Management of Technology, and served as CEO of ITRI College and Vice President of Guan Chen Electronics Co., Ltd. He also served as an adjunct professor at National Tsing Hua University, National Yang-Ming Chiao Tung University. and Feng Chia University. Mr. Lo also served as the chairman/secretary-general of the Chinese Society for Management of Technology and the chief reviewer of the University Responsibility Plan of the Ministry of Education. Mr. Lo is highly respected in the academic and educational communities. Given GlobalWafers' rapid growth trajectory, Mr. Lo's extensive knowledge in the technology industry and management will provide the company's team with constructive support and advice, which will be of great benefit to GlobalWafers. Mr. Lo does not fall under any of the disqualifications listed in Article 30 of the Company Act and meets the professional qualifications stipulated in Article 2 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	Mr. Lo meets the independence requirements of Article 3 and the concurrent position restrictions of Article 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". These include, but are not limited to, the following: neither Mr. Lo nor his spouse, parents, or second-degree relatives have served as directors, supervisors, or employees of the company or its affiliates; neither Mr. Lo nor his spouse, parents, or second-degree relatives (or in the name of others) hold any shares of the company; Mr. Lo has not served as a director, supervisor, or employee of any company that has a specific relationship with the company; and the amount of remuneration received by Mr. Lo for providing business, legal, financial, accounting, or other services to the company or its affiliates in the past two years does not exceed the statutory limit.	-

(III) The Board of Directors' Diversity and Independence:

I. The board of directors' diversity:

The Company's "Corporate Governance Best-Practice Principles" has expressly defined the formation of the Board members and ability to be held by the members. The Company has also established the diversified policy for the Board members. The composition of the board of directors has been determined by taking diversity into consideration, and appropriate policy on diversity based on the Company's business operations, operating dynamics, and development has been formulated, as the following two general standards:

I. Basic requirements and values: Gender, age, nationality, and culture.

II. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Board members shall be equipped with knowledge, skills, and attainments generally required for performing their tasks. In order to accomplish the preferred governance goals of the Company, the board of directors shall generally be equipped with the following capabilities:

I. Operational Judgment Ability

II. Accounting and Financial Analysis Ability

III. Business Management Ability

IV. Ability to conduct crisis management

V. Industrial Knowledge

VI. International Market Perspective

VII. Leadership Ability

VIII. Decision-making Ability

The implementation of diversity by board members is illustrated as follows

Diversified Core Items / Name of Directors	Gender	Age			Concurrently serving as the Company's employee	Seniority as an independent director		Operational Judgment Ability	Accounting and Financial Analysis Ability	Business Management Ability	Ability to conduct crisis management	Industrial Knowledge	Industrial technology	International Market Perspective	Leadership Ability	Decision-making Ability	Professor in colleges
		51-60 years old	61-70 years old	71-80 years old		Within 3 years	3-6 years										
Hsiu-Lan Hsu	Female		✓		✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	
Sino-American Silicon Products Inc. Representative: Ming-Kuang Lu	Male			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	
Sino-American Silicon Products Inc. Representative: Tang-Liang Yao	Male		✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	
Kuo-Chow Chen	Male		✓					✓	✓	✓	✓	✓		✓	✓	✓	
Jeng-Ywan Jeng (Independent Director)	Male		✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chung-Yu Wang (Independent Director)	Male			✓		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	
Ming-Ren Yu (Independent Director)	Male	✓				✓		✓	✓	✓	✓	✓		✓	✓	✓	
Ta-Hsien Lo (Independent Director)	Male		✓			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

The Company's 5th-term board of directors consists of eight directors, including four independent directors. They include one female director, and also hold abundant educational backgrounds and experience in business administration, professional technology, business and finance, namely the knowledge, skills and literacy required by their job duties. Of the eight current directors of the Company, 12.5% are directors with employee status, 50% are independent directors, and 12.5% are female directors. Three of the four independent directors have a term of less than three years, and one between three and six years. The Company values the Board members' industrial experiences. The goal is to have the majority of directors have semiconductor related experience; among the current directors, 75% have semiconductor related experience. The Company is committed to gender diversity on its board of directors and aims to have at least one female director. Currently, there is one female director on the board, representing 12.5% of the total directors. The Company is actively planning to increase the number of female directors and is working towards a goal of having at least one-third of the board seats filled by women.

II. The board of directors' independence:

The Company's 5th-term board of directors consists of eight directors, including four independent directors, accounting 50%. All independent directors are qualified for the independence requirement set forth in Article 3, and the concurrent post restriction set forth in Article 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." The composition of the board has no circumstances provided in paragraph 3 and 4 of Article 26-3, the Securities and Exchange Act (spouses or relatives within the second degree of kinship among directors). The composition of the board meets the independence requirement.

(II) President, Assistant Presidents, Vice Assistant Presidents, and the Supervisors of All the Company's Divisions and Branch Units:

April 19, 2024, Unit: Share; %

Title (Note 1)	Nationality	Name	Gender	Date Elected (Inaugurated)	Shareholding		Shareholding under spouse or underage children		Shares Held in the Name of Others		Experience (Education)	Concurrent Positions in Other Companies	Managers Who are Spouses or Within Two Degrees of Kinship			Remarks
					Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio			Title	Name	Relationship	
CEO	Taiwan R.O.C.	Hsiu-Lan Hsu	Female	2011.10.01	847,879	0.18%	—	—	—	—	MA in Computer Science from University of Illinois/President of Sino-American Silicon Products Inc.	Note 1	VP, R&D and Manufacturing	Wen-Ching Hsu	Sister and Brother	Note 7
President	U.S.	Mark Lynn England	Male	2014.10.01	—	—	—	—	—	—	University of Texas,Austin,Texas.BBA,Engineering Management/GlobalWafers Co.Ltd.V.P.,Sales&Marketing/Texas Instruments Manager, Product Engineering	Note 2	None	None	None	-
R&D Vice President Manufacturing Vice President	Taiwan R.O.C.	Wen-Ching Hsu	Male	2014.09.02	17,778	0.00%	—	—	—	—	PhD, Institute of NanoEngineering and MicroSystems, National Tsing Hua University/Researcher, Chemical Engineering Institute, ITRI/VP, R&D Center, Sino-American Silicon	None	CEO	Hsiu-Lan Hsu	Sister and Brother	-
Administrative Vice President Materials Vice President	Taiwan R.O.C.	Wei-Wen Chen	Male	2014.09.02	700	0.00%	—	—	—	—	Master of Finance, National Taiwan University/Master of Engineering, Cornell University/Senior Associate VP, Supply Chain Center, APAC, NXP Semiconductors	Note 3	None	None	None	-
Sales& Marketing Vice President	Taiwan R.O.C.	Sheng-Hsiung Hung	Male	2015.03.19	—	—	—	—	—	—	Master, Manufacturing Engineering, Boston University/VP, Marketing and R&D, Kunshan Sino Silicon Technology Co., Ltd.	Note 4	None	None	None	-
Corporate Development Vice President	Taiwan R.O.C.	Chung-Wei Lee	Male	2017.03.21	—	—	—	—	—	—	Master of Business Administration, Meiji University, Japan/Executive Vice President and President of Covalent Materials Taiwan/Associate of MITSUI & CO. (Taiwan), LTD.	Note 5	None	None	None	-
Sales Assistant VP	Taiwan R.O.C.	Tien-wen Yu	Male	2018.03.20	8,510	0.00%	—	—	—	—	Department of Business Administration, Taipei Junior College of Business/Vice Director, Marketing, Sino-American Silicon	Note 6	None	None	None	-
Vice President of Finance	Taiwan R.O.C.	Ming-Hui Chien	Male	2014.09.02	19,730	0.00%	—	—	—	—	Master, Institute of Business Administration, National Taipei University/Manager, Sales Management, JihSun International Bank/Finance Manager, Sunrise Global	Note 7	None	None	None	-
Accounting Manager	Taiwan R.O.C.	Yu-Ting Lo	Female	2018.03.23	—	—	—	—	—	—	Department of Accounting, National Cheng Kung University/Audit Manager, KPMG/Accounting Assistant Manager, LITE-ON Technology/Accounting Assistant Manager, Sunplus Innovation Technology	None	None	None	None	-
President of Taisil Branch	Taiwan R.O.C.	Yin-Sheng Hsueh	Male	2020.01.02	—	—	—	—	—	—	PhD., Graduate School of Material Engineering, Ohio State University/Taisil Electronic Materials Corp.	None	None	None	None	-
R&D Vice President of Taisil Branch	Taiwan R.O.C.	Liang-Chin Chen	Male	2020.02.01	—	—	—	—	—	—	PhD, Graduate School of Chemical Engineering and Materials, University of Minnesota/Technical Director, Siltronic AG/VP, Engineering Technology and R&D, Taisil Electronic Materials Corp.	None	None	None	None	-
QA/Product Integration Vice President of Taisil Branch	Taiwan R.O.C.	Yao-Yi Huang	Male	2020.02.01	—	—	—	—	—	—	EMBA from National Tsing Hua University/Quality Assurance and Product Integration Vice President of Taisil Electronic Materials Corp., MEMC Global Customer Quality Director, UMC Central Quality Assurance Senior Manager	None	None	None	None	-

Production Vice President of Taisil Branch	Taiwan R.O.C.	Chun-Jung Huang	Male	2020.02.01	–	–	–	–	–	–	Master, Institute Mechanical Engineering, National Cheng Kung University/VP, Production, Taisil Electronic Materials Corp.	None	None	None	None	-
Projects Vice President of Taisil Branch	Taiwan R.O.C.	Chun-Wei Huang	Male	2020.02.01	–	–	–	–	–	–	Department of Power Mechanical Engineering, National Tsing Hua University/Associate VP, Project, Taisil Electronic Materials Corp.	None	None	None	None	-

Note 1: Chairperson and CEO of Sino-American Silicon Products Inc., Representative of Institutional Director of Actron Technology Corporation, Representative of Institutional Director of Advanced Wireless Semiconductor Company, Chairperson of Taiwan Specialty Chemicals Corporation, Representative of Institutional Director of SAS Sunrise Inc., Chairperson of Sunrise PV Three Co., Ltd., Chairperson of SAS Holding Co., Ltd., Chairperson of Sustainable Energy Solution Co., Ltd., Chairperson of Sunrise PV Four Co., Ltd., Chairperson of GlobalWafers Holding Co., Ltd., Director of GlobalSemiconductor Inc., Chairperson & CEO of GlobiTech Incorporated, Chairperson of GlobalWafers Japan Co., Ltd., Chairperson of MEMC Japan Limited, Vice Chairperson of Kunshan Sino Silicon Technology Co., Ltd., Chairperson of Topsil GlobalWafers A/S, Director of GlobalWafers Singapore Pte., Ltd., Director of GlobalWafers B.V., Director of MEMC Korea Company, and Chairperson of GlobalWafers America, LLC., Chairperson of Crystalwise Technology, and Director of Crystalwise Technology (HK) Limited.

Note 2: Currently the director and president of GlobiTech Incorporated, director of GlobalWafers Japan Co., Ltd., director of GlobalWafers Singapore Pte. Ltd., director of MEMC Korea Company, director and president of MEMC LLC, and director and president of GlobalWafers America, LLC.

Note 3: Currently serving as the supervisor of Kunshan Sino Silicon Technology Co., Ltd., director of Topsil GlobalWafers A/S, and independent director of High Power Lighting Corp.

Note 4: Director of Kunshan Sino Silicon Technology Co., Ltd., Director of Kunshan SST Trading Co.,Ltd. .

Note 5: Vice President of Corporate Development and Spokesperson of Sino-American Silicon Products Inc., Supervisor of GlobalWafers Japan Co., Ltd., and Supervisor of MEMC Japan Limited.

Note 6: Currently serveing as Director of Kunshan SST Trading Co.,Ltd.

Note 7: Currently serving as the Vice President of Purchasing at Sino-American Silicon Products Inc., Corporate Supervisor Representative of Sunrise PV Three Co., Corporate Director Representative of Sustainable Energy Solution Co., Ltd., Xulu Energy Co., Ltd., Corporate Director Representative of Billion Watts Technologies Co., Ltd., Corporate Director Representative of Sunrise PV Four Co., Chairman of Xuxin Electric Power Co., Ltd., Corporate Director Representative Hongwang Investment Co., Ltd., Director of GlobiTech Incorporated, Director of GlobalWafers Japan Co., Ltd., Director of Kunshan Sino Silicon Technology Co., Ltd., Director of MEMC Electronic Materials S.p.A., Director of MEMC Electronic Materials Sdn. Bhd., Director of GlobalWafers GmbH, Corporate Director Representative of Crystalwise Technology Inc., and Director of Shanghai Sawyer Shenkai Technology Material Co., Ltd.

Note 8: Where the chairman of the board of directors and the president or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto.

The Chairman of the Company also serves as the Chief Executive Officer. This is in consideration of the Company's operating scale and to improve overall operating efficiency. The Company has separately appointed the position of President. The division of authorities between CEO and President is different. The CEO is for planning (the major function is to formulate the Company's operation guidelines, annual budget plan, important customer relationship maintenance, strategic alliance planning, reinvestment positioning planning and tracking of the actual achievement of the annual plan); the President is responsible for the execution (responsible for the execution, coordination of the Company's business, and commands and supervises subordinates to achieve operational goals, while implementing the Company's policies and the operational strategies and related operational matters planned by the CEO); both of them complement each other; the Company's Chairman currently serves as the CEO; this will effectively implement the Company's development blueprint planned by the Board of Director to the planning and execution, as well as enable the board of directors to better grasp the Company's operation. Over half of the Company's board members do not also serve as employees or managers. In addition, the board of directors has four independent director seats. The majority of the members for each functional committee are independent directors who, after full discussion of important issues, can make recommendations to the board of directors. This can strengthen the board's oversight function and implement corporate governance.

(III) Remuneration of Directors, Supervisors, President, and Vice President Paid in the Most Recent Year (2023)

1. Remunerations to general and independent directors

December 31, 2023, Unit: NT$ thousand

Title	Name	Remuneration of Directors								Ratio of the Sum of Items A, B, C, and D to Net Income After Tax (%)		Relevant Remuneration Received by Directors Who are Also Employees								Sum up of 7 items (A+B+C+D+E+F+G) and its ratio to Net Income		Compensation paid to directors from an invested company other than the Company's subsidiary or from the parent company
		Remuneration (A)		Severance Pay (B)		Director Remuneration (C)		Business Execution Cost (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Remuneration of employees (G) (Note)						
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the financial statements	
																Cash amount	Stock	Cash amount	Stock			
Director	Hsiu-Lan Hsu Sino-American Silicon Products Inc. Representative: Ming-Kuang Lu Sino-American Silicon Products Inc. Representative: Tang-Liang Yao Kuo-Chow Chen	10	10	0	0	68,250	71,050	100	100	68,360 0.3457%	71,160 0.3599%	3,677	3,677	0	0	60,000	0	60,000	0	132,037 0.6678%	134,837 0.6820%	62,376
Independent Director	Jeng-Ywan Jeng Chung-Yu Wang Ming-Ren Yu Ta-Hsien Lo	2,498	2,498	0	0	7,000	7,000	105	105	9,603 0.0486%	9,603 0.0486%	0	0	0	0	0	0	0	0	9,603 0.0486%	9,603 0.0486%	0

1. Please specify the remuneration policies, standards, and packages, the procedure for determining remuneration for independent directors, and its linkage to operating performance and future risk exposure:
   In addition to the monthly fixed remuneration for independent directors and the transportation subsidies for attending the board of directors, the Company may consider the degree of participation and contribution of independent directors to the Company's operations, and take into account the results of the director's performance appraisal, to decide the distribution of director's remuneration to the independent directors from the director's remuneration appropriated from the annual profit, if any.
   The aforesaid remuneration allocated to the independent directors, shall be deliberated and approved by the Remuneration Committee, and submitted to the board of directors for approval.
2. Except as disclosed in the preceding table, the remuneration received by the directors of the Company in recent years for the services provided to all companies in the financial statements (e.g. as consultants to non-employees, etc.): None.

Note 1: As of the date of publication of the annual report, the board of directors has not yet approved the director's remuneration amount to be distributed for 2023. The amount listed is an estimate.

Note 2: As of the date of publication of the annual report, the board of directors has not yet approved the employee remuneration amount to be distributed for 2023. The amount listed is an estimate.

Range of Remuneration

Range of Remuneration Paid to Each Director of the Company	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Below NT$1,000,000				
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	Independent director: Ta-Hsien Lo	Independent director: Ta-Hsien Lo	Independent director: Ta-Hsien Lo	Independent director: Ta-Hsien Lo
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)	Independent director: Jeng-Ywan Jeng, Chung-Yu Wang, Ming-Ren Yu	Independent director: Jeng-Ywan Jeng, Chung-Yu Wang, Ming-Ren Yu	Independent director: Jeng-Ywan Jeng, Chung-Yu Wang, Ming-Ren Yu	Independent director: Jeng-Ywan Jeng, Chung-Yu Wang, Ming-Ren Yu
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)	—	—	—	—
NT$5,000,000 ~ NT$9,999,999	—	—	—	—
NT$10,000,000 ~ NT$14,999,999	—	—	—	—
NT$15,000,000 ~ NT$29,999,999	General directors: Hsiu-Lan Hsu, Sino-American Silicon Products Corporation (Representative: Ming-Kuang Lu, Tang-Liang Yao), Kuo-Chow Chen	General directors: Hsiu-Lan Hsu, Sino-American Silicon Products Corporation (Representative: Ming-Kuang Lu, Tang-Liang Yao), Kuo-Chow Chen	General directors: Sino-American Silicon Products Corporation Representative: Ming-Kuang Lu, Tang-Liang Yao), Kuo-Chow Chen	General directors: Sino-American Silicon Products Corporation Representative: Ming-Kuang Lu, Tang-Liang Yao), Kuo-Chow Chen
NT$30,000,000 ~ NT$49,999,999	—	—	—	—
NT$50,000,000 ~ NT$99,999,999	—	—	General directors: Hsiu-Lan Hsu	General directors: Hsiu-Lan Hsu
More than NT$100,000,000	—	—	—	—
Total	A total of 8 persons	A total of 8 persons	A total of 8 persons	A total of 8 persons

2. Remunerations paid to president and vice presidents in the recent year (2023)

December 31, 2023, Unit: NT$ thousand

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and allowances (C)		Employee compensation (D) (Note 2)				Sum up of 4 items (A+B+C+D) and its ratio to Net Income (%)		Compensation paid to directors from an invested company other than the Company's subsidiary or from the parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash amount	Stock	Cash amount	Stock			
CEO	Hsiu-Lan Hsu	39,834	47,995	900	900	55,815	60,709	112,700	0	130,700	0	209,248 1.06%	240,304 1.22%	18,000
President	Mark Lynn England													
Vice President	Wen-Ching Hsu													
Vice President	Wei-Wen Chen													
Vice President	Sheng-Hsiung Hung													
Vice President	Jing-Wen Chou (Note 1)													
Vice President	Chung-Wei Lee													
Vice President	Ming-Huei Chien													
President of Taisil Branch	Yin-Sheng Hsueh													
Vice President of Taisil Branch	Liang-Chin Chen													
Vice President of Taisil Branch	Yao-Yi Huang													
Vice President of Taisil Branch	Chun-Jung Huang													
Vice President of Taisil Branch	Chun-Wei Huang													

Note 1: Ms. Ching-Wen Chou, the former Vice President of Procurement, retired on April 30, 2023.

Note 2: As of the date of publication of the annual report, the board of directors has not yet approved the President and Vice President remuneration amount to be distributed for 2023. The amount listed is an estimate.

Range of Remuneration

Range of Remuneration Paid to the President and Vice Presidents of the Company	Name of Presidents and Vice Presidents	
	The Company	Companies in the consolidated financial statements
Below NT$1,000,000	—	—
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	—	—
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)	Chung-Wei Lee	Chung-Wei Lee
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)	Jing-Wen Chou	Jing-Wen Chou
NT$5,000,000 ~ NT$9,999,999	—	—
NT$10,000,000 ~ NT$14,999,999	Wei-Wen Chen, Sheng-Hsiung Hung, Ming-Huei Chien, Yao-Yi Huang, Chun-Jung Huang, Chun-Wei Huang	Yao-Yi Huang, Chun-Jung Huang, Chun-Wei Huang
NT$15,000,000 ~ NT$29,999,999	Mark Lynn England, Wen-Ching Hsu, Yin-Sheng Hsueh, Liang-Chin Chen	Mark Lynn England, Wen-Ching Hsu, Wei-Wen Chen, Sheng-Hsiung Hung, Ming-Huei Chien, Yin-Sheng Hsueh, Liang-Chin Chen
NT$30,000,000 ~ NT$49,999,999	—	—
NT$50,000,000 ~ NT$99,999,999	Hsiu-Lan Hsu	Hsiu-Lan Hsu
More than NT$100,000,000	—	—
Total	A total of 13 persons	A total of 13 persons

3. Name of executives to whom distributing employee remuneration, and distribution

December 31, 2023, Unit: NT$ thousand

	Title	Name	Stock	Cash amount	Total	The ratio of sum to net income (%)
Executive	CEO	Hsiu-Lan Hsu	—	135,000	135,000	0.68%
	President	Mark Lynn England				
	Vice President	Wen-Ching Hsu				
	Vice President	Wei-Wen Chen				
	Vice President	Sheng-Hsiung Hung				
	Vice President	Jing-Wen Chou (Note 1)				
	Vice President	Chung-Wei Lee				
	Sales Assistant VP	Tien-wen Yu				
	Vice President of Finance	Ming-Hui Chien				
	Accounting Manager	Yu-Ting Lo				
	Taisil branch President	Yin-Sheng Hsueh				
	Taisil branch Vice President	Liang-Chin Chen				
	Taisil branch Vice President	Yao-Yi Huang				
	Taisil branch Vice President	Chun-Jung Huang				
	Taisil branch Vice President	Chun-Wei Huang				

Note 1: Ms. Ching-Wen Chou, the former Vice President of Procurement, retired on April 30, 2023.

Note 2: As of the date of publication of the annual report, the board of directors has not yet approved the President remuneration amount to be distributed for 2023. The amount listed is an estimate.

(IV) Amount of remuneration paid in the last 2 years by the Company and all companies included in the consolidated financial statements to the Company's directors, supervisors, president, and vice presidents, and the respective proportion of such remuneration to the income after tax referred to in the entity or standalone financial statements, as well as the policies, standards, and packages by which it was paid, the procedures through which the remuneration was determined, and its association with business performance and future risks:

1. Analysis on the proportion of amount of remuneration paid in the last 2 years to the Company's directors, supervisors, president, and vice presidents to the income after tax:

Unit: %

Title	2023 Total remuneration as a percentage of net profit after tax (%)		2022 Total remuneration as a percentage of net profit after tax (%)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Director	0.39%	0.41%	0.37%	0.39%
President and Vice President	1.06%	1.22%	1.30%	1.39%

Note: As of the date of publication of the annual report, the board of directors has not yet approved the director and manager remuneration amount to be distributed for 2023. The amount listed is an estimate.

2. The policies, standards, and packages by which the remuneration was paid, the procedures through which the remuneration was determined, and its association with business performance and future risks:
   (1) The remuneration of the directors of the Company includes three major items: directors' compensation, directors' remuneration, and service expense; these are handled pursuant to the Company's Articles of Incorporation and relevant regulations. The president and vice president's remuneration include of salary, bonus and employee remuneration, which are determined based on the Company's Articles of Incorporation and approval authority.
   (2) The procedures for determining remuneration

   In accordance with the Articles of Incorporation of the Company: "If there is profit made by the Company in the year, the Company shall allocate 3%-15% of the profit as employee bonuses, and up to 3% as directors' remuneration." The determination of directors' remuneration is based on the degree of participation and contribution of the directors to the Company's operations, and taking into account the results of their directors' performance appraisal, pursuant to the Company's Articles of Incorporation and the "Director and Functional Committee Remuneration Payment Method." The remuneration received by the president and vice president is determined based on the Articles of Incorporation and the operational performance limit set forth in the annual budget approved by the board of directors each year, while taking into account their positions, responsibilities assumed and contributions to the Company, as well as the industry standards It is agreed. The remunerations are handled pursuant to the procedures of "Management Measures for Managers' Compensation" and "Employee Remuneration Distribution Procedures."

   The Company established the Remuneration Committee on September 2, 2014. The Committee is engaged in reviewing the assessment on performance of directors and managers, as well as the policies, standards, and packages by which the remuneration is paid, and reviewing the content and amount of directors and managers' remunerations periodically, to report to the board of directors.
   (3) The correlation with business performance and future risks

   The performance evaluation and remuneration of the Company's directors and managers are not only based on their positions, their level of involvement in the Company's operations (including directors' attendance rates, communication frequency, or suggestions provided), and their individual performance contributions (including financial metrics such as revenue and profit achievement rates, as well as non-financial metrics such as compliance with laws and internal controls, ESG performance indicators, or special achievements), but also comprehensively consider factors such as the amount, payment method, and future risks faced by the Company's salary and benefits. These factors are highly correlated with their corporate management responsibilities and overall performance.

In terms of non-financial indicators, in order to implement the Company's commitment to sustainable development, ESG (Environmental, Social, Governance) and other non-financial performance aspects are also included in the performance evaluation of the Company's senior managers (senior managers include Presidents, Vice Presidents, and Heads of operation sites). The ESG performance indicators and weighting ratios are set individually according to their job content, including relevant performance in international ESG ratings and evaluations, mitigation and adaptation measures related to climate change (such as greenhouse gas emission reduction, energy conservation and carbon reduction target achievement rate, or renewable energy utilization ratio, etc.), occupational safety and health promotion, etc. In the performance appraisal, the achievement of those ESG performance indicators will be included in the calculation to evaluate their remuneration.

III. Implementation of Corporate Governance

(I) Operation of the Board of Directors

The office of the directors for this term is from August 24, 2021 to August 23, 2024. the board of directors held five meetings during 2023, and the attendance of directors is summarized as follows:

Title	Name	Attendance in Person	No. of presence by proxy	Actual presence (attendance) rate (%)	Remarks
Chairperson	Hsiu-Lan Hsu	5	0	100%	5th Term (elected on August 24, 2021)
Director	Sino-American Silicon Products Inc. Representative: Ming-Kuang Lu	5	0	100%	
Director	Sino-American Silicon Products Inc. Representative: Tang-Liang Yao	5	0	100%	
Director	Kuo-Chow Chen	5	0	100%	
Independent Director	Jeng-Ywan Jeng	5	0	100%	
Independent Director	Chung-Yu Wang	5	0	100%	
Independent Director	Ming-Ren Yu	5	0	100%	
Independent Director	Ta-Hsien Lo	3	0	100%	5th Term (elected on June 20, 2023)

Other mentionable items:

I. Where the operation of the board of directors meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, opinions of all independent directors and the Company's resolution of said opinions:
   (I) Matters listed in Article 14-3 of the Securities and Exchange Act: Article 14-3 is not applicable as the Company has established an Audit Committee.
   (II) Any documented objections or qualified opinions raised by independent directors against the Board's resolutions in relation to matters other than those described above: None.

II. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:
   1. The 13th session of the 5th board of directors meeting dated March 14, 2023:
      - ■ Agenda: Acquisition of 100% equity of Shanghai Sawyer Shenkai Technology Material Co., Ltd. (a subsidiary of Crystalwise Technology Inc.) by the mainland China subsidiary Kunshan Sino Silicon Technology Co., Ltd.
      - ■ Directors recused due to conflicts of interest: Hsiu-Lan Hsu, Ming-Kuang Lu, and Tang-Liang Yao
      - ■ Reason for recusal and voting participation status: Chairperson Hsiu-Lan Hsu and corporate director Sino-American Silicon Products Inc. (represented by directors Ming-Kuang Lu and Tang-Liang Yao) also serve as directors of Crystalwise Technology. Due to this conflict of interest, they shall not participate in the discussion or voting on this matter.

2. The 14th session of the 5th board of directors meeting dated May 2, 2023:
  - Agenda: Proposal for the Company to enter into a share exchange agreement with Crystalwise Technology Inc. using the issuance of new shares as consideration.
  - Directors recused due to conflicts of interest: Hsiu-Lan Hsu, Ming-Kuang Lu, and Tang-Liang Yao
  - Reason for recusal and voting participation status:
    (1) The Company's Chairperson, Ms. Hsiu-Lan Hsu, serves as a director at Crystalwise Technology Inc. She also holds the position of Chairman at Sino-American Silicon Products Inc. (hereinafter "Sino-American"). Sino-American directly owns 13,877,460 common shares of Crystalwise Technology Inc., representing a 31.61% stake. Additionally, Ms. Hsiu-Lan Hsu is a corporate director at Crystalwise Technology Inc.
    (2) Mr. Ming-Kuang Lu was elected as the Company's director by the Company's corporate director Sino-American. The relationship between the Company's corporate director Sino-American and Crystalwise Technology Inc. is as mentioned above.
    (3) Mr. Tang-Liang Yao was elected as the Company's director by the Company's corporate director Sino-American. Mr. Tang-Liang Yao serves as the chairman of Crystalwise Technology Inc., and holds 98,007 ordinary shares of Crystalwise Technology Inc. The relationship between the Company's corporate director Sino-American and Crystalwise Technology Inc. is as mentioned above.
    (4) Due to their potential conflicts of interest related to the proposed share exchange agreement between our Company and Crystalwise Technology Inc., the directors listed above have recused themselves from voting on this matter. However, since the proposed share exchange agreement is considered to be in the best interests of our Company, and there is no indication that the participation of these directors in the discussion and voting of this matter would harm the Company's interests. But these directors have chosen to recuse themselves from the discussion and voting to ensure the objectivity of the decision-making process.
3. 14th Meeting of the 5th-term board of directors on May 2, 2023:
  - Content of motion: Allocation of Directors' Remuneration of the Company of 2022
  - Recused directors: all directors recused separately
  - Reason of recusal and participation of vote: The proposal is voted one by one for each individual director; and each director recused him/herself for his/her own remuneration due to conflict of interest, not participating discussion and voting.
4. 14th Meeting of the 5th-term board of directors on November 7, 2023:
  - Content of motion: The Company's Allocation of Managers and employees Remuneration of 2022
  - Recused directors: Hsiu-Lan Hsu
  - Reason of recusal and participation of vote: Chairperson, Hsiu-Lan Hsu, also concurrently serves as the CEO, a manager position. She recused herself due to conflict of interest, not participating discussion and voting.
5. 16th Meeting of the 5th-term board of directors on November 7, 2023:
  - Content of motion: Proposal to adjust the salary of the Company's managers.
  - Recused directors: Hsiu-Lan Hsu
  - Reason of recusal and participation of vote: Chairperson, Hsiu-Lan Hsu, also concurrently serves as the CEO, a manager position. She recused herself due to conflict of interest, not participating discussion and voting.

III. Evaluation implementation status for the board of directors and functional committees:

Evaluation Cycle: Once a year
Evaluation periods: Performance evaluation for January 1, 2023 to December 31, 2023
Reported to the board of directors on: February 27, 2024

Evaluation scope	Evaluation method	Evaluation content	Evaluation results
Board of directors	Self-evaluation by directors	1. Their degree of participation in the Company's operations. 2. Improvement in the quality of decision making by the board of directors. 3. The composition and structure of the board of directors. 4. The election of the directors and their continuing professional education. 5. Internal controls.	The average score reached the standard and above in all aspects, showing that the board of directors is operating in good condition and meets corporate governance requirements.
Individual Members of the board of directors	Self-evaluation by directors	1. Their grasp of the Company's goals and missions. 2. Their recognition of director's duties. 3. Their degree of participation in the Company's operations. 4. Their management of internal relationships and communication. 5. Their professionalism and continuing professional education. 6. Internal controls.	The average score reached the standard and above in all aspects, showing that directors hold a highly positive opinion of the board's overall operations.
Audit committee	Self-evaluation by directors	1. Their degree of participation in the Company's operations. 2. Understanding of the Audit Committee's responsibilities 3. Improvement of the Audit Committee's decision-making quality 4. Composition of the Audit Committee and member selection 5. Internal controls.	The average score reached the standard and above in all aspects, showing that the Audit Committee is operating in good condition and meets corporate governance requirements.
Remuneration Committee	Self-evaluation by directors	1. Their degree of participation in the Company's operations. 2. Understanding of the Remuneration Committee's responsibilities 3. Improvement of the Remuneration Committee's decision-making quality 4. Composition of the Remuneration Committee and member selection	The average score reached the standard and above in all aspects, showing that the Remuneration Committee is operating in good condition and meets corporate governance requirements.

Nomination Committee	Self-evaluation by directors	1. Their degree of participation in the Company's operations. 2. Understanding of the Nominating Committee's duties 3. Improvement of the Nominating Committee's decision-making quality 4. Composition of the Nominating Committee and member selection	The average score reached the standard and above in all aspects, showing that the Nominating Committee is operating in good condition and meets corporate governance requirements.

IV. Objective of enhancing the Board's functions in the current and recent years and the assessment to the implementation:

1. Appoint independent directors and establish the Audit Committee to strengthen professional directors' independent functions to supervise the operation of the board of directors: The Company held the special shareholders' meeting on January 19, 2015 to reelect directors and also elect 3 independent directors. At the same time, the Company established the Audit Committee to replace supervisors.
2. The Company established the Remuneration Committee to assist the board of directors in executing and evaluating the Company's entire remuneration and welfare systems, and reviewing whether the remuneration to directors and managers is adequate periodically.
3. Set up the Nomination Committee to assist the Company in finding, reviewing and nominating candidates for directors and senior managers, and constructing and developing the organizational structure of the board of directors and committees.
4. Continue to upgrade the information transparency: The Company designates dedicated personnel to handle the disclosure of the Company's information and update the information on the Company's website, and sets up the investors section to provide business information, and the stakeholders section to provide the stakeholders with multiple unblocked and valid communication channels.
5. Upgrade the competence and professional knowledge of board of directors: The Company has established the "Regulations Governing Procedure for board of directors Meetings"" to strengthen the competence of the board of directors. Meanwhile, the Company encourages the Board members to attend various professional courses and promotes related laws & regulations at the Board meetings to upgrade the Board's ability to make decision and satisfy related laws and regulations.
6. Appoint the Corporate Governance Officer to help directors perform duties and upgrade the performance of the board of directors: The Company passed the motion for appointment of Corporate Governance Officer, and established the "Standard Operational Procedure to Handle Directors' Requests" at the Board Meeting on May 7, 2019. The corporate governance officer shall be responsible for dealing with the requirements by directors in a manner which may help the directors perform their duties timely and effectively, so as to enhance the Company's support to directors sand also strengthen the Company's compliance with corporate governance-related laws and regulations.

(II) Operations of Audit Committee or Supervisors' Attendance to the Board Meetings

Operations of Audit Committee:
The Company established the Audit Committee to replace supervisors on January 19, 2015.
The office of this term of Audit Committee members is from August 24, 2021 to August 23, 2024.
During 2023, the Audit Committee had convened six meetings (A), and the attendance of independent directors are as following:

Title	Name	Attendance in Person (B)	No. of presence by proxy	Actual attendance rate(%) (B/A)	Remarks
Independent Director	Jeng-Ywan Jeng	6	0	100%	The third session (elected on August 24, 2021)
Independent Director	Chung-Yu Wang	6	0	100%	
Independent Director	Ming-Ren Yu	6	0	100%	
Independent Director	Ta-Hsien Lo	3	0	100%	The third session (elected on June 20, 2023)

For the professional qualifications and experience of members of the Audit Committee, please refer to the relevant content of this annual report "III. Corporate Governance Report/II. Directors' Information/(II) Directors' Professional Qualifications and Information Disclosure of Independent Directors' Independence"

Formation and operations of Audit Committee:
The Company's Audit Committee consists of 3 independent directors, and operates primarily in order to supervise the following matters:
(I) The fair expression of the Company's financial statements.
(II) Selection (dismissal) of the external auditor and his competence, qualification, independence and performance.
(III) Effective implementation of the Company's internal control.
(IV) The Company's compliance with related laws and rules.
(V) Control over the Company's existing or potential risks.

Other mentionable items:
I. Where the operation of the Audit Committee meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, independent directors' dissent, qualified opinion, or material recommendations, resolution of the Audit Committee and the Company's handling of said resolution:
  (I) Matters listed in Article 14-5 of the Securities and Exchange Act:
  All of the motions have been approved by all members present at the Committee meetings and then by all directors present at the Boar meetings in 2023. The motions are stated as following (V. Annual operations of the Audit Committee).
  (II) Aside from said circumstances, resolution(s) not passed by the Audit Committee but receiving the consent of two-thirds of the whole directors: None.
II. In instances where a director recuses himself/herself due to a conflict of interest, the minutes shall clearly state the director's name, contents of motions, reason for not voting and actual

voting counts: None.

III. Communication between independent directors and internal auditing officers as well as external auditors (such as items discussed, means of communication and results on the Company's finance and business, etc.):

(I) Communication between independent directors and internal auditing officers, as well as external auditors

1. The Company's internal auditing officers communicate with the Audit Committee members for the audit report result and their follow-up report periodically.
2. The Company's external auditors report to independent directors the result of their audit or review on the financial statements of the Company and its subsidiaries, as well as other matters to be communicated as required by laws, at the Audit Committing meetings each quarter.

(II) The summary of the communication between independent directors and internal auditing officers in 2023

Date	Focus of communication	Recommendations and results
2023.03.14 Audit committee	2022 Internal audit report 2022 Statement of Declaration on Internal Control System	No objection.
2023.05.02 Audit committee	Internal audit report of Q1 2023	No objection.
2023.08.01 Audit committee	Internal audit report of Q2 2023	No objection.
2023.11.07 Audit committee	Internal audit report of Q3 2023 2024 Internal audit plan	No objection.

(III) The summary of the communication between independent directors and external auditors in 2023

Date	Focus of communication	Recommendations and results
2023.03.14 Audit committee	Report on the result of audit on 2022 consolidated financial statements and standalone financial statements, and review and communication about the effects of application of accounting principles and amendments to laws & regulations.	No objection.
2023.05.02 Audit committee	Report on the result of audit on the consolidated financial statements of Q1 2023, and review and communication about the effects of application of accounting principles and amendments to laws & regulations.	No objection.
2023.08.01 Audit committee	Report on the result of audit on the consolidated financial statements of Q2 2023, and review and communication about the effects of application of accounting principles and amendments to laws & regulations.	No objection.
2023.11.07 Audit committee	Report on the result of audit on the consolidated financial statements of Q3 2023, and review and communication about the effects of application of accounting principles and amendments to laws & regulations.	No objection.

IV. Summary of the annual major tasks of Audit Committee:

The Audit Committee held a total of 6 meetings in 2023 to review the following motions:

1. Review on financial statements and accounting policies & procedures:
   Review on the 2022 financial statements, and Q1 to Q3 financial statements of 2023.
2. Appraisal on internal control system and validity thereof:
   Review on internal audit report and validity of 2022 internal control system;
3. Amendments to the procedures for acquisition or disposition of assets, derivatives trading, loaning of fund to others, endorsements or guarantees for others; transactions of substantial assets, derivatives, loaning of fund and endorsements or guarantees
4. Appointment (dismissal), remuneration, competence, independence and performance of external auditors:
   Review on the competence, independence and performance of external auditors in 2022.
5. Appointment/dismissal of financial, accounting or internal audit managers;
6. Review the proposal for major projects, including the purchase of 100% of the equity of Shanghai Sawyer Shenkai Technology Material Co., Ltd. (a subsidiary of Crystalwise Technology Inc.) by our mainland subsidiary Kunshan Sino Silicon Technology Co., Ltd., and the share exchange agreement between the Company and Crystalwise Technology Inc. using the issuance of new shares as consideration.

V. Annual operations of Audit Committee:

Audit committee Term/Date	Content of motion	Matters listed in Article 14-5 of Securities and Exchange Law	Resolution results of the Audit Committee and the Company's Treatment of the Audit Committee's Opinions
The third session 12th meeting 2023.03.14	1. Motion for report on Internal audit report.	V	Approved by all members present at the Audit Committee meeting and passed by all directors present at the Board meeting.
	2. The Company’s business report and financial statements for 2022	V	
	3. Proposal for the Company’s CPA independence and suitability assessment as well as appointment renewal	V	
	4. Proposal for the Company's 2022 “Internal Control System Statement”	V	
	5. Proposal to conduct a public offering of securities to address our Company's funding needs	V	
	6. Proposal by the Company to apply for a commercial promissory note underwriting from financial institutions	V	
	7. Proposal for the Company to issue a letter of support (LOS) for its subsidiary to apply for a bank credit line	V	
	8. Proposal for the Company to provide financial loan to its subsidiary	V	

	9. Proposal for overdue receivables of the Company and its subsidiaries exceeding 3 months not to be reclassified as loans to others since they are all related to actual transactions	V	
	10. Proposal for the acquisition of 100% equity of Shanghai Sawyer Shenkai Technology Material Co., Ltd. (a subsidiary of Crystalwise Technology Inc.) by the mainland China subsidiary Kunshan Sino Silicon Technology Co., Ltd.	V	
	11. Proposal for the Company to provide joint guarantee for its subsidiary to apply for a bank credit line	V	
The third session 13th meeting 2023.04.19	1. The Company intends to commission CPA Sheng-Ping Huang of Chixin Accounting Firm to issue an independent expert opinion on the fairness of the share exchange transaction price.		
The third session 14th meeting 2023.05.02	1. Motion for report on Internal audit report.	V	
	2. Motion for the Company’s consolidated financial statements of Q1 2023.	V	
	3. Proposal for the Company's 2022 surplus distribution table and surplus distribution for H2 2022.	V	
	4. Proposal by the Company to apply for a commercial promissory note underwriting from financial institutions	V	
	5. Proposal for the Company to provide joint guarantee for its subsidiary to apply for a bank credit line	V	
	6. Proposal for overdue receivables of the Company and its subsidiaries exceeding 3 months not to be reclassified as loans to others since they are all related to actual transactions	V	
	7. Proposal for the Company to enter into a share exchange agreement with Crystalwise Technology Inc. using the issuance of new shares as consideration.	V	
The third session 15th meeting 2023.08.01	1. Motion for report on Internal audit report.	V	
	2. Report on the Company's risk management implementation status	V	
	3. Motion for the Company’s consolidated financial statements of Q2 2023.	V	
	4. Proposal for the Company to provide joint guarantee for its subsidiary to apply for a bank credit line	V	
	5. Proposal for the Company to issue a letter of support (LOS) for its subsidiary to apply for a bank credit line	V	
	6. Proposal for Company's CPA audit fees for 2023 and 2024	V	

	The third session 16th meeting 2023.11.07	1. Motion for report on Internal audit report.	V	
		2. Motion for the Company's consolidated financial statements of Q3 2023.	V	
		3. 2024 Internal audit plan	V	
		4. Proposal for the Company to provide joint guarantee for its subsidiary to apply for a bank credit line	V	
		5. Apply bank credit line for the Company's subsidiary, and issuance of a letter of support (LOS).	V	
		6. Proposal for the Company to provide financial loan to its subsidiary	V	
		7. Proposal for overdue receivables of the Company and its subsidiaries exceeding 3 months not to be reclassified as loans to others since they are all related to actual transactions	V	
		8. Proposal for the Company to issue domestic unsecured ordinary corporate bonds	V	
		9. Proposal for the disposal of investment company's shares		
	The third session 17th meeting 2023.12.12	1. The Company's earnings allocation for the first half of 2023	V	
		2. Proposal by the Company to apply for a commercial promissory note underwriting from financial institutions	V	
		3. Proposal for the Company to issue a letter of support (LOS) for its subsidiary to apply for a bank credit line	V	
		4. Proposal to provide a guarantee to the supplier for our subsidiary's machinery and equipment purchase	V	
		5. Amend "General Principles of the Company's Pre-Approved Non-Assurance Service Policy"	V	

(III) Status of corporate governance, and deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof:

Evaluation Item	Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
I. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has established and disclosed the Corporate Governance Best-Practice Principles on the website based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"	No significant difference
II. Shareholding structure & shareholders' rights of the Company				No significant difference
(I) Whether the Company has defined some internal operating procedure to deal with suggestions, questions, disputes and legal actions from shareholders, and implemented the procedure?	V		(I) The Company entrusts Shareholders Service Dept. of Yuanta Securities Co., Ltd. to handle the problems posed by shareholders on behalf of it, and also establishes the spokesperson system to deal with related matters, as well as the pages specifically for Investors and Stakeholders on the website dedicated to accepting any questions or suggestions.	
(II) Whether the Company controls the list of major shareholders and the controlling parties of such shareholders?	V		(II) The Company monitors the shareholding of directors, managerial officers, and major shareholders with 5% and above shares. The Company reports related information on the Market Observation Post System each month.	
(III) Whether the Company establishes or implements some risk control and firewall mechanisms between the Company and its affiliate?	V		(III) The Company's internal control covers the corporate risk management activities and operating activities. The Company establishes the "Regulations Governing Supervision on Subsidiaries of GlobalWafers" to fulfill the risk control mechanism against subsidiaries. The Company also established the "Regulations for Financial Supervision and Management of Affiliated Enterprises" and "Operating Procedure for Transactions of Group Members and Specific	

Evaluation Item	Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(IV) Whether the Company has established internal policies that prevent insiders from trading securities based on non-public information?	V		Companies with Related Parties" to govern the purchases/sales, acquisition or disposition of assets, endorsements/guarantees and loaning of fund by the affiliates. (IV) The Company establishes the "Procedure for Prevention of Insider Trading" to prohibit insiders from trading securities based on non-public information.	
III. Composition and Responsibilities of the board of directors (I) Whether the board of directors has diversified policies regulated and implemented substantively according to the composition of the members?	V		(I) The Company's "Corporate Governance Best-Practice Principles" has expressly defined the formation of the Board members and ability to be held by the members. The Company has also established the diversified policy for the Board members. For the education and experience, professional quality, independence, and diversity of each director, please refer to "Three. Corporate Governance Report/II. Information of Directors" in the annual report. The information above is also disclosed in the Company's website.	No significant difference
(II) Whether the Company, in addition to establishing the Remuneration Committee and Audit Committee, pursuant to laws, is willing to establish any other functional committees voluntarily?	V		(II) The Articles of Incorporation expressly state that the Company may establish functional committees subordinated to the board of directors. Establishment and functions of the related committees shall comply with the regulations established by the competent authority. The functional committees which the Company have established are stated as following: The Remuneration Committee established in 2014 consists of 3 independent directors. The Audit Committee established in 2015 consists of 3 independent directors. The Corporate Sustainability	

Evaluation Item	Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			Committee established in 2017 consists of the management team, and Chairperson of Board acts as the Committee Chair. The Corporate Sustainability Committee reports to the board of directors periodically. In 2020, the Nomination Committee was established, consisting of the Chairperson and two independent directors.	
(III) Does the Company established the Regulations Governing the Board Performance Evaluation and its evaluation methods, and does the Company perform a regular performance evaluation each year and submit the results of performance evaluations to the board of directors and use them as reference in determining compensation for individual directors, their nomination, and additional office terms?	V		(III) The Company has established the “Regulations Governing Performance Appraisal on board of directors and Functional Committees”. At the end of each year, according to the overall planning of President’s Office, the performance appraisal on the entire Board of directors, individual Board member and functional committees (including Audit Committee, Remuneration Committee and Nomination Committee) will be carried out in the form of the internal self-appraisal questionnaire. The appraisal result will be reported to the board of directors and served as the reference for remuneration of individual director, and election or nomination of directors, and also the suggestions about improvement on the operations and functions of the board of directors and functional committees. The scope of appraisal covers the level of participation in the Company’s operations, upgrading of the decision making of meetings, formation and structure of the board of directors and functional committees, election of directors and committee members, continuing education and internal control, et al. In January 2024, the Company conducted the performance evaluation of the board of directors and the functional committees for 2023. The evaluation results met the targets in all aspects,	

Evaluation Item	Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			indicating that the overall functioning of the board of directors and committees is sound. The performance evaluation results were reported to the board of directors on February 27, 2024, and disclosed on the Company's website (please refer to the relevant content in this Annual Report "Three. Corporate Governance Report/III. Corporate Governance Operations/ (I) board of directors Operations/Performance Evaluation for the board of directors and Functional Committees").	
(IV) Whether the Company assesses the independence of the external auditor periodically?	V		(IV) The Company established the "Regulations Governing Appraisal on Independence and Performance External Auditors," which is approved by board of directors. The Company will assess the external auditors' independence, competence and performance each year, and include audit quality indicators (AQIs) as evaluation reference. Evaluation results are reported to the Audit Committee and board of directors for approval. The Company has completed the 2023 evaluation of the independence and competence of external auditors. The evaluation report was already reported to the Audit Committee meeting and the Board meeting on February 27, 2024. The scope of evaluation of independence covers 15 indicators, including whether the external auditors hold the position as directors/supervisor or manages of customers, or any other positions which may render material effect to the audited cases, whether the external auditors have direct or indirect material financial interest with the Company, whether the external auditors have significant business relations and employment relations with the Company, and	

Evaluation Item	Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			whether the external auditors promote, or act as the broker for, the stock or other securities issued by the Company. The performance indicators include service quality, level of profession and timeliness. Evaluation items of the AQIs include professionalism, independence, quality control, supervision, and innovation ability, as well as 13 indicators, such as audit experience and hours of training, project quality control review EQCR, percentage of non-audit services, external inspection deficiencies and handling, and innovation plans or initiatives.	

Evaluation Item	Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
IV. Do TWSE/TPEx Listed Companies appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?	V		(I) The Company resolved at the Board meeting on May 7, 2019 that the Company's financial officer, Director Ming-Huei Chien, should hold the position as the Company's corporate governance officer concurrently (who has the experience in the management of finance, shareholders' service and parliamentary procedures for TWSE/TPEx-listed companies for more than three years), responsible for leading and guiding the President's Office to process corporate governance-related affairs and provide directors with support. The functions to be performed by him include: 1. Convention of the Board meetings and shareholders' meetings under laws. 2. Preparation of the Board meeting and shareholders' meeting minutes. 3. Helping directors with their duties and continuing education. 4. Providing directors with the information needed to perform their duties. 5. Helping directors comply with laws. 6. Report to the board of directors results of whether independent directors had the qualifications required by law during their nomination, election, and term. 7. Handle changes of directors. 8. Other requirements under the Articles of Incorporation. (II) The status of business executed by the corporate governance officer this year: 1. Set and plan the review on the corporate	No significant difference

Evaluation Item	Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			governance-related regulations, and add and amend the same to fulfill the compliance. 2. Provide the directors with the information needed to perform their duties, and help the directors with their compliance. 3. Assist new directors with their onboarding and provide relevant support. 4. Arrange the continuing education courses for individual directors (each director shall attend the training for at least 6 hours each year, provided that each new director shall attend the training for at least 12 hours in one year). 5. Plan each Board meetings, notify all directors at least within 7 days prior to the meetings, provide sufficient parliamentary information, and send the Board meeting minutes within 20 days after the meetings. 6. Pre-register the shareholders' meetings pursuant to laws, produce the meeting notices, meeting handbook, annual reports and meeting minutes, and complete corporate registration in case of changes (amendments to the Articles of Incorporation, and election of directors). 7. Report to the board of directors on whether the qualification of independent directors complies with relevant laws and regulations at the time of nomination, election, and term of office. (III) The corporate governance officer should take at least twelve hours of continuing education courses per year. Status of the continuing education courses attended by the corporate governance officer until the date of publication of the annual report:	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Training Date</th><th>Sponsored by</th><th>Course Name</th><th>Number of Training Hours</th></tr>
<tr><td>2023.04.27</td><td>Taiwan Stock Exchange Corporation Taipei Exchange</td><td>TWSE (TPEx) Sustainable Development Action Plan Promotion Seminar</td><td>3.0</td></tr>
<tr><td>2023.07.04</td><td>Taiwan Stock Exchange Corporation</td><td>2023 Cathay Sustainable Finance and Climate Change Summit</td><td>6.0</td></tr>
<tr><td>2023.11.14</td><td>Taiwan Institute for Sustainable Energy</td><td>6th Global Corporate Sustainability Forum 1-2</td><td>3.0</td></tr>
</table>
(IV) Due to position adjustment, the Board of Directors of the Company passed the "Relocation of Corporate Governance Officer" on December 12, 2023, and Ms. Chen Yu-Ru, Manager of the President’s Office of the Company took over the position of Corporate Governance Officer. Ms. Chen Yu-Ru has more than three years of experience as the head of finance and shares affairs of public companies, and has not held any other positions in the Company or other companies.</td><td></td></tr>
<tr><td>V. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not</td><td>V</td><td></td><td>The Company has appointed the spokesperson and deputy spokesperson, and also set up the “Stakeholder Section” on the Company’s website as the contact for various</td><td>No significant difference</td></tr>
</table>

Evaluation Item	Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
limited to shareholders, employees, customers and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?			stakeholders. (Please refer to the Company's website under "ESG/Stakeholder Engagement" section (https://www.sas-globalwafers.com/en/stakeholder-engagemnet/). The Company also discloses in the "Sustainability Management/Significant Issues and Stakeholder Engagement" section of the Sustainability Report that the Company has identified 7 categories of stakeholders based on our activities and business relationships (including customers, employees/unions, shareholders/investors, suppliers/contractors, government agencies, and media, communities/non-profit organizations), as well as our communication channels, response methods, communication frequency, and their concerns with each category of stakeholder. Through interaction and communication with each category of stakeholder and through surveys, the Company has identified 12 material issues in 2023, including climate strategy and action, regulatory compliance, workplace health and safety, business strategy and financial performance, sustainable supply chain and management, corporate governance, talent attraction and retention, water resource management, information security and privacy protection, waste management, energy management, and product quality and safety. Accordingly, the Company has developed management guidelines for each of these material issues in response to the shareholders' concerns. In addition to disclosing information about our engagement with stakeholders on the Company's website under "ESG/Stakeholder Engagement" section and in the Sustainability Report, relevant information about stakeholder engagement and analysis are also reported to the board of directors once a year. The most recent presentation to the board of directors occurred on August 1, 2023.	

Evaluation Item	Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
VI. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company entrusts Yuanta Securities Co., Ltd. to act as the Company's shareholders service agent to handle shareholders service affairs on behalf of the Company.	No significant difference
VII. Information Disclosure (I) Whether the Company has established a website that discloses financial, business, and corporate governance-related information?	V		(I) The Company has set up the website dedicated to providing financial, business, and corporate governance-related information.	No significant difference
(II) Whether there are other means for disclosure adopted by the Company (e.g. set up an English website, with the personnel dedicated to gathering and disclosing relevant information, properly implement the spokesperson system, and post the meetings minutes with institutional investors on the Company website, et al.)?	V		(II) The Company has set up an English website and designated dedicated personnel to collect and disclose the Company's information. Since the Company was listed on TWSE, it has completed the publication and regulatory filing of the relevant information pursuant to the requirements by the competent authority and related laws. The shareholders may access and learn the Company's information and important messages (including the information about meetings with institutional investors) on the MOPS or the Company's website. The Company does practice the spokesperson and deputy spokesperson systems.	No significant difference
(III) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?	V		(III) To enhance the transparency and timeliness of corporate information disclosure, the Company has been announcing and reporting annual financial statements within two months after the end of the fiscal year since 2023. the Company also announces and reports quarterly financial statements and monthly operational results ahead of the regulatory deadlines.	No significant difference
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations,	V		(I) Employee rights and employee care: The Company is used to valuing the labor-management relationship and treating the employees in good faith, and also protect the employees' legal interests and rights pursuant to the Labor Standards Act. Meanwhile, the Company	No significant difference

Evaluation Item	Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			builds the fair relationship of mutual trust and reliance with the employees via various employee welfare policies and excellent educational training systems. (II) Investor relations: Disclose the information sufficiently via the MOPS and the Company's website to enable the investors to understand the Company's overview of operation, and communicate with investors via the shareholders' meeting and spokesperson. (III) Supplier relations: The Company maintains fair interactive relations with the suppliers, and conducts audits from time to time to ensure the suppliers' quality. (IV) Stakeholders' interests: The Company has appointed the spokesperson and deputy spokesperson, and also set up the stakeholder section on the Company's website to help the stakeholders communicate with the Company and provide suggestions to the Company to maintain the legal interests and rights deserved by them. (V) Continuing education of directors: All of the Company's directors shall hold the related professional knowledge, attend the related courses pursuant to laws and satisfy the continuing education hours as required. (VI) Implementation of risk management policies and risk measurements: The Company is used to managing the risk stably, and establishes the related internal regulations and internal control system to prevent various risks. Meanwhile, the internal audit unit will audit the status of the internal control system, periodically or from time to time.	

Evaluation Item	Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			(VII) Implementation of customer policy: The Company maintains the fair and stable relations with customers and adopts the policy taking customers as the priority, in order to create profit for the Company. (VIII) Maintenance of liability insurance for directors: The Company has taken out the liability insurance for its directors to enhance the protection on shareholders' equity, and disclosed the relevant information in the corporate governance section on the MOPS.	
IX. Please specify the status of correction based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures against the remaining deficiencies: In the 10th Corporate Governance Evaluation in 2023, the Company ranked in the Top 5% among TPEx-listed companies. The improvements already made and those that will be made are as follows: (I) Improvements 1. One independent director has been added, bringing the total number of independent directors to 4, representing 50% of the 8 seats on the board of directors. 2. The corporate governance officer has been made a full-time position, with no other Company duties. (II) Remaining deficiencies 1. Plan to add new female director seats.				

(IV) Composition, functions, and operation of Remuneration Committee

1. Information of Remuneration Committee Members

April 30, 2024

Identity	Name (Conditions)	Professional qualification and experience	Independence status	Number of Other Public Issuing Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Independent Director (Convener)	Jeng-Ywan Jeng	Please refer to the contents of "Three. Corporate Governance Report/II. Information of directors/(II) Information disclosure for professional qualification and experience of directors and supervisors, and independent directors' independence."	Please refer to the contents of "Three. Corporate Governance Report/II. Information of directors/(II) Information disclosure for professional qualification and experience of directors and supervisors, and independent directors' independence."	2
Independent Director	Chung-Yu Wang			1
Independent Director	Ming-Ren Yu			-

2. Duties of Remuneration Committee:
   The Committee shall perform the following duties loyally with due diligence as a good administrator, and submit its suggestions to the board of directors for discussion.
   (1) Periodically review the performance appraisal on the Company's directors and executives, and remuneration policy, system, standard and structure.
   (2) Periodically evaluate and review the contents and amount of the Company's remuneration to directors and executives.

3. Operations of Remuneration Committee
   (1) The Company's Remuneration Committee has 3 members, all of which are independent directors.
   (2) The term of office of the current members: From August 24, 2021 to August 23, 2024. In the most recent year (2023) the Remuneration Committee met 3 times [A], and the members' qualifications and attendance are as follows:

Title	Name	Attendance in Person (B)	No. of presence by proxy	Attendance rate (%) (B/A)	Remarks
Convener	Jeng-Ywan Jeng	3	0	100%	4th term (Appointed on August 24, 2021)
Board member	Chung-Yu Wang	3	0	100%	
Board member	Ming-Ren Yu	3	0	100%	

Other mentionable items:

I. If the board of directors declines to adopt or modifies a recommendation of the Remuneration Committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the board of directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified): None.

II. For resolution(s) made by the Remuneration Committee with the committee members voicing opposing or qualified opinions on the record or in writing, please specify the meeting date and term, contents of motion, opinions of all members, and the Company's resolution of the members' opinions: None.

III. Operations of Remuneration Committee:

Remuneration Committee Term/Date	Content of motion	Resolution results	The Company's response to the Remuneration Committee's opinion
4th term 4th 2023.03.14	1. Employee Remuneration and Director Remuneration Distribution Plan of the Company of 2022	Agreed and approved by all the members present	Submitted to the Board meeting and passed upon approval of the whole present directors unanimously.
	2. Proposal to promote the Accounting Manager and Adjust remuneration for the Vice President of the Materials Department and the Administrative Department		
	3. Proposal for personnel promotion		
4th term 5th 2023.05.02	1. Proposal for the Company's 2022 director remuneration distribution	Agreed and approved by all the members present	
	2. Proposal for the Company's 2022 manager remuneration distribution		
4th term 6th 2023.11.07	1. Proposal to adjust the salaries of the Company's managers	Agreed and approved by all the members present	

(V) Information of Members, and Operation of the Nomination Committee

1. Specify the qualification, criteria, and duties of the Nomination Committee members

   The Nomination Committee consists of at lease three directors elected by the board of directors, and the majority of members shall be independent directors; one convener and chair is elected by members among themselves.

   The Committee shall perform the following duties loyally with due diligence as a good administrator, and submit its suggestions to the board of directors for discussion:

   (1) Find, review and nominate candidates for directors and senior managers based on the professional knowledge, skills, experience, gender and other diversified backgrounds and independence needs of the Company's Board members and senior managers.

   (2) Construct and develop the organizational structure of the board of directors and committees, conduct performance appraisals of the board of directors, committees, and directors, and assess the independence of independent directors.

   (3) Formulate and review directors' continuing education plans and succession plans for directors and senior managers.

   (4) Other matters resolved by the board of directors to be handled by the committee.

2. The professional and experience of members, and operation of the Nomination Committee:

   (1) There are three members of the Nomination Committee of the Company, two of whom are independent directors. Chairperson, Hsiu-Lan Hsu, is the convener of the Nomination Committee. She has expertise in business management, mergers and acquisitions and corporate governance, and meets the professional capabilities required by the committee.

   (2) The term of office of the current members: From December 7, 2021 to August 23, 2024. In the most recent year (2023), the Remuneration Committee convened 1 meeting (A), and the professional qualifications, experience, attendance, and discussions are as follows:

Title	Name	Professional qualification and experience	Attendance in Person (B)	No. of presence by proxy	Attendance rate (%) (B/A)	Remarks
Convener	Hsiu-Lan Hsu	Please refer to the contents of "Three. Corporate Governance Report/II. Information of directors/(II) Information disclosure for professional qualification and experience of directors and supervisors, and independent directors' independence."	1	0	100%	2nd term (Appointed on December 7, 2021)
Board member	Jeng-Ywan Jeng		1	0	100%	
Board member	Ming-Ren Yu		1	0	100%	

Other mentionable items:
Specify the meeting date, session, content of motion, advice or dissent by the Nomination Committee member, the resolution of the Nomination Committee, and the Company’s treatment of the Nomination Committee’s opinions.

Nomination Committee Term/Date	Content of motion	Resolution results	The Company's response to the Nomination Committee’s opinion
2nd term 2nd 2023.03.14	1. Performance Evaluation of the Company's board of directors and Functional Committee	Agreed and approved by all the members present	Submitted to the Board meeting and passed upon approval of the whole present directors unanimously.
	2. Proposal for the independent director nomination candidates list and review by the board of directors		

(VI) Promotion of Sustainable Development, and Variance From the Sustainable Development Best Practice Principles For TWSE/GTSM Listed Companies , and the Reason for Any Such Variance

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
I. Did the Company have established the governance framework for pry the board of directors for handling, as well as the status of board of directors' oversigomoting sustainable development, and a dedicated (concurrent) unit in charge of promoting sustainable development, and the senior management is authorized bht?	V		The Company has established the Corporate Sustainability Development Committee in June 2017 as the highest-level sustainable development decision-making center within the Company. It is responsible for coordinating and comprehensively managing all aspects of the Company's development directions and goal formulation related to ESG (environmental, social, and governance) sustainable development in all aspects, to pursue the sustainable development and fulfill corporate social responsibilities. The Company's Corporate Sustainable Development Committee is chaired by the ChairpersonChairperson of the Board and the Chief Financial Officer as Secretary-General, who is responsible for coordinating the affairs related to the committee. The Committee has established 5 subcommittees based on business functions, including "Sustainable Operations Subcommittee", "Green Manufacturing Subcommittee", "Sustainable Supply Chain Subcommittee", "Social and Corporate Care Subcommittee", and "Corporate Governance and Risk Management Subcommittee". Each subcommittee is composed of heads of relevant departments and is responsible for formulating strategies and management guidelines, integrating and promoting cross-departmental efforts on relevant issues, and conducting performance reviews and continuous improvement. The Corporate Sustainable Development Committee holds	No significant difference

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			annual plenary meetings to review the achievement of relevant goals from the previous year and set new goals for the upcoming year. The Corporate Sustainable Development Committee is supervised by the board of directors. In addition to the annual report to the board of directors on the progress, goal setting and the achievement of performance of the Company's ESG development, the Corporate Sustainable Development Committee also reports to the board of directors on the regulatory and policy trends of environmental issues, as well as the Company's environmental performance data on a quarterly basis (the latest report to the board of directors was on February 27, 2024). In addition, the Company's Sustainability Report is compiled in accordance with the latest GRI Standards and is approved by the board of directors each year. The board of directors supervises the setting and implementation of the Company's sustainable development goals, reviews the progress of these goals, and provides relevant advice and guidance based on the committee's reports.	
II. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	V		The Company's "Risk Management Policy and Procedure" has been approved by the board of directors. The board of directors is the highest authority for risk management. It aims to comply with laws and regulations, promote and implement the Company's overall risk management, and bears ultimate responsibility for risk management according to the overall operational strategy and business environment. The Audit Committee assists in supervising the preceding risk management matters. The management team is responsible for planning and	No significant difference

Evaluation Item	Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			coordinating the implementation of the board of directors' risk management decisions as well as coordinating cross-departmental risk management interaction and communication. Each functional unit is responsible for analyzing, managing, and monitoring the relevant risks within its own unit. In addition, internal audit serves as an independent unit to assist the board of directors in supervising the implementation of the risk management mechanism to ensure that the risk control mechanism and procedures can be effectively implemented. The scope of risk management encompasses a wide range of risks, including hazard risks, operational risks, financial risks, strategic risks, compliance risks/contractual risks, environmental risks, and other risks. The Company's risk management mechanism is implemented by effectively carrying out the risk management process, which includes risk identification, risk assessment, risk monitoring, risk reporting, and risk response. The Company's Corporate Sustainable Development Committee conducts risk assessments on environmental, social, and governance (ESG) issues related to the Company's operations according to the principle of materiality and develops corresponding risk management strategies. The identified ESG risk issues include "corporate governance aspects: various risks related to operations and investments, challenges in maintaining and communicating relationships with internal and external stakeholders, strengthening board functions, and compliance risks; environmental aspects: climate change risks, environmental protection risks; social aspects: occupational	

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			safety and health risks, labor health risks, labor-management relations risks," and 3 major long-term emerging risk aspects: geopolitical risks, energy transition risks, and cybersecurity risks. For details on each risk and its corresponding risk management strategy, please refer to Chapter 1, Governance and Operations / 1.3 Risk Management of the Company's Sustainability Report. The Company has regularly assessed risks annually to implement the risk management mechanism. The risk assessment boundary covers all of the Company's operations and production sites. The Company's Corporate Sustainable Development Committee reports to the Audit Committee and the board of directors annually on the major environmental, social, and corporate governance issues related to the Company's operations as well as the corresponding risk issues, response strategies, management operations, and implementation status. The Audit Committee and the board of directors provide opinions and guidance. The most recent report date was on August 1, 2023. Given the importance and uniqueness of the climate change issue, the Corporate Sustainable Development Committee provides quarterly reports to the board of directors on environmental indicator performance and targets, climate change response and management, and other related matters.	

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
III. Environmental Topic (I) Has the Company set an environmental management system designed to industry characteristics?	V		The Company insists the promotion of ISO 14001 Environment Management System," and "ISO 50001 Energy Management System, "GlobalWafers introduces the concept of product lifecycles, and starts from improving the manufacturing process and product design stage in order to truly achieve reduction of source raw materials. The Company accommodates the environment and energy management system, to determine the goal of energy saving and material saving every year, while continuously implementing water recycling and waste reduction measures, to treasure resources and reduce uses of resources, and achieving the effect of reducing greenhouse gas emissions. The validity period of the "ISO 14001 Environmental Management System" certification for each operation site of the group covers 2024. For information regarding the certifications of "ISO 14001 Environmental Management System" and "ISO 50001 Energy Management System" obtained by each operation sites, please refer to the Company's website "ESG/EHS Management/Certifications." (https://www.sas-globalwafers.com/en/ehs-management-system_en/)	No significant difference
(II) Does the Company endeavor to improve the energy utilization efficiency and use renewable materials which have low impact on the environment?	V		The Company has introduced the "ISO 50001 energy management system" at each operaion site, actively promotes various energy-saving measures, selects equipment to improve energy efficiency, monitors major energy-using equipment, and regularly tracks the performance of improvement measures to achieve continuous improvement, energy conservation and	No significant difference

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			reduction. carbon targets. Regarding the Company's electricity consumption and target achievement, please refer to "Chapter 3, Sustainable Environment/Sustainability Goals; 3.1 Energy Management" of the Company's sustainability report. The Company, by promoting the "ISO 14001 environmental management system," has introduced the product life cycle concept in order to reduce raw material consumption and waste output, and achieve the goal of sustainable operation and environmental protection. Each plant, based on different process characteristics, uses recycled materials as much as possible. The recycled materials used in each plant include silicon raw materials, cutting fluids (carriers), product packaging cartons and wafer cassette. The major raw material used in the production of the Company is the silicon material; by using the material at both ends recovered in the plant as much as possible during the crystal growth stage, not only the costs of purchasing materials is saved, but also waste generated is reduced. Please refer to the Company's Sustainability Report "Chapter 3, Sustainable Environment/3.1 Raw Material Recycling" for the utilization of recycled materials.	
(III) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?	V		The Company complies with the framework recommended in the Task Force on Climate-Related Financial Disclosures Recommendation (TCFD) promulgated by the Financial Stability Board, and discloses climate change-related information, assess the risks and opportunities of climate change for the Company, potential financial impacts, and corresponding strategies and countermeasures based on the four core elements,	No significant difference

Evaluation Item	Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			including governance, strategy, risk management, indicators and goals. In 2023, the Company identified 9 climate risks and 7 climate opportunities. For information on the relevant analysis, their financial impact, and response strategies, please refer to the ”Chapter Three, Corporate Governance Report/ (VII) Climate-related Information of TWSE and TPEx Listed Companies” of the Company’s annual report and the "Climate Strategy and Action” section of the Company's Sustainability Report.	
(IV) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies?	V		Each year, each operaion site of the Company inventories and tracks greenhouse gas emissions, water consumption, waste volume, recycled material usage, and electricity consumption. For the scope of the relevant inventory data and information, please refer to the "Climate Strategy and Action / Greenhouse Gas Inventory” and "Chapter 3, Sustainable Environment / 3.1 Energy Management; 3.2 Water Resource Management; 3.3 Waste Management; 3.3.1 Raw Material Reuse" sections of the Company's Sustainability Report. The Company boosts various measures subject to the effect produced by operating activities, in order to mitigate the impact posed by the Company’s operation to the natural environment. The Company established the energy management system (ISO 50001:2018) for the energy saving and carbon reduction and the greenhouse gas inspection (ISO 14064:2018) for greenhouse gas reduction, conducted the water footprint assessment (ISO 14046:2014) for reduction of water consumption and assessed the clean production. All of said operations passed the	No significant difference

Evaluation Item	Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			certification by a third party contracted by the Company. For the verification information, please refer to the official website “ESG/ EHS Management/ Certification” (https://www.sas-globalwafers.com/ehs-management-system/)。 To demonstrate its commitment to Taiwan's net-zero transition, the Company officially joined the RE100 initiative in 2022, pledging all subsidiaries of the group to use 100% renewable energy by 2050. To support this long-term goal, the Company has established a comprehensive climate roadmap with phased targets: 20% renewable energy usage by 2030, 35% by 2035, and 50% by 2040, and gradually realize the long-term goal of 100% renewable energy by 2050. The Company has established annual targets and short-, medium-, and long-term goals for various environmental metrics, including electricity consumption, greenhouse gas emissions, water usage, and waste volume. For detailed information on these goals and their progress, please refer to "Chapter 3, Sustainable Environment / Sustainable Goals" of the Company's Sustainability Report. The Company achieves the set goals through the following promotion measures: i. Consumption of energy and resources and GHS emission reduction: the main source of greenhouse gas emissions of the Company is electricity. Therefore, the reduction of electricity use and the improvement of energy efficiency are the top priorities of the Company. Through the introduction of ISO 50001 energy management system, the Company monitors and measures significant energy utilization	

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			equipment, proposes improvement action plan and conduct regular tracking on performance of improvement measures, as well as promotion energy saving internally, in order to achieve the goals of continued improvement, energy saving and carbon reduction. For the greenhouse gas emissions and electricity consumption of each operaion site of the group in the past two years, please refer to the Company's sustainability report "Climate Strategy and Action/Greenhouse Gas Inventory" and "Chapter 3, Sustainable Environment/3.1 Energy Management". Among them, greenhouse gas emissions have been verified by third parties in the past two years. ii. Reduce water consumption: The Company's water-saving measures management process is mainly divided into plant system and process equipment for itemized management. It is continuously improving the efficiency of the process wastewater recycling system, and regularly holding internal water-saving discussion and improvement meetings and promoting water-saving. For the water consumption of each operation site of the group in the past two years, please refer to "Chapter 3, Sustainable Environment/3.2 Water Resources Management" of the Company's sustainability report. Besides, GlobalWafers' Taisil Branch obtained a third-party verification since 2023 to verify GlobalWafers' Taisil Branch water intake, reuse water volume and water recovery rate calculations in response to the water consumption fee collection. In 2023 (verify the water consumption in 2022	

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			status), the data meet verification-related restrictions. iii. Waste management: The Company values waste management, from process improvement and source reduction to reduce the output of waste (including air pollution source emissions), and recycles in the plants, to reduce the volume of newly purchased raw materials, while reducing the generation of waste. Each operaion site of the Group has passed ISO14001 environmental management system verification (the valid period of all the certifications covers 2024), and all operaion sites continue to be verified every year. For the waste output in the past two years, please refer to "Chapter 3, Sustainable Environment/3.3 Waste Management" of the Company's Sustainability Report. iv. Pollution prevention: The Company aggressively promote green product and green production, and reduce raw material consumption through manufacturing process and technology enhancement. We not only reduce pollution discharge at the source, we also lower operation costs, reduce resource consumption and mitigate impact to environment.	
IV. Social Topic (I) Whether the Company establishes the related management policies and procedures in accordance with the relevant laws and international human rights conventions?	V		The Company recognizes and supports the spirit and fundamental principles of human rights protection set forth in the Universal Declaration of Human Rights, United Nations Global Compact, and International Labor Conventions. We established the human rights policy in accordance with labor laws and regulations and the abovementioned international human rights conventions, and strive to create a work environment with equality, safety, and dignity.	No significant difference

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			The Company's five approaches under the human rights policy and their implementation status is as follows: (1) Continue to create diversity, inclusiveness, and equal opportunity, and prohibit any form of discrimination (including gender (including sexual orientation) race, class, age, marital status, language, ideology, religion, nationality, political party, place of birth, appearance, facial features, and physical and mental disability): The Company continues to communicate that all forms of discrimination are prohibited in its recruitment, appointment, and operating processes. In addition to fulfilling its responsibility to care for migrant workers by having its manpower agencies organize Christmas parties or prepare Christmas gifts for Filipino migrant workers each year, the Company is also committed to improving their living conditions overseas. The Company strives to create a friendly workplace environment with equality. The Company established the Sexual Harassment Prevention, Grievance and Disciplinary Policy, and announced it in the factory area. The Company also provides a wide range of resources to encourage female employees to continue developing their career, such as comprehensive maternity protection measures, regulations established according to the Act of Gender Equality in Employment, and formulating policies for internal lecturers, on-the-job education, and training to provide diverse development opportunities.	

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			The Company strives to improve the diversity and harmony in the workplace, and continue to increase diversity in different aspects, such as gender, nationality, and age. Specific results include: In 2023, female employees accounted for 22.96% of all employees, and female managers accounted for 18.62% of all managers. Of the total of 7,305 employees worldwide, domestic employees account for 23.29%, while overseas employees account for 76.71%. The Company employs a total of 68 employees with disabilities, accounting for 0.93% of all employees. Employees that are 30 years old and younger account for 20.6%, employees who are 30-50 years old account for 48.5%, and employees who are 50 years old and above account for 30.8%. (2) Ban on forced labor and child labor: The Company complies with all labor-related laws and regulations, respects the intentions of all employees, and encourage employees to find a balance between work and family. Furthermore, the Personnel Appointment Regulations contain provisions on the identification of child labor and remedial measures, in order to ensure that there is no illegal child labor in operating activities. If child labor is discovered to be involved in operations, remedial measures will be implemented for six months or until the child labor reaches the age of 16, in order to protect the rights and interests of children. (3) Create a safe and healthy work environment:	

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			The Company continues to provide health examinations free of charge, arranges for medical specialists to visit plants to provide services, organizes health promotion activities, and tracks special groups, in order to raise the health management awareness of employees. The Company's plants in Taiwan planned a total of 97 health promotion measures in 2023, such as seminars, first aid courses, and cancer screening, with a total of 7,173 participants. Furthermore, overseas plants often organize a wide range of health promotion activities to protect employee health; the number of activities and facilities were used 308 times, and a total of 11,957 people participated or used health promotion facilities. The Company also established work safety and health management procedures, operating standards, special hazardous operation control, chemicals management, and operating environment monitoring for employees to follow, preventing occupational injury and illness, eliminating hazards, and lowering environmental safety and health risks to provide employees with a safe work environment. (4) Providing fair and reasonable salaries and work conditions: The Company regularly reviews the salary levels of its peers, and makes appropriate adjustments to employee salaries by referring to objective data such as the overall economic indicators and price indices. Meanwhile, the salary standards of colleagues are judged based on work-related items such as position, seniority, and professional	

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			ability to ensure equal pay for equal work and prevent any bias based on gender, age, or other factors. In addition, to strictly controlling working hours to stay within legal limits, the Company actively prevents overwork through regular working hour analysis reports and an attendance anomaly management system. (5) We provide channels and environment for employees to freely express their opinions, and respect employees freedom of association: The Company holds 4 labor-management meetings each year to discuss labor-management relations, labor conditions, and employee benefits, in order to promote harmonious labor-management relations. Employee opinion boxes are placed in clearly visible locations for employees to report illegal conduct, complain about unfair treatment, or express and resolve their discontent and questions. The Company assesses human rights and labor rights risks according to standards of the Responsible Business Alliance (RBA) every year, and established the standards in the "Personnel Appointment Regulations" and "Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment." Employees can report unlawful infringement through anonymous grievance channels, such as: e-mail and telephone. Related committees will maintain the confidentiality of reports throughout the process, and meeting results will be used to track, supervise, and provide necessary support to the parties, in order to protect human rights	

Evaluation Item	Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			and prevent recurrence. There has only been 1 human rights complaint (forced labor, child labor, discrimination, sexual harassment, and violation of freedom of association) at the Company's business locations in the past 3 years. The event that was reported occurred in 2022, and related departments formed a committee to conduct investigation, provide protection, and carry out re-education. Human rights training for all employees was immediately improved to prevent events from occurring. In terms of training, new employees will receive human rights training once they report for duty; current employees irregularly take courses on the prevention of workplace violence and sexual harassment. Furthermore, the Company identified major stakeholders and made it mandatory for employees in managerial roles to take the courses, in order to prevent workplace violence. Related courses had a total of 13,489 participants who received 16,449 hours of training in 2023.	
(II) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	V		The Company fairly decides and distributes employees’ remunerations from the annual profit, if any, for 3%~15%, as set for in the Articles of Incorporation, and the performance of individual employee pursuant to the “Employee Remuneration Distribution Procedures.” It seeks to properly reflect the operating performance or results on the employees’ remunerations. The Company establishes the procedures of attendance, specifies the paid leaves entitled by employees. All employees of the Company are entitled to labor insurance, health insurance, group insurance, pension contribution and other fringe benefits. The	No significant difference

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			fringe benefits include year-end bonus, gifts for birthday and festivities, year-end banquet, subsidies for matrimony, bereavement, and other celebration, tourist traveling in home country and abroad, emergency relief fund, scholarship, paternal subsidy, meals, stock offering for the employees, and complete set of education and training. The Company also establishes the Employee Caring Program (ECP) team, to integrate and planning for the improvement of holistic employees' benefits through the cross-function team, so that any employee may select from proper resources to help when facing personal difficulties. The employee welfare savings trust was added in 2021. Employees may evaluate whether to join or not, and participants are given rewards equal to 100% of the amount they contribute.	
(III) Whether the Company provides its employees with a safe and healthy work environment, and regularly implements employee safety and health education measures?	V		(1) The Company provides a comfortable, safe and healthy working environment. It also conducts inspections on the working environment on a regular basis, and annually organizes employee health checks as well as training on health and safety for its employees. In 2023, there were 22,535 attendees received health and safety education and trainings. We have also provided education and training for employees engaging in noise, organic solvent, and specific chemical substance exposure conditions that are particularly hazardous to health; issued appropriate safety protection equipment; and implement pre-employment physical exam as well as in-service annual physical exam health management to ensure the safety and health of employees at	No significant difference

Evaluation Item	Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			work. At present, there has been no occupational disease involving employees engaged in special operations. (2) The Company has obtained Occupational Health and Safety Management System (ISO 45001: 2018) certification. For detailed information on the certification, please refer to the Company's website "ESG/EHS Management/ Certification" (https://www.sas-globalwafers.com/en/ehs-management-system_en/) (3) The Company’s occupational hazard statistics analysis data are generated based on disability injuries statistics indicator published by the Ministry of Labors and GRI. One million work hours being the base line, our statistics are mainly based on the Disabling Frequency Rate, (FR), Disabling Severity Rate (SR), Occupational Disease Rate (ODR) and Absence Rate (AR) (with disabling injury statistics excluding traffic accidents outside factories). In 2023, there were 2 work-related disability incidents in Taiwan, and 25 work-related disability incidents in overseas plants. The global Disabling Frequency Rate (FR) was 1.87, and the Disabling Severity Rate (SR) was 43; all occupational accidents have been investigated and analyzed, and corresponding improvement measures have been implemented. The Company have regularly implemented occupational health and safety education and training for employees and contractors to effectively prevent occupational disasters; and conducted work environment inspections and internal/external audits in order to review	

Evaluation Item	Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			the Company's environmental, safety, and sanitary operations. The goal is to ensure environmental safety for workers and achieve the zero-accident target. For detailed information on occupational disaster statistics and management, please refer to "Chapter 5, Occupational Health and Safety/5.4 Occupational Disaster Management” in the Company's Sustainability Report." (4) The number of the Company's fire incidents, fatalities or injuries, or fire-related fatalities or injuries as a percentage of total employees in 2023 was 0. To enhance safety management (including fire safety management), effectively respond to disasters, and prevent recurrence of corrective/preventive measures, the Company has established various procedural documents, including the "Incident Reporting, Handling, and Investigation Management Procedure," the "Emergency Response Procedure," and the "Non-Conformity, Corrective and Preventive Measures Management Procedure." The Company also conducts emergency drills to prepare for potential emergencies.	
(IV) Has the Company established effective career development training plans?	V		Each year the Company establishes annual education training program based on our operation strategies and short/mid/long term goals, and consider talent cultivation and technology inheritance as our key task. We strengthen our talent database in order to keep track of the talent dynamics and development direction in the group. We host various types of training courses, academia-industry collaboration and research projects, in order	No significant difference

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			for our employees to stay tuned to real-time global political and economic trends and status, technology updates, while supplementing the training with job substitutes, job rotation and on-the-job training to strengthen different professional capacity of our employees. The Company is promoting six academy systems, including new employees, logistics and generation education, business administration, professional core, EHS, and health promotion. Training units will design courses on the specialty of each academy for employees. The academy system prevents repetitive courses from being offered, allows curriculum planning, and also stacks and increases the transparency of training and learning. In 2023, a total of 316 new employee functional training sessions were conducted, with 1,282 participants, totaling 1,586 hours of instruction. Additionally, professional functional training included 1,951 sessions, with 13,757 participants, totaling 25,282 hours of instruction. Lastly, general functional training comprised 1,263 sessions, with 47,246 participants, totaling 3,163 hours of instruction.	
(V) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labeling and set polices to protect consumers or customers' rights and appeal procedures?	V		The Company's products and services complies with the relevant regulations and standards applicable to the Company's industry; through the supplier management, it is ensured that the supply chain adopts the industrial standards and policies like the "Responsible Business Alliance" (RBA), "conflict minerals," "silicon raw materials without forced labor," "environment friendly products" (RoHS, REACH, WEEE) , among other things, to fulfill the social and environmental responsibility; the	No significant difference

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			Company is also committed to comply with product standard and operational regulations in plants required by customers, to achieve the promises with full force, and maintain quality relationships. The Company also has a legal compliance unit in place, to ensure that commercial conditions, products, processes and services to meet the requirements of competition laws and relevant export control regulations with jurisdiction. Before working with any customer, the Company shall sign a non-disclosure agreement (NDA) approved by the legal department, and personnel shall not disclose the known trade secrets to others, nor shall they inquire or collect trade secrets not related to their duties, in order to fully protect the confidential and sensitive information of both parties. With regard to personal data protection for customers, the Company's compliance unit instructed the unit responsible for data to periodically inventory personal data, and ensure that the collection, processing, and use of personal data by the responsible unit is compliant with the Personal Data Protection Act. The Company has established the "Process of Customer Complaints Management" to maintain good communications with its customers, as well as effective appealing procedures regarding products and service.	
(VI) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?	V		The Company has established a "Supplier Evaluation Management Process" and has published our corporate sustainability supply chain management policy on our official website. This policy requires suppliers to adhere to a code of conduct that goes beyond the principles of integrity and actively complies with the "Responsible Business Alliance Code of	No significant difference

Evaluation Item	Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			Conduct (RBA)" to ensure labor safety, environmental sustainability in business operations, and ethical conduct. This includes establishing standards and norms for labor, health and safety, environment, and business ethics, encompassing green regulations and directives such as RoHS, REACH, and WEEE, as well as refraining from using conflict minerals, participating in green procurement initiatives, and adhering to environmental protection, occupational safety and health, intellectual property rights, and labor human rights. In light of the Modern Slavery Act, the Company has ensured that all its operational activities comply with labor human rights and local laws, including all laws related to human trafficking and anti-slavery. Therefore, we also require our suppliers to jointly comply with these standards and insist that all their commercial transactions, business relationships, and supply chain activities meet ethical standards, with integrity as the top priority. The Company encourages our suppliers to obtain ISO14001 and ISO45001 certifications to fulfill their corporate social responsibilities. We track their performance annually and award them additional points during quarterly evaluations, and increase our procurement volume from them as an incentive. The Company’s "Supplier Evaluation Management Process" includes both written reviews and onsite evaluations. Each year, a supplier evaluation team is formed by members from quality assurance, procurement, environmental health and safety, R&D, and other relevant departments to conduct supplier factory	

<table>
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<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>audits, document reviews (including quality, upstream supplier management, environment and safety, operational plans, etc.), and interviews with their managers and employees to identify issues and implement improvements.</td><td></td></tr>
<tr><td>V. Does the Company refer to international reporting rules or guidelines to prepare Sustainability Report to disclose non-financial information of the Company? Has the said Report acquire 3rd certification party verification or statement of assurance?</td><td>V</td><td></td><td>The content structure of this report primarily refers to the “Sustainability Reporting Standards” issued by the Global Reporting Initiative (GRI) and the core indicators for semiconductor industry in the “Sustainability Accounting Standards” issued by the Sustainability Accounting Standards Board (SASB), as well as the "Compiling the sustainability report in accordance with the category indicators of the semiconductor industry and the “Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies” to prepare the sustainability report. The Company's 2023 Sustainability Report was verified by DNV Business Assurance Co., Ltd. It complies with the core options in the GRI Standards, and the requirements for moderate level of assurance. The 2023 Sustainability Report is disclosed on MOPS and the Company's website “ESG/Sustainability Reports and Related Policies” and could be downloaded.
(https://www.sas-globalwafers.com/en/sustainability-report-en/)</td><td>No significant difference</td></tr>
<tr><td colspan="5">VI. If the Company has established the sustainable development principles based on “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies”, please describe any discrepancy between the Principles and their implementation:
The Company has established the “Sustainable Development Best-Practice Principles” and devoted to promoting the sustainable development, which has no significant difference with the Rules.</td></tr>
<tr><td colspan="5">VII. Other important information to facilitate better understanding of the Company’s promotion of sustainability development:</td></tr>
</table>

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	

1. Environmental protection: It is everyone's responsibility to promote environmentally friendly and low-carbon activities. Therefore, in addition to improving the process of energy conservation and control, the Company actively implements waste separation and resource recycling, promotes energy conservation and carbon reduction, and invests in equipment related to energy conservation and emissions reduction.
2. Social welfare: The Company has been continuously evaluating the risks and opportunities in the places where it operates. The Taiwan operations include Hsinchu, Miaoli and Yilan, and the overseas operations include the United States, Italy, Japan, etc.. The Company is committed to caring for the disadvantaged in remote areas, such as economically disadvantaged families, children, and people with disabilities. We hope to support and improve their living and education conditions through public donation activities, and implement specific action plans for environmental protection through volunteer services. To encourage employees to participate in social welfare, the Company will match every dollar donated by employees with an additional dollar (the Company will donate the same amount as the employee donates). By combining the power of many small contributions, we can bring this love and warmth to more places in need.
   The social welfare activities resources invested in 2023 are as follows:
   (1) "2023 Turkey-Syria Earthquake Relief Donation Event": donation to World Vision Taiwan, totaling NT$921,000.
   (2) "2023 Early Intervention Fundraising Project": donation to Syin-Lu Social Welfare Foundation, totaling NT$250,800.
   (3) "2023 Local Care, Helping Miaoli Nursing Home Equipment Renewal Project": donation to Miaoli Branch of Genesis Social Welfare Foundation, totaling NT$238,600.
   (4) 4. "2023 Winter Warmth Charity Carnival Sponsorship" donation to Hsinchu Family Support Center, totaling NT$10,000.
   (5) "2023 Mid-Autumn Festival Mooncake Donation Charity Activity": donation to social welfare groups in Hsinchu, including donated NT$16,000 to Shih Guang Home for the Disabled, NT$16,000 to Hua Kuang Intelligent Development Center, and NT$32,000 to Hsiang Yuan Memorial Nursing Home.

Meanwhile, the Taiwan operation sites also held the "GWC Friendly Earth Hand-in-Hand Beach Cleaning Activity" in Longfeng Fishing Port in Zhunan, Miaoli to clean up about 100 kilograms of marine waste, and held a blood donation activity. A total of 182 employees from the Taiwan team donated 76,250 cc of blood in 2023.

In addition, overseas plants are also actively involved in social welfare activities. The US plant, GlobiTech Incorporated, raised Christmas gifts for disadvantaged families and donated daily necessities in cooperation with the MasterKey Ministry Foundation. The Italian plant, MEMC Electronic Materials S. p. A., donated several containers to the Red Cross to support the global humanitarian aid movement, and responded to International Women's Day by raising funds, which were all donated to the Italian Women's Anti-Violence Association. The Korean plant, MEMC Korea Company, cooperated with local children's social welfare institutions to hold a kimchi pickling charity event. The Japanese GWJ plant launched an

Evaluation Item	Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	

environmental protection initiative, and they worked with colleagues and relatives to clean up man-made garbage in the environment.

3. Consumer rights: The Company has an internal "Customer Complaint Management Process" to provide customers with a complaint channel, and signs supply and quality contracts with customers to provide comprehensive protection for customer rights.
4. Human rights: For a long time, the Company is committed to promote the equal rights at work regardless of race, gender and age. It also provides opportunities for employees’ individual development, allow them to freely express their opinions, and respect the dignity of individuals.
5. Safety and health: The Company devoted its efforts to promote safety and health policy, continuously improve the production process and working environment in the aim of achieving zero disasters, and continue to improve occupational safety and health performance through joint efforts of all its employees.
6. Employee Health Care: The Company conducts health checkups on a regular basis for employees to understand their health status in order to protect and improve their health. In addition to setting up detection and alarm equipment at appropriate locations, the Company also regularly conducts operating environment testing as a basis for improving the workplace environment, in order to control the physical working environment of employees and evaluate the exposure of hazardous factors.
7. Human capital development: The Company has a well-rounded system that links performance to remuneration, cultivates professional talent currently in school, subsidizes continuing education of employees, and signs contracts with important members of management. We identify, cultivate, and reward talent for long-term retention. Furthermore, we increase the willingness of talent to stay with the Company through the employee welfare savings trust and medals commending senior employees that have worked at the Company for a long period of time.
   (1) Industry-academia collaboration: The Company assigns professional talents to participate in industry-academia research cooperation with academic institutions, commissioned research with research institutions, and entered into strategic alliances with industry partners to jointly solve technical problems in the product development process and continuously improve employees' professional skills. In 2023, there were 23 ongoing cooperation projects, with an average of 6 participants per project, and a total of more than 121 people involved. The cooperating universities include National Tsing Hua University, Yang Ming Chiao Tung University, National Central University, and National Kaohsiung University of Science and Technology.
   (2) Talent cultivation projects: The Company collaborated with Yang Ming Chiao Tung University to establish a talent development base for the semiconductor and key technology industries. In 2023, three corporate recruitment briefings were held, with a total of approximately 90 to 120 participants. A total of 8 Company supervisors served as mentors to promote diverse talent matching and practical experience exchange.
   (3) College interns: The Company has successfully cultivated over 40 students together with colleges starting in 2017. The practical experience gained by students at the Company gave them an opportunity to face real world problems. The students were from National Tsing Hua

<table>
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<tr><td colspan="5">

University, National Central University, National Chiao Tung University, National Taiwan University of Science and Technology, and National Yunlin University of Science & Technology, and majored in electronics, industrial engineering, machinery, and psychology. They became interns in R&D, manufacturing, and other support departments.

(4) Scholarships for master's and doctoral students: The Company established Regulations Governing Applications for Scholarships for Master's and Doctoral Students, and continues to fund scholarships for professional talent in related fields. Recipients of the scholarships directly become employees of the Company after graduation.

(5) Subsidies for on-the-job training: The Company established and on-the-job training policy and fully subsidizes on-the-job training of employees with excellent performance and the willingness to learn, thus encouraging their personal career development.

(6) Signing contracts with important members of management: The Company signs contracts with managers that have strategic planning ability or a irreplaceable specialty, in order to retain talent and ensure the sustainable development of the Company's human capital.

(7) Fellow Program: The Company has its own Fellow Program within the group, and many employees who were nominated for the program are the leading experts in their field. There is a strict operating and selection process of the committee for selecting employees into the Fellow Program. At present, we have 79 outstanding employees gain recognition through the program.

8. Factory Epidemic Prevention: In the post-pandemic era, the global outbreak of COVID-19 has led to significant changes in work and lifestyle. Some changes returned to normal once the pandemic is under control, but certain changes remained permanent. Even without the need for long-term social distancing, some behaviors continues to exist. For example, increased handwashing frequency and maintaining personal hygiene habits help reduce the risk of disease transmission. The Company will periodically adjust epidemic prevention measures based on global pandemic changes. They not only implement high-standard corporate epidemic prevention mechanisms to ensure uninterrupted production lines but also continue to promote diverse care measures and safeguard the safety of all employees. By doing so, we can contribute positively and ensure a healthy workplace.

(1) Pandemic prevention information: To ensure that employees have a clear understanding of the latest prevention and control information, the Health Management Center regularly compiles the latest domestic and international pandemic information. We also adjust our on-site prevention and control measures in response to the pandemic level and issue timely announcements to keep employees informed. This allows employees to quickly receive accurate prevention and control information.

(2) Care for health: We provide care to employees with fever symptoms or suspected contact history. We also conduct regular follow-ups and express our concern to strengthen the physical health of all employees.

(3) Disinfection in the plants: The Company has formulated public area disinfection and cleaning measures, adjusted the frequency of

</td></tr>
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<tr><td colspan="5">environmental disinfection and supply alcohol disinfectant in public spaces, added partitions in restaurants, posted correct hand washing instructions in each restroom, and conducted regular inventory to ensure that the Company has sufficient anti-epidemic materials.
(4) Physical and mental care: To encourage colleagues to pay attention to their own physical and mental state, and to be aware of their physical and mental balance needs, GlobalWafers implemented an Employee Assistance Program (EAP) in 2021. The program provides each employee with 2 free one-on-one counseling sessions per year, and regularly sends out psychological growth materials to help employees alleviate negative emotions and stress.
9. The Company actively supports the development of domestic culture and arts. In 2023, the Company collaborated with The Alliance Cultural Foundation to invest NT$5 million in supporting the Paul Chiang Art Promotion Project and the preparation and construction of the “Paul Chiang Art Center." We hope to revitalize local communities through art and promote sustainable cultural development in Hualien and Taitung areas. To further cultivate public participation in arts and cultural activities in 2023, the Company sponsored the "Paul Chiang 2023 Solo Exhibition" at the Kaohsiung Museum of Fine Arts. The exhibition ran from December 2, 2023, to March 10, 2024, and attracted 72,006 visitors during exhibition.</td></tr>
</table>

(VII) Climate-related Information of TWSE and TPEx Listed Companies

1. Implementation of Climate-Related Information

Items	Implementation Status
1. Describe the board of directors' management oversight, governance, and climate-related risks and opportunities.	The Company has established a "Risk Management Policy and Procedures". The board of directors is the Company's highest decision-making body for risk management, and the Audit Committee assists in supervising risk management matters. With regard to climate change issues, the board of directors is responsible for overseeing the development strategies; short-, medium-, and long-term goals; overall management measures for the Company's climate-related risks and opportunities, and providing advices and feedbacks. In addition, considering the importance and specificity of climate change issues, the board of directors also supervises the Company's climate change response strategies, key environmental indicator performance, and goal achievement status on a quarterly basis. The "Corporate Sustainable Development Committee" is the Company's highest-level climate risk and opportunity management organization, composed of heads of various departments. The Chairperson of the Board serves as the chair, and the Chief Financial Officer shall serve as the Secretary-General. The Committee is responsible for coordinating its affairs and report to the board of directors regularly. The Corporate Sustainable Development Committee has a "Sustainable Operations Subcommittee" under its jurisdiction. The Chairperson of the Board shall supervise its operation; review the Company's climate change goals, strategies, and specific action plans; supervise the management of climate change risks and opportunities; and regularly reviews the climate management implementation status and environmental indicator performance of each operating site. The results shall serve as an important reference basis for the formulation of the Company's sustainable development guidelines.
2. Clarify how the climate risks and opportunities identified can affect the Company's business, strategy, and finances (short-, medium-, and long-term).	The Company identifies climate risks and opportunities annually. In the 2023 climate risk and opportunity assessment, 9 climate risks and 7 climate opportunities were identified from the climate risk and opportunity items. The potential impact of each risk and opportunity on the Company was assessed, and response strategies and measures were developed based on the length of time they are expected to impact the Company (short-term 1-3 years, medium-term 3-10 years, long-term 10+ years) and the extent of their impact. A summary of the relevant information is as follows. For detailed assessment and analysis information, please refer to the "Climate Strategy and Action" chapter of the Company's Sustainability Report.

Items	Implementation Status
	A summary of identified climate risks is as follows:

Risk items	Impact time	Impact level	potential financial impact	Coping strategies and measures
High temperature	Short-term	High	Frequent extreme weather conditions have caused abnormally high temperatures, which has led to increased electricity consumption and greenhouse gas emissions in the factory. This has resulted in higher electricity costs and the need to pay carbon taxes/fees. These challenges need to be addressed in order to maintain optimal production conditions.	To address these challenges, we are implementing various energy-saving measures through our energy management system. Additionally, senior management is taking a leading role in our greenhouse gas reduction efforts.
Drought	Short-term	Low	The impact of abnormal climate conditions has led to drought-related challenges. Production has been affected, resulting in financial losses and decreased revenue.	Timely adjustments to the water supply system are necessary to promote water-saving measures across various factory areas. Additionally, we also evaluate the drought risk in manufacturing facilities and implement risk mitigation measures (such as renting water trucks) is crucial.
Rising average temperature	Long-term	Medium	The factory’s electricity consumption has increased, leading to rising electricity costs and carbon emissions. As a result, operational costs have also escalated.	To address this challenge, the Company has scheduled the comprehensive implementation of a greenhouse gas inventory and energy management system across its global facilities. High-level executives are leading initiatives to reduce greenhouse gas emissions.

Items	Implementation Status				
	Increased negative feedback from stakeholders	Short-term	Low	Unable to meet stakeholder expectations has damaged the Company’s reputation and resulted in market sales losses.	Actively pay attention to climate change issues, promote clean production recycling, and publish sustainability reports every year, hold quarterly earnings calls, and strengthen the “Stakeholders” section of the Company’s website to maintain smooth communication channels with stakeholders, letting stakeholders understand the Company's energy conservation and carbon reduction efforts, and promptly responding to material issues of concern to all stakeholders.
	Carbon taxes (fees) being levied	Short-term	High	Increased cost of greenhouse gas emissions.	Promote various energy-saving measures to reduce carbon emissions.
	Renewable energy related regulations	Short-term	High	Policies lead to increased operating costs.	Sign green power purchase agreements and purchase renewable energy vouchers, supplemented by climate blueprint planning in order to achieve goals in stages.
	Increased investment costs in new technologies	Medium-term	Medium	Developing new technologies and implementing mass production takes time to achieve maximum capacity, including designing the best process and developing the best cost. It is impossible to break even in the early stages of development, which may cause financial	Integrate internal and external resources to accelerate the development of new technologies: Collaborate with academic and research institutions to jointly improve technical difficulties; integrate group resources to achieve the best cost control in production

Items	Implementation Status

			burdens.	and sales.
Market uncertainty	Medium-term	Low	Risks that may arise from changes in market demand or price fluctuations, leading to lower shipments and reduced revenue.	Develop a more diversified and environmentally friendly product portfolio to meet market demand.
Rising raw material and transportation costs	Medium-term	Low	Increased operating costs.	Seek out alternative raw material suppliers to increase supply chain resilience.

A summary of identified climate opportunities is as follows:

Opportunity items	Impact time	Impact level	Potential financial impacts	Coping strategies and measures
Promote cleaner production processes	Short-term	Medium	Reduce water/power consumption and reduce operating costs	Continue to promote various water/power saving measures.
Water resources management	Short-term	Low	Increase water resource utilization, reduce water withdrawals and reduce related expenditures	Improve the recovery rate of process wastewater in the factory.
Adopt new/low carbon technologies	Medium-term	Medium	Reduce operating costs	Accelerate the design and development of thermal fields for growing crystals.
Policy incentives	Short-term	Low	Obtain government subsidies and reduce capital expenditures	Evaluate the policy subsidy programs (such as working with suppliers to achieve low-carbon transformation) big drive small mechanism) to strengthen carbon management in the supply chain and contribute to the carbon footprint reduction effect of

Items	Implementation Status				
					company products.
	Continuous optimization of production processes	Short-term	Slight	Strengthen basic measures, build sustainable operating capabilities and make full use of high-efficiency materials to reduce costs	Evaluate the use of high-efficiency raw materials to reduce resource use.
	Develop new products or services through R&D and innovation	Medium-term	Medium	Develop low-power and low-energy consumption products to meet customer needs for energy-saving products and increase revenue	Continue to invest R&D resources to develop energy-saving products.
	Carbon information disclosure	Short-term	Low	Regularly report on the Company's carbon management information and performance to enhance corporate image and attract investors and financial institutions.	Increase the transparency and optimize the Company's carbon information disclosure, and improve the performance of the Company’s sustainable evaluation to enable external stakeholders to obtain relevant information in a timely manner and build trust with the Company.
3. Articulate the financial impacts of extreme climate events and transition actions.	Financial impacts of extreme climate events (such as increased operating costs and disruptions due to high temperatures and droughts) are detailed in Item 2 above. Using 100% renewable energy is one of the Company's energy management strategies. However, renewable energy is highly sensitive to climate factors, such as extreme temperatures, rising water temperatures, changes in water supply, and coastal and marine disasters. These climate changes will affect renewable energy transformation, transmission, distribution, and storage, and consequently affect renewable electricity generation. The financial impacts of transition actions may arise from the introduction of adaptation and mitigation measures, such as promoting clean production processes, adopting new/low-carbon technologies, continuous optimization of production processes, and developing new products or services through research and development and innovation, which may cause the rise of operation costs. In addition, it is possible that the Company faces risks such as borrowing setbacks. However, if the transition is successful, it will bring long-				

Items	Implementation Status
	term profitability and sustainable development to the Company. To properly manage relevant risks and opportunities, the Company integrates climate change risks and opportunities into operational decision-making, identifies and manages risks and opportunities, and recognizes the crisis of global warming and resource depletion. It will fully respond to the energy-saving and emission-reduction trend and carry out mitigation and adaptation measures.
4. Explain how the climate risk identification, assessment, and management process is integrated into the overall risk management system.	The Company continues to pay attention to climate change adaptation and control, and integrates climate change issues into the Company's overall risk management through regular risk identification, measurement, monitoring, reporting and response risk management procedures. To implement the risk management mechanism, the Corporate Sustainable Development Committee regularly reports (once a year) to the board of directors and the audit committee (composed of 4 independent directors) on the Company's operations-related environmental, social, and corporate governance issues and risk issues, and the relevant response strategies, management operations, and implementation status. Given the importance and uniqueness of the climate change issues, the Corporate Sustainable Development Committee also provides quarterly reports to the board of directors on environmental indicator performance and targets, climate change response and management, and other related matters.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and major financial impacts used should be explained.	The Company has established its climate scenario analysis based on the Task Force on Climate-related Financial Disclosures (TCFD) framework and refers to the latest scientific assessment reports released by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC). Physical risks are based on two representative concentration pathways set by the IPCC in AR6 as future climate scenarios, namely SSP1-2.6 (the world tries to achieve sustainable goals but progress is slow) and SSP5-8.5 (emission scenarios under almost no climate policy). To cope with future climate change, the Company has adopted the SSP1-2.6 low-emission and SSP5-8.5 extremely high-emission scenarios to set the climate disaster scenarios such as precipitation and high temperature in 2030. The goal is to estimate the occurrence probability and potential scale of climate disasters under this scenario, and use the potential scale of climate disasters as the future scenario assumption for physical risks. For transition risks, we refer to the IEA and set the base scenario as "global temperature rise of 1.5 degrees Celsius in the future," and set the future time scale to 2030 or 2050. Subsequently, we will conduct detailed climate scenario settings according to the attributes of each transition risk event. The Company comprehensively considers the physical and transition risk results identified in the above scenarios and their financial impacts, as detailed in Item 2 above. For detailed information, please refer to the "Climate Strategy and Action" chapter of the Company's sustainability report.

Items	Implementation Status
6. If there is a transition plan to manage climate-related risks, explain the content of the plan and the indicators and goals used to identify and manage physical and transition risks.	The Company joined the RE100 initiative in 2022 and is gradually achieving the phased goals of the climate blueprint: 20% renewable energy use by 2030, 35% by 2035, and 50% by 2040 to ultimately achieving the long-term goal of 100% renewable energy use by 2050. We will adopt strategies such as improving energy efficiency, low-carbon technology transformation (energy-saving action plans for facilities and process optimization), signing power purchase agreements (PPAs), and purchasing renewable energy certificates (RECs) to achieve this goal. These efforts aim to reduce carbon emissions from the power generation process and support the transition to net zero with practical actions. Furthermore, we plan to introduce operation sites worldwide that will comply with ISO 14064 greenhouse gas inventory and ISO 50001 energy management systems by the year 2024. These bases will undergo certification by third-party entities, and we will establish short-term, medium-term, and long-term goals for reducing greenhouse gas emissions.
7. If internal carbon pricing is used as a planning tool, the basis for price setting should be explained.	The Company conducted a review of its internal carbon pricing implementation method and checkpoints in 2023 in order to comply with carbon management policies and regulations implemented by different countries such as carbon fees or taxes, and to better track and monitor the carbon emissions of each operation site to achieve the Company's RE100 and carbon reduction targets. The carbon fee is based on the scope 1 and scope 2 carbon emissions of each plant, and the price is adjusted with reference to the EU CBAM, which is used as the Company's internal carbon pricing benchmark. This mechanism has been introduced to all operational sites of the group in 2024.
8. If climate-related goals are set, information such as the activities covered, greenhouse gas emission categories, planning schedule, and annual progress should be explained. If carbon offsets or renewable energy certificates (RECs) are used to achieve these goals, the source and quantity of the carbon offsets or the quantity of RECs should be explained.	The Company has set short-, medium-, and long-term reduction targets for "unit energy consumption of electricity" and "unit greenhouse gas emissions (Scope 2)". The target scope covers all of the Company's operating sites. Taking 2019 as the base year, the short-term (1-3 years) target is to reduce by 1-3% compared to the base year, the medium-term (3-10 years) target is to reduce by 4-10% compared to the base year, and the long-term (over 10 years) target is to reduce by more than 10% compared to the base year. Carbon reduction actions cover operational activities such as operating sites covered by Scope 1 and Scope 2, and achieve the relevant goals by implementing measures such as improving energy efficiency and low-carbon technology transformation (energy-saving action plans for facilities and process optimization). In addition, as of the end of 2023, the Company has a total of 96 renewable energy certificates, mainly from the certificates applied for self-generation and self-use of rooftop solar energy at GlobalWafers' Zhunan plant. For detailed information on the Company's historical number of renewable energy certificates, historical progress on climate goals (unit energy consumption of electricity and unit greenhouse gas emissions (Scope 2)), please refer to the "Climate Strategy and Action" chapter of the Company's sustainability report.

Items	Implementation Status
9. Greenhouse gas (GHG) inventory and assurance status and reduction targets, strategies, and specific action plans (also filled in 1-1 and 1-2).	The GHG inventory and assurance status are as follows in Table 1-1. The GHG reduction targets, strategies, and specific action plans are as follows in Table 1-2.

1-1 GHG inventory and assurance status for the past two years

1-1-1 GHG inventory information

Describe the GHG emissions (in tonnes CO2e), intensity (tonnes CO2e / million dollars), and data coverage for the past 2 years.			
Scope 1 (Coverage range)	Year	Total emissions (metric tons CO2e)	Intensity (metric tons CO2e/NT$ million)
GlobalWafers Co., Ltd. (parent company)	2022 (verified)	1,896.7908	0.0626
	2023 (verified)	2,043.7293	0.0661
Scope 2 (Coverage range)	Year	Total emissions (metric tons CO2e)	Intensity (metric tons CO2e/NT$ million)
GlobalWafers Co., Ltd. (parent company)	2022 (verified)	163,237.8148	5.3887
	2023 (verified)	147,918.5493	4.7822
The above information covers: Head Office (Hsinchu plant and Zhunan plant), Taisil Branch			

1-1-2 Greenhouse Gas Assurance Information

<table>
<tr><td colspan="5">Describe the assurance situation for the last two years as of the publication date of the annual report, including assurance scope, assurance organization, assurance criteria, and assurance opinions.</td></tr>
<tr><td>Year</td><td>Scope of Assurance</td><td>Assurance organization</td><td>Assurance criteria</td><td>Assurance opinion</td></tr>
<tr><td rowspan="2">2022</td><td>GlobalWafers Co., Ltd. (parent company) - Head office Hsinchu Plant and Zhunan Plant</td><td>DNV Business Assurance Co., Ltd. (DNV)</td><td>ISO 14064-3:2019</td><td>Assurance situation: The opinion is decided based on the following approaches,
− For the Direct (Category 1) and Indirect GHG emissions from imported energy (Category 2), the reliability of the information within the Inventory Report (2022) were verified with reasonable level of assurance.
− For the other indirect GHG emissions (Category 3 & Category 4), the involved information was tested using agreed-upon procedures, AUP, defined in Inventory Report.
It is DNV’s opinion that 100% GHG emissions and removals identified within the Reporting Boundary has been included in the Inventory Report as claimed in accordance with the verification criteria identified as stated above, and results in quantification of GHG emissions that are real, transparent and measurable.

Assurance opinion: Unmodified.</td></tr>
<tr><td>GlobalWafers Co., Ltd. (parent company) - Taisil Branch)</td><td>Lloyd's Register Quality Assurance (LRQA)</td><td>ISO 14064–3:2019</td><td>Assurance situation: The assurance was conducted at a reasonable level of assurance at a materiality of 5% for Categories 1 & Categories 2 and at a limited level of assurance at a materiality of 5% for Category 3 & Category 4. Based on LRQA’s approach,
- The GHG emissions for Category 1 and Category 2 disclosed in the Report as summarized in Table 1 below are materially correct.
- Nothing has come to our attention that would cause us to believe that the GHG emissions for Category 3 and Category 4 disclosed in the Report as summarized in Table 1 below are not materially correct.
and that the Report has been prepared in conformance with ISO 14064-1:2018.

Assurance opinion: Unmodified.</td></tr>
</table>

2023	GlobalWafers Co., Ltd. (parent company) - Head office Hsinchu Plant and Zhunan Plant	DNV Business Assurance Co., Ltd. (DNV)	ISO 14064–3:2019	Assurance situation: The opinion is decided based on the following approaches, − For the Direct (Category 1) and Indirect GHG emissions from imported energy (Category 2), the reliability of the information within the Inventory Report (2023) were verified with reasonable level of assurance. − For the other indirect GHG emissions (Category 3 & Category 4), the involved information was tested using agreed-upon procedures, AUP, defined in Inventory Report. Also, the GHG information as stated in Appendix B and C has been verified during the process. The opinion is decided based on the following approaches, − For the Direct (Category 1) and Indirect GHG emissions from imported energy (Category 2), the reliability of the information within the Inventory Report (2023) were verified with reasonable level of assurance. − For the other indirect GHG emissions, the involved information was tested using agreed-upon procedures, AUP, defined in Inventory Report. It is DNV's opinion that GHG emissions and removals identified within the Reporting Boundary has been included in the Inventory Report as claimed in accordance with the verification criteria identified as stated above, and results in quantification of GHG emissions that are real, transparent and measurable. Assurance opinion: Unmodified.
	GlobalWafers Co., Ltd. (parent company) - Taisil Branch)	Lloyd's Register Quality Assurance (LRQA)	ISO 14064–3:2019	Assurance situation: LRQA's verification has been conducted in accordance with ISO 14064–3:2019, 'Specification with guidance for verification and validation of greenhouse gas statements' to provide reasonable assurance for Category 1 and Category 2 and limited assurance for Category 3, and Category 4 that GHG data as presented in the Report have been prepared in conformance with ISO 14064–1:2018, 'Specification with guidance at the organizational level for quantification and reporting of greenhouse gas emissions and removals'. Based on LRQA's approach, - The GHG emissions for Category 1 and Category 2 disclosed in the Report as summarized in Table 1 below are materially correct. - Nothing has come to our attention that would cause us to believe that the GHG emissions for Category 3 and Category 4 disclosed in the Report as summarized in Table 1 below are not materially correct; and that the Report has been prepared in conformance with ISO 14064-1:2018. Assurance opinion: Unmodified.

1-2 GHG Reduction Targets, Strategies and Specific Action Plans

Describe the GHG reduction baseline year and its data, reduction targets, strategies, and specific action plans, and the progress of achieving the reduction targets.
1. Reduction baseline year: GlobalWafers uses 2019 as the baseline year for greenhouse gas reduction, with 529,872.21 tons CO2e of Scope 2 emissions. Due to the company's industrial characteristics, the main source of the Company’s greenhouse gas emissions is from Scope 2, which accounts for approximately 95~98% of the total GHG emissions of Scope 1 and Scope 2. Therefore, the unit emission of greenhouse gases (Scope 2) is used as the reduction target. 2. Reduction targets: For greenhouse gas unit emissions (scope 2), the short-term (1-3 years) target is to reduce by 1-3%, the medium-term (3-10 years) target is to reduce by 4-10%, and the long-term (over 10 years) target is to reduce by more than 10% compared to the baseline year of 2019. 3. Strategies: (1) Renewable energy adoption: Continuing to increase the proportion of renewable energy via self-built solar power generation systems and purchased renewable energy (eg PPA RECs). (2) Improve energy efficiency: Reduce equipment energy consumption by improving equipment. (3) Purchase carbon offset products: Offset carbon emissions by purchasing carbon emission trading credits. (4) Carbon removal: Support tree planting programs and participate in other natural solutions and conservation programs. 4. To effectively manage the impact of climate change-related risks and opportunities on GlobalWafers and support the transition to net zero, GlobalWafers has joined the RE100 initiative and committed to achieving 100% renewable energy use by 2050. To achieve this ambitious goal, the Company is implementing a multi-pronged strategy that includes signing power purchase agreements (PPAs) and purchasing renewable energy certificates (RECs). Additionally, GlobalWafers has established a climate blueprint with phased targets for increasing renewable energy usage: 20% by 2030, 35% by 2035, and 50% by 2040, and gradually realize the long-term goal of 100% renewable energy by 2050. In parallel with these efforts, the Company is also optimizing production processes to enhance product efficiency, improving equipment energy efficiency, replacing outdated equipment, and maintaining and optimizing existing facilities. These comprehensive measures will reduce carbon emissions from the power generation process and help GlobalWafers achieve its carbon reduction targets. 5. Reduction targets achievement status: For detailed information on historical progress and other data related to achieving reduction targets, please refer to the "Climate Strategy and Action" chapter of the Company's Sustainability Report.

(VIII) Fulfillment of Ethical Corporate Management, and variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such variance

Evaluation Item	Status			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Abstract Illustration	
I. Establishment of ethical corporate management policies and programs				
(I) Does the Company have a clear ethical corporate management policy approved by its board of directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the board of directors and the top management team?	V		(I) The Company has the "Ethical Corporate Management Best Practice Principles" and the "Code of Ethical Conduct," specifying the tangible content of ethical management policy and are approved by the board of directors. In addition, the "Procedures for Ethical Management and Guidelines for Conduct " and the "Measures for the Report on Illegal, Immoral and Dishonest ActsMeasures for the Report on Illegal, Immoral and Dishonest Acts", approved by the Chairperson, to implement the ethical management policy. The Company's standard contract clearly requires the counterparts of transactions to comply with the ethical management policy. The board of directors and senior management all have signed statement to actively implement the commitments in the ethical management policy. The Company also implements so in the internal management and business activities, including requiring employees to comply with the ethical management policy in the employment conditions.	No significant difference
(II) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the "Ethical	V		(II) In the " Procedures for Ethical Management and Guidelines for Conduct ", the Company has established the risk assessment mechanism for unethical conduct listed in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles," including: data collection through the annual compliance self-assessment of departments, qualitative interview, and tracking of emails by the IT department, for regular analysis and assessment, to identify these who with higher risks, and conduct individual	

Evaluation Item	Status			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Abstract Illustration	
Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?			investigation if required, with assistance of the audits from the internal audit units. So that the preventive programs to forbid offering and accepting bribery, providing illegal political donation or improper benefits, infringement of intellectual property rights, and unfair competition may be established, to ensure the Company's operation is consistent to the Ethical Corporate Management Best Practice Principles. Within the scope of business activities, all employees are obliged to cooperate with the compliance office for the investigation related to the said unethical conducts.	
(III) Whether the Company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and appealing procedures, and periodically reviews and revises such policies?	V		(III) Pursuant to the "Ethical Corporate Management Best Practice Principles," the Company has established the "Code of Ethical Conduct" and " Procedures for Ethical Management and Guidelines for Conduct " and the "Measures for the Report on Illegal, Immoral and Dishonest ActsMeasures for the Report on Illegal, Immoral and Dishonest Acts," specifying that no improper benefit shall be accepted, nor anything unethical or illegal may be conducted. These regulations also require to promote the importance of ethical conducts to directors and employees. The said programs are regularly reviewed for its adequacy and effectiveness based on the methods determined by the assessing mechanism of unethical conduct risk, and adjusted or amended when needed.	
II. Fulfill operations integrity policy (I) Whether the Company has assessed the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?	V		(I) The Company's Ethical Corporate Management Best-Practice Principles has clearly stipulated that before business contacts the legitimacy of counterparties in business transactions and the existence of records of unethical conducts should be taken into account, so as to avoid	No significant difference

Evaluation Item	Status			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Abstract Illustration	
			transaction with those involved in unethical conducts. In addition, pursuant to the "Procedures for Ethical Management and Guidelines for Conduct," before establish a business relationship with others, an ethical management assessment must be done. The Marketing Department uses the “Evaluation Chart for Client/Distributor/Agency’s Ethical Management,” and the Procurement Department uses the “Evaluation Chart for Suppliers’ (and Their Distributors/Agencies) Ethical Management” for quantified implementation in writing. The contracts to be signed with business counterparts shall specify the ethical management terms, to ensure the counterparts conform to the Company’s ethical management policy.	
(II) Whether the Company has set up a unit which is dedicated (or concurrent) to promoting the Company’s ethical standards and regularly (at least once a year) reports directly to the board of directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?	V		(II) The Company established the Compliance Section under the Legal Department, in charge of promoting the ethical corporate management policy, establishing the programs to preventing unethical conduct, and supervising the implementation. The compliance officer reports the implementation status to the board of directors once a year, and the most recent report was on November 7, 2023. The auditors may also supervise the implementation during the routine audit, and report to the board of directors if any abnormality is found. Implementation during the year: (1) Formulation and review of policies relating to ethical corporate management The Company has set up the "Ethical Corporate Management Best-Practice Principles", "Code of Ethical Conduct" and "Ethical Management and Guidelines for Conduct" and the “Measures for the Report on Illegal, Immoral and Dishonest Acts” which	

Evaluation Item	Status			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Abstract Illustration	
			clearly stipulates that matters such as obtaining illegitimate interests, violations of integrity or unlawful behaviors may not be accepted. The above internal regulations are reviewed and updated on an irregular basis by the Compliance Office with reference to external regulations and internal implementation status, for adjustment and amendment from time to time. In 2023, the Company has revised its "Measures for the Report on Illegal, Immoral, and Dishonest Acts" to expressly allow anonymous reporting according to the Taipei Exchange's "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies." (2) Internal and external policy propaganda Relevant important internal regulations such as the "Ethical Corporate Management Best-Practice Principles", "Code of Ethical Conduct," "Ethical Management and Guidelines for Conduct," and “Measures for the Report on Illegal, Immoral and Dishonest Acts” have been announced on the Company’s official website and internal websites for inquiries from external and parties. The Company also requires its suppliers to sign a “Supplier Code of Conduct and Promise Note” for the compliance with the laws and regulations, ethic, environment and quality specifications, which include regulations relevant to good faith management. (3) Reporting channels, treatment, and protection of whistle-blowers	

Evaluation Item	Status			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Abstract Illustration	
			The Company has set up the “Measures for the Report on Illegal, Immoral and Dishonest Acts”, which develop a disciplinary and appeal system for handling violations of the code of ethics in management, and establishes and discloses the employee suggestion box, e-mail address and complaint hotline on in the plant, the Company's external and internal website to encourage internal and external personnel to report on unethical behavior or misconduct. Anonymous whistleblowing is permitted. The identity and content of whistleblowing are strictly kept confidential, and the HR unit will verify and handle. Any one violate the ethical management requirements will be treated based on the severity of the violation. Report may be made to the competent authorities or law enforcement if required. (4) Education and training The Company formulates and conducts training regularly. The attendees and hours of trainings in 2023 are listed as the following: 1. Conduct a 1-hour "Insider Education Training" for directors, executives above the department level, and new employees. The contents include insider trading law analysis (constitutive elements, major news disclosure method and time period, judicial opinions) and insider equity transfer law analysis (The obligation to declare before/after the event, and maintaining the number of shares held by directors and supervisors); a total of 196 people participated. 2. A 2-hour "Integrity Management Education Training" was conducted for directors, executives above the department level, and new employees. The	

Evaluation Item	Status			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Abstract Illustration	
			training covered important legal compliance issues closely related to the technology industry, including trade secrets protection, competition law, anti-corruption, conflict of interest prevention, and export control. A total of 189 people participated in the training. 3. A 1-hour "US Export Control Regulations (EAR) New System Education Training" was conducted for marketing executives of the semiconductor business unit of the Company and its domestic and foreign subsidiaries. The training explained the latest overview of the US Export Control Regulations, including the revision of the Foreign Direct Product Rule clause based on national security considerations, expanding the extraterritorial jurisdiction of the United States to overseas products. The training also analyzed the impact of the new measures on the Company's business operations and suggested countermeasures. A total of 10 people participated in the training.	
(III) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		(III) In the “Code of Ethical Conduct,” the Company specifies the employees shall deal with the business in an objective and efficient manner, refrain from obtaining improper benefits for him/herself, others, or other business by exploiting his/her position in the Company, as the policy to prevent conflict of interest. In the "Procedures for Ethical Management and Guidelines for Conduct," it specifies the directors shall recuse themselves in the Board meetings if proposals involves their own interests. In addition, the Company prepares different channels to report conflicts of	

Evaluation Item	Status			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Abstract Illustration	
			interest: directors or independent directors shall state such to the President or the corporate governance officer; managers shall report to the compliance unit; the rest of the colleagues should report to the immediate supervisor and the Compliance Section, and the immediate supervisor should guide them appropriately.	
(IV) To implement relevant policies on ethical conducts, has the Company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?	V		(IV) The Company has established the accounting system and internal control system to be implemented. The audit plans including subject, scope, items, frequencies are prepared based on the assessment of unethical conduct, to audit the compliance with the ethical conduct program. The audit outcome shall be reported to the senior management and the dedicated ethical management unit, with the audit report submitted to the board of directors. In addition, to ensure the continuous effectiveness of the design and execution of such system, the Company reviews and amends the system annually, as the basis to evaluate the effectiveness of the internal control system, and the preparation of statement of internal control system.	
(V) Does the Company regularly hold internal and external educational trainings on operational integrity?	V		(V) The Company regularly formulates and conducts trainings, including laws and regulations related to corporate governance, ethical management, and business conducts. For “ethical management” and “prevention of insider trading” courses, the current directors, managers, or other employees deemed in need of such trainings shall attend at least every two years. New directors and managers shall attend within three months upon taking positions. New employees shall attend in the consolidated orientation prepared by the human resources. In addition, pursuant to the “Procedures for Ethical Management and Guidelines for Conduct," the Chairperson and the corporate governance	

Evaluation Item	Status			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Abstract Illustration	
			officers are arranged to communicate the importance of ethic to directors, managers, and supervisors in the Board meetings or supervisors' meetings. The Company offered 3 relevant training courses in 2023: "Insider Education Training," "Integrity Management Education Training," and "US Export Control Regulations (EAR) New System Education Training." The specific course content is as described above in (II)(4). A total of 395 people attended these courses.	
III. Operation of the Company's reporting system (I) Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		(I) In the "Measures for the Report on Illegal, Immoral and Dishonest Acts," the Company specifies the system, including internal and external whistleblowing channels by establishing the suggestion box, email box, and complaint hotline, and the handling principles, to implement the ethical management policy. Whistleblowing is accepted by the spokesperson, HR officers, or legal staff. Once the case is established, the handling unit will investigate and handle pursuant to the "Measures for the Report on Illegal, Immoral and Dishonest Acts." If the allegation is verified as truth, the whistleblower may be awarded if the case is material.	No significant difference
(II) Whether the Company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?	V		(II) In the "Measures for the Report on Illegal, Immoral and Dishonest Acts," the Company specifies the investigation and handling process corresponding to the alleged parties and involvement. The whistle-blowing is strictly kept confidential, and all possible efforts are made to protect the whistleblowers, while giving counterpart chance to appeal, in order to secure the legal rights of both parties. If the allegation is verified as truth, the alleged party will be required to cease the conduct immediately and proper actions will be taken. The related units will be required to review	

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<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Status</th><th rowspan="2">Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td>(III) Does the Company provide proper whistleblower protection?</td><td>V</td><td></td><td>and furnish corrective measures to prevent the incident from repeating. The Legal Department will review the whistleblowing, handling and follow up, and report to the board of directors.
(III) Pursuant to the “Measures for the Report on Illegal, Immoral and Dishonest Acts,” the Company handles whistle-blowing in confidential. All possible efforts are made to protect the whistleblowers, to keep their identities absolutely confidential, so they will not be treated improperly due to whistleblowing. Personnel handling whistleblowing cases must identify themselves to the whistleblower in writing and state that contents of the report will be kept confidential.</td><td></td></tr>
<tr><td>IV. Enhancing Information Disclosure
(I) Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company’s website and MOPS?</td><td>V</td><td></td><td>(I) The Company has a website to disclose the related corporate culture, operation guidelines, "Ethical Corporate Management Best-Practice Principles", "Code of Ethical Conduct," "Ethical Management and Guidelines for Conduct," and “Measures for the Report on Illegal, Immoral and Dishonest Acts” and implementation of ethical management.</td><td>No significant difference</td></tr>
<tr><td colspan="5">V. If the Company has established the ethical corporate management policies based on the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies”, please describe any discrepancy between the policies and their implementation:
The Company has established the “Ethical Corporate Management Best-Practice Principles” which clearly regulates the matters to be followed by the Company's staff. Other accusation cases and penalties are also clearly set out in relevant measures. There is no significant difference between the policies and the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies”.</td></tr>
<tr><td colspan="5">VI. Other important information to facilitate a better understanding of the Company’s ethical corporate management policies (under situations such as review and revision of regulations):
1. The Company complies with the Company Act, the Securities and Exchange Acts, the Business Entity Accounting Act, the Political Donations Act, the Anti-Corruption Act, the Government Procurement Act, the Act on Recusal of Public Servants Due to Conflicts of Interest, and other regulations for public companies and business related laws and regulations. Such compliance is the basic precondition to implement the ethical management. The Company all makes all possible</td></tr>
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<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td colspan="5">efforts to comply with the environment and quality policy with high standards.
2. The Company has set up provisions related to avoidance of directors' conflicts of interests in the “Rules of Procedure for board of directors Meetings”. If any director or a juristic person represented by a director is an interested party with respect to any agenda item, when the relationship is likely to prejudice the interests of the Company, the director may express their opinion and answer queries, but may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.
3. The Company has established the “Management Procedure to Prevent Insider Trading,” specifying that insiders, quasi-insiders, information receivers, upon actually knowing of any information that will have a material impact on the price of the securities of the issuing company, after the information is precise, and prior to the public disclosure of such information or within 18 hours after its public disclosure, shall not purchase or sell, in the person's own name or in the name of another, shares of the Company that are listed on an exchange or an over-the-counter market, or any other equity-type security of the Company, or the non-equity-type corporate bonds of such company that are listed on an exchange or an over-the-counter market, so that anyone knowing material information will not violate the regulations of insider trading due no ignorance to laws. In addition, the "Management Procedures to Prevent Insider Trading" stipulates that directors, managers, and the natural persons appointed as a proxy to exercise duties specified in Article 27, Paragraph 1 of the Company Act, are forbidden to trade their shares during the lock-up period from 30 days prior to the announcement of annual financial statements, and 15 days prior to the announcement of quarterly financial statements. The Company requested the President Office to inform the persons subject to the provisions the lock period forbidding trading after arranging dates of board meetings; the President Office also review the compliance of the concerned persons when reporting the equity every month.
4. The Company has established the “Procedures for Handling Material Inside Information,” for good internal material information handing and disclosing mechanism, while ensuring the consistency and accuracy of the information announced externally. The Procedures specifies that no director, supervisor, managerial officer, or employee of this Corporation may inquire about or collect any non-public material inside information of this Corporation not related to their individual duties from a person with knowledge of such information, nor may they disclose to others any non-public material inside information of this Corporation of which they become aware for reasons other than the performance of their duties.
5. On September 7, 2023, the Company's board of directors approved the 4th revision of the "Measures for the Report on Illegal, Immoral, and Dishonest Acts" to comply with the Taipei Exchange's "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies" guidelines. The revised measures expressly allow anonymous reporting.
6. On March 14, 2023, the Company's board of directors approved the 3rd revision of the "Legal Compliance Measures" to clarify that if any department is notified, sanctioned, or has a lawsuit by a regulatory authority, the reporting shall be made to the responsible authority (e.g., the board of directors) based on the nature and applicable laws and regulations. The information shall be compiled and disclosed in the annual Sustainability Report.</td></tr>
</table>

(IX) If the Company has established corporate governance principles and related guidelines, disclose the means of accessing this information: The Company established the " Corporate Governance Best-Practice Principles" according to the " Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies," which is available on the MOPS or the Company's official website (https://www.sas-globalwafers.com/corporate).

(X) Other significant information that will provide a better understanding of the state of the Company's implementation of corporate governance may also be disclosed:

1. Company website: http://www.sas-globalwafers.com “Investors” and “ESG” sections
2. Directors’ education and training

Name	Training date	Sponsored by	Training Course	Number of Training Hours
Hsiu-Lan Hsu	2023/07/04	Taiwan Stock Exchange Corporation	2023 Cathay Sustainable Finance and Climate Change Summit	6
	2023/07/06	Taiwan Corporation Governance Association	Directors’ Roles and Compliance Response to Operating Rights Challenges Under Corporate Governance 3.0	3
	2023/11/27	Taiwan Corporation Governance Association	Corporate Governance and Securities Regulations	3
Ming-Kuang Lu	2023/07/06	Taiwan Corporation Governance Association	Directors’ Roles and Compliance Response to Operating Rights Challenges Under Corporate Governance 3.0	3
	2023/07/11	Taiwan Corporation Governance Association	Risk Management and Internal Control	3
	2023/07/20	Taipei Exchange	Taipei Exchange Family ESG Sharing Session	3
	2023/07/27	Taiwan Corporation Governance Association	The Role of Financial Decision-Making in Business Operations	3
	2023/10/30	Taiwan Corporation Governance Association	Considerations for Corporate M&A	3
Tang-Liang Yao	2023/07/04	Taiwan Stock Exchange Corporation	2023 Cathay Sustainable Finance and Climate Change Summit	6
	2023/11/27	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3
Kuo-Chow Chen	2023/05/23	Taipei Exchange	TWSE (TPEx) Sustainable Development Action Plan Promotion Seminar	3
	2023/07/04	Taiwan Stock Exchange Corporation	2023 Cathay Sustainable Finance and Climate Change Summit	3
Jeng-Ywan Jeng	2023/07/06	Taiwan Corporation Governance Association	Directors’ Roles and Compliance Response to Operating Rights Challenges Under Corporate Governance 3.0	3
	2023/07/11	Taiwan Corporation Governance Association	Risk Management and Internal Control	3
Chung-Yu Wang	2023/05/05	Taiwan Corporation Governance Association	Exploration of Corporate Employee Incentive Reward Strategies and Tool Applications	3
	2023/05/10	Independent Director Association Taiwan	Cutting-Edge Tools for the board of directors to Audit Fraud Alerts: Corporate Internal Investigations and Electronic Evidence Discovery	3
	2023/11/08	Taiwan Corporation Governance Association	Introduction to IFRS Sustainability Disclosure Standards No. S1 and No. S2	3
Ming-Ren Yu	2023/07/04	Taiwan Stock Exchange Corporation	2023 Cathay Sustainable Finance and Climate Change Summit	6
Ta-Hsien Lo	2023/06/28	Industrial Technology Research Institute	Corporate Strategies and Responses in Addressing ESG Sustainable Development	6
	2023/07/04	Taiwan Stock Exchange Corporation	2023 Cathay Sustainable Finance and Climate Change Summit	6

(XI) Internal Control System Execution Status:

1. Declaration of Internal Control

GlobalWafers Co., Ltd.

Declaration of Internal Control System

Report date: February 27, 2024

For the internal control system of 2022, based on the results of our inspection, we hereby declare as follows:

1. The Company knows that it is the responsibility of the board of directors and managers to establish, implement and maintain the internal control system, which has been established by the Company. The purpose is to reasonably ensure the operation effectiveness and efficiency (including profit, performance and security of assets), and achieving the objectives such as reliability, timeliness, transparency and compliance with relevant norms and regulations of the reporting.
2. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three objectives. Moreover, due to the change of environment and circumstances, the effectiveness of the internal control system may change accordingly. The Company's internal control system has a self-monitoring mechanism. Once the deficiencies are identified, the Company will take corrective action.
3. The Company judges whether the design and implementation of the internal control system are effective according to the judgment item of the effectiveness of the internal control system stipulated in the Treatment Guidelines for the Establishment of Internal Control System for Public Issuing Companies (hereinafter referred to as "Treatment Guidelines"). According to the process of management control, the judgment item of the internal control system adopted by the Treatment Guidelines is divided into five elements: 1. control environment; 2. risk evaluation; 3. control operation; 4. information and communication; and 5. supervision operation. Each element also includes several items. For the above items, please refer to the provisions of the Treatment Guidelines.
4. The Company has adopted the above judgment item of internal control system to evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on results of the above evaluation, the Company believes that the internal control system (including the supervision and management of subsidiaries) in Note 2 of December 31st, 2023 including understanding the effect of operation, the extent to which the efficiency objectives have been achieved and reporting, is reliable, timely and transparent. The design and execution complying with relevant norms, decrees and regulations and following the relevant internal control system are effective and can reasonably ensure the achievement of the above objectives.
6. This declaration will be the main content of the annual report and the public instructions of the Company and made public to the outside world. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This declaration has been approved by the board of directors on February 27, 2024. Among the seven directors, none of them has any objection and agreed to the content of this declaration. The rest of them agree with the content of this declaration and make this declaration.

GlobalWafers Co., Ltd.

Chairperson: Hsiu-Lan Hsu

President: Mark Lynn England

2. If accountants are entrusted to examine the internal control system on a project basis, the auditing report of accountants should be disclosed: None.

(XII) If there has been any legal penalty against the Company or its internal personnel, or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

(XIII) Important resolutions of the shareholders' meeting and the board of directors in recent years and up to the date of publication of the annual report:

1. Important resolutions of the 2023 annual general meeting (June 20, 2023) and implementation status

Important resolutions	Implementation Status
1. Passed the proposal to amend the "Third-party Fund Lending Operating Procedures"	Implemented according to revised provisions after the resolution of the shareholders' meeting.
2. The revision of the Company's "Procedures for Acquisition or Disposal of Assets".	Implemented according to revised provisions after the resolution of the shareholders' meeting.
3. Approved the proposal to conduct public offerings of securities, to meet the Company's financial needs.	The Company issued 42,000,000 Global Depositary Shares (the "GDSs") representing 42,000,000 common shares of the Company on April 2, 2024 pursuant to the Company's shareholders' meeting resolution on June 20, 2023, the board of directors resolution on February 27, 2024, and approval by the Financial Supervisory Commission via Letter Chin-Kuan-Cheng-Fa-Zi 1130335294 dated March 25, 2024. The issue price of each GDS was US$16.40, raising a total of US$688,800,000 in cash.
4. Proposal to Elect an Additional Independent Director	After the shareholders' meeting resolution, the appointment of one independent director was approved by the Hsinchu Science Park Bureau, NSTC, on June 29, 2023.
5. Passed the proposal to lift the non-competition restriction for new directors.	Lift the non-competition restriction for new directors according to the shareholders' meeting resolution.
6. The recognition of the Business Report and Financial Statements, and Table of Earning Distribution of 2022 was approved.	Resolved by the Shareholders' meeting

2. Important resolutions made by the board of directors' meeting

Date	Important resolutions
5th Term 13th meeting 2023.03.14	1. Proposal for the Company's 2022 employee and director remuneration distribution 2. Proposal for the Company's 2022 annual business report and financial statement

Date	Important resolutions
	3. Proposal for the Company’s CPA independence and suitability assessment as well as appointment renewal 4. Proposal for the Company's 2022 “Internal Control System Statement” 5. Proposal to conduct a public offering of securities to address our Company's funding needs 6. Proposal to Elect an Additional Independent Director 7. Propose to lift the non-competition restriction for new directors 8. Proposal for the independent director nomination candidates list and review by the board of directors 9. Proposal to formulated the 2023 regular shareholders’ meeting agenda and related matters 10. Proposal for the 2023 regular shareholders’ meeting to accept written proposals from shareholders and work process related matters 11. Proposal for the 2023 regular shareholders’ meeting to accept the list of independent director candidates nominated by shareholders 12. Proposal for financial institutions provide credit lines and foreign exchange quotas 13. Proposal by the Company to apply for a commercial promissory note underwriting from financial institutions 14. Proposal for the Company to issue a letter of support (LOS) for its subsidiary to apply for a bank credit line 15. Proposal for the Company to provide financial loan to its subsidiary 16. Proposal for overdue receivables of the Company and its subsidiaries exceeding 3 months not to be reclassified as loans to others since they are all related to actual transactions 17. Proposal to amend the Company's “Corporate Group Sector-Specific Company and Affiliate Transaction Procedures” 18. Proposal to amend the Company's “Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises” 19. Proposal to amend the Company's “Subsidiary Supervision and Management Method for GlobalWafers” 20. Proposal to amend the Company's “Legal Compliance Measures” 21. Proposal for the acquisition of 100% equity of Shanghai Sawyer Shenkai Technology Material Co., Ltd. (a subsidiary of Crystalwise Technology Inc.) by the mainland China subsidiary Kunshan Sino Silicon Technology Co., Ltd. 22. Credit line application for a subsidiary 23. Proposal to change the Company’s spokesperson and acting spokesperson 24. Proposal to promote the Accounting Manager and Adjust remuneration for the Vice Presidents of the Materials Department and the Administrative Department 25. Proposal for personnel promotion
5th Term 14th meeting 2023.05.02	1. Motion for the Company’s consolidated financial statements of Q1 2023. 2. The 2022 earning distribution table and the proposal of the earning distribution for the latter half of 2022. 3. Approved the credit lines and foreign exchange quotas provided by the financial institution 4. Proposal by the Company to apply for a commercial promissory note underwriting from financial institutions 5. Apply bank credit line for the Company’s subsidiary, and the Company serves as the guarantor. 6. Proposal for overdue receivables of the Company and its subsidiaries exceeding 3 months not to be reclassified as loans to others since they are all related to actual transactions 7. Remove the non-compete clause for the Company's managers. 8. Proposal for the Company to enter into a share exchange agreement with

Date	Important resolutions
	Crystalwise Technology Inc. using the issuance of new shares as consideration. 9. Proposal to formulated the 2023 regular shareholders' meeting agenda and related matters (add new report items) 10. Allocation of Directors' Remuneration of the Company of 2022 11. The Company's Allocation of Managers and employees Remuneration of 2022
5th Term 15th meeting 2023.08.01	1. Motion for the Company's consolidated financial statements of Q2 2023. 2. Approved the credit lines and foreign exchange quotas provided by the financial institution 3. Apply bank credit line for the Company's subsidiary, and the Company serves as the guarantor. 4. Proposal for the Company to issue a letter of support (LOS) for its subsidiary to apply for a bank credit line 5. Proposal for Company's CPA audit fees for 2023 and 2024 6. Proposal to change the Company's endorsement seal custodian 7. Proposal for the Company to donate NT$5 million to "The Alliance Cultural Foundation"
5th Term 16th meeting 2023.11.07	1. Motion for the Company's consolidated financial statements of Q3 2023. 2. Proposal for the Company's 2024 "Internal Audit Plan" 3. Approved the credit lines and foreign exchange quotas provided by the financial institution 4. Proposal for the Company to provide joint guarantee for its subsidiary to apply for a bank credit line 5. Apply bank credit line for the Company's subsidiary, and issuance of a letter of support (LOS). 6. Proposal for the Company to provide financial loan to its subsidiary 7. Proposal for overdue receivables of the Company and its subsidiaries exceeding 3 months not to be reclassified as loans to others since they are all related to actual transactions 8. Proposal for the Company to issue domestic unsecured ordinary corporate bonds 9. Proposal for the disposal of reinvestment company's shares 10. Proposal to amend the Company's " Corporate Governance Best Practice Principles" 11. Proposal to amend the Company's "Information Security Management Policy" 12. Proposal to appoint the Company's "Appointment of Chief Information Security Officer" 13. Proposal for personnel promotion 14. Proposal to adjust the salaries of the Company's managers
5th Term 17th meeting 2023.12.12	1. Establish the 2024 business plan 2. The Company's earnings allocation for the first half of 2023 3. Approved the credit lines and foreign exchange quotas provided by the financial institution 4. Proposal by the Company to apply for a commercial promissory note underwriting from financial institutions 5. Proposal for the Company to issue a letter of support (LOS) for its subsidiary to apply for a bank credit line 6. Proposal to provide a guarantee to the supplier for our subsidiary's machinery and equipment purchase 7. Proposal to formulate the Company's "Corporate Sustainable Development Policy" 8. Amend "General Principles of the Company's Pre-Approved Non-Assurance Service Policy" 9. Proposal to change the Company's "Corporate Governance Officer"

Date	Important resolutions
5th Term 18th meeting 2024.01.17	1. GlobalWafers GmbH, the Company's German subsidiary, intends to issue overseas convertible bonds with warrants, for which the Company intends to provide a guarantee.
5th Term 19th meeting 2024.02.27	1. Employee Remuneration and Director Remuneration Distribution Plan of the Company of 2023 2. The Company’s business report and financial statements for 2023 3. Proposal to change Company's CPA due to the accounting firm's internal business adjustment 4. The Company's 2023 Declaration of Internal Control System 5. Proposal to amend the Company’s “Internal control system” 6. Approved the credit lines and foreign exchange quotas provided by the financial institution 7. The Company applies commercial paper underwriting limit from a financial institute 8. The Company plans to increase cash capital, issue new shares, and participate in the issuance of overseas depositary receipts 9. Proposal for the Company to provide joint guarantee for its subsidiary to apply for a bank credit line 10. Proposal for overdue receivables of the Company and its subsidiaries exceeding 3 months not to be reclassified as loans to others since they are all related to actual transactions 11. Proposal to amend the Company's “Policies and Procedures for Financial Derivatives Transactions” 12. Proposal to amend the Company's "Rules of Board of Directors Meetings " 13. Proposal to amend the Company’s “Audit Committee Charter” 14. Amend “General Principles of the Company's Pre-Approved Non-Assurance Service Policy” 15. Proposal to reelect all directors 16. Proposal to nominate and review candidates for directors (including independent directors) 17. Propose to lift the non-competition restriction for new directors 18. Proposal for the 2024 regular shareholders’ meeting agenda and accepting matters related to shareholder proposals and nominations
5th Term 20th meeting 2024.04.10	1. Proposal for the Company’s to establish a subsidiary GlobalWafer Capital Co., Ltd. in Taiwan 2. Approved the credit lines and foreign exchange quotas provided by the financial institution 3. Proposal for the Company to issue a letter of support (LOS) for its subsidiary to apply for a bank credit line

(XIV) As of the Date of this Annual Report, a Director or a Supervisor Has Expressed Disagreement to a Resolution Passed by the board of directors and Kept Document or a Written Statement: None.

(XV) As Of The Date Of This Annual Report, Resignation Or Dismissal Of Personnel Responsible For Financial Report (Including Chairperson, President, Accounting And Audit Managers): None.

April 30, 2024

Title	Name	Date hired	Date dismissed	Reason for resignation or dismissal
Corporate Governance Officer	Ming-Huei Chien	2019.05.07	2023.12.12	Position adjustment: Ms. Yu-Ru Chen, Manager of the President’s Office took over as head of corporate governance

IV. Information Regarding Audit Fees

Unit: NT$thousand

Accounting Firm	Name of accountant	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
KPMG	An-Chih Cheng Mei-Yu Tseng	2023	7,294	Taxation related service 3,630	10,924	

(I) When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: Not applicable.

(II) If the audit fees have decreased by more than 10% compared to the previous year, the amount, ratio, and reason for the reduction in audit expense should be disclosed: Not applicable.

V. Information on Changes to Accountants

Information on Replacement of Independent Auditors in the Last Two Years and Thereafter: Reasons for replacement of CPAs in the last 2 years and later: the replacement of CPAs for the Company in the last 2 years was the result of the organizational adjustment and rotation of duties inside KPMG Taiwan. The Company did not replace the accounting firm.

VI. The Chairperson, President, Finance or Accounting Manager Who Has Worked in the Accounting Firm or Affiliates in the Most Recent Year, the Name, Position and the Service Period Shall Be Disclosed: None.

VII. Share transfer by directors, supervisors, managerial officers and shareholders holding more than 10% equity and changes to share pledging by them in the past year and up to the date of report

(I) Net Change in Shareholding and Net Change in Shares Pledged by Directors, Management and Shareholders with 10% Shareholdings or More

Unit: Shares

Title	Name	2023		Current year to April 19, 2024		Remarks
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged	
Chairperson	Hsiu-Lan Hsu	–	–	–	–	Took the office on January 19, 2015
Director	Sino-American Silicon Products Inc.	280,864 (Note 2)	–	–	–	
	Representative: Ming-Kuang Lu	–	–	–	–	Took the office on January 19, 2015
	Representative: Tang-Liang Yao	1,960 (Note 2)	–	–	–	Took the office on January 19, 2015
Director	Kuo-Chow Chen	–	–	–	–	Took the office on January 19, 2015
Independent Director	Jeng-Ywan Jeng	–	–	–	–	Took the office on June 25, 2018
Independent Director	Chung-Yu Wang	–	–	–	–	Took the office on August 24, 2021
Independent Director	Ming-Ren Yu	–	–	–	–	Took the office on August 24, 2021
President	Mark Lynn England	–	–	–	–	Took the office on October 1, 2014
Manager	Wen-Ching Hsu	–	–	–	–	Took the office on September 2, 2014
Manager	Wei-Wen Chen	(20,000)	–	–	–	Took the office on September 2, 2014
Manager	Sheng-Hsiung Hung	–	–	–	–	Took the office on September 2, 2014
Manager	Jing-Wen Chou	–	–	–	–	Dismissed on 2023.04.30
Manager	Chung-Wei Lee	–	–	–	–	Took the office on March 21, 2017
Manager	Tien-wen Yu	–	–	–	–	Took the office on March 20, 2018
Financial manager	Ming-Hui Chien	–	–	–	–	Took the office on September 2, 2014
Accounting Manager	Yu-Ting Lo	–	–	–	–	Took the office on March 23, 2018
President of Taisil Branch	Yin-Sheng Hsueh	–	–	–	–	Took the office on January 2, 2020
Manager of Taisil branch	Liang-Chin Chen	–	–	–	–	Took the office on February 1, 2020
Manager of Taisil branch	Yao-Yi Huang	–	–	–	–	Took the office on February 1, 2020
Manager of Taisil branch	Chun-Jung Huang	–	–	–	–	Took the office on February 1, 2020
Manager of Taisil branch	Chun-Wei Huang	–	–	–	–	Took the office on February 1, 2020

Note 1: The change in shareholding is disclosed within the service period.

Note 2: The increase in the number of shares held in 2023 is due to the conversion of shares originally held in Crystalwise Technology Inc. into shares of the Company as a result of the share exchange between Crystalwise Technology Inc. and the Company on November 1, 2023.

(II) Shares Trading with Related Parties: None.

(III) Shares Pledge with Related Parties: None.

VIII. Relationship Information of the Top 10 Shareholders Among Who Are Related Parties

Unit: Share; %; April 19, 2024

Name	Shareholding		Shareholding Under Spouse Or Underage Children		Shareholding Under Other		Top 10 Shareholders Among Who Are Related Parties		Remarks
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name (or Alias)	Relationship	
Sino-American Silicon Products Inc.	223,007,864	46.64%	—	—	—	—	None	None	
Representative: Hsiu-Lan Hsu	847,879	0.18%	—	—	—	—	None	None	
Cathay Life Insurance Company, Ltd.	14,269,000	2.98%	—	—	—	—	None	None	
Yuanta Taiwan Value High Interest ETF Securities Investment Trust Fund Special Account in custody of Hua Nan Bank	9,098,000	1.90%	—	—	—	—	None	None	
Capital World Growth and Income Fund Investment Account in custody of J.P. Morgan Taiwan	7,996,000	1.67%	—	—	—	—	None	None	
Fubon Life Insurance Co., Ltd.	7,418,000	1.55%	—	—	—	—	None	None	
Capital Gains Builder Investment Account in custody of J.P. Morgan Taiwan	7,385,850	1.54%	—	—	—	—	None	None	
American Fund Global Balanced Fund Investment Account in custody of J.P. Morgan Taiwan	7,090,000	1.48%	—	—	—	—	None	None	
Nan Shan Life Insurance Co., Ltd.	6,081,000	1.27%	—	—	—	—	None	None	
Singapore government—GOS—EFM C in custody of Citibank	5,504,541	1.15%	—	—	—	—	None	None	
Citi Global Markets-Asia Pacific Integrated Equity Finance in custody of Citibank	4,712,650	0.99%	—	—	—	—	None	None	

IX. Total Numbers and Equity of Shares Held In any Single Enterprise by the Company, Directors, Supervisors, Managers and Any Companies Controlled Either Directly or Indirectly by the Company

December 31, 2023
Unit: Thousand shares; %

Reinvested entities (Note 1)	Investment by GWC		Investments directly or indirectly controlled by directors, supervisors and managers		Total investment	
	Number of shares	Shareholding Ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding Ratio
GlobalSemiconductor Inc.	23,000	100.00%	-	-	23,000	100.00%
GlobalWafers Japan Co.,Ltd.	128	100.00%	-	-	128	100.00%
GlobalWafers GmbH	48,025	100.00%	-	-	48,025	100.00%
GlobalWafers Singapore Pte. Ltd. (Formerly GWafers Singapore Pte. Ltd.) (Note 3)	41,674	100.00%	-	-	41,674	100.00%
GlobalWafers B.V.	0,1	100.00%	-	-	0,1	100.00%
Sunrise PV Four Co., Ltd.	104,500	100.00%	-	-	104,500	100.00%
Sunrise PV Electric Power Five Co., Ltd.	27,800	100.00%	-	-	27,800	100.00%
GlobalWafers Holding Co., Ltd.	25,000	100.00%	-	-	25,000	100.00%
Hong-Wang Investment Company	30,976	30.98%	-	-	30,976	30.98%
Crystalwise Technology Inc.	43,836	100.00%	-	-	43,836	100.00%
Crystalwise Technology (HK) Limited	-	-	48,100	100.00%	48,100	100.00%
Yuan Hong (SHANDONG) Technical Materials Ltd.	-	-	(Note 2)	100.00%	(Note 2)	100.00%
Kunshan Sino Silicon Technology Co., Ltd.	-	-	(Note 2)	100.00%	(Note 2)	100.00%
MEMC Electronic Materials Sdn.Bhd.	-	-	1,036	100.00%	1,036	100.00%
Kunshan SST Trading Co.,Ltd.			(Note 2)	100.00%	(Note 2)	100.00%
Shanghai Sawyer ShenKai Technology Material Co., Ltd.	-	-	(Note 2)	100.00%	(Note 2)	100.00%
Yuan Hong Technology Materials Co., Ltd.	-	-	(Note 2)	90.00%	(Note 2)	90.00%
MEMC Japan Ltd.	-	-	750	100.00%	750	100.00%
MEMC Electronic Materials S.p.A.	-	-	65,000	100.00%	65,000	100.00%
MEMC Electronic Materials France SarL	-	-	0.5	100.00%	0.5	100.00%
GlobiTech Incorporated.	-	-	1	100.00%	1	100.00%
MEMC LLC	-	-	-	100.00%	-	100.00%
GlobalWafers America,LLC			1	100.00%	1	100.00%
MEMC Korea Company	-	-	25,200	100.00%	25,200	100.00%
MEMC Ipoh Sdn.Bhd.			612,300	100.00%	612,300	100.00%
Topsil GlobalWafers A/S	-	-	1,000	100.00%	1,000	100.00%

Note 1: These represent investments accounted for using the equity method.
Note 2: No shares, as it is a limited company.
Note 3: Singapore subsidiary GWafers Singapore Pte. Ltd. and Singapore subsidiary GlobalWafers Singapore Pte. Ltd. merged on January 1, 2023, and the surviving company was GWafers Singapore Pte. Ltd. which changed its name to GlobalWafers Singapore Pte. Ltd.

Four. Capital Overview

I. Capital and Shares

(I) Sources of Capital

1. Type of stock

April 30, 2024, Unit: Share

Type of Stock	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total	
Registered common stock	478,113,725	521,886,275	1,000,000,000	This stock belongs to TPEx listed stock.

2. The formation of capital

April 30, 2024, Unit: NTD; Share

Month/ Year	Par Value	Authorized Capital		Paid-in Capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2011/10	10	300,000,000	3,000,000,000	180,000,000	1,800,000,000	Established with 1,800,000,000 of capital	None	Note 1
2012/05	10	400,000,000	4,000,000,000	317,500,000	3,175,000,000	Capital increased by cash 1,375,000,000	None	Note 2
2015/01	10	400,000,000	4,000,000,000	349,250,000	3,492,500,000	Capital increased by cash 317,500,000	None	Note 3
2015/09	10	400,000,000	4,000,000,000	369,250,000	3,692,500,000	Capital increased by cash 200,000,000	None	Note 4
2017/05	10	600,000,000	6,000,000,000	437,250,000	4,372,500,000	Capital increased by cash 680,000,000	None	Note 5
2022/11	10	600,000,000	6,000,000,000	435,237,000	4,352,370,000	Cancellation of treasury stock and capital reduction of 20,130,000	None	Note 6
2023/11	10	1,000,000,000	10,000,000,000	436,113,725	4,361,137,250	Converted shares with Crystalwise Technology and issued new shares worth NT$8,767,250	None	Note 7
2024/04	10	1,000,000,000	10,000,000,000	478,113,725	4,781,137,250	Capital increased by cash 420,000,000	None	Note 8

Note 1: Approved by Hsinchu Science Park Administration on Oct 18, 2011, Yuan-Shang-Zi No. 1000030345.

Note 2: Approved by Hsinchu Science Park Administration on May 16, 2012, Yuan-Shang-Zi No. 1010014266.

Note 3: Approved by Hsinchu Science Park Administration on Feb 25, 2015 Zhu-Shang-Zi No. 1040005439.

Note 4: Approved by Hsinchu Science Park Administration on Oct 15, 2015, Zhu-Shang-Zi No. 1040029649.

Note 5: Approved by Hsinchu Science Park Administration on May 17, 2017, Zhu-Shang-Zi No. 1060012613.

Note 6: Approved by Hsinchu Science Park Administration on November 9, 2022, Zhu-Shang-Zi No. 1110035918.

Note 7: Approval letter Zhu-Shang-Zi No. 1120037966 issued by the Hsinchu Science Park Administration on November 17, 2023.

Note 8: Approval letter Zhu-Shang-Zi No.1130011578 issued by the Hsinchu Science Park Administration on April 19, 2024.

3. General information about the reporting system: Not applicable.

(II) Shareholder Structure

1. Shareholder Structure

April 19, 2024, Unit: Person; Share; %

Shareholder structure	Government Institutions	Financial Institutes	Other Juridical Persons	Natural Persons	Foreign institutes and foreigners	Total
No.of people	6	60	262	45,239	664	46,231
Shareholding (shares)	6,168,231	55,585,529	230,717,292	65,996,912	119,645,761	478,113,725
Holding Percentage (%)	1.29%	11.63%	48.26%	13.79%	25.03%	100%

(III) Shareholding Distribution Status

April 19, 2024, Unit: Person; Share; %

Class of Shareholding	Number of Shareholders	Shareholding (shares)	Shareholding ratio
1~ 999	28,086	3,421,981	0.72%
1,000~ 5,000	15,741	27,232,610	5.70%
5,001~ 10,000	1,194	9,140,935	1.91%
10,001~ 15,000	331	4,272,610	0.89%
15,001~ 20,000	187	3,386,386	0.71%
20,001~ 30,000	192	4,888,802	1.02%
30,001~ 40,000	90	3,204,269	0.67%
40,001~ 50,000	57	2,631,462	0.55%
50,001~ 100,000	136	10,002,692	2.09%
100,001~ 200,000	86	11,997,600	2.51%
200,001~ 400,000	44	12,314,329	2.58%
400,001~ 600,000	23	11,406,891	2.39%
600,001~ 800,000	13	9,204,270	1.93%
800,001~ 1,000,000	8	7,227,702	1.51%
Over 1,000,001	43	357,781,186	74.82%
Total	46,231	478,113,725	100%

(IV) Major Shareholders

Shareholders with a stake of 5 percent or greater; if fewer than ten, the names of the top ten shareholders in terms of shareholding, shall be specified with the number of shares and stake held by each shareholder on the list:

April 19, 2024, Unit: Share; %

Shares / Name of Major Shareholders	Shareholding (shares)	Shareholding ratio (%)
Sino-American Silicon Products Inc.	223,007,864	46.64%
Cathay Life Insurance Company, Ltd.	14,269,000	2.98%
Yuanta Taiwan Value High Interest ETF Securities Investment Trust Fund Special Account in custody of Hua Nan Bank	9,098,000	1.90%
Capital World Growth and Income Fund Investment Account in custody of J.P. Morgan Taiwan	7,996,000	1.67%
Fubon Life Insurance Co., Ltd.	7,418,000	1.55%
Capital Gains Builder Investment Account in custody of J.P. Morgan Taiwan	7,385,850	1.54%
American Fund Global Balanced Fund Investment Account in custody of J.P. Morgan Taiwan	7,090,000	1.48%
Nan Shan Life Insurance Co., Ltd.	6,081,000	1.27%
Government of Singapore－GOS－EFM C in custody of Citibank	5,504,541	1.15%
Citi Global Markets Limited -Asia Pacific Synthetic Equity Finance in custody of Citibank	4,712,650	0.99%

(V) Share prices for the past 2 fiscal years, together with the Company's net worth per share, earnings per share, dividends per share, and related information:

Unit: NTD; Thousand Shares

Year / Item			2022	2023	2024 up to March 31
Market price per unit	Highest		906.00	639.00	612.00
	Lowest		331.50	425.5	548.00
	Average		534.43	505.48	584.48
Net Worth Per Share	Before Distribution		124.81	152.37	—
	After Distribution		108.81	(Note)	—
Earnings per Share	Weighted average shares		435,237	435,384	—
	Earnings per Share	Before retrospective adjustment	35.31	45.41	—
		After retrospective adjustment	35.31	45.41	—
Dividend	Cash dividend		16.0	(Note)	—
	Free Dividends	—	—	(Note)	—
		—	—	(Note)	—
	Accumulated Undistributed Dividends		—	(Note)	—
Return on Investment	Price/Earnings Ratio		15.14	11.13	—
	Price/Dividend Ratio		33.40	(Note)	—
	Cash Dividend Yield Rate		2.99%	(Note)	—

Note: As of the printing date of this annual report, the dividend distribution for 2023 has not yet been approved by the board of directors.

(VI) Dividend Policy and Implementation Status

1. Dividend Policy

Any profit after annual closing of the books shall be allocated in accordance with the order set out below based on Articles of Incorporation:

(1) Make up losses.
(2) Appropriate 10% as legal reserve. Unless the cumulative legal reserve is equivalent to the Company's total capital stock.
(3) Appropriate or reverse the special reserve in accordance with the law or regulations or the requirements of the competent authorities.
(4) After the current year profit deducts the aforesaid three items, shall there be remaining profit, plus the undistributed profits from previous years, the board of directors may propose the profit distribution. When distributing in cash, pursuant to paragraph 5 of Article 240, of the Company Act, it is authorized that the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. If the distribution is in the format of issuing new shares, it shall be resolved by the shareholders' meeting for distribution.

To maintain the sustainable business development and the stable growth of surplus per share of the Company, the shareholders' dividends shall be the surplus after tax of the current fiscal year with the deduction of more than 50% of the special reserve according to the law in principle, and the distribution ratio shall be cash dividend not lower than 50%.

The Company adopts the requirement of Article 241 of the Company Act, to distribute its legal reserve and the following capital reserve, in whole or in part, by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. When distributing in cash, it is authorized to be resolved by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. If the distribution is in the format of issuing new shares, it shall be resolved by the shareholders' meeting for distribution.

If there is a balance, the proportion of compensation to employees shall be between 3% and 15%, and the proportion of remuneration for directors shall not be higher than 3%. However, the Company's accumulated losses shall have been covered by the amount reserved in advance. The Company may have the profit distributable as employees' compensation in the preceding paragraph to employees including the employees of controlled companies or subsidiaries of the Company meeting certain specific requirements; the certain specific requirements are determined by the board of directors. The Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

2. Reporting Distribution of Dividend at the Current Shareholders' Meeting

Pursuant to the Articles of Incorporation, the board of directors is authorized to resolve to distribute earning and capital reserve in cash after the end of each half-year. The respective amounts and payment dates of 2023 cash dividends of each half year approved by the board of directors are demonstrated in the table below:

2023	Approval Date (year/month/date)	Payment Date (year/month/date)	Cash dividend per share (NT$)	Total cash distributed (NT$)
First Half	2023/12/12	2024/2/23	8.0	3,488,909,800
Second Half	As of the printing date of the annual report, the 2023 earnings distribution has not yet been approved by the board of directors.			

3. Description of expected significant changes in dividend policy: None.

(VII) The Impact of the Proposed Free Allotment of shares on the Company's Operating Performance and Earnings Per Share: Not applicable.

(VIII) Compensation to employees and directors:

1. Ratio or scope of compensation to employees and directors, as set forth in the Company’s Articles of Incorporation:

   Please refer to the dividend policy in (XI.)-1 above.

2. The estimated amount of compensation to employees and directors for the current period shall be calculated based on number of employee shares of stock considering any accounting discrepancy between the actual distributed amount of employee stock dividend and estimated figure:

   (1) The basis for estimating the amount of compensation to employees and directors for the current period: The amount is estimated based on the Articles of Incorporation.

   (2) The basis for calculating the number of shares to be distributed as employee compensation: If shares are distributed as employee compensation, the number of shares will be calculated based on the net value in the financial statement for the most recent period audited by a CPA. No employee compensation is distributed in the form of stock dividend for the current period.

   (3) The accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: If there is any discrepancy between the actual distributed amount and the estimated figure, it will be considered as the change in accounting estimation, and accounted as net income or loss for the current period.

3. Where the board of directors passes the allocation of remuneration:

   (1) The amount of employees’ and directors’ remuneration allocated in cash or stock. If there is any discrepancy between the actual distributed amount and figure, the difference, reason and response should be disclosed:

   Employees’ and directors’ remuneration adopted by resolution of the board of directors on February 27, 2024 is as follows:
   Employees’ remuneration: NTD 752,539,343, all will be issued in cash
   Director's remuneration: NTD 75,250,000, all will be issued in cash
   There is no difference between the actual distribution of employees’ remuneration and directors’ remuneration and the recognized amount in financial statements of 2023.

   (2) The proportion of employees’ remuneration to be allocated by shares in the total of net income after tax and employees’ remuneration for individuals or

Standalone Financial Reports in the current period: None.

4. The actual distribution of employees' remuneration and directors' remuneration in the previous year (including the number of shares allocated, the amount of shares and the share price), and differences, the reasons and treatment when it is different from recognized employees' remuneration and directors' remuneration: The board of directors resolved the distribution of employees' remuneration and directors' remuneration of 2022 in the meeting on March 14, 2023 as the following:

Unit: NT$

Item	Resolution of the board of directors	Actual distribution	Difference	Reasons for difference
Employee cash Bonus	543,507,783	543,507,783	None	N/A.
Remuneration to directors	54,360,000	54,360,000	None	N/A.

(IX) Repurchase of Company Shares: None.

II. Issuance of Corporate Bonds

April 30, 2024

<table>
<tr><td colspan="2">Type of corporate bonds</td><td>Tranche 1, 2021
Unsecured common corporate bonds</td><td>Tranche 2, 2021
Unsecured common corporate bonds</td><td>Tranche 1, 2023
Unsecured common corporate bonds</td></tr>
<tr><td colspan="2">Issuance date</td><td>2021.05.11</td><td>2021.08.19</td><td>2024.03.19</td></tr>
<tr><td colspan="2">Denomination</td><td>NT$1,000,000</td><td>NT$1,000,000</td><td>NT$1,000,000</td></tr>
<tr><td colspan="2">Issuance and listing</td><td>Taipei Exchange</td><td>Taipei Exchange</td><td>Taipei Exchange</td></tr>
<tr><td colspan="2">Par Value</td><td>Issued at 100% of the par value</td><td>Issued at 100% of the par value</td><td>Issued at 100% of the par value</td></tr>
<tr><td colspan="2">Total amount</td><td>NT$6,500,000,000</td><td>Bond A: NT$7,100,000,000
Bond B: NT$5,400,000,000</td><td>Bond A: NT$2,500,000,000
Bond B: NT$2,500,000,000</td></tr>
<tr><td colspan="2">Interest rate</td><td>fixed at 0.62% per annum</td><td>Bond A: fixed at 0.50% per annum
Bond B: fixed at 0.60% per annum</td><td>Bond A: fixed at 1.70% per annum
Bond B: fixed at 1.75% per annum</td></tr>
<tr><td colspan="2">Maturity</td><td>Five years, mature on May 11, 2026</td><td>Bond A: Three years, mature on August 19, 2024
Bond B: Five years, mature on August 19, 2026</td><td>Bond A: Five years, mature on March 19, 2029
Bond B: Seven years, mature on March 19, 2031</td></tr>
<tr><td colspan="2">Guarantor</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td colspan="2">Trustee</td><td>Taipei Fubon Commercial Bank
Inc.</td><td>Taipei Fubon Commercial Bank Inc.</td><td>Taipei Fubon Commercial Bank Co., Ltd.</td></tr>
<tr><td colspan="2">Underwriter</td><td>Yuanta Securities, KGI Securities</td><td>Yuanta Securities, KGI Securities
Fubon Securities</td><td>Fubon Securities, KGI Securities</td></tr>
<tr><td colspan="2">Certifying lawyer</td><td>Yi-Cheng Law Firm
Huei-Ji Kuo, Esq.</td><td>Yi-Cheng Law Firm
Huei-Ji Kuo, Esq</td><td>Yi-Cheng Law Firm
Huei-Ji Kuo, Esq</td></tr>
<tr><td colspan="2">Certifying CPA</td><td>KPMG
Cheng-Chien Chen, CPA</td><td>KPMG
An-Chih Cheng, CPA</td><td>KPMG
An-Chih Cheng, CPA</td></tr>
<tr><td colspan="2">Repayment method</td><td>Repay the debt and the accrued interest outright</td><td>Repay the debt and the accrued interest outright</td><td>Repay the debt and the accrued interest outright</td></tr>
<tr><td colspan="2">Outstanding principal</td><td>NT$6,500,000,000</td><td>Bond A: NT$7,100,000,000
Bond B: NT$5,400,000,000</td><td>Bond A: NT$2,500,000,000
Bond B: NT$2,500,000,000</td></tr>
<tr><td colspan="2">Terms of redemption or early repayment</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td colspan="2">Restrictions</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td colspan="2">Name of credit rating institution, date of rating, and outcome of the corporate bond rating</td><td>N/A.</td><td>N/A.</td><td>N/A.</td></tr>
<tr><td rowspan="2">Other rights attached</td><td>Converted common shares, GDRs, or other negotiable securities</td><td>N/A.</td><td>N/A.</td><td>N/A.</td></tr>
<tr><td>Method of issuance and conversion</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td colspan="2">Possible dilution resulted from the method of issuance and conversion and issuance terms, and the effects on the existing shareholders</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td colspan="2">Custodian for the exchanged underlying asset</td><td>None</td><td>None</td><td>None</td></tr>
</table>

April 30, 2024

Corporate Bond Type		The first issued unsecured overseas convertible bonds
Issuance (processing) date		2021.06.01
Face value		US$200,000
Issuance and trade location		Singapore Exchange
Price of Issuance		Issued according to 100% of face value
Amount of Issuance		US$1,000,000,000
Coupon Rate		0.0%
Term		5 years, expires on: 2026.06.01
Guarantee Institution		None
Trustee		Citicorp International Limited
Underwriting Agency		Nomura International (Hong Kong) Limited DBS Bank Ltd. UBS AG Hong Kong Branch
Attorney-at-Law		Tsar and Tsai Law Firm Attorney Hsiang-Chun Lin
CPA		KPMG International Cooperative CPA Cheng-Chien Chen
Repayment Method		Except in cases where the Company has already pre-redeemed, repurchased, and canceled its bonds, or where the bondholders of the Company have exercised their conversion rights, the Company's bonds will be redeemed by the Issuing Company at their face value plus an interest rate of -0.25% per annum (calculated semi-annually) in US dollars on the maturity date. The redemption amount at maturity will be converted into New Taiwan dollars at a fixed exchange rate (US$1 to NT$27.9120) and will be paid in US dollars at the exchange rate prevailing at that time.
Outstanding Principal		US$209,200,000
Redemption or Prepayment Terms		(I) The issuing company may redeem all or a portion of the Company's bonds at the early redemption amount on or after the first day following the third anniversary of the issuance date and before the maturity date if the closing price of the Company's common stock on the Taipei Exchange (converted into US dollars at the prevailing exchange rate) on 20 of the 30 consecutive trading days (if any ex-dividend or ex-rights date, the closing price used shall be the price calculated as if before the ex-dividend or ex-rights date) is equal to or greater than 130% of the total of the early redemption amount multiplied by the then-current conversion price (converted into us dollars at the fixed exchange rate determined on the pricing date) divided by the face value of the Company's bonds; (II) The issuing company may redeem all, but not a portion, of the then-outstanding Company's bonds at the early redemption amount if more than 90% of the Company's bonds have been redeemed, repurchased, and canceled or converted by bondholders; or (III) The issuing Company may redeem all, but not a portion, of the Company's bonds at the early redemption amount if the tax laws and regulations of the Republic of China have changed so that the issuing company's tax burden increases, or it must pay additional interest expenses or costs due to the Company's bonds after the issuance date. Holders of the Company’s bonds may choose not to have their bonds redeemed prematurely by the issuing company. However, by making this choice, bondholders cannot request the issuing company to bear any additional taxes or fees.
Restriction Clause		None
Credit rating agency name, rating date, and company debt rating results		Not applicable
Other Rights Attached	Amount of converted ordinary shares, overseas depositary receipts, or other marketable securities	None
	Issuance and conversion method	Market Observation Post System (Investment Zone-Debt and Credit Zone)
Possible equity dilution and impact on existing shareholders’ equity due to conversion methods or issuance conditions.		If all of the Company's bonds are converted, the dilution ratio to share capital is approximately 1.26%, and there is no significant dilution that will affect shareholders' rights.
Name of the convertible subject depository institution		None

Information of Convertible Corporate Bonds

Type of corporate bonds		The first issued unsecured overseas convertible bonds	
Item / Year		At issuance	Current year to March 31, 2024
Market price of conversion	Highest	US$ 106.07	US$ 90.414
	Lowest	US$ 105.98	US$ 85.722
	Average	US$ 106.06	US$ 88.050
Conversion price		NT$ 1,040.20	NT$ 956.53
Issuance date and conversion price at the issuance		Issued on: June 1, 2021 Conversion price at the issuance NT$ 1,040.20	
Method to fulfill the conversion obligation		Issue new shares	

III. Preferred Stocks: None.

IV. Global Depository Shares (GDS)

April 30, 2024

Item / Issue date	April 26, 2017	April 2, 2024
Issuance and listing	Luxembourg Stock Exchange	Luxembourg Stock Exchange
Total amount issued	US$469,200,000.	US$688,800,000.
Unit issuing price	The GDSs transaction price is US$6.9 per unit	The GDSs transaction price is US$16.40 per unit
Units issued	68,000,000 units	42,000,000 units
Source of negotiable securities	Common shares of GlobalWafers Co., Ltd	Common shares of GlobalWafers Co., Ltd.
Amount of negotiable securities	68,000,000 shares	42,000,000 shares
Rights and obligations of GDSs holders	The rights and obligations of GDSs holders shall be handled in accordance with relevant R.O.C. laws and regulations and relevant provisions in the deposit contract. The following particulars are specified in the deposit contract: (I) The status of exercising voting rights Unless otherwise specified by relative laws and regulations, GDSs holders may exercise voting rights of the GlobalWafers' common Shares in accordance with the deposit contract and the relevant R.O.C. laws and regulations. (II) Dividend distribution, preemptive rights for new shares and other rights Unless otherwise agreed in the deposit contract, GDSs holders shall in principle enjoy the same dividend distribution and allotment of shares as the shareholders of GlobalWafers' common stock. Regarding the distribution of GlobalWafers' stock dividends, the depository institution will issue GDSs to the GDSs holder based on the proportion of the holder's original shares in accordance with the deposit contract and relevant laws, or increase GlobalWafers' common shares represented in each GDS, or sell the stock dividends on behalf of GDSs holders, and distribute the proceeds (after deducting taxes and related expenses) to the GDSs holder When GlobalWafers increase its capital by cash or other stock warrants, GDSs holders shall, in compliance with the R.O.C. and other relevant laws and regulations, enjoy the same dividend distribution and allotment of shares as the shareholders of GlobalWafers' common stock. Hence, the depository institution shall, under the agreement of the deposit contract and	

<table>
<tr><td colspan="3"></td><td>relevant laws, provide such rights to the GDSs holder in accordance with the provisions of the deposit contract, or sell the right on behalf of the GDSs holder and distribute the proceeds of sale (after deducting taxes and related expenses) to the GDSs holders.</td></tr>
<tr><td colspan="3">Trustee</td><td>N/A.</td></tr>
<tr><td colspan="3">Depository bank</td><td>CitiBank, N.A.</td></tr>
<tr><td colspan="3">Custodian bank</td><td>First Commercial Bank</td></tr>
<tr><td colspan="3">Outstanding balance</td><td>3,739,074 units</td></tr>
<tr><td colspan="3">Treatment of expenses incurred at issuance and thereafter</td><td>(I) GDSs issue cost:
Unless otherwise specified by relative laws and regulations or otherwise agreed by the issuing company and the foreign lead underwriter and depository institutions, the issuance costs and expenses of all GDSs are borne by the issuing company, including legal expenses, charges and fee for the listing of securities, financial advisory fees and other related expenses.
(II) Expenses incurred during the effective period of GDSs
Unless otherwise specified by relative laws and regulations or otherwise agreed by the issuing company and the foreign lead underwriter and depository institutions. The charges and fee for the listing of securities, information disclosure and other related expenses of each year during the effective period of GDSs shall be borne by the issuing company.</td></tr>
<tr><td colspan="3">Important provisions of the deposit and custody contracts</td><td>As detailed by the deposit and custody contracts</td></tr>
<tr><td rowspan="6">Market price per unit</td><td rowspan="3">2023</td><td>Highest</td><td>USD 20.00</td></tr>
<tr><td>Lowest</td><td>USD 14.00</td></tr>
<tr><td>Average</td><td>USD 16.19</td></tr>
<tr><td rowspan="3">Current year to March 31, 2024</td><td>Highest</td><td>USD 19.40</td></tr>
<tr><td>Lowest</td><td>USD 17.10</td></tr>
<tr><td>Average</td><td>USD 18.485</td></tr>
</table>

V. Employee Stock Warrants: None.

VI. Status of Issuance of New Restricted Employee Shares

(I) Disclosure relating to restricted shares for subscription by employees:

The Company did not originally issue restricted employee shares. The restricted employee shares described below were issued by our subsidiary Crystalwise Technology Inc. (hereinafter "Crystalwise Technology") on June 18, 2021. When the Company acquired 100% of the equity of Crystalwise Technology through a share conversion acquisition on November 1, 2023, the number of Crystalwise Technology's restricted shares that were originally issued but not yet vested were also converted into the Company's shares according to the share conversion ratio (0.02 shares of the Company's common stock for each share of Crystalwise Technology's common stock).

April 30, 2024

Types of restricted employee shares	Crystalwise Technology's 2020 First (Initial) Restricted Employee Shares
Declaration effective date	2021/05/26
Issuance date	2021/06/18
Quantity of new restricted shares for subscription by employees issued	1,000,000 shares
Price of Issuance	NT$0
Ratio accounted for by the new restricted shares issued for subscription by employees compared to the total number of shares issued	2.28% (Note 2)
Employee's vested conditions for new restricted shares issued for subscription	1. The issuance of restricted employee stock options is limited to full-time employees of the Company who were already employed on the day of granting the stock options. 2. According to Article 56-1, Paragraph 1 of the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers," the total number of shares that a single stock option holder can subscribe to under stock option certificates issued by the Company, plus the total number of restricted employee rights shares that the stock option holder has accumulated, shall not exceed 0.3% of the total number of issued shares. Moreover, the total number of shares that a single stock option holder can subscribe to under stock option certificates issued by the Company in accordance with Paragraph 1 of Article 56 plus the total number of restricted employee rights shares that the stock option holder has accumulated, shall not exceed 1% of the total number of issued shares. 3. The actual number of stock options granted to employees and the quantity of restricted employee stock rights they can receive shall be determined based on various factors. These factors include seniority, job position, performance, overall contribution, special achievements, and other relevant management considerations. The board of directors shall finalize these allocations. However, individuals with executive roles must first obtain approval from the Remuneration Committee.
Employee's restricted rights of new restricted shares issued for subscription	The restricted employee stock rights granted, until the specified conditions are met, have the same rights as the Company's already issued common shares. These rights include, but are not limited to, entitlement to dividends, capital surplus, cash capital increase subscription rights, and voting rights.
Custodian status for new restricted shares issued for subscription by employees	Issuer's general custody transfer account of Taiwan Depository & Clearing Corp.
Handling method for the new shares allocated or subscribed to employees that have not meet the vested conditions.	1. Employees who have been allocated or subscribed to shares may not sell, pledge, transfer, gift, encumber, or otherwise dispose of their shares until the specified conditions are met. 2. Employees receiving restricted employee stocks according to the

	provisions provided herein shall enjoy the other rights including, but not limited to, dividend, bonus, and capital reserve allotment rights as well as stock option and voting rights for cash capital increase that is the same as the common stocks issued by the Company. 3. Before the specified conditions are met, the restricted employee stock rights have the same voting rights as the Company's other common shares.
Quantity of new restricted shares issued for subscription by employees that have been recovered	545,199 shares (Note 3)
Quantity of restricted shares issued for subscription by employees that have been canceled	362,886 shares (Note 3)
Quantity of restricted shares issued for subscription by employees that have not been canceled	91,915 shares (Note 3)/1,829 shares (Note 4)
Ratio accounted for by the restricted shares with restriction not lifted compared to the total number of shares issued (%)	0.21% (Note 3)/0.0004% (Note 4)
Effect on shareholders' equity	Dilution of earnings per share is expected to be limited and will not have a significant impact on shareholders' rights.

Note 1: The total number of issued shares in the preceding table refers to the number of shares listed in the amendment registration data of the Ministry of Economic Affairs.

Note 2: Calculated based on the 43,836,281 shares issued by Crystalwise Technology.

Note 3: Calculated based on the number of Crystalwise Technology's shares, which has not yet been converted into the Company's shares.

Note 4: Calculated based on the number of shares after conversion into the Company's shares.

(II) Names of managers and top 10 employees who have acquired new shares with restricted employee rights up to the date of publication of the annual report (calculated based on Crystalwise Technology's manager and employee information and share count):

April 30, 2024

Title (Crystalwise Technology)		Name	Number of new restricted shares issued for subscription that have been subscribed (Note 1)	Ratio accounted for by the new restricted shares that have been subscribed by employees compared to the total number of shares issued	Quantity of restricted rights with restriction lifted				Quantity of restricted rights with restriction not lifted			
					Quantity of restricted shares with restriction lifted	Price of Issuance	Amount of issuance	Ratio accounted for by the restricted shares with restriction lifted compared to the total number of shares issued.(%)	Quantity of unrestricted shares with restriction lifted	Price of Issuance	Amount of issuance	Ratio accounted for by the restricted shares with restriction not lifted compared to the total number of shares issued
Managers	Deputy Executive Officer	Cheng-Mu Wu (Note 2)	247 thousand shares	0.56%	165 thousand shares	0	0	0.38%	10 thousand shares	0	0	0.02%
	President	Sung-Sen Cheng (Note 2)										
	Vice President	Chung-Hsien Kao (Note 2)										
	Special Assistant	Wen Jui-Peng										
Top 10 employees	Employee	Tsung-Chien Cheng	350 thousand shares	0.80%	166 thousand shares	0	0	0.38%	68 thousand shares	0	0	0.16%
	Employee	Chun-Yen Peng										
	Employee	Chia-Lun Lin (Note 2)										
	Employee	Shao-Hsien Chiu (Note 2)										
	Employee	Ting-Tai Su (Note 2)										
	Employee	Kai-Chun Wang										
	Employee	Ching-Chung Chang										
	Employee	Ming-Fu Li										
	Employee	Chung-Yi Chen										
	Employee	Yung-Ching Chung										

Note 1: The number of restricted employee shares granted has been adjusted for Crystalwise Technology's 2022 capital reduction.
Note 2: The employee has resigned.
Note 3: The preceding table is based on the number of Crystalwise Technology's shares that has not been converted into shares of the Company.

VII. Status of New Shares Issuance in Connection with Mergers and Acquisitions

(I) The proposal for the Company to increase capital and issue 876,725 new shares and acquire 100% of Crystalwise Technology Inc's shares through share conversion to make it a 100% owned subsidiary of the Company, has been approved by letter Zheng-Gui-Jian-Zi No. 1120201925 issued by Taipei Exchange on August 8, 2023, and declared effective by letter Zheng-Gui-Jian-Zi No. 1120009456 issued by Taipei Exchange on September 8, 2023, and completed the share conversion on November 1, 2022. The ordinary shares was registered for change and approved by letter Zhu-Shang-Zi No. 1120037966 issued by the Hsinchu Science Park Administration on November 17, 2023.

(II) Basic information table of the acquired company:

Unit: NTD thousand, except earnings per share is in NTD

Company Name	Crystalwise Technology Inc.
Company Address	No. 8, Kebei 5th Road, Zhunan Town, Miaoli County, Hsinchu Science Park
Responsible Person	Hsiu-Lan Hsu
Paid-in Capital	438,363
Main businesses	I. C901010 Ceramic and Ceramic Products Manufacturing (operating outside restricted areas). II. CC01080 Electronics Components Manufacturing. III. JE01010 Rental and Leasing (operating outside restricted areas). IV. F401010 International Trade. V. I501010 Product Designing. VI. IG03010 Energy Technical Services. VII. D401010 Thermal Energy Supply (operating outside restricted areas). VIII. CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery. IX. F219010 Retail Sale of Electronic Materials (operating outside restricted areas). X. F119010 Wholesale of Electronic Materials (operating outside restricted areas. (I) Research, design, develop, manufacture and sell the following products: 1. Tantalum Lithium Tantalate (LT), Lithium Niobate (LN), and Quartz (QZ) Single Crystal Substrates are specialized substrates used for surface acoustic wave filters. 2. Sapphire substrate and patterned sapphire substrate (PSS) are epitaxial substrates for blue/green LEDs. 3. Reclaim Sapphire substrate is an epitaxial substrate for blue/green LEDs. 4. Lithium aluminate (LAO) substrate is a non-polar epitaxial substrate for blue LEDs. 5. Gallium arsenide substrate is an epitaxial substrate for LED, LD, and communication

<table>
<tr><td colspan="2"></td><td>applications.
6. Optoelectronic substrate materials and communication substrate materials.
(II) Engages in import and export trade businesses related to the Company's operations.</td></tr>
<tr><td colspan="2">Main Products</td><td>1. Sapphire substrate
2. Lithium tantalate, lithium niobate substrate</td></tr>
<tr><td rowspan="8">Financial analysis information for the most recent year (Note)</td><td>Total assets</td><td>299,565</td></tr>
<tr><td>Total liabilities</td><td>279,256</td></tr>
<tr><td>Total shareholders' equity</td><td>20,309</td></tr>
<tr><td>Operating Revenue</td><td>43,171</td></tr>
<tr><td>Gross profit</td><td>-172,987</td></tr>
<tr><td>Operating profit & loss</td><td>-242,745</td></tr>
<tr><td>Current period income</td><td>-15,898</td></tr>
<tr><td>Earnings per share</td><td>-0.36</td></tr>
</table>

Note: Financial information of Crystalwise Technology Inc.'s 2023 Parent-Company-Only Financial Statements

(III) Evaluation opinions of the lead securities underwriter in Q1 of 2024

1. Financial Impacts

GlobalWafers is acquiring all outstanding shares of Crystalwise Technology through the issuance of 876,725 new shares and a share conversion. The transaction is conducted entirely without cash consideration and will not disrupt GlobalWafers's current financing arrangements and operations. Upon completion of the share conversion, both GlobalWafers and Crystalwise Technology will consolidate their banking relationships, with GlobalWafers serving as the solo point of contact. Due to GlobalWafers' strong operating performance and favorable financing terms, the company will leverage its group advantages to reduce Crystalwise Technology's financial costs, optimize its financial structure, improve capital utilization, and make more effective capital allocation and arrangements. In addition, through the centralized planning and management of GlobalWafers' administrative departments, the average interest expense of Crystalwise Technology will be reduced by streamlining the utilization of lease costs for right-of-use assets, which will, in turn, help improve overall profitability and financial stability. This should have a positive impact on the long-term development for both entities.

2. Business Impacts

Due to the similarities in their product manufacturing processes, GlobalWafers and Crystalwise Technology will be able to exchange knowledge and expertise following the share conversion. GlobalWafers. will leverage its extensive experience in semiconductor wafers to optimize Crystalwise Technology's processes and factory management. By carefully reviewing Crystalwise Technology's product line and adjusting its product structure, GlobalWafers can assist Crystalwise Technology in enhancing its operational efficiency and reducing gross profit margin. In addition to its existing CZ wafers, FZ wafers, and compound semiconductors, GlobalWafers will also integrate Crystalwise Technology's gallium arsenide, lithium tantalate, and lithium niobate wafers, thus expanding its product portfolio and providing customers with a broader spectrum of semiconductor solutions. In terms of deepening their presence in end-use applications such as 5G, satellite communications, and high-performance computing, GlobalWafers' products can be applied to power management components, automotive power units, information and communication modules, and MEMS components, while Crystalwise Technology's gallium arsenide, lithium tantalate, and lithium niobate wafers are used in acoustic components. The cooperation between the two companies will enable them to capture niche markets in 5G, satellite communications, and high-performance computing, deepen their strategic layout, and augment their competitive edge. Moreover, GlobalWafer's business units can aid Crystalwise Technology in sales, allowing Crystalwise Technology's products to be further expanded through GlobalWafers' existing sales channels. This collaborative approach promises more efficient customer, strengthened partnerships, and reduced operational expenses for Crystalwise Technology through streamlining personnel and marketing costs, ultimately culminating in lowered operating costs and enhanced operating efficiency. Therefore, the share conversion is expected to have a positive impact on Crystalwise Technology's business.

3. Impact on Shareholders' Interests

   Upon completion of the share conversion between GlobalWafers and Crystalwise Technology, the two companies will be able to leverage their respective niche products, business and marketing resources, and production technology expertise through exchange and integration. Additionally, GlobalWafers' centralized production management will enable synergies, expand operational scalability, broaden product lines, and enhance market competitiveness, ultimately creating greater corporate value for shareholders. For the former shareholders of Crystalwise Technology, their shares will be converted into shares of GlobalWafers the world's third-largest semiconductor wafer manufacturer, which offers promising growth potential and development prospects. For the existing shareholders of GlobalWafers Crystalwise Technology's gallium arsenide, lithium tantalate, and lithium niobate wafers will enable GlobalWafers to offer customers a broader array of product specifications and enter a broader spectrum of end-use applications. Overall, through the reorganization and effective utilization of resources, this share conversion is expected to have a positive impact on the shareholders' interests of both companies.

4. Are the Expected Benefits Evident?

   The conversion reference date for GlobalWafers and Crystalwise Technology is November 1, 2023, and the registration change was completed on November 17, 2023. After the share conversion, the two companies will benefit financially, operationally, and in terms of shareholder interests through the sharing and exchange of technology and experience, as well as the proper utilization of resources. Therefore, the benefits of this share conversion are expected to gradually materialize.

VIII. Status of Implementation of Capital Allocation Plans: None.

(I) Cash capital increase via the issuance terms of common shares to be issued for sponsoring the GDSs offering in 2024

1. Plan Contents

(1) Approval date and document number of the competent authority: Letter Jin-Guan-Zheng-Fa-Zi No. 1130335294 issued by the Financial Supervisory Commission on March 25, 2024.

(2) Total capital amount required for this plan: US$761,850 thousand.

(3) Funding sources for this plan: The Company conducted a cash capital increase by the issuance terms of common shares to be issued for sponsoring the GDSs offering. This move was completed on April 2, 2024, raising a total of USD 688,800 thousand. The relevant details were publicly disclosed on the information observation system. Any shortfall in funding will be covered by the Company using its own funds or other financing methods.

(4) Purpose of funds: To enrich the funds for the procurement of raw materials in foreign currencies.

(5) Project items and anticipated implementation progress:

Unit: NTD Thousand

Project items	Anticipated completion date	Total capital amount required		Expected capital application progress					
				2024			2025		
				Q2	Q3	Q4	Q1	Q2	Q3
Original raw material purchase currency	Q3 of 2025	USD	761,850	122,000	131,000	139,000	154,000	150,000	65,850
		NTD	23,845,905	3,818,600	4,100,300	4,350,700	4,820,200	4,695,000	2,061,105

Note: Estimated based on the exchange rate of NT$31.3 to US$1.

(6) Expected benefits:

(a) Inject working capital.

(b) Save interest expenses and increase profitability: The Company anticipates completing its fundraising in Q2 of 2024. The proceeds will be utilized to replenish local currency procurement funds. Based on our current usage of US$761,850 thousand (around NT$23,845,905 thousand) for local currency procurement and recent USD borrowing rates from our banks, we project an annual interest expense saving of US$46,244 thousand, equivalent to approximately NT$1,447,437 thousand (assuming an exchange rate of USD 1: NTD 31.3). This will effectively alleviate our financial burden, improve our debt repayment capacity, and have a positive impact on our future operations and profitability.

2. Implementation Status

The Company has successfully completed its cash-in-place share issuance and the global depositary shares (GDSs) listing on April 2, 2024. The positive effects of this transaction are expected to gradually materialize in Q2 of 2024.

Five. Operational Highlights

I. Business Activities

(I) Scopes of the Business

1. The main operational categories of the company

CC01080 Electronics Components Manufacturing
C801990 Other Chemical Materials Manufacturing
F119010 Wholesale of Electronic Materials (for out of area operation only)
F219010 Retail Sale of Electronic Materials (for out of area operation only)
CB01010 Mechanical Equipment Manufacturing
F401010 International Trade

Research, design, development and manufacturing and sales of the following products:

1. Semiconductor silicon materials and their components
2. Silicon compound
3. Silicon carbide compound
4. Semiconductor equipment
5. Crystal growing equipment for silicon carbide
6. Concurrently engaged in import and export related to the previous business.

2. Sales Proportion

Unit: NT$ Thousand

Year / Product item	2022		2023	
	Net operating revenues	Proportion (%)	Net operating revenues	Proportion (%)
Semiconductor Wafer	69,033,389	98.2%	68,782,595	97.4%
Semiconductor Ingot	903,851	1.3%	1,270,226	1.8%
Electricity Revenue	63,089	0.1%	115,790	0.2%
Other	286,542	0.4%	482,982	0.6%
Total	70,286,871	100.0%	70,651,593	100.0%

3. Current Product Line

A. Ultra low resistivity ingot with Phosphorus doped
B. Ultra low resistivity ingot with Arsenic doped
C. Ultra low resistivity ingot with Boron doped
D. Ultra low resistivity ingot with Antimony wafers
E. 12” P/P+/LTO EPI for CIS and Power Application
F. 12”(110) and (111) special crystal orientation
G. SOI substrate for 5G RF device application
H. Low defects ultra-high flatness Silicon substrate for Advanced IC process
I. Ultra High Resistivity Wafers with Low Oxygen
J. High Resistivity with Low Oxygen silicon wafers for power aplications
K. Polished wafer and Epi wafer
L. Anneal wafer

M. Unpolished wafer and ultra thin wafer
N. High reflectivity etching wafer
O. SOI wafer and bounding wafer for high power electronic device
P. Diffusion wafer and deep diffusion polished wafer
Q. High strength silicon substrate for GaN_HEMT application
R. FZ wafer
S. NTD wafer
T. Perfect Silicon
U. Engineered Customizable Application Specific “ECAS®” wafer
V. GaN Epi Wafer
W. 4” - 8“ GaN Epi Wafer
X. 4" - 8" conductive SiC wafer
Y. 4” - 6” Semi insulating SiC Crystal and the wafer
Z. Taiko wafers
AA. 8” floating zone gas doped wafers for power applications with <10% resistivity tolerance
BB. 6" conductive SiC epitaxy wafer
CC. 8" N-Type SiC crystal
DD. 8" N-Type SiC crystal ingot
EE. Other compound semiconductor
FF. Crystal growing furnace for SiC made in-house

4. New Product Development Projects

A. SiC wafer for next generation high power automotive electronic device application
B. Epi-substrate for GaN_HEMT application
C. High strength and ultra thin silicon substrate with nano structure
D. SOI substrate for next generation RF device application
E. SiC bonded wafer
F. LNO, LTO/Si wafer bonding wafer
G. 8” CZ-FZ Crystal pulling development
H. High resistance ECAS wafer substrate bonded wafer
I. Development of 12” diamond wire cutting manufacturing process
J. “ECAS®” waferfor next generation 3D memory device
K. 8” GaN/Silicone normally open power application epi-wafer
L. 4”/6” GaN/S.I.-SiC RF application epi-wafer
M. Development of 8” SiC epitaxy crystals
N. Development of 6” bonded SiC wafer epitaxy
O. Development of 8" composite CZ-FZ crystal process
P. Crystal growing furnace for SiC of new generation

(II) Industry Overview

1. Industry Status And Development

A. Global demand for semiconductors

In 2023, uncertainties such as the Israel-Palestine conflict and the relationship between the U.S. and China presented challenges to the global economic outlook and the semiconductor industry. However, with the expected interest rate cut by the U.S. Fed, and the technology development such as artificial intelligence and autonomous driving, the demand for chips will be boosted. The governments of various countries have been actively developing and formulating policies for energy transition and net zero carbon emissions, which are all expected to continuously boost semiconductor demand and support the long-term development of the industry; although global consumer confidence and business activities are still below the pre-pandemic level, the trend of recovery has strengthened the forecast for a rebound in the semiconductor market in 2024. According to the forecast by the World Semiconductor Trade Statistics (WSTS), the global semiconductor revenue in 2024 will be higher than the original estimate of US$576 billion, reaching US$588.4 billion, with an annual increase of 13.1%, reaching a new high in recent years. In terms of regional performance, WSTS expects the semiconductor industry to grow in all regions in 2024. The Americas market will grow by 22.3%, the European market will grow by 4.3%, Japan will grow by 4.4%, and the Asia Pacific market will grow by 12%. From the perspective of various semiconductor products, the market performance varies. Discrete components, optoelectronics, and sensors will maintain growth momentum, with single-digit growth rates of 4.2%, 1.7%, and 3.7%, respectively. For IC, the strongest performance is in the memory industry, whose output value will surge by 44.8% in 2024, becoming the main driving force for the growth of semiconductor revenue. Other IC sectors, including analog IC, micro-component IC, and logic IC, will grow by 3.7%, 7.0%, and 9.6%, respectively, in 2024.

Fall 2023	Amounts in US$M			Year on Year Growth in %		
	2022	2023	2024	2022	2023	2024
Americas	141,136	132,536	162,154	16.2	-6.1	22.3
Europe	53,853	57,048	59,480	12.8	5.9	4.3
Japan	48,158	47,209	49,275	10.2	-2.0	4.4
Asia Pacific	330,937	283,333	317,455	-3.5	-14.4	12.0
Total World - $M	574,084	520,126	588,364	3.3	-9.4	13.1
Discrete Semiconductors	33,993	35,951	37,459	12.0	5.8	4.2
Optoelectronics	43,908	42,583	43,324	1.2	-3.0	1.7
Sensors	21,782	19,417	20,127	13.7	-10.9	3.7
Integrated Circuits	474,402	422,174	487,454	2.5	-11.0	15.5
Analog	88,983	81,051	84,056	20.1	-8.9	3.7
Micro	79,073	76,579	81,937	-1.4	-3.2	7.0
Logic	176,578	174,944	191,693	14.0	-0.9	9.6
Memory	129,767	89,601	129,768	-15.6	-31.0	44.8
Total Products - $M	574,084	520,126	588,364	3.3	-9.4	13.1

Source: Semiconductor Trade Statistics (WSTS) (November 28, 2023)

With the explosive increase in the global demand for artificial intelligence and high-performance computing, coupled with the stabilization of the market demand for smartphones, personal computers, servers, and automobiles, the semiconductor industry is expected to embrace a new wave of growth. According to IDC (International Data Corporation) research, with the advancement of semiconductor technology, it is expected that more and more AI functions will be integrated into personal devices starting from 2024. AI smartphones, AI PC, and AI wearable devices will gradually develop into the market. Upon the introduction of AI in personal devices, more innovative applications are expected to emerge, positively stimulating the demand for semiconductors. In terms of end applications in the global semiconductor market, artificial intelligence will continue to take largest share, and its revenue is expected to increase from US$112 billion in 2023 to US$113 billion in 2024. Gartner pointed out that the market share of AI PCs is expected to increase from 10% in 2023 to 43% in 2025, while the market share of GenAI smartphones is expected to increase from 1.0% to 32%, indicating that the supply of AI chips will increase, which is also an important driver for the development of AI chips.

In 2023, the automobile industry weathered various challenges such as pandemic, logistics issues, wafer shortage, the Russia-Ukraine War, the US-China confrontation, and the Israel-Palestine conflict. The order in production and supply was in chaos, and each auto maker was struggling to cope with various variables. While the growth of the vehicle market is limited, the trend toward intelligent and electrified vehicles is clear and will be an important driving force for the future semiconductor market. Among these, ADAS accounts for the highest proportion in automotive semiconductors. IDC expects that the compound growth rate of ADAS will reach 19.8% by 2027, accounting for 30.0% of the automotive semiconductor market in that year. Infotainment ranks second in automotive semiconductors. Driven by the intellectualization and networking of automobiles, the compound growth rate will reach 14.6% in 2027, with its proportion reaching 20.0%. Overall, more and more automotive electronics will rely on chips, and the demand for semiconductors is stable and long-term.

Looking to the future, while individual consumer demand is weak due to the influence of inflation, the pullout of small-sized products has slowed down, leading to an increase in inventory levels. However, as the end market continues to consume inventory, the inventory level and shipment of the semiconductor industry are expected to gradually return to normal. In addition, the AI function is gradually being introduced into personal computers, tablet computers,and smartphones, which is expected to drive a wave of device replacements. Meanwhile, the AI ecosystem relies on the support of peripheral devices and semiconductor components to fuel the demand for edge computing and high-performance computing (HPC), thus fostering the development of low-energy-consuming components

(SiC, ULLD, IGBT...), and more innovative applications emerging, such as 5G, electrification, smart cabin, and autonomous driving. In addition, policy incentives for automotive, industrial applications, electric vehicles, and achieving net zero emissions have injected momentum into the semiconductor market, maintaining its resilience. The industry anticipates that the semiconductor market will maintain strong year-on-year growth until 2030.

B. Overview of the wafer industry

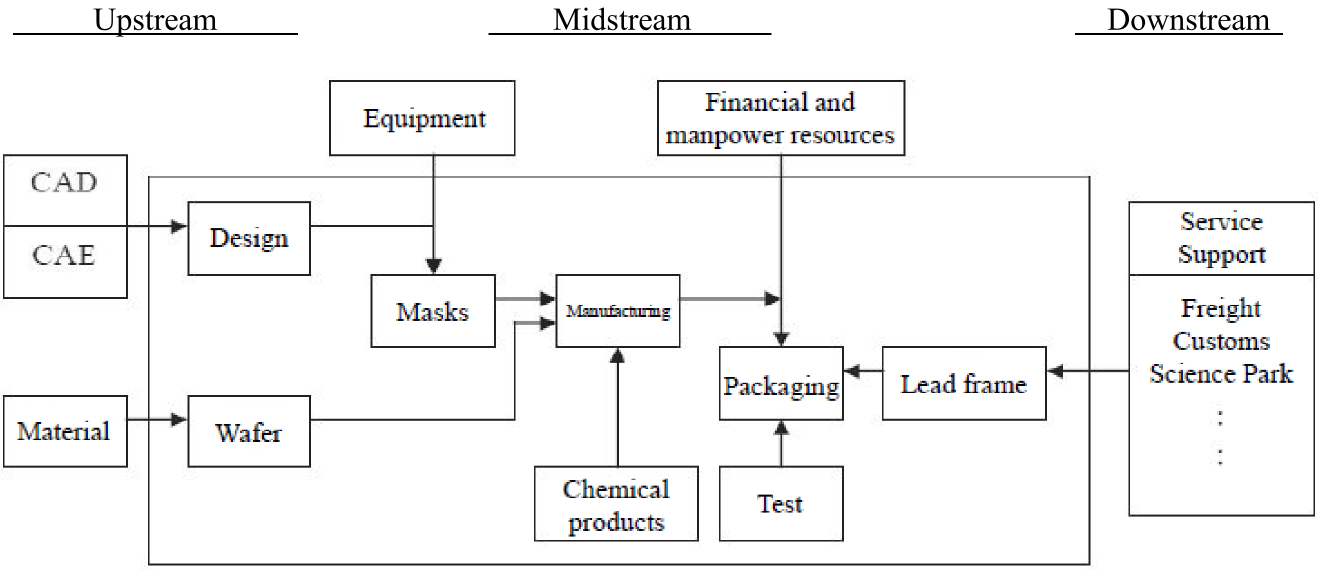
The semiconductor manufacturing process includes IC design, IC wafer fabrication, IC packaging and IC testing. The overall structure of the semiconductor industry is divided into upstream, midstream and downstream, among which IC design belongs to the upstream semiconductor industry, IC wafer fabrication belongs to the midstream, and IC packaging and IC testing belong to downstream industries. The wafer manufacturing industry is regarded as the supplier of wafer materials in the structure of semiconductor industry, and the demand for wafer materials has been increasing rapidly thanks to the booming semiconductor industry.

Wafer is currently the base material for manufacturing ICs. Its original material is “silicon”, which is cerium oxide, an inexhaustible source of raw material on earth. High-purity polycrystalline silicon is extracted by the electric arc furnace, chlorination with hydrochloric acid, and distillation. The required purity for silicon is 99.999999999%. The wafer fab plant melts polycrystalline silicon into small particles of crystalline silicon, which is slowly taken out and shaped to allow polycrystalline silicon to be drawn into silicon ingots, which is gradually formed by a small crystal grain in silicon materials. This process is called “Crystal Growing”. After the fabrication of silicon ingots by processes such as cutting, grinding, polishing and slicing, silicon ingots have become an important raw material for the integrated circuit industry – “wafer”. Each blank wafer, with several inches in diameter, can be arranged in multiple layers of fine electronic circuits after a complex chemical and electronic process. Depending on size, these wafers have specifications including 3, 4, 5, 6, 8 and 12 inches (in diameter). After being sent to the fab for producing chip circuits, these wafers are then sliced, tested and packaged into small square or rectangular ICs seen in the market.

Currently, wafer materials used in the semiconductor industry are mainly divided into polished wafers, argon annealed wafers and epitaxial wafers based on their process design and product differentiation. These wafers are generated by high-purity electronic grade polycrystalline silicon by processes such as crystal pulling, slicing, beveling, lapping, etching, polishing and cleaning, in order to produce polished wafer conforming to specifications including electrical properties, surface properties, and the impurity standards. If the polished wafer is further deposited by chemically vapor deposition, the epitaxial wafer, a single crystal film of different resistivity, is produced. As epitaxial wafers have better surface properties, it is widely used in various discrete components and high-performance integrated circuits.

2. Industry Relevance of Upstream, Midstream and Downstream Companies

The semiconductor industry in Taiwan has evolved with the trend of vertically integrated semiconductors. Based on the manufacturing process, it can be divided into upstream IC design companies and silicon wafer manufacturers. IC design companies design circuit diagrams according to customer needs, while wafer manufacturers produce wafers by use of the raw material polycrystalline silicon. Based on circuit diagrams designed by IC design companies, the midstream companies on IC manufacturing and foundry prints a basic pattern of the circuit on the manufactured wafer through photomasks, and the circuit and components on the circuit are fabricated on the wafer by oxidation, diffusion, CVD, etching, ion implantation, etc. After that, the completed wafers are sent to downstream companies such as IC packaging and IC assembly and testing. Processed wafers are diced into chips, which is then coated with plastic, porcelain or metal to protect the chip from contamination and for easy assembly. With that, the electrical connection and heat dissipation effect of the chip and electronic system is achieved, and finally, relevant tests on chips such as IC function, electrical and heat dissipation tests are conducted. In recent years, due to the vigorous development of Taiwan's IC industry and the specialization of the division of labor system, there are many individual manufacturers in each production process. The vertical division of labor is clear and each has its own specialization, which makes the structure of the upper, middle and lower reaches of Taiwan's IC industry more complete. The industry relevance of upstream, midstream and downstream companies is shown in the diagram below:



Source: ITIS project plan for electronics department of the Industrial Technology Research Institute

3. Various Product Development Trends

Semiconductor products are closely related to the overall economy, and the Taiwan Institute of Economic Research's (TIER) latest report covers the following developments:

A. Global macroeconomic trends

The global economic trend continues to demonstrate significant resilience. Inflation has cooled down and the economy has maintained stable growth. There is an expectation that the likehood of a soft landing increases, although it is still expected to be lower than pre-pandemic levels.. Potential risks include the geopolitical situation in the Middle East and attacks in the Red Sea, which may disrupt the commodity supply chain and prices. Meanwhile, despite the tightening monetary environment, increased public and private sector spending, a rise in the labor participation rate, improvements in the supply chain, and declines in energy and commodity prices will gradually bring the inflation to the target level .

The global growth rate is expected to be 3.1% in 2024 and 3.2% in 2025. The forecast for 2024 is 0.2 percentage points higher than the forecast in October 2023, mainly due to better-than-expected resilience in the U.S. and some large emerging market and developing economies as well as fiscal support from China. However, the forecast for 2024-2025 remains lower than the historical average of 3.8% (2000-2019). Factors such as the central bank's interest rate hikes to combat inflation, reductions of fiscal expenditure in a high-debt environment, and slowdowns in of potential productivity growth all impact economic activities. However, influenced by the supply side and the tightening monetary policies, inflation rates in most regions have declined faster than expected. The overall global inflation rate is expected to drop to 5.8% in 2024 and 4.4% in 2025, gradually easing overall inflation .

	Annual growth rate			
	Actual		Forecast	
	2021	2022	2023	2024
World output	6.2	3.4	2.8	3.0
Developed economies	5.4	2.7	1.3	1.4
U.S.	5.9	2.1	1.6	1.1
Eurozone	5.3	3.5	0.8	1.4
Japan	2.1	1.1	1.3	1.0
Emerging market and developing economies	6.7	4,0	3.9	4.2
Asian emerging market and developing economies	7.4	4.4	5.3	5.1
Mainland China	8.4	3.0	5.2	4.5
European emerging market and developing economies	6.9	0.8	1.2	2.5
Middle East and Central Asia	4.5	5.3	2.9	3.5

Source: International Monetary Fund - World Economic Outlook Update (2024/01)

B. US macroeconomic trends

The Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce announced that the U.S. GDP growth rate for the third quarter of 2023 was 2.9%, the highest since the second quarter of 2022. In addition, the Economist Intelligence Unit (EIU) and S&P Global released the economic growth forecast for the U.S. in January 2024, which are 1.3% and 1.7%, respectively. Both have been revised upwards by 0.3 percentage points compared to the forecast announced in December 2023.

Regarding the performance of the U.S. job market, according to the U.S. Bureau of Labor Statistics, the unemployment rate in the U.S. remained unchanged at 3.7% in December 2023 compared to the previous month. In addition, the U.S. non-farm payrolls increased by 216,000 people in December. In terms of prices, the annual growth rate of the U.S. Consumer Price Index (CPI) in December 2023 was 3.4%, up 0.3 percentage points from the previous month. The core CPI, excluding food and energy prices, grew by 3.9% year-on-year, down 0.1 percentage points from the previous month.Furthermore, , the data released by the US Department of Commerce showed that the annual growth rate of retail sales in the U.S. in December was 5.59%, increasing by 1.62 percentage points from the previous value.

Regarding the near-term economic outlook in the U.S., the Purchaing Managers'

Index, released by the Institute for Supply Management (ISM), for December 2023, the manufacturing PMI was 47.4, increased 0.7 from the previous month. Moreover, the ISM's service PMI for December 2023 was 50.6 points, down 2.1 points from the previous month. The latest PMI data for the manufacturing and service sectors in the U.S. showed that while the manufacturing sector continued to contract, it showed a slight improvement. Meanwhile, the service sector continued to expand, albeit at a weaker pace.

C. Europe's macroeconomic trends

According to Eurostat, the annual growth rate of economic growth in the European Union (EU27) and the Eurozone (EA20) was 0% in the third quarter of 2023,, marking the lowest level since the second quarter of 2021. Addtionally, in January 2024, EIU and S&P Global released the economic growth forecast for the Eurozone in 2024, which are 0.8% and 0.4%, respectively. The EIU forecast stays unchanged from the previous month, while S&P Global revised it down by 0.1 percentange point.

In terms of the performance of the European job market, according to the latest data from Eurostat, the unemployment rate in the EU and the Eurozone in November 2023 was 5.9% and 6.4%, respectively, each 0.1 percentage point lower than the previous month. In addition, according to Eurostat, the annual growth rate of the consumer price index (CPI) in EU and the Eurozone in December 2023 was 3.4% and 2.9%, respectively, each up 0.3 and 0.5 percentage points from the previous month.

For the economic outlook of Europe, the Economic Sentiment Indicator (ESI) reported by the EU Commission, was 95.6 and 96.4 for the EU and the Eurozone, respectively, in December 2023. Comparing to the previous month, the former increased by 1.8 points, and the latter increased by 2.0 points, both reaching new highs since May 2023. Looking at the ESI figures for the EU and the Eurozone in December 2023, the manufacturing, service, retail, construction, and consumer confidence indices all rose from the previous value.

D. Japan's macroeconomic trends

The Cabinet Office of Japan announced that the core machinery orders for November 2023 (excluding ships and electricity) decreased by 4.9%, of which the manufacturing and non-manufacturing industries decreased by 7.9% and 0.4%, respectively. The Ministry of Finance reported that the import value in 2023 was approximately 110.2 trillion yen, an annual decrease of 7.0%, the first negative growth in the past three years, mainly due to the decrease in the import of crude oil exceeded 15%, and the decrease in coal and liquefied natural gas exceeded 20%; the total export amount was JPY100.9 trillion, up 2.8% year-over-year, marking the third consecutive year of growth. Additionally, the EIU and S&P Global announced in January 2024 that the economic growth forecast for Japan in 2024 is 1.4% and 0.7%, respectively. The former is unchanged from the forecast announced in December 2023, while the latter is lowered by 0.1 percentage points.

In terms of the job market, according to the latest statistics from the Ministry of Internal Affairs and Communications of Japan, the seasonally adjusted unemployment rate in November 2023 remained unchanged at 2.5% compared to October. In terms of prices, the annual growth rate of consumer price index (CPI) in Japan was 2.6% in December, 0.2 percentage point lower than that in November. The annual growth rate of core CPI was 3.7%, down 0.1 percentage point from November. The annual growth rate was 3.2%, the highest since 1992.

In terms of Japan's economic outlook, according to S&P Global, citing Japan's manufacturing and service sector PMIs released by au Jibun Bank for December 2023, the PMIs were 47.9 and 51.5, respectively. Compared with the values in November, the former fell by 0.4 percentage points, and the latter increased by 0.7 percentage point. The manufacturing PMI is still below the critical point of 50, mainly due to the reduced demand in China, Europe, and North America, and the continuous decline in output and new orders, resulting in a decline in PMI. Conversely, the service sector is expanding in new business, with growth in new orders, in particular, reached a new high since September. In addition, the pricing in service sector showed the highest acceleration since August 2023, and business confidence index reached a four-month high, contributing to the growth of service sector PMI.

E. China’s macroeconomic trends

According to the National Bureau of Statistics of China, the annual GDP growth rate for the fourth quarter of 2023 was 5.2%, and the annual GDP growth rate for the whole year was 5.2%. The annual growth rate of the value-added industrial output from the nation-scaled enterprises (the industrial enterprises with revenue from major business exceeding CNY20 million) was 4.6%, an increase of 1.0 percentage points from 2022; the retail sales of consumer goods grew by 7.2%, or 7.4 percentage points from 2022. In addition, the General Administration of Customs of China announced that the annual growth rate of trade volume in 2023 was -5.0%, of which the annual growth rates of imports and exports was -5.5% and -4.6%, respectively. In terms of fixed asset investment, the annual growth rates of fixed asset investment and private investment nationwide (excluding rural households) in 2023 were 3.0% and -0.4%, respectively, which are 2.1 and 1.3 percentage points lower than that in 2022. Regarding real estate indicators, the growth rate of real estate development investment in 2023 was -9.6%, rebounding by 0.4 percentage points from 2022. House sales and floor area grew -6.5% and -8.4% year on year, respectively. While each grew by 17.8 and 18.3 percentage points, respectively, it was still negative growth for the second consecutive year. According to the 2024 China economic growth forecast released by EIU and S&P Global in January 2024, the forecast are 4.9% and 4.7%, respectively, unchanged from the previous month's forecast.

In terms of China's job market, the nationalwide surveyed unemployment rate and in 31 large cities in 2023 were 5.2% and 5.4%, respectively, down 0.4 and 0.6 percentage points from 2022. The surveyed unemployment rate of cities in December was 5.1%, and the unemployment rate for youth aged 16-24, excluding school students, was 14.9%, still higher than the figures for those aged 25-29 (6.1%) and 30-59 (3.9%). Regarding CPI, the annual growth rate of CPI in 2023 was 0.2%, 1.8 percentage points lower than that in 2022. This is mainly due to the deeper decline in the prices of pork and fresh vegetables under the food, tobacco and alcohol category. The annual growth rate of core CPI is 0.7%, a decrease of 0.2 percentage point from 2022.

In terms of China's economic outlook, according to the National Bureau of Statistics of China, the manufacturing PMI in December 2023 was 49.0%, down 0.4 percentage points from November. This is due to sluggish market demand, as new orders, production, and other indicators declined from November, resulting in the manufacturing sector staying in contractionary territory for three consecutive months. The non-manufacturing industry activity index was 50.4%, up 0.2 percentage points from November, indicating that the non-manufacturing industry is still in the expansion zone. Other areas of the industry, including real estate and water transportation were in a contractionary zone. Overall, China's fixed asset investment growth was still dragged down by the sluggish real estate sector. However, industrial and commercial activities continued to recover, driving the annual GDP growth rate in the fourth quarter to 5.2%. Compared to the third quarter, it increased by 0.3 percentage points, resulting in a GDP annual growth rate of 5.2% for the whole year.

F. Taiwan’s macroeconomic trends

First of all, concerning foreign trade, thanks to the strong demand from emerging applications such as artificial intelligence, the export of integrated circuits and traditional products has gradually improved. Moreover, the low base resulted in the continuously positive export growth in December, increasing from 3.73% in November to 11.76% in December. In terms of major export products, driven by the booming buying power of computers and their peripheral units (such as graphics cards and servers), the export of information and communication products, and audiovisual products grew the most by 94.72% in December, and the export value exceeded US$10 billion for the first time. Mineral products, however, increased by 7.19% year-on-year due to the low base. Although the rest of the goods continued to show a downward trend, they also benefited from the low base, resulting in a slower decline in electronic components, chemicals, machinery, basic metals, and related products. Regarding imports, while the decline in imports of consumer goods expanded from the previous year, the agricultural and industrial raw materials and the purchase of capital equipment declined slower from the previous year, narrowing the decline in imports in December to -6.51%. The cumulative export in 2023 declined by 9.79% from 2022, and the import decline by 17.80%. The total export value in 2023 exceeds US$80.586 billion, with a growth of 56.99%.

In terms of domestic production, the global economy is still influenced by inflation and high interest rates, resulting in weak end demand. The investment momentum of manufacturers was conservative, but the decline is gradually narrowing. In December, the manufacturing production index was 90.08, down 2.77% from the previous month and 4.19% from the previous year. . In terms of sub-industry, the base metal industry benefited from a low base as well as restocking by some customers, resulting in the annual growth rate of the base metal industry reversing from negative to positive. The rest of the industries continued to show a declining trend, especially machinery and equipment, as the decline in equipment investment was the largest due to the weak global economy, leading manufacturers to adopt a conservative approach to investment. Overall, the industrial production in 2023 declined by 12.45% from 2022, of which the manufacturing industry declining by 12.88%.

Regarding domestic consumption, due to the warmer climate and the later date of the Chinese New Year in 2024, purchase opportunities during the festival were postponed. As a result, the clothing and apparel retail industry fell by 9.1% year-on-year, hypermarkets fell by 7.3% year-on-year, ICT and appliance retail sales declined by 4.2% year-on-year, e-shopping and mail-order fell by 2.8% year-on-year, and the growth rate of comprehensive goods narrowed from 7.53% in November to 2.84% in December. In December, overall retail sales in Taiwan maintained positive growth, with the annual growth rate decelerating from 7.23% in November to 1.12%. The cumulative 2023 retail sales growth rate was 6.88%, and the annual growth of general merchandise retailing was 9.27%. For the restaurant industry, the peak season of Christmas and New Year's gatherings, along with the launch of new brands by some businesses, customers were attracted. The increase in flight capacity during the year-end holidays drove an increase in demand for air kitchen meals. The annual growth rate narrowed from 8.22% in November to 7.48%. The cumulative turnover of the restaurant industry in 2023 is 18.79% higher than that in 2022.

In addition, the price of fuel fell in line with the international market price, and the price of communication equipment and transportation also declined. Thus, the growth rate of the price of transportation and communication related products narrowed from 1.18% in November to 0.96% in December, impacting the headline index by 0.14 percentage points, or by 0.03 percentage points from the previous month. While the annual growth rate of the overall CPI narrowed from 2.90% in the previous month to 2.71%, the core CPI increased from 2.39% in the previous month to 2.43%, attributed to the relative fluctuations in the annual growth rates of the clothing, sundries, health care, education, and entertainment industries. In terms of PPI, the price of natural gas fell due to the price cut of natural gas sold to electricity users by CPC. Additionally, the prices of petroleum and coal products, metal products, chemical materials and medicines also fell. However, the decrease was partially offset by higher electricity tariffs, as well as rising prices of agricultural products and power equipment and devices. As a result, the overall PPI declined at a slower rate to -0.42% in December 2023. In 2023, the cumulative annual growth rate of CPI was 2.50%, while the annual growth rate of PPI was -0.56%.

For the labor market, the number of individuals losing their jobs due to business tightening or workplace closure decreased from the previous month. The unemployment rate in December 2023 was 3.33%, down 0.01 percentage point from the previous month and down 0.19 percentage point year-on-year. The average unemployment rate was 3.48%, down 0.19 percentage point from 2022. In terms of salary, the total salary in November 2023 was NT$51,911, an increase of 0.84% from the same month in 2022. The recurring salary in November was NT$45,610, an increase of 2.11% from the same month in 2022. The real monthly recurring salary excluding the impact of rising prices, was NT$41,336, a decline of 0.02% compared to the same period in 2022. The total real monthly salary from January to November 2023 was NT$53,285, a decline of 0.97% compared to the same period in 2022.

In the domestic financial market, market funds are stable. The highest overnight interest rate in the financial industry in December 2023 was 0.695% and the lowest was 0.682%. The weighted average interest rate was 0.686%, down 0.002 percentage point from the previous month but increasing by 0.179 percentage points compared to the same month in 2022. In terms of the stock market, foreign funds continued to flow in and purchase Taiwanese stocks, pushing stocks with major weights higher. By the end of December, the TAIEX closed at 17,930.81 points, up 2.85%, with an average daily trading volume of NT$313.79 billion. In 2023, the TAIEX surged 26.8%, and foreign investors bought more than

NT$275.4 billion of Taiwanese stocks, ending three consecutive years of sales of Taiwanese stocks by foreign investors. Regarding the exchange rate, the NTD continued to strengthen due to the Fed's dovish stance in December, which caused the USD fell internationally. In addition, foreign investors continued to purchase Taiwanese stocks, and funds flowed in. By the end of the month, the USD/NTD closed at NTD30.735, appreciating by 1.71 % .

4. Product competition

In the semiconductor wafer industry, barriers to entry are high to the other potential competitors due to high concentration of capital and technology. In recent years, the Company has become the third largest wafer supplier in the world. The Company's Business operations have achieved economies of scale, and its process technology has won the trust and quality recognition from international manufacturers. Furthermore, the Company would become more flexible in meeting customers' demand on high quality products and different delivery time frames by integrating technologies and production capacity of subsidiaries around the world, while flexibly responding to policies of various countries. Although the overall economy has been affected by inflation and the decline in consumer confidence, and the sluggish demand for consumer products, resulting in a slowdown of small-size products and increased inventory levels. However, as downstream manufacturers have introduced many measures, the inventory has gradually closed out. The large-size and special wafers (FZ, SOI) continue to be popular due to the strong support from automotive and industrial applications; policy incentives for electric vehicles and net zero are expected to rapidly expand the compound semiconductor market.

(III) Overview of Technology and R&D

Since its foundation, the Company concentrates in the crystal growth of silicon wafer materials and precision processing improvement. It has been able to rapidly upgrade its technological know-how and develop new products through exchange and joint ventures with the academe and research institutions. After years of investment in the development of "Single crystalline silicon growth technology and wafer precision processing technology" and "Epitaxial wafer deposition technology and SOI water bonding technology," the Company has emerged as the benchmarking firm in the productivity of single crystalline silicon, reduction of crystal resistance, crystal defect density control, upgrade of crystal quality, reduced use of argon, enhancement of the flatness of wafer, atomic grade wafer surface polishing treatment technology, homogeneous/heterogeneous epitaxy technology, homogenous/heterogeneous wafer connection technology, enhancement of wafer strength with less thickness, energy efficiency, water consumption efficiency, reduced use of materials, and reduced wastes, and even surpassed the standards of international indicators. Through integration and resource sharing within the Group, many important indicators have been achieved in terms of process technology development, new product technology research and development, and customer certification evaluation. Not only we are qualified in the advanced manufacturing process evaluations of top clients in the world, but also awarded as the best supplier by many key clients. The clients' recognitions demonstrate GlobalWafers's success in the R&D technologies. For the manufacturing process technologies, we have solely developed advanced process control and apply it in key process steps. This process control technology not only stabilizes the process, but also perfect the manufacturing process of low defect and ultra-flatness wafers. In the regard of new product development, we have achieved unprecedented milestones, such as the 12" heavily doped ultra-low resistant N-type semiconductors, RFSOI and CTL-SOI applied to 4G and 5G communications, next-generation wide band gap materials like GaN on silicon and SiC wafers, as well as customized ECAS. As of December 31, 2023, the Group's effective patent applications have reached 2,310, with 1,403 patents granted and 907 pending.

GlobalWafers started to develop 2" N-Type SiC crystal growth in 2014, completed the development of 4" N-Type SiC crystal in 2016, and successfully executed 4" SI-SiC crystal growth in 2018. The processing technology for 6" N-Type SiC substrate was developed in 2018 and 2019. At the 2021 International Optoelectronic Exhibition, GlobalWafers exhibited the R&D results of 6" SI-SiC crystal, ingot and chips, and simultaneously completed the first generation (Gen1) in-house development of SiC PVT crystal furnace in 2021. In 2022, 6" N-Type SiC grew from the in-house developed SiC PVT crystal furnace successfully. Other than the crystal growth technology, GlobalWafers also has sophisticated SiC wafer processing technology, including 4"/6" N-Type SiC, 4"/6" SI-SiC and 6" Ultra-Thin (90um) N-Type SiC. GlobalWafers' excellence in production and manufacturing technologies within the silicon carbide field has garnered orders from many Tier 1 international major manufacturers. In April 2023, GlobalWafers has successfully developed high-quality low-defect 8" N-Type silicon carbide crystal and ingots with the second generation (Gen2) in-house crystal growth furnace. In October 2023, it showcased the results of the R&D of 8" N-Type SiC Crystal, ingots and chips in an international optical electronic exhibition. GlobalWafers plays a pivotal role in the third type of compound semiconductor in the world. These R&D achievements position the company for further progress in the semiconductor industry, aiming to become a world-class leading semiconductor wafer supplier.

1. R&D expenses from the most recent fiscal year up to the date of publication of the annual report

Unit: NT$ thousand

Item/Year	2022	2023
R&D expenses	2,089,325	2,364,071
Net operating revenues	70,286,871	70,651,593
R&D expenses as a percentage of revenue (%)	2.97	3.35

2. Product (technology) development accomplishments in the most recent fiscal year

Year	Name of technology or product
2022	1. Develop double-sided grinding method for diamond wire-cut wafers 2. Develop highly photosensitive crystal 3. Develop 12” Epi for power semiconductors applications 4. Develop ECAS-SOI for RF device applications 5. AI application on prediction of double-sided grinding morphology 6. AI application on edge defect inspection 7. Power-saving thermal field development technologies 8. Build new camera diameter monitoring system 9. Develop flatness calculation software 10. Build SOI wafer, bonding, heat treatment, separation automation system 11. Develop wafer for 2nm 12. Slice disconnection prediction perception system development 13. Silicon carbide resistance uniform doping technologies 14. Stress-free processing technology for high-efficiency ultra-thin silicon carbide wafer 15. Thin ultra-flat silicon carbide wafer processing technology 16. Low warpage silicon carbide substrate processing 17. 8” silicon carbide wafer processing technology 18. Thinned high voltage resistant, high quality GaN epitaxy technology 19. High quality AlN nucleation layer growth technology 20. First generation SiC crystal growth furnace made in-house 21. 6" N-Type SiC crystal 22. 6" N-Type SiC crystal ingot

2023	1. ECAS wafers applied to power semiconductors 2. 12" ultra-low oxygen content crystal growth process 3. 12" thin wafer 4. 8" high resistance anneal wafer 5. Multi-doped, high-resistance, low-oxygen crystal growth process 6. AI applied to the crystal growth control of silicon ingots 7. Development of high-yield SiC diamond slicing technology 8. Development of slicing technology for low-damage carbonized silicon wafers 9. Development of energy-saving magnetic field device for crystal growth furnace 10. Development of low-pollution SiC crystal evaluation technology 11. Development of image recognition technology for SiC defects 12. Predictive model technology applied to the SiC wafer processing 13. Growth technology of 12" ultra low resistivity crystal with arsenic doped 14. Development of low stress on epitaxy manufacturing process for GaN 15. Development of high uniformity SiC epitaxy process 16. 8" N-Type SiC crystal 17. 8" N-Type SiC crystal ingot 18. 8" N-type SiC crystal growth furnace

(IV) Long-Term and Short-Term Business Development Programs

1. Long-Term Program

   A. The Group's high-end leading technology is utilized to develop GaN/Si/SiC chips matching next-generation product utilization. Development shall move towards large size advanced manufacturing process, heavily-doped crystal growth and power semiconductor epitaxy technology, as well as becoming the world's largest silicon wafer supplier.

   B. Implement green manufacturing and corporate social responsibility, enhance the corporate governance to cement the foundation of sustainable operation.

   C. By adopting renewable energies, enhancing the energy utilization efficiency, carbon removal and purchasing carbon offsetting goods to achieve the goal of 100% clean energy utilization by 2050.

   D. Various energy-saving measures are actively introduced with renewable energy adopted, and by working with the production and operation bases all over the world, the Company constructs a resilient and flexible local supply chain to respond quickly to the pandemic and geopolitics tension , and reduce the impact on the environment by providing customers with green wafers with shorter carbon mileage.

E. To increase the scale of operation through the expansion of production, and to keep abreast of industrial trends and actively strive for government subsidies, to enhance the competitiveness in the semiconductor wafer industry.

F. Actively sign long-term agreements with key partners to consolidate the foundation of cooperation.

2. Short-Term Program

A. Strengthen R&D links with downstream customers, develop high-efficiency niche products with core technology capabilities, and actively reduce manufacturing costs to increase profit margins.

B. The Company accelerates the improvement of the production performance of 8" and 12" silicon wafer, compound semiconductor and specialty wafer (FZ, SOI) to increase the global market share.

C. Combine the technology, resources and various possibilities within the Group to optimize the bottleneck spots of each plant and maximize product capacity, deepen the multinational technology integration platform, and comprehensively improve technical capabilities, quality and customer satisfaction to meet market demand.

D. Stabilize the supply of key raw materials and parts to ensure good production quality and on-time delivery so that the production line runs smoothly.

E. Use existing customer networks to expand the customer base of new products, increase the capacity utilization rate of production lines, and enhance the profitability of products.

F. Expand the collaboration among government, industry, and academy, deploy our advanced manufacturing process for niche applications and accelerate the development of new technologies.

G. The Company will keep close attention to market trends and the industrial fluctuation, adjust business strategies when necessary, continue to develop high-value products, and carry out patent protection measures to strengthen the Company’s competitiveness.

II. Market, Product and Sale

(I) Market Analysis

1. Distribution Areas of Major Commodities

Unit: NT$ Thousand

Region		2022		2023	
		Amount	Rate (%)	Amount	Rate (%)
Sales in domestic market		13,002,014	18.5%	13,879,750	19.7%
Export sales	Asia	35,736,985	50.8%	33,019,460	46.7%
	The Americas	8,761,771	12.5%	8,915,007	12.6%
	Europe	12,247,244	17.4%	14,406,732	20.4%
	Other	538,857	0.8%	430,644	0.6%
Total		70,286,871	100.0%	70,651,593	100.0%

2. Market Share

According to financial statements announced by peers, the shipment volume of the Company ranked the number 3 position among the top 15-20% of the world silicon wafer manufacturers. There is the trend of consolidation and integration of the silicon wafer industry where the top 5 manufacturers accounted for over 90% of the market share. These top 5 are Shin-Etsu and Sumo of Japan, GlobalWafers, Siltronic AG of Germany, and SK Siltron of Korea. The Company was ranked the number 3 position of the world, which indicated its stable growth in operation. It is expected to further increase of market share with the complete product positioning plans.

3. Supply and Demand, and Growth in the Market of the Future

According to the latest World Fab Forecast (WFF) published by the Semiconductor Industry Association (SEMI), the global semiconductor production capacity, after growing by 5.5% in 2023 to 29.6 million wafers per month (wpm), is expected to grow by 6.4% in 2024, exceeding the threshold of 30 million wpm. During the forecast period from 2022 to 2024, the global semiconductor industry plans to have 82 new facilities commissioned, of which 11 facilities and 42 facilities are commissioned in 2023 and 2024, respectively, covering 4” (100mm) to 12” (12”) wafer production lines.

The moderate expansion of production capacity comparing to that in 2023 is mainly due to the semiconductor inventory adjustment period resulting from the slowdown of market demand; In 2024, promoted by applications such as generative AI and high-performance computing (HPC), and the recovery of chip in end demand, the expansion of advanced manufacturing process and wafer OEM production capacity will accelerate.

SEMI expects that the global market demand will recover, and the government incentives will drive the substantial growth in wafer fab construction and equipment investment in major chip manufacturing regions. In addition, the semiconductor strategy increasingly affect the global political and economic situation, such effect is also a catalyst to semiconductor production capacity growth. As a result, the global production capacity is expected to grow by 6.4% in 2024.

Other than the above estimates of the overall market conditions of semiconductors, the Company's strength lies in its wide customer base, with the end-products covering various industries and application fields, such as automotive products, power supply products, memory, among other things; so that the business cycle risks may be diversified. In light of the continuous growth in the demands of the end markets in the future, new products will also continue to increase the demand for high-quality semiconductor silicon wafers; the overall operating performance of the Company will keep sound.

4. Competitive Advantages

1. Experienced operation and well-seasoned R&D team in the industry

The Company has committed its resources to the research and development of advanced technologies related to silicon wafer ever since its establishment. The majority of the R&D staff and the management have years of work experience in the semiconductor industry. With the wealth of experience accumulated and good understanding of the industry trend of semiconductor, the Company keeps abreast of the needs of the market. As such, the Company could meet the needs of the customers in timing and development key technologies on due time to help the customers to secure purchase orders.

2. Possession of advanced production process technology

The Company concentrates in the crystal growth of silicon wafer materials and precision processing improvement, and could upgrade technological know-how and development of new products quickly through exchange and joint ventures with the academe and research institutions. After years of investment in the development of “Single crystalline silicon growth technology and wafer precision processing technology”, the Company has emerged as the benchmarking firm in the productivity of single crystalline silicon, reduction of crystal resistance, crystal defect density control, upgrade of crystal quality, reduced use of argon, enhancement of the flatness of wafer, atomic grade wafer surface polishing treatment technology, homogeneous/heterogeneous epitaxy technology, homogenous/heterogeneous wafer connection technology, enhancement of wafer strength with less thickness, energy efficiency, water consumption efficiency, reduced use of materials, and reduced wastes, and even surpassed the standards of international indicators. In addition to the above, the GlobalWafers has also paid attention to the protection of the intellectual property rights of the Company through patent registration. As of December 31, 2023, the effective application of patents by the Group reached 2,310 (1,403 among which have been granted, and 907 are pending). This brilliant result of research and development has been highly recognized by the customers worldwide.

3. Sizable production capacity, flexible allocation of production capacity, and the economy of scale in competition

Since its establishment, the Company has focused on the technology, production, and R&D of semiconductor-grade silicon products. Its production bases span across the Americas, Europe, and Asia, with a total of 18 operating production bases located in nine countries around the world. Its production capacity has reached economic scale. The mature production process and operation technology of the engineers and production line operators, coupled with the Company's effective management process and diversified decentralized business strategies, have resulted in a significant increase in production efficiency and a relatively lower unit cost.

4. Cultivation of long-term and close partnership with the customers

The Company provides total solutions for the customers with core technology and products in full production process. In the aspects of precision processing technology, product quality, and delivery, the Company could satisfy the needs of the customers. As such, the Company has earned the recognition of many giant domestic and foreign semiconductor firms. Owing to the non-disclosure nature of technology, quality and tacit collaboration, these giant semiconductor firms tend to keep long term partnerships with suppliers. This shows that the Company has established long-term close partnership with the customers. In addition, the Company will base on its solid foundation of the use of advanced technologies to development new accounts further to its effort of maintaining positive relation with existing customers. This will be very helpful for the Company in the development of its operation in the future.

5. Diversity of products

The Company is a professional semiconductor-grade silicon wafer manufacturer, with a 3" - 12" silicon wafer product line including pulling, slicing, grinding, polishing, cleaning and epitaxy process. The spectrum of products is wide including epitaxy, polished wafer, annealed wafer, diffusion wafer, SOI, FZ wafer, among other things. In addition, it also covers compound semiconductors such as SiC and GaN. The Company also provides total solutions and customized services for the diversity of needs of the customers. The Company has the advantage of being a leader in the industry, given its stable quality, sound performance, complete product line and short lead-time in research, development, and design with flexibility.

6. Stable and health financial structure

   "The big is getting bigger" will be trend of development for the semiconductor industry in the future. The Company has sufficient cash flow and a sound asset and liability structure that could support the continued solid investment and development in the future. This is critical for sustaining the operation at the time of downturn for the semiconductor industry. A sound financial structure is the foundation for long-term cooperation and growth between the Company and its customers. Indeed, this is one of the competitive advantages of the Company.

7. Highly regionalized global operations

   GlobalWafers' 18 operating production bases are located in nine countries around the world. After the completion of the new plant in the United States, GlobalWafers will have completion production processes from wafer growth to epitaxy in the Americas, Asia, and Europe. For customers, it is a local supplier to meet their needs nearby, and local supply may mitigate the impact of geopolitical and overall economic changes.

8. Green sustainability

   GlobalWafers' operating locations around the world can effectively reduce the environmental cost of long-distance transportation and lower the possibility of carbon tariffs levied by various countries. In addition, GlobalWafers voluntarily announced in 2021 that the entire group will achieve the goal of 100% renewable energy adoption by 2050. In 2022, it officially joined the RE100 initiative. In terms of the energy blueprint, by building its own solar power plants, signing a power purchase agreement (PPA) and purchased renewable energy certificates (RECs). As a green energy total solution provider, the parent company, SAS, uses its advantages in rich experience and vertically integrated supply chain to assist the Group in building solar power plants to increase green energy power generation. For the newly-built plant, various energy-saving equipment and solutions have been introduced since the construction period to reduce energy consumption through active renewable energy adoption, thus structuring the unique advantage of green sustainability.

5. Advantages and Disadvantages of Development Prospect

1. Favorable factors

(a) Capital and technology intensiveness that posed high entrance barrier to the industry

Semiconductor is a capital and technology intensive industry. The machinery for the production of semiconductor is very expensive. It is echoed with the growing trend of IDM job orders and rapid change in product technology. These dictate for sizable capital spending. Being a technology-intensive industry at high level, the process technology and yield rate of products for semiconductors will determine the cost. In addition, the research and development staff and process technology are closely associated. It is not easy to recruit and train professional research and development personnel in the industry. All products shall be subject to the validation of the customers before purchase orders could be secured. These posed high entrance barrier to the competitors. The Company has an outstanding R&D team with years of experience in the industry and is well-seasoned. They keep abreast of the trend and demand of semiconductor wafer. In addition, the Group has already achieved the economy of scale and the process technologies have won the trust and quality accreditation of international big firms, which indicated the competitive power of the Group in market.

(b) The new technologies in the semiconductor market linked to different forms of applications, which in turn boost the demand for high quality semiconductor wafer.

The continued development of the IoT containing smart appliances, wearables, and smart cities has emerged as the prime force driving for the revenue of semiconductors. Likewise, the 5G is about to activate a new mode of mobile web and change the form of wireless communication forever. The development of new technologies such as 5G, AI, and IoT will connect the separate markets such as consumer electronics, mobile devices, network communication equipment, and computer applications. Innovative technologies are based on advanced manufacturing processes, which require semiconductor wafers with better quality and higher specifications as key substrate materials, in particular, 8" and 12" silicon wafers, and compound semiconductors are more sought after.

Therefore, the global demand for silicon wafer materials will remain constant.

(c) Product development meets market needs

The top 5 silicon wafer manufacturers are focused on the application standard of memory for the time being, which makes competition acute and no room for profit. Yet, the group could not only provide the services of the whole product line and production process in 3"~12" silicon wafer for the customers (pulling, chipping, grinding, polishing, rinsing, annealing, and epitaxy) and focused on the niche market of automotive and power supply equipment. The Company also engages the third generation compound semiconductor areas, to expand new blues like quick charging and EVs. The Company has a robust profitability structure, and aggressively positions the advanced manufacturing process for niche applications with complete product lines, so the future growth space is expected.

2. Disadvantages and Response Measures

(a) Economic cycle of the semiconductor industry

The Company is a professional semiconductor wafer manufacturer and is at the upstream of the semiconductor industry chain. Major customers are semiconductor manufacturers and wafer foundries, and also integrated component manufacturers and automotive electronics firms. Wafer is an indispensable basic material critical for the manufacturing of semiconductor components. The operation of the Company is closely associated with the economic cycle of the semiconductor industry.

The Response Policy:

The Company is the number 3 semiconductor wafer manufacturer of the world with product line covering 3" to 12" wafers that assures its economy of scale and market position. The end products could be applied broadly with the automotive and power supply devices market in particular. The technical staff of the Company and its subsidiaries have years of experience in the semiconductor industry with solid background in technology. With the proper application of core technology, matching with the capacity of technology integration and development, the Company could provide a complete product line with a wide array of carrying items to the needs of the market and the customers, and establish long-term stable partnership relation with the customers on hand. The production capacity could then be fully utilized in stability to reduce the cyclical risk to the Company. In addition, the Company has production facilities in Europe, America, and Asia, and could reduce the cost of operation through purchase and centralization of sale. Furthermore, the Company could fully utilize the advantages of different production sites for flexible production scheduling to tackle with the unfavorable factors caused by market fluctuation.

We have also entered into long-term cooperation contracts with many customers to ensure that orders are not affected by economic fluctuations. GlobalWafers is a long-term partner with its customers. In order to consolidate production capacity to meet the future demand for innovative technology, customers enter into long-term contracts to secure material sources and help GlobalWafers to stabilize production.

(b) Changes to international situations

Recently, the international situation has changed drastically. Regional trade conflicts, the Russia-Ukraine War, the Israel-Hamas War and the potential conflict in the South China Sea have caused significant shocks to the overall economy.

The Response Policy:

GlobalWafers has production facilities around the world and thus is able to deploy the production flexibly to respond to the impacts from related regulations, lower duties, to the operational costs. Clients all over the world also effectively diversify the impacts from the pandemic to the revenue and lower the economic risks from a single area.

(c) The risk of shortage in key materials

With the vigorous development of the semiconductor industry, the demand for wafers has increased rapidly, and the transportation system has also been affected by International conflict situations. If the supplier is unable to cope with in a timely manner or the shipment is hindered, there will be a shortage of raw materials and the production will be disturbed.

The Response Policy:

The key material for the Company—polycrystalline silicon—is purchased from world-renowned suppliers bound by supply agreements to ensure stable quality and sufficient quantity of supply. In addition, to avoid the risk of chain disruption due to excessive reliance on a single supplier, the Company has established relationships with multiple suppliers for key raw materials. The supply chain management department always pays attention to the latest situation and arranges transportation routes flexibly. GlobalWafers also encourages suppliers to adopt sustainable practices, produce low-carbon and green products to avoid material shortages and production interruptions, and meet the low-carbon emission standards of customers and countries in the world.

(d) Exchange rate risk

The Company has established production sites in Europe, America, and Asia, where the labor, utilities and other overheads were paid by these sites separately in respective local currencies. Some of the export sales were settled by the customers in respective local currencies of the host countries while the remainder will be settled in USD. As such, wide fluctuation of the exchange rate between the USD and the currencies of the aforementioned host countries will affect the cost of operation of the Company.

The Response Policy:

The international economic situation and exchange rate are so unpredictable. In response, the Company adopts the policy of natural hedge between the positions of assets and liabilities with an attempt to minimize the exposure of the position to exchange risk. The treasury function of the Company pays close attention to the trend of the exchange rate, and will match with appropriate foreign exchange instruments for hedging where necessary to mitigate the influence of exchange rate fluctuation on the cost of operation.

(e) Competitor entrance

There was semiconductor wafer manufacturers entered into competition since the last few years. It was coupled with the powerful support of the domestic semiconductor industry in Mainland China. As such, the market is in acute competition.

The Response Policy:

The semiconductor industry is a capital and technology intensive industry. The machinery for production is very expensive and the product technology changes so fast that entail sizable capital investment. In addition, it is not easy to recruit and train professional research and development personnel. In addition, all products will be subject to the validation of the customers before purchase orders will be placed. These factors contributed to high entrance barrier of the industry. The Company has an outstanding technology R&D team who has been working in the industry for a long time. They could keep abreast of the trend and demand for silicon wafer. The production capacity of the Company has also been ranked among the top performers of the suppliers worldwide. The process technology of products has also earned the trust and quality accreditation of famous international big firms, which give the Company the advantage in competition as compared with the other competitors. The Company will continue to strengthen its competitive edge to maintain the leadership position.

(f) Climate change

The increasing frequency of extreme weather has brought the concern of energy shortages that may affect production.

The Response Policy:

GlobalWafers deeply understands the impact and constraints of climate change on the operating environment. When making operational decisions, it evaluates risk scopes and takes them into account, to quickly implement emergency response plans to overcome the weather impacts, and avoid production interruption, as well as provide continuous and stable supply to global customers. GlobalWafers is committed to optimizing its existing equipment and introducing various energy-saving measures, to produce in an environmentally friendly manner. Moreover, GlobalWafers has multiple solar power plants, and subsidiaries in various countries also adopt green energy pursuant to local energy policies, is committed to increasing the proportion of green power.

(g) ESG and carbon tariffs

In response to climate change, various countries have instituted different carbon tariffs to curb carbon emissions in the production process. Many customers have also requested their suppliers to commit to joining the sustainable supply chain. In addition to consequent increase in production costs, the manufacturing process of products must also meet the low-carbon requirements.

The Response Policy:

GlobalWafers has 18 production and operation bases in nine countries, making it highly regionalized and regarded as a local supplier by customers on three continents. Local suppliers can significantly reduce the carbon mileage of their products and reduce the possibility of carbon tariffs imposed by various countries. In addition, GlobalWafers voluntarily announced in 2021 that the entire group will achieve the goal of 100% renewable energy adoption by 2050. In 2022, it officially joined the RE100 initiative. In terms of the energy blueprint, the company has been building its own solar power plants, signing a power purchase agreement (PPA) and purchasing renewable energy certificates (RECs). As a green energy total solution provider, the parent company, SAS, uses its advantages in rich experience and vertically integrated supply chain to assist the Group in building solar power plants to increase green energy power generation. For the newly-built plant, various energy-saving equipment and solutions have been introduced since the construction period to reduce energy consumption with active renewable energy adoption. GlobalWafers has become a long-term partner of its customers with its unique advantages of sustainability and high regionalization.

(II) Important Uses and Production Processes of Major Products

1. Major Purpose of Key Items

Products	Main Usage
Semiconductor wafer	This is the critical material for the making of semiconductor components, and is made under different stages of the production process such as polishing, diffusion, exposure, and etching, and the back-end process of: assembly, and testing to make it the material for separate components, IC, and optoelectronics. It is used in separate components of semiconductors like diode, rectifier, transistor, TVS, thyristor, and MOSFET, MEMS, Power Device (power semiconductor) and consumer IC, LOGIC IC and optoelectronic components.

2. Production Process:

Wafering

Silicon material → silicon growth → cutting → cylindrical grinding → coarse wafer cleaning → thermal treatment → circular edging → grinding → flat wafer cleaning → inspection → finished item packing

Polishing

Wafer grinding → etching → inspection before polishing → wafer polishing → preliminary cleaning → inspection → final cleaning → wafer surface scanning → inspection → wafer packing

(III) Supply Status of Main Materials

Product Type	Main Material	Main Supplier	Supply Status
Semiconductor wafer	Poly-Si	Company d	Good

(IV) The names of the parties accounted for more than 10% of the total purchase (sale) in any of the last 2 years, the amount of purchase (sale) and proportion to the total amount of purchase (sale).

1. The names of the parties accounted for more than 10% of the total purchase in any of the last 2 years, the amount of purchase and proportion to the total amount of purchase, and explain the reason for the changes, where applicable.

Unit: NT$ Thousand

Item	2022				2023			
	Company Name	Amount	Proportion to annual net purchase (%)	Relationship with the issuer	Company Name	Amount	Proportion to annual net purchase (%)	Relationship with the issuer
1	Company d	2,225,647	12.5%	None	Company d	2,698,486	16.3%	None
	Other	15,522,948	87.5%		Other	13,814,971	83.7%	
	Net purchases	17,748,594	100.0%		Net purchases	16,513,457	100.0%	

Note to the changes:

The principal business of the Company and the subsidiaries is the manufacturing and sale of semiconductor materials and silicon is the key ingredient. There is no significant change in the ranking of the suppliers in the last two periods.

2. The names of the parties accounted for more than 10% of the total sale in any of the last 2 years, the amount of sale and proportion to the total amount of sale, and explain the reason for the changes, where applicable.

Unit: NT$ Thousand

Item	2022				2023			
	Company Name	Amount	Proportion to annual net sale (%)	Relationship with the issuer	Company Name	Amount	Proportion to annual net sale (%)	Relationship with the issuer
1	Company C	14,781,881	21.0%	None	Company C	11,205,438	15.9%	None
	Other	55,504,990	79.0%		Other	59,446,155	84.1%	
	Net sales	70,286,871	100.0%		Net sales	70,651,593	100.0%	

Note to the changes:

The principal business of the Company and the subsidiaries is the manufacturing and sale of semiconductor materials. The products are mostly semiconductor ingots and customized semiconductor wafer. The major customers are big semiconductor firms. There is no significant change in the ranking of the major customers in the last 2 years.

(V) Table of production volume and value in the last 2 years:

Unit: NT$ thousand/1,000 pcs/1,000 kgs

Year / Production volume and value / Key items (or by department)	2022			2023		
	Capacity	Quantity	Amount	Capacity	Quantity	Production value
Semiconductor wafer	56,329	50,901	38,160,437	52,557	44,747	39,996,677
Semiconductor ingot (Note1)	370	322	1,535,423	357	296	2,004,848
Other (Note 2)	-	-	-	234	142	92,532
Total	-	-	39,695,860	-	-	42,094,057

Note 1：The semiconductor ingot products only include external sales in the statistics; self-produced or intercompany usage is not included

Note 2： ‘Other” refers to production capacity and volume of Crystalwise Technology Inc, Shanghai Sawyer ShenKai Technology Material Co., Ltd. and their subsidiaries, which we acquired in 2023.

(VI) Sale volume and value in the last 2 years:

Unit: NT$ thousand/1,000 pcs/1,000 kgs

Year / Sale volume and value / Key items (or by department)	2022				2023			
	Domestic sale		Export sale		Domestic sale		Export sale	
	Volume	Quantity	Amount	Quantity	Amount	Quantity	Amount	Value
Semiconductor wafer	9,655	11,771,187	36,921	57,262,202	8,550	11,938,479	31,685	56,844,116
Semiconductor Ingot	-	29	64	903,822	-	-	52	1,270,226
Electricity Revenue	-	63,089	-	-		115,790		
Other	-	111,111	-	175,431		253,464		229,518
Total		11,945,416		58,341,455		12,307,733		58,343,860

Note: other items are mostly the sale of raw materials. There is a wide array of products and the prices vary significantly. The calculation of sale volume is omitted.

Analysis and description of the changes in the production and sale volume and value:

The major products are semiconductor ingots and customized semiconductor wafers and the major customers are big semiconductor firms. The product portfolio of the last 2 years is conditioned by the demand structure of the products and the changes are reasonable.

III. Human Resources

Year		2022	2023	March 31, 2024
Employee No.	Direct	4,535	4,388	4,375
	Indirect	2,764	2,917	2,884
	Total	7,299	7,305	7,259
Average age		41.81	41.72	42.45
Average years of seniority (year)		12.96	13.39	14.04
Distribution of education levels	Doctors	0.97%	1.04%	1.06%
	Master degree	7.44%	7.68%	8.02%
	Bachelors	21.37%	22.60%	27.00%
	Senior high schools and below	70.22%	68.68%	63.92%

Note: Subsidiaries are not included

IV. Environmental Protection Expenditures

1. The law requires the Company to obtain permit for the installation of pollution control facilities or emission of pollutants or payment of fees for pollution cleanup, or appointment of designated environmental protection personnel. The detail of the application for the permit, payment of service, or the installation of facilities: the Company has applied for the installation of pollution control facilities and appointed designated personnel for environmental protection.
2. Environmental Protection Expenditure in the Recent Year:

   Environmental Protection Expenditure in 2023:

   The total cost of air pollution prevention and maintenance was NT$184,810 thousand.

   The total cost of treatment and maintenance of industrial wastewater was NT$344,435 thousand.

   The total cost of industrial waste treatment and maintenance was NT$233,157 thousand.

   The total cost of other environmental protection expenditures was NT$17,475 thousand.
3. The improvement of pollution control in the most recent year to the day this report was printed. If there was any dispute deriving from pollution related matters, specify the response process: None.
4. Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

Date of disposition	Notice of Disposition No.	Penalty of fines	Penalty plant	Matter of violation	Improvement measures
November 24, 2023	Fu-Huan-Wei-Zhi No. 1120108151	NT$30,000	GlobalWafers Zhunan Plant	Violation of Paragraph 2, Article 26 of the Toxic and Concerned Chemical Substances Control Act by failing to declare operation records for concerned chemical substances	Corrective measures: After the local environmental protection bureau notified the access, the declaration was completed. Preventive measures: 1. The capture interval of detailed purchase data is revised to the 1st day of the month to the 1st of the following month to avoid omissions. 2. Check the inventory quantity on site at the end of each month and check the material management and receipt records. 3. Notify the suppliers on a monthly basis to provide the shipping details. 4. Check the purchase details, inventory the stock at each unit, the goods receiving records, the details of the supplier's shipment at the end of each month, and check the supplier's declaration records at the time of declaration.

5. The effect of pollution and corrective action plan on the earnings, competitive position, and capital expenditure of the Company, and the major expenditure on environmental protection budget in the 2 years ahead: None.

6. Information on the observation of RoHS of the EU by the Company: the Company sends sample for RoHS inspection as required by business needs.

V. Labor Relations

(I) Specify the benefit policy, continuing education, training, retirement system for the employees and the implementation, and the labor-management agreement, the protection of the rights of the employees

1. Employee benefit policy:

(1) A magnanimous remuneration package and fair rewards and punishment regulations, promotion procedure for recognition of the contribution and efforts of the employees are in place. All employees of the Company are entitled to labor insurance, health insurance, group insurance, pension contribution and other fringe benefits. The fringe benefits include year-end bonus, gifts for birthday and festivities, year-end banquet, subsidies for matrimony, bereavement, and other celebration, tourist traveling in home country and abroad, emergency relief fund, scholarship, paternal subsidy, meals, and complete set of education and training. Since 2021, the trust of employee benefit savings was also added. Employees may evaluate on their own whether to join or not, and participants are given rewards equal to 100% of the amount contributed by themselves.

(2) The Company appropriate 0.07% of the monthly revenue and 40% of the proceeds from the disposal of scraps as funding for the Employee Welfare Committee. The committee performs its function in accordance with applicable legal rules.

(3) The Company fully recognizes that the health of all employees is critical to work efficiency and morale, and seeks to create a safe working environment through the care of employees. Since 2020, the Employee Caring Program has been established. By forming a cross-departmental team to formulate an overall plan, the Company provides employees with sub-programs in four aspects: work, health, life, and welfare, to improve overall employee welfare.

2. Continuing education and training for the employees

The Company provides a wide array of training programs through on-the-job training of different areas of specialization, and programs for self-development, including orientation for the new employees, intellectual property courses, on-the-job training programs, training in occupational health and safety, program on professional topics, and other external training on related duties to train personnel with professional capacity and ready for challenges.

3. Retirement system and implementation

(1) Retirement is classified as: voluntary retirement and compulsory retirement. Voluntary retirement: Those who have worked for more than 15 years and are over 55 years old, those who have worked for more than 25 years or those who have worked for more than 10 years and are over 60 years old.

Compulsory retirement: The Company may compel a person who is over 65 years old from May 14th, 2008 or who is mentally or physically disabled and incompetent to retire.

(2) Seniority of service: from the day of registration for duties: except for responding to the call of conscription. The period of leave of absence will not be included in the calculation of the seniority of service.

(3) Standard for payment of pension:

The old system: two basis points for each year of service. For over 15 years of service, a base is given every year, but the maximum is 45 bases. Less than half a year is counted as half a year, and more than half a year is counted as one year. If the mental or physical disability of a compulsorily retired worker is caused by the performance of his duties, the base of his pension should be increased by 20% in accordance with provisions of the preceding paragraph.

New system: If the new system was chosen after July 2005, the seniority should be calculated by the old system before July 2005, and by the new system after July 2005.

(4) Employees who registered for duties after July 2005 will be based on the new system (the employer will appropriate 6% of their respective monthly salaries to the personal accounts at the Labor Insurance Bureau).

4. Work environment and the protection of the health and safety of the employees

According to the Occupational Safety and Health Act, the Company has established “the Occupational Safety and Health Management Unit,” set up the management personnel of the Occupational Safety and Health Business, and formulated “the Occupational Safety and Health Management Guidelines.” The main contents related to the working environment of the plant area and the protection of personal safety of employees are summarized as follows:

(1) Regulations and policies governing work environment:

- All workers should pay attention to the physical and mental health for proper adjustment at all times and makes hygiene a good habit.
- The workplace shall be kept clean and tidy at all times.
- Smoking, betel nut chewing and intake of alcoholic beverages at workplace are strictly prohibited.
- Smoking is permitted only at designated area. No littering of cigarette buds.
- Use proper protective gears when handling hazardous substances.
- Proper labeling of hazardous substances and do not cause any damage to the substances.
- Proper facility for drinking water should be installed at workplace with routine

cleanup and inspection of water quality.

- Annual disinfection of the whole plant site.
- The toilets should be properly ventilated and disinfected.
- All employees must observe the 6S rules of environmental hygiene and make it a habit.
- No spitting and response to the call of nature on shop floor, no indiscriminating discard of cigarette buds and not littering.

(2) The protection of the safety of personnel

- Follow related safety standard, operation procedure and procedure inspection checklist in performing different forms of duties and conduct routine inspection.
- For temporary duties or the duties not performed on a routine basis that there is no safety rules to follow, do not proceed without thinking twice. Use the work safety standard already in place and consult with the person in charge to determine the safety procedure and work method before proceeding.
- For performing duties at an altitude of higher than 2 meters, or objects may be dropped or dispersed from high altitude, the inspectors on the site and the supervisors should wear safety helmet with the band proper fastened.
- For performing duties on pipework, tower, shelves at an altitude of higher than 2 meters from ground level without the installation of a safety work platform, or performing duties at the edge of the workplace and open space, use safety belt and supporting strap or rope.
- In case of partial power shutoff from the transforming equipment or at the plant site, cordon or partition the area with iron fence netting or post warning sign such as “Power Shut Off”, or “Electric Shock Hazard”. Confirm the evacuation of all workers from the area and electric induction free before removing the partition.
- All workers must wear personal protective gears when performing the duties. Report of any unsafe situation, equipment or work method at once.
- No chasing, teasing or exhibition of unsafe behaviors in the course of performing duties.
- Machinery and equipment should not be overloaded.

5. Labor-Management coordination

The rules and regulations of the Company were instituted in accordance with the Labor Standard Act. Labor-Management conference is held at regular intervals under the Regulations Governing Labor-Management Conferences. The Labor-Management relation of the Company has long been harmonious with through channels for communications. Discussion would be held in the Labor-Management Conference and the Employee Welfare Committee on matters related to the benefits on both sides. Communication of this kind helps to improve mutual understanding of the needs and expectation. All of the Company share the common value of coexistence and mutual prosperity and create a better future of the Company in joint effort.

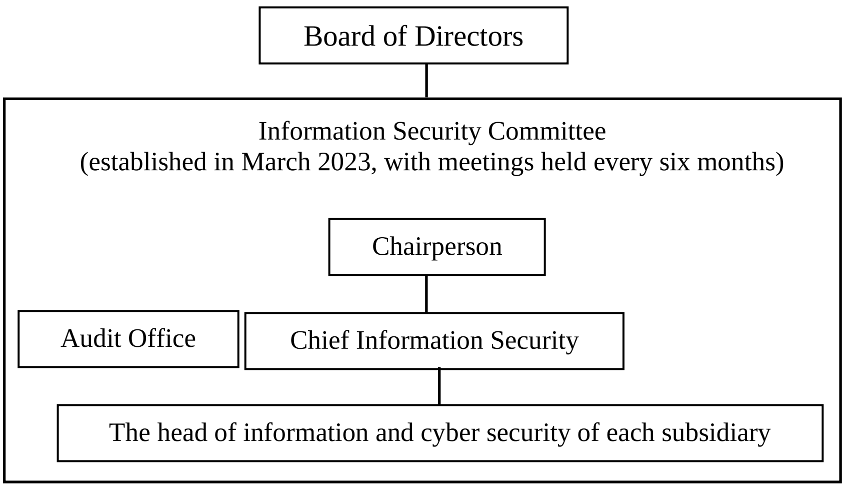
6. Employee right protection policy

The Company has a sound management system, which estabilishes various management measures, stipulates the rights and obligations of colleagues and welfare items, and irregularly reviews and revises the welfare content to safeguard the rights and interests of all colleagues.

(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: the Company enjoys a harmonious labor relations, and any labor dispute is handled by complying with the mediation procedures. For the most recent year up to the publication date of the annual report, there has been no loss suffered due to labor disputes, nor the fine imposed for violation to the labor laws and regulations. The compliance unit assists the Company to establish and implement the regulations to comply with the labor laws and regulations.

VI. Information Security Management

(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.



The Company established the Information Security Division on March 1, 2022, and the Information Security Committee on March 1, 2023. The members of the Committee are the heads of information or cyber security of the Company or subsidiaries under the Group. In each subsidiary, the cyber security promotion team is established to coordinate the formulation, execution, risk management and compliance of cyber security and protection policies.

The company has established a Chief Information Security Officer (CISO) and an information security organization to lead the execution of the company's information security operations and the effectiveness of information security risk management mechanisms. At least once a year, the CISO reports the effectiveness of information security management and the strategic direction of information security to the Board of Directors. The overall information security management organization and the execution effectiveness of related information security operations and systems are supervised by Chairperson Hsiu-Lan Hsu, who has a background in computer science. These are regularly reviewed and revised. The most recent report to the Board of Directors was on May 2, 2023.

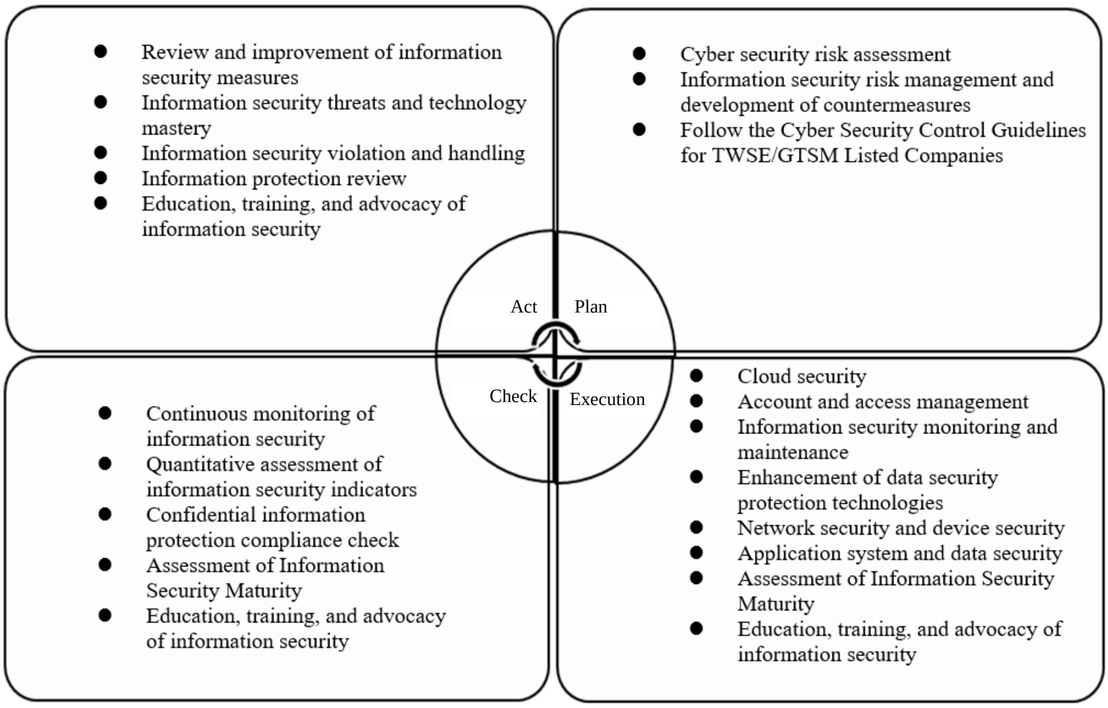
The Company outsourced with the group parent (Sino-American Silicon Products Inc.) to manage its information system. The internal audit function of the Company orchestrates the audit on the information system and information security annually and reports to the Board on the audit status.

The Company initiated the implementation of the ISO 27001 Information Security Management System standard in January 2024, with the goal of obtaining ISO 27001 certification by the end of 2024.

The Company has established the “Information Security Management Policy”, which has been approved by the Board of Directors. The Company takes “Information Security Governance” as the theme of the information security strategy – pursuit in compliance with the Information Security Policy, with timely introduction of new technologies for the improvement of the capacity in security information governance. “Compliance” – the Company reviews newly enacted legal rules and regulations and introduces new technology products for enhancing information security management. “Application of Technology” – cooperation with famous professional information security service provider to make improvement of information security governance capacity in these 3 aspects. Through close cooperation and mutual support, and endless improvement, the Company optimizes its capacity in overall information security defense.

The Company has adopted the PDCA cycle operation model to achieve the objectives and provide continuous improvement, established information security monitoring and vulnerability scanning systems to prevent external hacker intrusions and internal secret theft, and implemented strict software and hardware control (including Internet and personal information equipment) to ensure personal data and internal confidential data protection and security.

Information security risk management and continuous improvement framework:



The specific information security management programs is implemented in three major aspects to ensure effective information security protection and reduce risks:

1. <u>Information System Security Management</u>

- Install endpoint protection software on servers and personal computers or laptops, and automatically update virus definitions or signatures.
- Construct email security gateway equipped with information security modules such as spam filtering, malicious file detection, and phishing email detection in order to enhance email attack protection.
- Important systems and databases are regularly backed up and stored off-site to ensure data availability.
- The information system vulnerability scanning is conducted periodically and the holes in the loop of the system are fixed.
- The computer operation systems or servers are updated for securities based on the cyber risks.
- Established a firewall in the internal network and set up firewall rules to protect important information systems.
- Performed annual disaster recovery exercise drill for important application systems.

2. <u>Information System Access Control</u>

- Strictly control the application system and file access setting permissions to ensure information confidentiality.
- Formulate and implement account/password complexity principles, and update passwords regularly to ensure the validity of identity authentication.
- For employees who have resigned and changed departments, the information department shall adjust the permissions according to documents to ensure real-

time and correct data permission & authorization.

- The management procedures are established for non-employees (suppliers and contractors) to apply for accounts and access the systems. Once the application is approved, access will be granted for them to enter the system, and the handling status is recorded.
- No personal terminal device is permitted to be connected with any external storage medium.
- Personal computers are prohibited from connecting to the Company’s network and resources, and the device authentication management mechanism is established.

3. Network Security Management

- Established a firewall to protect the network's external connections, and analyzed the firewall's anomaly records to strengthen protection.
- A multi-loop mechanism is adopted to connection to the Internet and the Company's internal network interface in order to prevent disconnection.
- An information service monitoring platform has been set up to monitor network traffic and connection status, which can resolve any network related problems in real time.
- The information department delivers security reminders to all colleagues irregularly to remind colleagues to remain alert for the emails received in order to prevent the increasingly serious phishing and malicious fraud letter problems.
- The internal staff’s computers all must have anti-virus software installed. Once the anti-virus control platform finds a virus, it will send a notification letter to the IT personnel for computer virus removal.
- The remote connection to the internal network when the employees are out of the office is limited to these compliant with the cyber security controls. Only these employees who are required to perform the necessary tasks may connect to the Company via remote connection via an authorization, and the VPN security connection with multi-factor authentication must be applied.

In light of the new trend of information security such as DDoS attack, blackmail software, community engineering software, website side recording, and loopholes, the Company joined the Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC) and SP-ISAC of the Industrial Park. Through the annual exchange with famous information security service providers and programs, the Company pays close attention to issues related to information security and planned for proper response. The Company also conducts exercise drills against DDoS and APT under different information security environments to strengthen the capacity of the management staff in response to the situation with a view to detecting and deterring attack once discovered.

Implementation results of the promotion of cyber security measures in 2023:

- The Company implements “Cyber Security Related Education and Training” to all employees every year. In 2023, each employee has completed at least one IT security related training course.
- Each dedicated information security personnel (currently three designated information security personnel) has completed 40 hours of professional information security-related training in 2023.

- In 2023, social engineering drill was conducted for three times, and all users passed the test.
- The external service system vulnerability scanning monitoring scored 98 points.

(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

(1) The Company's 100% owned subsidiary, Globitech Incorporated (hereinafter referred to as GTI) in the U.S., has a factory in the U.S.A. On January 22, 2023, an attack on the internal server was detected; the attack was through the password obtained from one employee by phishing mail or violent breakdown of password. However, GTI has a comprehensive backup mechanism and has fully restored to normal operation on February 5, 2023.

While some of GTI's equipment was affected by this incident, there is no significant impact on the Company's finance and business due to the appropriate backup mechanism and response.

(2) Although the aforementioned incident did not cause any material damage to the Company, the Company will continue to improve and enhance the information security defense, and communicate the cyber security with employees. The future directions of improvement are as following:

- Establish the Information Security Committee (established in March 2023).
- Establish the Information Security Promotion Team (established in April 2023).
- Enhance the cyber security concepts of employees.
- The password must be at least 12 characters in length and include numbers, characters, and symbols.
- Subsidiaries that have not yet introduced two-factor certification are required to do so as soon as possible.

VII. Important Contracts

Agreement	The contracting parties	Term of the agreements	Summary of the content	Restrictions
Land Lease Agreement	Science-Based Industrial Park Administration	2021.01.01～2040.12.31	Area: 4,633 m^2	Limited-purpose business use
Land Lease Agreement	Science-Based Industrial Park Administration	2018.01.29～2037.12.31	Area: 12,004.74 m^2	Limited-purpose business use
Land Lease Agreement	Science-Based Industrial Park Administration	2020.02.01～2039.12.31	Area: 47,632.03 m^2	Limited-purpose business use
Supply Agreement	Customer C	2017~ 2017	Silicon wafer supply agreement	None

Six. Financial Information

I. Five-Year Financial Summary

(I) Condensed Balance Sheet and Comprehensive Income Statement

1. Condensed Balance Sheet

(1) IFRS (consolidated)

Unit: NT$ thousand

Item \ Year		Financial information of the last 5 years				
		2019	2020	2021	2022	2023
Current Assets		51,492,745	49,586,369	88,664,515	109,597,731	90,101,089
Property, Plant & Equipment		34,697,367	37,111,052	33,943,256	39,487,086	72,250,814
Intangible Assets		3,227,583	2,797,463	2,365,551	2,370,157	2,346,556
Other Assets		7,168,058	5,356,733	25,671,654	18,041,004	9,176,202
Total Assets		96,585,753	94,851,617	150,644,976	169,495,978	188,988,001
Current Liabilities	Before Distribution	26,910,651	29,331,386	31,058,295	35,793,648	74,274,283
	After Distribution	37,791,576	33,683,756	34,540,191	39,928,399	(Note 2)
Non-current Liabilities		24,601,852	21,365,331	73,955,178	79,378,325	48,260,093
Total Liabilities	Before Distribution	51,512,503	50,696,717	105,013,473	115,171,973	122,534,376
	After Distribution	62,393,428	55,049,087	108,495,369	119,306,724	(Note 2)
Equity attributable to owners of the parent						
Capital Stock		4,372,500	4,372,500	4,372,500	4,352,370	4,361,137
Capital reserve	Before Distribution	24,776,630	23,470,919	25,174,389	23,819,388	24,248,547
	After Distribution	23,470,919	23,470,919	24,617,112	23,819,388	(Note 2)
Retained Earnings	Before Distribution	18,785,920	18,622,398	22,796,950	32,698,945	45,300,230
	After Distribution	9,210,706	14,270,028	19,872,331	28,564,194	(Note 2)
Other Equity		(2,291,256)	(1,734,138)	(6,135,557)	(6,546,698)	(7,460,349)
Treasury Stock		(576,779)	(576,779)	(576,779)	-	-
Non-Controlling Interests		6,235	-	-	-	4,060
Total Equity	Before Distribution	45,073,250	44,154,900	45,631,503	54,324,005	66,453,625
	After Distribution	34,192,325	39,802,530	42,149,607	50,189,254	(Note 2)

Note: 1. The financial information in the period of 2019~2023 was audited.

Note 2: As of the publication date of the annual report, the 2023 earnings distribution has not yet been approved by the Board of Directors.

(2) IFRS (standalone)

Unit: NT$ thousand

Item \ Year		Financial information of the last 5 years				
		2019	2020	2021	2022	2023
Current Assets		6,322,895	18,580,837	53,099,897	45,300,437	17,213,949
Property, Plant & Equipment		1,100,268	4,370,269	5,633,883	6,101,037	6,419,006
Intangible Assets		678,057	360,228	184,082	3,428	6,660
Other Assets		67,401,040	59,344,576	66,247,029	108,963,442	104,899,181
Total Assets		75,502,260	82,655,910	125,164,891	160,368,344	128,538,796
Current Liabilities	Before Distribution	22,936,170	25,913,394	14,920,536	53,401,207	32,096,224
	After Distribution	33,817,095	30,265,764	18,402,432	57,535,958	(Note 2)
Non-current Liabilities		7,499,075	12,587,616	64,612,852	52,643,132	29,993,007
Total Liabilities	Before Distribution	30,435,245	38,501,010	79,533,388	106,044,339	62,089,231
	After Distribution	41,316,170	42,853,380	83,015,284	110,179,090	(Note 2)
Equity attributable to owners of the parent						
Capital Stock		4,372,500	4,372,500	4,372,500	4,352,370	4,361,137
Capital reserve	Before Distribution	24,776,630	23,470,919	25,174,389	23,819,388	24,248,547
	After Distribution	23,470,919	23,470,919	24,617,112	23,819,388	(Note 2)
Retained Earnings	Before Distribution	18,785,920	18,622,398	22,796,950	32,698,945	45,300,230
	After Distribution	9,210,706	14,270,028	19,872,331	28,564,194	(Note 2)
Other Equity		(2,291,256)	(1,734,138)	(6,135,557)	(6,546,698)	(7,460,349)
Treasury Stock		(576,779)	(576,779)	(576,779)	-	-
Non-Controlling Interests		-	-	-	-	-
Total Equity	Before Distribution	45,067,015	44,154,900	45,631,503	54,324,005	66,449,565
	After Distribution	34,186,090	39,802,530	42,149,607	50,189,254	(Note 2)

Note: 1. The financial information in the period of 2019~2023 was audited.

Note 2: As of the publication date of the annual report, the 2023 earnings distribution has not yet been approved by the Board of Directors.

2. Condensed Statement of Income

(1) IFRS (consolidated)

Unit: NT$ thousand

Item \ Year	Financial information of the last 5 years				
	2019	2020	2021	2022	2023
Operating Revenues	58,094,331	55,358,788	61,130,592	70,286,871	70,651,593
Gross Profit	22,846,721	20,568,114	23,285,888	30,341,589	26,440,566
Operating Profit	17,897,221	15,286,849	17,693,392	24,983,013	20,058,561
Non-Operating Income and Expenses	656,644	1,328,118	(1,247,939)	(4,876,085)	6,437,896
Net income (loss) before tax	18,553,865	16,614,967	16,445,453	20,106,928	26,496,457
Income Before Income Tax from Continuing Operations	13,635,656	13,103,631	11,870,037	15,367,386	19,769,641
Loss from Discontinuing Operation	-	-	-	-	-
Net income (loss) for this period	13,635,656	13,103,631	11,870,037	15,367,386	19,769,641
Other Comprehensive Income (Net income after tax)	(841,189)	347,092	(4,262,638)	(363,953)	(461,302)
Total Comprehensive Income	12,794,467	13,450,723	7,607,399	15,003,433	19,308,339
Net Income Attributable to the Shareholder of the Company	13,644,095	13,103,614	11,870,037	15,367,386	19,772,048
Net Income Attributable to Non-Controlling Interests	(8,439)	17	-	-	(2,407)
Comprehensive Income Attributable to the Shareholder of the Company	12,804,463	13,450,706	7,607,399	15,003,433	19,310,867
Comprehensive Income Attributable to Non-Controlling Interests	(9,996)	17	-	-	(2,528)
Earnings Per Share	31.35	30.11	27.27	35.31	45.41

Note: The financial information in the period of 2019~2023 was audited.

(2) IFRS (standalone)

Unit: NT$ thousand

Item \ Year	Financial information of the last 5 years				
	2019	2020	2021	2022	2023
Operating Revenues	12,465,803	22,506,100	25,572,294	30,292,412	30,931,369
Gross Profit	4,840,549	9,166,598	10,575,012	14,030,427	14,797,061
Operating Profit	3,594,556	6,697,030	8,135,020	11,809,261	11,967,049
Non-Operating Income and Expenses	11,871,354	8,214,401	6,062,346	5,653,018	12,279,721
Net income (loss) before tax	15,465,910	14,911,431	14,197,366	17,462,279	24,246,770
Income Before Income Tax from Continuing Operations	13,644,095	13,103,614	11,870,037	15,367,386	19,772,048
Loss from Discontinuing Operation	-	-	-	-	-
Net income (loss) for this period	13,644,095	13,103,614	11,870,037	15,367,386	19,772,048
Other comprehensive income (OCI) for this period (net amount after tax)	(839,632)	347,092	(4,262,638)	(363,953)	(461,181)
Total Comprehensive Income	12,804,463	13,450,706	7,607,399	15,003,433	19,310,867
Net Income Attributable to the Shareholder of the Company	13,644,095	13,103,614	11,870,037	15,367,386	19,772,048
Net Income Attributable to Non-Controlling Interests	-	-	-	-	-
Comprehensive Income Attributable to the Shareholder of the Company	12,804,463	13,450,706	7,607,399	15,003,433	19,310,867
Comprehensive Income Attributable to Non-Controlling Interests	-	-	-	-	-
Earnings Per Share	31.35	30.11	27.27	35.31	45.41

Note: The financial information in the period of 2019~2023 was audited.

(II) Auditors' Names and Opinions for Last Five Years

1. Auditors' Names and Opinions for Last Five Years

(1) Auditors' Names and Opinions for Last Five Years (Consolidated).

Year	Accounting Firm	Names of CPAs retained as external auditors	Remarks
2019	KPMG	Cheng-Chien Chen, An-Chih Cheng	Unqualified opinion
2020	KPMG	Cheng-Chien Chen, An-Chih Cheng	Unqualified opinion
2021	KPMG	An-Chih Cheng, Mei-Yu Tseng	Unqualified opinion
2022	KPMG	An-Chih Cheng, Mei-Yu Tseng	Unqualified opinion
2023	KPMG	An-Chih Cheng, Mei-Yu Tseng	Unqualified opinion

(2) Auditors' Names and Opinions for Last Five Years (Standalone)

Year	Accounting Firm	Names of CPAs retained as external auditors	Remarks
2019	KPMG	Cheng-Chien Chen, An-Chih Cheng	Unqualified opinion
2020	KPMG	Cheng-Chien Chen, An-Chih Cheng	Unqualified opinion
2021	KPMG	An-Chih Cheng, Mei-Yu Tseng	Unqualified opinion
2022	KPMG	An-Chih Cheng, Mei-Yu Tseng	Unqualified opinion
2023	KPMG	An-Chih Cheng, Mei-Yu Tseng	Unqualified opinion

2. Reason for Changing CPA in Last Five Years: The Company changes CPA in the last five years is due to KPMG's internal reorganization and job rotation, accounting firm remains the same.

II. Five-Year Financial Analysis

(I) Financial Analysis –IFRS (consolidated)

Items of analysis (Note 2) \ Year		Financial analysis of the last 5 years (Note 1)				
		2019	2020	2021	2022	2023
Financial Structure	Ratio of Liabilities to Assets	53.33	53.45	69.71	67.95	64.84
	Ratio of Long-Term Capital to Fixed Assets	200.81	176.55	352.31	338.60	158.77
Solvency	Current Ratio	191.35	169.06	285.48	306.19	121.31
	Quick Ratio	163.45	142.50	254.92	279.01	107.65
	Times Interest Earned Ratio	259.72	226.58	54.44	42.73	41.56
Operating Ability	Receivables turnover (times)	6.68	6.84	7.12	7.28	6.96
	Average Collection Period	55	53	51	50	52
	Inventory turnover (times)	4.83	4.65	4.89	4.78	4.62
	Payables turnover (times)	8.11	9.06	9.39	9.65	10.57
	Average Days in Sales	76	78	75	76	79
	Turnover of property, plant and equipment (times)	1.77	1.54	1.72	1.91	1.26
	Total asset turnover (times)	0.62	0.58	0.50	0.44	0.39
Profitability	Return on assets (%)	14.69	13.75	9.85	9.83	11.30
	Return on equity (%)	30.91	29.37	26.44	30.75	32.74
	EBT to paid-in capital ratio (%)	424.33	379.99	376.11	461.98	607.56
	Net profit margin (%)	23.47	23.67	19.42	21.86	27.98
	Earnings per share (NTD)	31.35	30.11	27.27	35.31	45.41
Cash Flow	Cash flow ratio (%)	64.62	49.65	94.34	104.95	24.99
	Cash flow adequacy ratio (%)	184.77	154.48	170.96	162.58	100.75
	Cash reinvestment ratio (%)	5.82	3.26	16.19	19.11	8.23

Leverage	Operating Leverage	1.27	1.36	1.33	1.24	1.34
	Financial Leverage	1.00	1.00	1.02	1.02	1.03
	Explain the changes in the financial ratios of the last 2 years: 1. Ratio of Long-Term Capital to Fixed Assets: Due to the increase in fixed assets resulted from the continuous factory expansion plans, these two financial ratios decreased relatively. 2. Current ratio and quick ratio: The borrowings increased due to the increased capital demand for the plant expansion plan, and the corporate bonds were reclassified to maturity within one year in accordance with the terms of issuance, resulting in the increase in current liabilities; therefore, the current ratio and quick ratio decreased relatively. 3. EBT to paid-in capital ratio, net profit margin and earnings per share: Due to the increase in profits, the EBT to paid-in capital ratio, net profit margin and earnings per share increased. 4. Cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio: As the capital expenditures increased due to the continuous plant expansion plan during the period, the capital demand increased, resulting in an increase in borrowings. Therefore, the cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio decreased.					

Note 1: The financial information in the period of 2019~2023 was audited by the CPAs.

Note 2: The equations for the financial analysis of this statement are shown below:

1. Financial Structure
   (1) Ratio of Liabilities to Assets = Total Liabilities/ Total Assets
   (2) Ratio of Long-Term Capital to Property, Plant & Equipment = (Net Shareholder's Equity + Non-current Liabilities)/ Net amount of Property, Plant & Equipment.
2. Solvency
   (1) Current Ratio = Current Assets / Current Liabilities.
   (2) Quick Ratio = (Current Assets – Inventories – Prepaid Expenses) / Current Liabilities.
   (3) Times Interest Earned Ratio = Earnings before Interests and Taxes/ Interest Expenses.
3. Operating Ability
   (1) Accounts Receivable (including accounts receivable & notes receivable generated by business activities) Turnover = Net Sales / Average Trade Receivables (including accounts receivable & notes receivable generated by business activities).
   (2) Average Collection Period = 365/Accounts Receivable Turnover.
   (3) Inventory Turnover = Cost Of Goods Sold / Average Inventory.
   (4) Accounts Payable (including accounts payable & notes payable generated by business activities) Turnover = Cost of Goods Sold / Average Accounts Payable.
   (5) Average Days in Sales = 365/Inventory Turnover.
   (6) Property, Plant & Equipment Turnover = Net Sales / Average Net Property, Plant & Equipment.
   (7) Total Assets Turnover = Net Sales/Average Total Assets.
4. Profitability
   (1) Return on Total Assets = [Net Income + Interest Expense x (1-Effective Tax Rate)] / Average Total Assets.
   (2) Return on Stockholders' Equity = Net Income / Average Stockholders' Equity.
   (3) Profit Ratio (%) = Net Income/Net Sales.
   (4) EPS = (income belonging to owner of the parent company - stock dividend of preferred stocks)/weighted average number of issued shares.
5. Cash Flow
   (1) Cash Flow Ratio (%) = Net Cash Provided by Operating Activities / Current Liabilities.
   (2) Cash Flow Adequacy Ratio (%) = Five-year Sum of Cash from Operations / Five-year (Capital Expenditures + Inventories Additions + Cash Dividend)

(3) Cash reinvestment ratio = (net cash flows from operating activities - cash dividend) / (gross margin of property, plant and equipment + long-term investment + other non-current assets + working capital).

6. Leverage:

(1) Operating Leverage = (Net Sales - Variable Cost) / Income from operations.

(2) Financial Leverage = Income from operations / (Income from operations - Interest Expenditures).

(II) Financial Analysis – IFRS (standalone)

Items of analysis (Note 2) \ Year		Financial analysis of the last 5 years (Note 1)				
		2019	2020	2021	2022	2023
Financial structure (%)	Ratio of Liabilities to Assets	40.31	46.58	63.54	66.13	48.30
	Ratio of Long-Term Capital to Fixed Assets	4,777.57	1,298.38	1,956.81	1,753.26	1,502.45
Solvency	Current Ratio (%)	27.57	71.70	355.88	84.83	53.63
	Quick Ratio (%)	23.01	64.35	328.49	78.54	44.46
	Times Interest Earned Ratio	101.84	57.55	36.56	34.65	46.96
Operating Ability	Receivables turnover (times)	3.49	5.61	4.74	4.87	4.51
	Average Collection Period	105	65	77	75	81
	Inventory turnover (times)	6.20	8.84	7.16	6.67	6.01
	Payables turnover (times)	2.62	4.07	3.55	3.68	3.82
	Average Days in Sales	59	41	51	55	61
	Turnover of property, plant and equipment (times)	11.35	8.23	5.11	5.16	4.94
	Total asset turnover (times)	0.17	0.28	0.25	0.21	0.21
Profitability	Return on assets (%)	18.97	16.86	11.74	11.08	13.99
	Return on equity (%)	30.94	29.37	26.44	30.75	32.74
	EBT to paid-in capital ratio (%)	353.71	341.03	324.70	401.21	555.97
	Net profit margin (%)	109.53	58.22	46.42	50.73	63.92
	Earnings per share (NTD)	31.35	30.11	27.27	35.31	45.41
Cash Flow	Cash flow ratio (%)	11.01	18.41	57.61	35.61	29.41
	Cash flow adequacy ratio (%)	59.26	56.41	65.82	85.67	88.76
	Cash reinvestment ratio (%)	-15.93	-7.97	0.66	10.75	2.34
Leverage	Operating Leverage	1.14	1.18	1.13	1.10	1.10
	Financial Leverage	1.04	1.04	1.05	1.05	1.05
	Explain the changes in the financial ratios of the last 2 years: 1. Ratio of Liabilities to Assets: Ratio of Liabilities to Assets decreased due to a decrease in payables to related parties. 2. Current ratio and quick ratio: lower current ratio and quick ratio due to payables to					

	related parties and repayment of corporate bonds. 3. Times Interest Earned Ratio, EBT to paid-in capital ratio and Earnings per share: Due to the increase in profits, the times interest earned ratio, EBT to paid-in capital ratio and earnings per share increased. 4. Cash reinvestment ratio: The fulfillment of long-term supply contracts with customers this year resulted in a decrease advanced purchase payment collection, and cash inflow from operating activities in the current period decreased year-on-year, resulting in a decrease in cash reinvestment ratio.

Note 1: The financial information in the period of 2018~2022 were audited.

Note 2: The equations for the financial analysis of this statement are shown below:

1. Financial Structure
   (1) Ratio of Liabilities to Assets = Total Liabilities/ Total Assets
   (2) Ratio of Long-Term Capital to Property, Plant & Equipment = (Net Shareholder's Equity + Non-current Liabilities)/ Net amount of Fixed Assets.
2. Solvency
   (1) Current Ratio = Current Assets / Current Liabilities.
   (2) Quick Ratio = (Current Assets – Inventories – Prepaid Expenses) / Current Liabilities.
   (3) Times Interest Earned Ratio = Earnings before Interests and Taxes/ Interest Expenses.
3. Operating Ability
   (1) Accounts Receivable (including accounts receivable & notes receivable generated by business activities) Turnover = Net Sales / Average Trade Receivables (including accounts receivable & notes receivable generated by business activities).
   (2) Average Collection Period = 365/Accounts Receivable Turnover.
   (3) Inventory Turnover = Cost Of Goods Sold / Average Inventory.
   (4) Accounts Payable (including accounts payable & notes payable generated by business activities) Turnover = Cost of Goods Sold / Average Accounts Payable.
   (5) Average Days in Sales = 365/Inventory Turnover.
   (6) Fixed assets turnover = net sale/average net fixed assets.
   (7) Total Assets Turnover = Net Sales/Average Total Assets.
4. Profitability
   (1) Return on Total Assets = [Net Income + Interest Expense x (1-Effective Tax Rate)] / Average Total Assets.
   (2) Return on shareholder equity = net income/average net shareholder equity.
   (3) Profit Ratio (%) = Net Income/Net Sales.
   (4) Earnings per Share ($)= (Net Income – Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding.
5. Cash Flow
   (1) Cash Flow Ratio (%) = Net Cash Provided by Operating Activities / Current Liabilities.
   (2) Cash Flow Adequacy Ratio (%) = Five-year Sum of Cash from Operations / Five-year (Capital Expenditures + Inventories Additions + Cash Dividend)
   (3) Cash Reinvestment Ratio (%) = (Net Cash Provided by Operating Activities - Cash Dividend) / (Gross Fixed Assets + Long-Term investments + Other Assets + Working Capital)
6. Leverage:
   (1) Operating Leverage = (Net Sales - Variable Cost) / Income from operations.
   (2) Financial Leverage = Income from operations / (Income from operations - Interest Expenditures).

III. Audit Committee’s Report in the Most Recent Year

GlobalWafers Co., Ltd.
Audit Committee’s Audit Report

The Board of Directors has prepared the Company’s 2023 Business Report, Consolidated and Standalone Financial Statements. GlobalWafers Co., Ltd. Consolidated and Standalone Financial Statements have been audited and certified by Cheng, An-Chih, CPA, and Tseng, Mei-Yu, CPA, of KPMG and audit review reports relating to the Financial Statements have been issued. We have reviewed the aforementioned reports provided by the board of directors and have found no discrepancy, and in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, this report is hereby submitted.

To

General Shareholders Meeting of GlobalWafers Co., Ltd

GlobalWafers Co., Ltd.
Audit Committee Convener: Jeng-Ywan Jeng

February 27, 2024

IV. Financial Statements for the Latest Year: Refer to Attachment 1 of this report.

V. Standalone Financial Statements Review by CPA for the Latest Year: Refer to Attachment 2 of this report.

VI. Specify impact to the Company if any financial difficulty happens to the Company and its subsidiaries in the most recent year and as of the printing day of this annual report: None.

Seven. Review of Financial Conditions, Operating Results, and Risk Management

I. Financial Status

Unit: NT$ thousand

Item \ Year	2023	2022	Difference	
			Amount	Change in percentage (%)
Current Assets	90,101,089	109,597,731	(19,496,642)	-18%
Property, Plant & Equipment	72,250,814	39,487,086	32,763,728	83%
Intangible Assets	2,346,556	2,370,157	(23,601)	-1%
Other Assets	9,176,202	18,041,004	(8,864,802)	-49%
Total Assets	188,988,001	169,495,978	19,492,023	11%
Current Liabilities	74,274,283	35,793,648	38,480,635	108%
Non-current Liabilities	48,260,093	79,378,325	(31,118,232)	-39%
Total Liabilities	122,534,376	115,171,973	7,362,403	6%
Capital	4,361,137	4,352,370	8,767	0%
Capital Surplus	24,248,547	23,819,388	429,159	2%
Retained Earnings	45,300,230	32,698,945	12,601,285	39%
Total Equity	66,453,625	54,324,005	12,129,620	22%

1. Analysis of the difference greater than 20% in the last 2 years:
   (1) Property, plant and equipment: increased due to ongoing plant expansion plans in the current period.
   (2) Other assets: increased due to the evaluation of stock price fluctuation, as the overseas securities held in the current period increased.
   (3) Current liabilities: corporate bonds are reclassified from non-current liabilities to current liabilities due within one year according to the terms and conditions of issuance.
   (4) Non-current liabilities: mainly repayment of partial corporate bonds, and reclassification to current liabilities due within one year according to the terms and conditions of issuance.
   (5) Retained earnings and total shareholders' equity: changes mainly resulted from continuing profits and earnings distribution in the current period.
2. Significant influence and the plan for response: None.

II. Operating Results

(I) Main reasons for the significant changes in revenue, operating profit, and earnings before taxation in the last 2 years

Unit: NT$ thousand

Item \ Year	2023	2022	Changes in amount	Change in percentage (%)
Operating Revenues	70,651,593	70,286,871	364,722	1%
Gross Profit	26,440,566	30,341,589	(3,901,023)	-13%
Operation Profit	20,058,561	24,983,013	(4,924,452)	-20%
Non-Operating Income and Expense	6,437,896	(4,876,085)	11,313,981	-232%
Profit before Tax	26,496,457	20,106,928	6,389,529	32%
Income Tax Expense	6,726,816	4,739,542	1,987,274	42%
Net Profit	19,769,641	15,367,386	4,402,255	29%
Other Comprehensive Income	(461,302)	(363,953)	(97,349)	27%
Total Comprehensive Income	19,308,339	15,003,433	4,304,906	29%

Analysis of the difference greater than 20% in the last 2 years:

(1) Operating income: mainly due to increase in operating costs.

(2) Non-operating income and expense: mainly due to the increase in gains recognized from the holding of overseas securities due to stock price fluctuations.

(3) Income tax expense: due to the increase in profit, the income tax expense also increased.

(4) Other comprehensive income: due to the change in the exchange difference presented in the financial statements of overseas operations.

III. Cash flow

(I) Analysis of the changes in cash flow in the most recent year (2023)

(1) Financial analysis

Unit: NT$ thousand

Cash balance at the beginning of period (1)	From the year's operating activities Net cash flow (2):	Cash outflow (inflow) in current period (3)	Amount of cash surplus (short) (1)+(2)-(3)	Remedy for cash short	
				Investment plan	Wealth management plan
83,458,027	18,564,765	75,858,201	26,164,591	NA	NA

Analysis of the change in cash flow of current period:

(1) Operation: The continued profit in the year with the net cash inflow from operation.

(2) Investment activities: during the year, the fixed assets were bought, and time deposits for at least three months were taken, resulting in net cash outflows from investing activities.

(3) Financing activities: Net cash outflow in the year's financing activities from repayment of corporate bonds and distribution of dividend.

(II) Remedy for inadequate liquidity: the Company has no liquidity problem and liquidity is not a concern.

(III) Analysis of cash flow in the year ahead (2024)

Unit: NT$ thousand

Cash balance at the beginning of period (1)	Projected from operating activities for the year Net cash flow (2)	Projected cash outflow (inflow) volume of the year (3)	Projected amount of cash surplus (short) (1)+(2)-(3)	Remedy for projected cash short	
				Investment plan	Wealth management plan
26,164,591	15,816,407	17,279,043	24,701,955	NA	NA

1. Analysis of cash flow in the year ahead:

(1) Operation: continued profit is expected with net cash inflow from operation.

(2) Investment activities: in response to the capital expenditure required for plant expansion, net cash outflow generated from investing activities.

(3) Financing activities: Loan from external parties in anticipation of capital expenditure needs has generated net cash inflow from financing activities.

2. Remedy for projected cash short: None.

IV. Major Capital Expenditure Items influence on Financial Business: None.

V. Recent Reinvestment Policy, Major Reasons for Profits or Losses, Improvement Plan and Investment Plan for the Following Year

(I) Reinvestment policy:

The Company legislates "Acquisition or Disposal of Assets Procedure" in compliance with of governmental "Acquisition or Disposal of Assets Procedure by Public Companies" as reinvestment guideline so as to capture business and financial status. Also, in order to increase monitoring and management of reinvested companies, the Company legislates "Monitoring Procedure of Subsidiaries" in internal control system, regulating its information disclosure, finance, business as well as inventory to maximize reinvestment synergy.

(II) Major reasons for reinvestment profits or losses, improvement plans and investment plan for the following year:

Unit: NT$ thousand

Names of investee companies	Recognized investment gain (loss) in 2023	Main reason for profit or loss	Corrective action plan
Global Semiconductor Inc.	248,641	The business condition is normal	None
GlobalWafers Japan Co., Ltd.	1,527,429	Business and profits are stable	None
GlobalWafers GmbH	1,844,958	The business condition is normal	None
GlobalWafers Singapore Pte. Ltd. (Formerly GWafers Singapore Pte. Ltd.) (Note)	3,464,546	The business condition is normal	None
GlobalWafers B.V.	4,244,105	The business condition is normal	None
Sunrise PV Four Co., Ltd.	10,946	The business condition is normal	None
Sunrise PV Electric Power Five Co., Ltd.	(835)	The business condition is normal	None
GWC Capital Co., Ltd.	13,589	The business condition is normal	None
Hong-Wang Investment Company	67,386	The business condition is normal	None
Crystalwise Co., Ltd.	(17,824)	The business condition is normal	None
Crystalwise Technology (HK) Limited	(112)	The business condition is normal	None
Yuan Hong (SHANDONG) Technical Materials Co., Ltd.	94	The business condition is normal	None.
Kunshan Sino Silicon Technology Co., Ltd.	241,943	Business and profits are stable	None

MEMC Electronic Materials Sdn. Bhd.	62,322	Business and profits are stable	None
Kunshan SST Trading Co., Ltd.	46,598	The business condition is normal	None
Shanghai Sawyer ShenKai Technology Material Co., Ltd.	(53,330)	The business condition is normal	None
Yuan Hong Technical Materials Co., Ltd.	(21,665)	The business condition is normal	None
MEMC Japan Ltd.	133,801	Business and profits are stable	None
MEMC Electronic Materials S.p.A.	556,150	Business and profits are stable	None
MEMC Electronic Materials France SarL	707	The business condition is normal	None
GlobiTech Incorporated	896,027	Business and profits are stable	None
MEMC LLC	427,203	Business and profits are stable	None
GlobalWafers America, LLC	(118,571)	The business condition is normal	None
MEMC Korea Company	2,363,342	Business and profits are stable	None
MEMC Ipoh Sdn. Bhd.	826	Wound up	None
Topsil GlobalWafers A/S	165,231	Business and profits are stable	None

Note: The Singaporean subsidiary, GWafers Singapore Pte. Ltd. was merged with the Singaporean subsidiary, GlobalWafers Singapore Pte. Ltd. on January 1, 2023; the surviving company is GWafers Singapore Pte., Ltd. which is renamed as GlobalWafers Singapore Pte. Ltd.

(III) Investment plan in the year ahead: None.

VI. Analysis and assessment of risks in the most recent year to the day this report was printed

(I) The influence of the changes in interest rate and exchange rate and inflation on the income position of the Company and the response:

1. Interest rate: The Company and its subsidiaries have sound financial position with good credit standing that allowed for preferential treatment from the financial institutions in financing. As such, the Company could enjoy better terms and conditions for borrowing. The loans could be short, mid and long-term depending on capital requirements. The cost of capital and the condition for the retirement of loans will be the primary concern for the Company in borrowing. Part of the short-term credit is in foreign currency as working capital that exchange rate will be considered in effecting the drawdown.
2. Exchange rate: The Company adopts the policy of natural hedge between the positions of assets and liabilities with an attempt to minimize the exposure of the position to exchange risk in the transactions of sale and purchase between the Company and its subsidiaries. The treasury function of the Company pays close attention to the trend of the exchange rate, and will match with appropriate foreign exchange instruments for hedging where necessary to mitigate the influence of exchange rate fluctuation on the cost of operation.
3. Inflation: While recently the international inflationary pressure has increased, shocking the world economy and squeezing corporates' profits, the Company has reduced procurement costs by establishing multiple suppliers and active price negotiations, while adjusting the final selling price to retain profits. The Company and the subsidiaries also monitor the price fluctuation all the time, and take countermeasures if necessary.

(II) The policy of engagement in high risk, high leverage investment, loaning of funds to a third party, endorsement/guarantee in favor of a third party, and derivative trade, the main reason for profit or loss, and the response:

1. The Company and its subsidiaries are not engaged in high risk and high leverage investment.
2. The Company duly observes the Procedure for the Loaning of Funds, Regulations Governing Endorsement/Guarantee, Procedure for Derivative Trade and other rules and regulations of the competent authority applicable to the Company and its subsidiaries in loaning of funds, endorsement/guarantee, and engagement in derivative trade, and conduct routine audit and announcement. The executor complies with relevant rules and regulations in internal review and control that operation risk will be unlikely to occur.

(III) R&D plan in the future and projected expense for investment in R&D:

Semiconductor wafers are the foundation of semiconductor components. As the semiconductor product applications are widening, and the requirements to qualities and specifications are increasingly higher, the Company has been monitoring the market pulse and technology development directs, to actively engage the development of new products and technologies to cope with the current and potential demands of clients. The future development projects include the following:

A. Development of 12” silicon substrate with nano manufacturing process

B. Development of technology for special substrates of high voltage for EV

C. Development of technology for substrates used in new-generation sensing component and communication component.

For R&D expenses, the budget are arranged according to the development schedule of new products and new technologies. The R&D expense spent in 2022 and 2023 was accounted 2.97% and 3.35% in the total operating revenue, respectively. In the future, such expenses will be adjusted based on the operation and market conditions, to keep the Company’s competitive edges in the industry.

Type	Expected R&D Costs (thousand NTD)	Description of the R&D project
R&D of process improvement	300,000	1. Low power consumption HZ design 2. Low pollution/ Low power consumption wire sawing technology development 3. Advance process for monocrystalline growth/Wafering yield improvement
R&D of quality improvement	550,000	1. Crystal defect control and measurement technology 2. Ultra flat wafering technology development 3. Low surface- defect density polishing technology 4. Atomic-grade polishing technology development 5. RFSOI production yield improvement 6. Low temperature FTIR measurement method for heavily doped silicon monocrystalline with low carbon/oxygen concentration 7. Development of photoluminescence and FTIR measurement method for silicon

Type	Expected R&D Costs (thousand NTD)	Description of the R&D project
		monocrystalline with low carbon concentration 8. Low stacking fault epitaxial wafer using ultra-low resistivity <0.9 mΩ-cm crystal with Phosphorous doped crystal
R&D of equipment improvement	450,000	1. Automated and digitized manufacturing system development 2. Development of the puller with high productivity and high crystal quality 3. Low power consumption process/equipment development 4. 12” New Puller design and development 5. Wafering process feed-forward prediction system development 6. Next Generation CMP head development 7. Development of silicon surface inspection method for tiny LPD 8. Next generation 8” FZ puller for power applications
New product development	1,288,715	1. Conductive and semi-insulated and large diameter SiC crystal/wafer development 2. SOI substrate development for next generation RF device 3. Hetero-epitaxy technology development 4. Development of ECAS wafer with low carbon, low defect, and proximately IG structure for next generation 3D memory and CMOS image sensor 5. Development of Pulse Photoconductivity method (PPCM) for CMOS image sensor with higher resolution 6. 8” GaN epi wafer development 7. 8” SiC epi wafer development 8. Development of 12” FZ crystal growth 9. Key equipment of 8” SIC crystal growth and crystal growth technology development plan

(IV) The influence of the changes in major policies of the home government and foreign governments, and the regulatory environment, on the financial position and operation of the Company, and the response:

The Company and its subsidiaries duly observe applicable laws of the home and foreign governments in routine operation and pay close attention to any change in the policies and the regulatory environment for keeping abreast of the information on the changes in the market with proper response. As of the day this report was printed, there is no significant influence of any change in the policies of the home government and foreign governments and the regulatory environment on the Company and its subsidiaries.

(V) Impact of recent technological (including information security risks) and market changes on finance and business of the Company, and response measures:

The Company pays close attention to the changes in technologies of the industry at all times, and keeps abreast of the trend of the market with assessment on possible influence on the operation of the whole Group. Yet, there has been no significant change in technology and the industry in recent years that caused significant influence on the financial position and operation of the Company and its subsidiaries. The Company has set up the Information Security Department and established the information security safeguard measures related to networks and computers, and ensure their suitability and effectiveness via the continuous reviews and assessments on the information security management methods and procedures. The Company continues to enhance the information security safeguard measures, seeking to protect the Company from malware and hacker attacks. A complete backup mechanism is in place, seeking to resume the normal operation of system in very short time after being attacked, for the minimum damage.

(VI) The effect of corporate image change on corporate crisis management, and the response:

The Company and its subsidiaries have been indulged in the professed industry and duly observed applicable laws and spared no effort in strengthening the internal management and the upgrade of management quality and performance to maintain a positive corporate image and earn the trust of the customers. There has been no change in the corporate image of Company and its subsidiaries in the most recent year to the day this report was printed that triggered corporate crisis to the Company. Yet, corporate crisis may cause significant damage to the enterprise. For this reason, the Company and its subsidiaries never cease to implement corporate governance as required to reduce the risk of corporate crisis and the impact on the Company.

(VII) The expected result and possible risk from corporate merger and acquisition, and the response:

On May 2, 2023, the Board of Directors of the Company approved to enter a share exchange contract with Crystalwise Technology Inc. (hereinafter referred to as "Crystalwise"). Pursuant to Article 29 of the Business Mergers and Acquisitions Act, the Company acquired 100% stake of Crystalwise. The Company completed the capital increase by issuing 876,725 shares on November 1, 2023 and acquired 43,836,281 shares of Crystalwise through share conversion (the share conversion ratio is 0.02 common share of the Company for every share of Crystalwise). Crystalwise became a 100% owned subsidiary of the Company, and the change registration was completed on November 17, 2023.

Upon the share conversion, the Company and Crystalwise exchanged experience in technology and research, to accelerate the development and introduction of new products. The sales teams from both parties were integrated to engage in interactive marketing for expanding business. Meanwhile, through the integration and effective allocation of resources, the Company seeks to improve the overall operating efficiency, and avoid duplication resulting in wasting resources, to achieve the synergistic effect of complementarity of products, production capacity, and resources of both parties, and further improve the profitability and competitiveness of both parties.

The Company has fully evaluated the aforementioned share conversion plan, seeking that the aforementioned investment plan can effectively integrate resources, enhance profitability, generate positive benefits to shareholders' equity and minimize investment risks.

(VIII) Expected result and possible risk from capacity expansion, and the response:

To satisfy the demands of increased semiconductor content brought by the technological innovation, and focus on the long-term development momentum of semiconductor, the Company executes a capex plan to expand its capacity significantly, mainly used for expanding the capacities for 12” wafers and compound semiconductors. The investments cross Asia, Europe, and the U.S. The production expansion includes 12” wafers and epitaxy, 8” and 12” SOI, 8” FZ, SiC wafers (SiC Epi included), GaN on Si, among other large-sized next generation products. The plants to be expanded include Italy, Denmark, the U.S., Japan, Korea, and Taiwan. The production expansion plan is under progress actively. Except for customers booking the capacities with prepayments, the Company also grasps the current wave of semiconductor autonomy in various countries, and applies for the local governmental subsides simultaneously for the capex plan. The capacities are expected to be onboard from the later half of 2023 and ramp up quarter by quarter. In light of the risks and effects that may be brought to these additional capacities by the cyclical semiconductor industry, these capacity expansions are based on the long-term agreements with customers, and the additional capacities are dedicated to these customers with long-term agreements. The overall scale will be adjusted flexibly based on the latest global economic development. Regarding the rising prices of raw materials resulted from inflations, and the longer shipping time due to the pandemic, the Company has been bargaining with suppliers, and negotiating the equipment vendors for delivery schedule in parallel to lower the impact from fluctuations and uncertain macroeconomics on the Company.

(IX) The risks deriving from concentration of purchase and sale, and the response:

To avoid the supply chain interruption due to the over-reliance on single supplier, the Company has established multiple suppliers for raw materials. For sales, the distribution of customers in terms of region also is weight-balanced. In Asia, Europe and the U.S., there are key customers. The extensive sales channels and production sites also locate around the world. The uncertainties resulted from the macroeconomy, geopolitics, and global logistic system are lowered with the local supply and sales.

(X) Impact of mass transfer of equity by or change of directors, supervisors, or shareholders holding more than 10% interest on the Company, associated risks and response measures: None.

(XI) The influence of the change in ownership of the Company, the risk, and the response: None.

(XII) Lawsuits or non-contentious matters

1. Major lawsuits, non-contentious matters, or administrative actions with ruling or pending on court ruling to the day this report was printed, and the ruling result may cause significant influence on the shareholders’ equity or stock price of the Company. Disclose the subject matter of contention, the amount involved, the date of the commencement of legal proceeding, the key parties concerned, and the status: None

2. The Directors, President, the deputy agents, shareholders holding more than 10% of the shares and subsidiaries involved in lawsuits, non-contentious matters, or administrative actions with ruling or pending on court ruling, and the different carbon tariffs stipulated by various countries to the day this report was printed, and the ruling result may cause significant influence on the shareholders' equity or stock price of the Company: None.

(XIII) Other major risks and response:

1. Intellectual property management and risk countermeasures:

Intellectual Property Management Strategy

To corresponding the Company's operating strategy to become the wafer supplier with the largest scale and most complete product in the world, with the continuous development of next-generation product technologies as the development strategy, the Company has formulated the intellectual property management strategy, with three major approaches: enhancing IP management capability, strengthening product patent position, and improving the secret management mechanism. It is sought to apply the intellectual property right as the competitive edge for the next generation products, but all so the key weapon to guard off the competitions.

Intellectual Property Management System

Since its establishment, the Company has followed its parent company's approach in valuing intellectual property rights. In 2013, the Company started to introduce the "Taiwan Intellectual Property Management System (TIPS)", with patents and trade secrets as its main goals, gradually enhancing the regulations governing the intellectual property management system, including:

- ✓ **Patent management:** regulate the proposal reviewing, application and maintenance, and encourage employees to propose their innovations through the incentive system.
- ✓ **Confidentiality management:** classify various confidential data of the Company and enhance the labeling and access controls.
- ✓ **R&D management:** establish the management regulations in terms of self-development and outsourcing partnership; strengthen the external contract signing and outcome review.

In addition, the Company continuously participates the TIPS audit certification, to implement the IP management mechanism. The Company has passed the TIPS basic certification in 2013, the TIPS advanced certification in 2014 and 2015, and the AA-grade certification in 2016, 2017, 2019, 2021 and 2023. The latest certificate expires on December 31, 2025.

Potential risks and counter strategies:

Whereas the confidential leakage incidents become a frequent headline over media, the Company will continue to strengthen the confidentiality control program to prevent theft of the technologies generated from the Company's hard working results, and protect clients' interests. In terms of personnel management, the confidentiality control training and promotion are conducted regularly to raise employees' awareness of trade secrets, and strengthen employees' awareness of phishing emails to avoid network security problems. For the equipment control, the control is exercised over the sending-out emails and digital storage devices, to reduce the possibility of internal data leakage. Most importantly, the internal TIPS audit is conducted periodically to investigate the implementation of secret management and increase the capacity of management.

2023 Execution of Intellectual Properties

Intellectual property (IP) policy	Summary of the execution
Improve the IP management capability	For the newly recruited of each department, the IP right trainings are provided, which cover diversified contents, including the introduction of IP rights, the Company's confidentiality management mechanism, strategies for searching patents, making of patent map, TIPS execution guidelines, and trainings for TIPS internal auditors.
Enhance positioning of product patents	In 2023, the head office has accumulated 493 patents, of which, 277 have been certified and 216 are pending. The wide bandgap products and technologies account for about 70%, with 346 accumulated patents.
Complete classified secrete management mechanism	The total TIPS internal audits of the year were 227, with total two deficiencies and total 12 suggestions for observation. The cause analyses, corrective and preventive measures were conducted and taken, for preventing repetition of the same issue.

List of the Intellectual Property Rights and its Main Applications and Contributions

Currently, GlobalWafers (overseas included) has achieved 2,310 effective patents globally, and the certified patents are aggregated to 1,403. The Group's patent portfolio covers key technologies such as crystal growth, wafer processing, quality inspection, of various main products (different materials and dimensions). Besides applying for patents, it also covers related trade secrets such as special crystal growth, processing, etc. based on different technological development.

Intellectual property rights not only demonstrate the Group's technological development strength, but also create opportunities for strategic alliances, increasing the Company's overall competitiveness and gaining customers' trust and recognition. When developing new technologies or new products, it is especially important to apply for patents in the domain to prevent possible intellectual property risk.

For the aforesaid IP management planning and implementations, the Company reports to the board of directors at least once a year. The latest reporting date was November 7, 2023.

VII. Additional information: None.

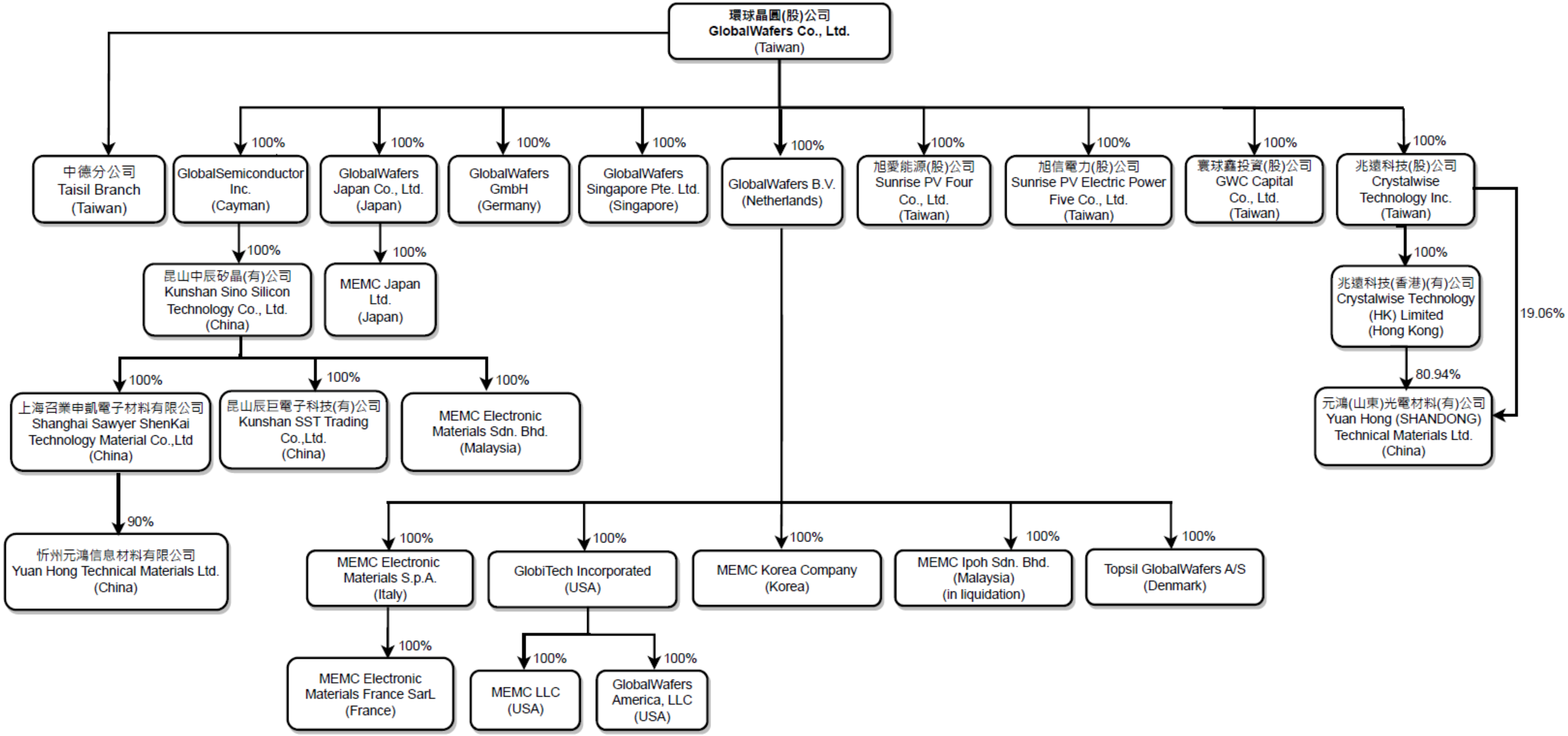
Eight. Special Disclosure

I. Affiliated Businesses

(I) Consolidated Operation Report of Affiliates

1. Organization Chart of Affiliates

December 31, 2023



2. Basic Information of The Various Affiliated Enterprises

December 31, 2023

Enterprise name	Date of incorporation	Address	Paid-in Capital	Principal business or Products
Taisil Branch	2020/02/01	No. 2, Creation Road 1, HsinChu Science Park, Hsinchu, Taiwan	-	Semiconductor wafer manufacturing and sales
GlobalSemiconductor Inc.	2011/05/03	2nd Floor, The Grand Pavilion Commercial Centre, 802 West Bay Road, P.O. Box 10338,Grand Cayman KY1-1003, Cayman Islands	USD 24,554,625.6	Investment activities
GlobalWafers Japan Co.,Ltd.	1991/06/18	6-861-5 Seiro-machi Higashiko, Kitakanbara-gun, Niigata 957-0197 Japan	JPY 6,967,000,000	Semiconductor wafer manufacturing and trading
GlobalWafers GmbH	2020/01/17	Theresienhöhe 30, c/o Youco24 Corporate Services GmbH, 80339 Munich	EUR 48,025,000	Investment activities
GlobalWafers Singapore Pte. Ltd. (Formerly GWafers Singapore Pte. Ltd.) (Note)	2016/02/02	9 Straits View #06-07, Marina One West Tower, Singapore 018937	USD 41,673,910	Investment activities
GlobalWafers B.V.	2013/11/26	Evert van de Beekstraat 1-104, 1118 CL Schiphol, The Netherlands	USD 1,049,502,718	Investment activities
Sunrise PV Four Co., Ltd.	2017/04/14	2F., No. 1, Sec. 2, Ligong 1st Rd., Wujie Township, Yilan County, Taiwan	NTD 1,045,000,000	Power generation
Sunrise PV Electric Power Five Co., Ltd.	2019/11/21	2F., No. 1, Sec. 2, Ligong 1st Rd., Wujie Township, Yilan County, Taiwan	NTD 278,000,000	Power generation
GWC Capital Co., Ltd.	2020/09/21	2F., No. 1, Sec. 2, Ligong 1st Rd., Wujie Township, Yilan County, Taiwan	NTD 250,000,000	Investment activities
Crystalwise Technology Inc.	2000/11/02	No. 8, Kebei 5th Rd., Zhunan Township, Miaoli County, Taiwan, R.O.C.	NTD 438,362,810	Manufacturing and trading of optoelectronic wafers and substrate material
Crystalwise Technology (HK) Limited	2009/09/17	Room 2702-3, CC Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	USD 48,100,000	Investment activities

Enterprise name	Date of incorporation	Address	Paid-in Capital	Principal business or Products
Yuan Hong (SHANDONG) Technical Materials Ltd.	2009/10/22	Room 2601, Building 3, Creative SOHO, High-tech Zone, Jining City, Shandong Province	USD 59,300,000	Manufacturing and trading of lithium tantalate and lithium niobate wafers
Kunshan Sino Silicon Technology Co., Ltd.	1999/08/17	No. 303, Hanpu Road, Chengbei High Tech Industrial Park, Kunshan, Jiangsu, China	RMB 348,487,766.03	Semiconductor ingots and wafer processing and trade
MEMC Electronic Materials Sdn. Bhd.	1972/06/15	Sungai Way Free Industrial Zone, 47300 Petaling Jaya, Selangor Darul Ehsan, Malaysia	MYR 1,036,203	Semiconductor wafer manufacturing and trading
Kunshan SST Trading Co., Ltd.	2022/05/27	Room 3, No.303, Chengbei Hanpu Road, Yushan Town, Kunshan City, Jiangsu Province , China	RMB 6,000,000	Electronic materials trading
Shanghai Sawyer ShenKai Technology Material Co., Ltd.	2000/08/31	Block B, Building 2, No. 33, Jucheng Road, Juyuan New District, Jiading District, Shanghai	RMB 23,184,209	Manufacturing and trading of lithium tantalate and lithium niobate wafers
Yuan Hong Technical Materials Ltd.	2019/10/25	Semiconductor Industrial Park, South of Zhengfeng Street, Xinzhou Development Zone, Shanxi Province	RMB 36,000,000	Manufacturing and trading of lithium tantalate and lithium niobate wafers
MEMC Japan Ltd.	1979/12/11	11-2 Kiyohara Industrial Park, Utsunomiya City, Tochigi 3213296 Japan	JPY 100,000,000	Semiconductor wafer manufacturing and trading
MEMC Electronic Materials S.p.A.	1960/01/29	Viale Gherzi, 31 28100 Novara, Italy	EUR 31,200,000	Semiconductor wafer manufacturing and trading
MEMC Electronic Materials France SarL	1998/07/27	5-7 BLD EDGAR QUINET 92700 COLOMBES, France	EUR 16,000	Trading
GlobiTech Incorporated	1998/12/15	200 FM 1417 West/Sherman, TX 75092, USA	USD 1	Epitaxial semiconductor wafer production and

Enterprise name	Date of incorporation	Address	Paid-in Capital	Principal business or Products
				trade of epitaxy foundry business
MEMC LLC	2013/08/28	501 Pearl Drive St. Peters, MO 63376, USA	USD 10	Research and development, manufacturing, and trading of semiconductor wafers
GlobalWafers America, LLC	2022/08/04	200 W FM 1417. Sherman, Texas 750692, USA	USD 1,000	Research and development, manufacturing, and trading of semiconductor wafers
MEMC Korea Company	1990/12/18	854, Manghyang-ro, Sunggeo-eup, Cheonan-si, Chungchongnam-do, Korea	KRW 126,000,000,000	Semiconductor wafer manufacturing and trading
MEMC Ipoh Sdn. Bhd.	2007/10/10	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No 8, Jalan Kerinchi, Kuala Lumpur	MYR 612,300,000	Semiconductor wafer manufacturing and trading
Topsil GlobalWafers A/S	2016/07/01	Siliciumvej 1, 3600 Frederikssund, Copenhagen, Denmark	DKK 1,000,000	Semiconductor wafer manufacturing and trading

Note: Singapore subsidiary GWafers Singapore Pte. Ltd. and Singapore subsidiary GlobalWafers Singapore Pte. Ltd. merged on January 1, 2023, and the surviving company was GWafers Singapore Pte. Ltd. which changed its name to GlobalWafers Singapore Pte. Ltd.

3. Common Shareholders of the Company and Its Subsidiaries or Its Affiliates with Actual of Deemed Control: None.

4. Business Scope and the Affiliated Companies: As stated in the profiles of the affiliates.

5. Information of Directors, Supervisors and Executives of Affiliated Companies

December 31, 2023

Enterprise name	Title	Name or representative	Quantity of shareholding	
			Quantity of shares (1,000 shares)	Proportion
Taisil branch	President	Yin-Sheng Hsueh	-	-
GlobalSemiconductor Inc.	Director	Hsiu-Lan Hsu	23,000	100%
GlobalWafers Japan Co., Ltd.	Chairperson	Hsiu-Lan Hsu	128	100%
	Director and President	Katsuaki Koutari		
	Vice chairperson	Takashi Araki		
	Director	Mark Lynn England		
	Director	Tang-Liang Yao		
	Supervisor	Wei-Wen Chen		
GlobalWafers GmbH	Director	Ming-Hui Chien	48,025	100%
GlobalWafers Singapore Pte. Ltd. (Formerly GWafers Singapore Pte. Ltd.) (Note).	Chairperson	Hsiu-Lan Hsu	41,674	100%
	Director	Mark Lynn England		
	Director	Tang-Liang Yao		
	Director	Chen Ye Huang		
GlobalWafers B.V.	Director	Hsiu-Lan Hsu	0.1	100%
	Director	Liang Shi		
Sunrise PV Four Co., Ltd.	Chairperson	Hsiu-Lan Hsu	104,500	100%
	Director	Ming-Hui Chien		
	Director	Chen-Chien Chen		
	Supervisor	Jyh-Shyng Lu		
Sunrise PV Electric Power Five Co., Ltd.	Chairperson	Ming-Hui Chien	27,800	100%
GWC Capital Co., Ltd.	Chairperson	Hsiu-Lan Hsu	25,000	100%
	Director	Ming-Kuang Lu		
	Director	Tang-Liang Yao		
Crystalwise Technology Inc.	Chairperson	Hsiu-Lan Hsu	43,836	100%
	Director	Ming-Hui Chien		
	Director	Hsiu-Ling Hsu		
	Supervisor	Su-Yuan Cheng		
Crystalwise Technology (HK) Limited	Director	Hsiu-Lan Hsu	48,100	100%
Yuan Hong (SHANDONG) Technical Materials Ltd.	Chairperson	Ching-Chang Chin	-	100%
	Director	Tang-Liang Yao		
	Director and President	Wen-Rui Peng		
	Supervisor	Hsiu-Ling Hsu		
Kunshan Sino Silicon Technology Co., Ltd.	Chairperson	Tang-Liang Yao	-	100%
	Vice Chairperson	Hsiu-Lan Hsu		
	Director and President	Ching-Chang Chin		
	Director	Sheng-Hsiung Hung		

Enterprise name	Title	Name or representative	Quantity of shareholding	
			Quantity of shares (1,000 shares)	Proportion
	Director	Ming-Hui Chien		
	Supervisor	Wei-Wen Chen		
MEMC Electronic Materials Sdn. Bhd.	Director	Ching-Chang Chin	1,036	100%
	Director	Tony Wang		
	Director	Joanne Leong		
	Director	Ming-Hui Chien		
Kunshan SST Trading Co., Ltd.	Chairperson and President	Ching-Chang Chin	-	100%
	Director	Sheng-Hsiung Hung		
	Director	Tien-Wen Yu		
	Supervisor	Hsiao-Ping Feng		
Shanghai Sawyer ShenKai Technology Material Co., Ltd.	Chairperson	Ching-Chang Chin	-	100%
	Director	Ming-Hui Chien		
	Director	Zhigang Yu		
	Supervisor	Hsiu-Ling Hsu		
Yuan Hong Technical Materials Ltd.	Director	Ching-Chang Chin	-	90%
	Supervisor	Hsiu-Ling Hsu		
MEMC Japan Ltd.	Chairperson	Hsiu-Lan Hsu	750	100%
	Director and President	Katsuaki Koutari		
	Director	Toru Kobayashi		
	Director	Hironobu Nakazawa		
	Director	Takashi Ishikawa		
	Supervisor	Wei-Wen Chen		
MEMC Electronic Materials S.p.A	Chairperson and CEO	Marco Sciamanna	65,000	100%
	Director	Andrea Nervi		
	Director	Ming-Hui Chien		
	Director	Chen-Chien Chen		
	Supervisor	Richard Murphy		
	Supervisor	PierMario Barzaghi		
	Supervisor	Eleonora Guerriero		
MEMC Electronic Materials France SarL	Director	Marco Maffe	0.5	100%
GlobiTech Incorporated	Chairperson and CEO	Hsiu-Lan Hsu	1	100%
	Director	Tang-Liang Yao		
	Director and President	Mark Lynn England		
	Director	Ming-Hui Chien		
	Director	Curtis Hall		
MEMC LLC	Director	Mark Lynn England	-	100%

Enterprise name	Title	Name or representative	Quantity of shareholding	
			Quantity of shares (1,000 shares)	Proportion
	Director	Rick Boston		
GlobalWafers America, LLC	Chairperson	Hsiu-Lan Hsu	1	100%
	Director	Tang-Liang Yao		
	Director	Jyh-Shyng Lu		
	Director	Mark Lynn England		
	Director	Wyatt Watson		
MEMC Korea Company	Chairperson	Charlie Cho	25,200	100%
	Director	Hsiu-Lan Hsu		
	Director	Mark Lynn England		
	Supervisor	Jyh-Shyng Lu		
MEMC Ipoh Sdn. Bhd.	Director	Ching-Chang Chin	612,300	100%
	Director	Tony Wang		
	Director	Joanne Leong		
Topsil GlobalWafers A/S	Chairperson	Hsiu-Lan Hsu	1,000	100%
	Director	Wei-Wen Chen		
	Director and President	Hans Peder Mikkelsen		
	Director	Liang Shi		

Note: Singapore subsidiary GWafers Singapore Pte. Ltd. and Singapore subsidiary GlobalWafers Singapore Pte. Ltd. merged on January 1, 2023, and the surviving company was GWafers Singapore Pte. Ltd. which changed its name to GlobalWafers Singapore Pte. Ltd.

6. Business Overview of Affiliates

(I) Financial Status And Operational Results of Affiliated Companies

December 31, 2023; Unit: NT$ thousand

Enterprise name	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenues	Operating Profit	Net income after tax in current period	EPS (after taxation)
GlobalSemiconductor Inc.	753,950	2,952,814	40	2,952,774	—	(320)	241,963	—
GlobalWafers Japan Co., Ltd.	1,513,232	26,195,372	8,226,994	17,968,378	12,250,363	1,910,658	1,524,837	—
GlobalWafers GmbH	1,631,890	9,320,495	14,057,881	(4,737,386)	—	(41,134)	1,844,958	
GlobalWafers Singapore Pte. Ltd. (Formerly GWafers Singapore Pte. Ltd.) (Note)	16,730,390	61,379,880	28,311,139	33,068,741	24,310,744	1,966,587	3,523,882	—
GlobalWafers B.V.	32,224,981	54,913,079	1,284,487	53,628,592	—	(10,686)	4,224,105	—
Sunrise PV Four Co., Ltd.	1,045,000	1,643,483	586,010	1,057,473	97,753	15,452	10,946	—
Sunrise PV Electric Power Five Co., Ltd.	278,000	303,668	29,650	274,018	10,609	(2,665)	(835)	—
GWC Capital Co., Ltd.	250,000	265,261	4,444	260,817	—	(6,532)	13,589	—
Crystalwise Technology Inc.	438,363	299,565	279,256	20,309	14,808	(17,708)	(18,679)	
Crystalwise Technology (HK) Limited	1,476,911	80,039	43	79,996	—	(175)	(112)	
Yuan Hong (SHANDONG) Technical Materials Ltd.	1,820,807	106,275	7,620	98,655	—	(98)	94	
Kunshan Sino Silicon Technology Co., Ltd.	1,465,442	3,281,527	335,328	2,946,199	1,953,591	150,231	241,943	—
MEMC Electronic Materials Sdn. Bhd.	6,924	1,322,520	227,092	1,095,429	1,617,103	63,764	62,322	—
Kunshan SST Trading Co., Ltd.	25,962	2,010,837	1,928,757	82,079	1,821,559	26,503	46,598	—
Shanghai Sawyer ShenKai Technology Material Co., Ltd.	100,318	478,024	97,849	380,175	91,346	(29,243)	(53,330)	
Yuan Hong Technical Materials Ltd.	155,772	116,942	76,346	40,596	80,130	(23,042)	(21,665)	
MEMC Japan Ltd.	21,720	14,055,730	12,817,124	1,238,606	4,332,439	257,577	1,331,801	—
MEMC Electronic Materials S.p.A.	1,060,176	18,780,165	7,416,968	11,363,198	15,760,288	484,447	133,801	—
MEMC Electronic Materials France SarL	544	9,914	6,382	3,532	—	1,327	707	—

Enterprise name	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenues	Operating Profit	Net income after tax in current period	EPS (after taxation)
GlobiTech Incorporated	—	14,644,568	1,291,135	13,353,433	6,020,534	462,951	896,027	—
MEMC LLC	—	12,332,598	6,438,276	5,894,322	3,788,979	(204,371)	427,203	—
GlobalWafers America, LLC	31	15,672,815	12,533,577	3,139,238	—	(127,612)	(118,571)	—
MEMC Korea Company	3,011,400	25,941,705	2,543,221	23,398,484	12,885,549	2,386,335	2,363,342	—
MEMC Ipoh Sdn. Bhd.	4,091,550	4,629	34	4,596	—	(47)	826	—
Topsil GlobalWafers A/S	4,553	3,315,265	908,140	2,407,125	2,849,650	196,847	165,231	—

Note: Singapore subsidiary GWafers Singapore Pte. Ltd. and Singapore subsidiary GlobalWafers Singapore Pte. Ltd. merged on January 1, 2023, and the surviving company was GWafers Singapore Pte. Ltd. which changed its name to GlobalWafers Singapore Pte. Ltd.

(II) Consolidated Financial Statements of Affiliated Enterprises: Refer to Attachment 1 of this report.

(III) Affiliation Report: refer to Attachment 3 of this report.

II. Private Placement Securities in the Most Recent Years to the Day This Report Was Printed: None.

III. The Shares in the Company Held or Disposed of By Subsidiaries in the Most Recent Years to the Day This Report Was Printed: None.

IV. Other Necessary Supplement

The promise execution status after the Company became listed

Promise after listing at TPEx	Fulfillment of promise
The Company promises to add below in “Acquisition or Disposal of Assets Procedure” that “The Company shall not give up capital increase in future years to Global Semiconductor Inc. (GSI) and GlobalWafers Japan Co., Ltd.Inc.. GSI shall not give up capital increase in future years to Kunshan Sino Silicon Technology Co., Ltd.. The Company and its subsidiaries shall not give up capital increase in future years to GlobiTech Incorporated. If the aforesaid companies have to give up capital increase or dispose of above mentioned subsidiaries due to consideration of strategic alliance or other factors in the future, it shall acquire TPEx’s consent as well as submit to the Board of Directors for special resolution approval. Besides, if the Procedure is amended, the Company shall make material announcement to disclose the procedure on MOPS and submit to TPEx for recordation.”	The Company’s Board of Directors and the General Shareholders’ Meeting approved the motion of amendment to the “Acquisition or Disposal of Assets Procedure” of the Company on November 9, 2015 and June 22, 2016, respectively – with the addition of the aforementioned promise for listing at TPEx. For the purpose of group organizational integration, the Company's subsidiaries GWafers Inc. and GlobalWafers Japan Co., Ltd. have merged on January 1, 2018. In response to this organizational adjustment, the Company's board of directors on March 20, 2018 and the general shareholders' meeting on June 25, 2018 approved the revision of the "Acquisition or Disposal of Assets Processing Procedures" for TPEx commitments, and the Company disclosed it in its material announcement on MOPS and submitted to TPEx for recordation. The equity shares of the Company’s subsidiary GlobiTech Incorporated were transferred from the Company’s subsidiary GlobalWafers Inc. to the Company’s subsidiary GlobalWafers B.V., and still remained a wholly-owned subsidiary of the Company. As such, the Board Meeting on March 19, 2019 and the General Shareholders’ Meeting on June 25, 2019 approved the motion of amendment to the “Acquisition or Disposal of Assets Procedure” in the aspect of promises of listing at TPEx and disclosed it in material announcements on MOPS and submit to

	TPEx for recordation. In response to government policy to attract overseas funds repatriation and enhance capital efficiency of the Group, the Board Meeting approved the motion of repatriation of offshore funds on December 10, 2019. Under such framework, the Company's subsidiary, GWI, will complete its earning distribution and sell its shareholding over the subsidiary, GWafers Singapore Pte. Ltd.（GWS）to the Company and be liquidated after 2 years. The Company still holds 100% shareholding of GWS and its subsidiaries after GWI consummates the liquidation, bringing no impact to the company's overall shareholding structure and consolidated profit and loss. Due to the expiry of the aforementioned two-year period, GWI was liquidated on November 1, 2022. As such, the Company's Board of Directors on December 6, 2022 and the general shareholders' meeting on June 20, 2023 approved the amendment to the "Acquisition or Disposal of Assets Procedure" in the aspect of promises of listing at TPEx. It was disclosed in The Company's material announcements on MOPS and was submitted to TPEx for recordation upon approved by shareholders meeting.

V. Any Events and as of the Date of this Annual Report that Had Significant Impacts on Shareholders' Rights or Security Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None.

Attachment 1. 2023 Consolidated Financial Statements with Independent Auditors' Report

Stock Code:6488

GlobalWafers Co., Ltd. and Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

Address: No.8, Industrial East Road 2, Science-Based Industrial Park, Hsinchu, Taiwan, R.O.C.

Telephone: (03)5772255

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

Table of contents

Representation Letter

The entities that are required to be included in the combined financial statements of GlobalWafers Co., Ltd. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements", as endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements are included in the consolidated financial statements. Consequently, GlobalWafers Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: GlobalWafers Co., Ltd.
Chairman: Doris Hsu
Date: February 27, 2024.

安侯建業聯合會計師事務所
KPMG
新竹市300091新竹科學園區展業一路11號
No. 11, Prosperity Road I, Hsinchu Science Park,
Hsinchu City 300091, Taiwan (R.O.C.)
Telephone 電話 + 886 3 579 9955
Fax 傳真 + 886 3 563 2277
Internet 網址 home.kpmg/tw

Independent Auditors' Report

To the Board of Directors of GlobalWafers Co., Ltd.:

Opinion

We have audited the consolidated financial statements of GlobalWafers Co., Ltd. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC"), or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows:

1. Revenue recognition

   Please refer to note 4(15) "Revenue recognition" for accounting policy and note 6(21) "Revenue from contracts with customers" of the consolidated financial statements for further information.

Description of key audit matter:

The Group' s revenues are derived from the sales of semiconductor materials and components. Revenue recognition is also dependent on whether the specified sales terms in each individual contract are met. In consideration of the high volume of sales transactions generated from world-wide operations, and because of different sales terms and the trilateral trade within the group companies, it is more important to identify the timing of revenue recognition. As such, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included understanding revenue recognition policies and assessing whether revenue recognition policies are appropriate based on sales terms and revenue recognition criteria; understanding the design and implementation of internal control process and testing its operating effectiveness; testing selected sales samples and agreeing to customer orders, delivery note and related documentation supporting sales recognition; testing sales cut-off, on a sample basis, for transactions incurred within a certain period before or after the balance sheet date by reviewing related sales terms, inspecting delivery documents, and other related supporting document to evaluate whether the revenue was recorded in proper period.

2. Goodwill impairment assessment

Please refer to the note 4(13) "Impairment of non-financial assets" for accounting policy, note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" for goodwill impairment assessment, and note 6(10) "Intangible assets" for further details.

Description of key audit matter:

The Group is in a capital intensive industry, with goodwill arising from business combinations. Moreover, the Group operates in an industry in which the operations are easily influenced by various external factors, such as market conditions and governmental policies. Therefore, the assessment of impairment of goodwill is critical. The assessment procedures, including identification of cash-generating units, valuation models, selection of key assumptions and calculations of recoverable cash inflows, depend on the management' s subjective judgments, which contained uncertainty in accounting estimations. Consequently, this is one of the key areas in our audit.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included assessing triggering events identified by the management for impairment indicators existing in a cash-generating unit; assessing whether the methodology used for evaluating the recoverable amount are reasonable; evaluating the achievement of prior year financial forecasts; inspecting the calculations of recoverable amounts; assessing the assumptions used for calculating recoverable amounts and cash flow projections; performing sensitivity analysis based on key factors; assessing whether the accounting policies for goodwill impairment test and other relevant information have been appropriately disclosed.

Other Matter

The Company has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unqualified opinion.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are An-Chin Cheng and Mei-Yu Tseng.

KPMG

Taipei, Taiwan (Republic of China)
February 27, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd. and subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (notes 6(1) and 9)	$ 26,164,591	14	83,458,027	50
1110	Financial assets at fair value through profit or loss－current (note 6(2))	9,995	-	32,415	-
1170	Notes and accounts receivable, net (note 6(4))	10,015,769	5	10,074,844	6
1180	Accounts receivable due from related parties, net (note 7)	100,446	-	85,299	-
130X	Inventories (note 6(5))	9,359,353	5	8,535,236	5
1476	Other financial assets－current (notes 6(1) and 8)	42,477,896	23	5,506,339	3
1479	Other current assets (notes 6(11) and 7)	1,973,039	1	1,905,571	1
	Total current assets	90,101,089	48	109,597,731	65
	Non-current assets:				
1513	Financial assets at fair value through profit or loss－non-current (note 6(2))	12,567,498	7	9,331,720	6
1517	Financial assets at fair value through other comprehensive income－non-current (note 6(3))	223,271	-	159,347	-
1550	Investments accounted for using equity method (note 6(6))	1,392,852	1	941,383	1
1600	Property, plant and equipment (notes 6(8), 7 and 8)	72,250,814	38	39,487,086	23
1755	Right-of-use assets (note 6(9))	929,719	-	606,754	-
1780	Intangible assets (note 6(10))	2,346,556	1	2,370,157	1
1840	Deferred tax assets (note 6(17))	3,361,628	2	2,545,436	1
1980	Other financial assets－non-current (notes 7 and 8)	785,451	-	178,366	-
1900	Other non-current assets (note 6(11))	5,029,123	3	4,277,998	3
	Total non-current assets	98,886,912	52	59,898,247	35
	Total assets	$ 188,988,001	100	169,495,978	100

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(12))	$ 24,647,862	13	6,544,000	4
2120	Financial liabilities at fair value through profit or loss－current (notes 6(2) and (14))	204,322	-	-	-
2130	Contract liabilities－current (note 6(21))	10,031,291	5	10,311,903	6
2170	Notes and accounts payable	4,224,605	2	4,038,089	2
2180	Accounts payable to related parties (note 7)	802,005	-	138,112	-
2201	Payroll and bonus payable	3,033,934	2	2,702,368	1
2216	Dividends payable	3,488,910	2	2,829,041	2
2230	Current tax liabilities	3,946,454	2	4,887,206	3
2322	Long-term borrowings, current portion (notes 6(13) and 8)	1,606,628	1	-	-
2321	Ordinary bonds payable, current portion (note 6(14))	7,098,400	4	-	-
2270	Convertible bonds payable, current portion (note 6(14))	6,647,050	3	-	-
2399	Other current liabilities (note 6(15))	8,542,822	5	4,342,929	3
	Total current liabilities	74,274,283	39	35,793,648	21
	Non-Current liabilities:				
2527	Contract liabilities－non-current (note 6(21))	23,969,789	13	28,015,908	17
2540	Long-term borrowings (notes 6(13) and 8)	2,648,537	1	-	-
2500	Financial liabilities at fair value through profit or loss－non-current (notes 6(2) and (14))	-	-	466,831	-
2530	Convertible bonds payable (note 6(14))	-	-	23,793,835	14
2531	Ordinary bonds payable (note 6(14))	11,893,051	7	18,986,110	11
2570	Deferred tax liabilities (note 6(17))	5,908,343	3	4,588,911	3
2670	Other non-current liabilities (note 6(15))	2,238,282	1	1,987,402	1
2640	Net defined benefit liabilities－non-current (note 6(16))	1,602,091	1	1,539,328	1
	Total non-current liabilities	48,260,093	26	79,378,325	47
	Total liabilities	122,534,376	65	115,171,973	68
	Equity (note 6(18))**:**				
3110	Ordinary share	4,361,137	2	4,352,370	3
3200	Capital surplus	24,248,547	13	23,819,388	14
	Retained earnings:				
3310	Legal reserve	8,062,380	4	6,550,566	4
3320	Special reserve	6,546,698	4	6,135,557	3
3350	Unappropriated retained earnings	30,691,152	16	20,012,822	12
		45,300,230	24	32,698,945	19
3400	Other equity interest	(7,460,349)	(4)	(6,546,698)	(4)
	Total equity attributable to owners of parent	66,449,565	35	54,324,005	32
3600	Non-controlling interests	4,060	-	-	-
	Total equity	66,453,625	35	54,324,005	32
	Total liabilities and equity	$ 188,988,001	100	169,495,978	100

See accompanying notes to consolidated financial statements.

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd. and subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue** (notes 6(21) and 7)	$ 70,651,593	100	70,286,871	100
5000	**Operating costs** (notes 6(5), (22) and 7)	44,211,027	63	39,945,282	57
	Gross profit from operations	26,440,566	37	30,341,589	43
	Operating expenses (notes 6(22) and 7):				
6100	Selling expenses	1,560,587	2	1,651,407	2
6200	Administrative expenses	2,441,149	4	1,608,417	2
6300	Research and development expenses	2,364,071	3	2,089,325	3
6450	Expected credit losses (note 6(4))	16,198	-	9,427	-
	Total operating expenses	6,382,005	9	5,358,576	7
	Net operating income	20,058,561	28	24,983,013	36
	Non-operating income and expenses:				
7100	Interest income (note 6(23))	3,252,801	5	1,143,269	2
7020	Other gains and losses (notes 6(14), (23) and 7)	3,838,384	6	(5,537,537)	(8)
7050	Finance costs (notes 6(14), (23) and 7)	(653,289)	(1)	(481,817)	(1)
		6,437,896	10	(4,876,085)	(7)
	Income before income tax	26,496,457	38	20,106,928	29
7950	Less: income tax expense (note 6(17))	6,726,816	10	4,739,542	7
	Net income	19,769,641	28	15,367,386	22
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss**:				
8311	Gains (losses) on remeasurements of defined benefit plans	(18,650)	-	58,985	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	133,642	-	(31,223)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method (note 6(6))	437,552	1	(746,960)	(2)
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(17))	(424,494)	-	11,797	-
	Total items that will not be reclassified subsequently to profit or loss	977,038	1	(730,995)	(2)
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign operations	(1,760,734)	(2)	406,126	1
8399	Less: income tax related to components of other comprehensive income that may be reclassified to profit or loss (note 6(17))	(322,394)	-	(39,084)	-
	Total items that may be reclassified subsequently to profit or loss	(1,438,340)	(2)	367,042	1
8300	**Other comprehensive income (after tax)**	(461,302)	(1)	(363,953)	(1)
	Total comprehensive income	**$ 19,308,339**	**27**	**15,003,433**	**21**
	Net income attributable to:				
	Shareholders of GlobalWafers Co., Ltd	19,772,048	28	15,367,386	22
	Non-controlling interests	(2,407)	-	-	-
		19,769,641	**28**	**15,367,386**	**22**
	Total comprehensive income attributable to:				
	Shareholders of GlobalWafers Co., Ltd	19,310,867	27	15,003,433	21
	Non-controlling interests	(2,528)	-	-	-
		19,308,339	**27**	**15,003,433**	**21**
	Earnings per share (NT Dollars) (note 6(20))				
9750	Basic earnings per share	**$ 45.41**		**35.31**	
9850	Diluted earnings per share	**$ 43.91**		**34.36**	

See accompanying notes to consolidated financial statements.

GlobalWafers Co., Ltd. and subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to shareholders of GlobalWafers Co., Ltd.													
			Retained earnings				Other equity interest							
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Gains (losses) from equity instrument measured at fair value through other comprehensive income	Unearned share-based employee compensation	Total other equity interest	Treasury shares	Total	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 4,372,500	25,174,389	5,349,684	1,734,138	15,713,128	22,796,950	(7,530,148)	1,394,591	-	(6,135,557)	(576,779)	45,631,503	-	45,631,503
Net income for the year	-	-	-	-	15,367,386	15,367,386	-	-	-	-	-	15,367,386	-	15,367,386
Other comprehensive income for the year	-	-	-	-	47,188	47,188	367,042	(778,183)	-	(411,141)	-	(363,953)	-	(363,953)
Comprehensive income for the year	-	-	-	-	15,414,574	15,414,574	367,042	(778,183)	-	(411,141)	-	15,003,433	-	15,003,433
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	1,200,882	-	(1,200,882)	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	4,401,419	(4,401,419)	-	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(5,216,142)	(5,216,142)	-	-	-	-	-	(5,216,142)	-	(5,216,142)
Additional paid-in capital resulting from assets donated	-	6	-	-	-	-	-	-	-	-	-	6	-	6
Distribution of cash dividends using capital surplus	-	(1,094,795)	-	-	-	-	-	-	-	-	-	(1,094,795)	-	(1,094,795)
Cancellation of treasury shares	(20,130)	(260,212)	-	-	(296,437)	(296,437)	-	-	-	-	576,779	-	-	-
Balance at December 31, 2022	4,352,370	23,819,388	6,550,566	6,135,557	20,012,822	32,698,945	(7,163,106)	616,408	-	(6,546,698)	-	54,324,005	-	54,324,005
Net income for the year	-	-	-	-	19,772,048	19,772,048	-	-	-	-	-	19,772,048	(2,407)	19,769,641
Other comprehensive income for the year	-	-	-	-	405,844	405,844	(1,438,219)	571,194	-	(867,025)	-	(461,181)	(121)	(461,302)
Comprehensive income for the year	-	-	-	-	20,177,892	20,177,892	(1,438,219)	571,194	-	(867,025)	-	19,310,867	(2,528)	19,308,339
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	1,511,814	-	(1,511,814)	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	411,141	(411,141)	-	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(7,623,661)	(7,623,661)	-	-	-	-	-	(7,623,661)	-	(7,623,661)
Additional paid-in capital resulting from assets donated	-	2	-	-	-	-	-	-	-	-	-	2	-	2
Unearned share-based employee compensation	-	-	-	-	-	-	-	-	428	428	-	428	-	428
Issuance of ordinary shares to acquire subsidiaries	8,767	429,157	-	-	-	-	-	-	-	-	-	437,924	-	437,924
Disposal of equity instrument at fair value through other comprehensive income	-	-	-	-	47,054	47,054	-	(47,054)	-	(47,054)	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	6,588	6,588
Balance at December 31, 2023	**$ 4,361,137**	**24,248,547**	**8,062,380**	**6,546,698**	**30,691,152**	**45,300,230**	**(8,601,325)**	**1,140,548**	**428**	**(7,460,349)**	**-**	**66,449,565**	**4,060**	**66,453,625**

See accompanying notes to consolidated financial statements.

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd. and subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Income before income tax	$ 26,496,457	20,106,928
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	6,713,810	5,883,062
Amortization expenses	19,705	197,447
Expected credit losses	16,198	9,427
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(2,845,403)	9,745,073
Finance costs	653,288	481,817
Interest income	(3,252,801)	(1,143,269)
Dividend income	(442,608)	(404,218)
Shares of profit of associates accounted for using equity method	(67,386)	(60,359)
Gain on disposal of property, plant and equipment	(128,960)	(109,323)
Impairment loss on non-financial assets	-	37,776
Provisions for inventory valuation	252,975	10,490
Gain on lease modification	-	(26)
Total adjustments	918,818	14,647,897
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	140,796	(1,052,173)
Inventories	(975,458)	(1,259,059)
Prepayments for purchase of materials	491,713	1,682,120
Other operating assets	(509,602)	(426,475)
Other financial assets	(28,853)	1,322
Total changes in operating assets	(881,404)	(1,054,265)
Contract liabilities	(4,471,240)	7,096,975
Notes and accounts payable (including related parties)	126,803	4,998
Net defined benefit liabilities	61,457	(240,007)
Other operating liabilities	408,052	(1,476,875)
Total changes in operating liabilities	(3,874,928)	5,385,091
Total changes in operating assets and liabilities	(4,756,332)	4,330,826
Total adjustments	(3,837,514)	18,978,723
Cash inflow generated from operations	22,658,943	39,085,651
Interest received	2,188,722	1,062,056
Dividends received	442,608	404,218
Interest paid	(629,769)	(139,885)
Income taxes paid	(6,095,739)	(2,845,660)
Net cash flows from operating activities	18,564,765	37,566,380

(Continued)

See accompanying notes to consolidated financial statements.

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd. and subsidiaries

Consolidated Statements of Cash Flows(Continued)

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	$ -	(3,677)
Proceeds from disposal of financial assets at fair value through other comprehensive income	68,792	-
Acquisition of financial assets at fair value through profit or loss	(33,741)	(28,578)
Proceeds from capital reduction of financial assets at fair value through profit or loss	17,908	8,572
Cash dividends from associates accounted for using equity method	54,328	61,529
Acquisition of property, plant and equipment, and prepayments of equipment	(36,756,705)	(12,358,186)
Proceeds from disposal of property, plant and equipment	282,185	116,282
Acquisition of intangible assets	(7,782)	(6,479)
Net cash outflows resulting from business combination	(314,272)	-
Increase in other financial assets	(36,352,249)	(523,517)
Net cash flows used in investing activities	(73,041,536)	(12,734,054)
Cash flows from financing activities:		
Increase in short-term borrowings	18,088,539	280,000
Repayments of bonds	(17,644,805)	(2,748,404)
Increase in long-term borrowings	4,296,227	-
Repayments of long-term borrowings	(44,688)	-
Increase (decrease) in guarantee deposits received	(25,792)	1,403,599
Proceeds from borrowings from related party	575,039	-
Payment of lease liabilities	(184,143)	(167,566)
Cash dividends and capital surplus distribution	(6,963,792)	(6,963,792)
Additional paid-in capital resulting from assets donated	2	6
Net cash flows used in financing activities	(1,903,413)	(8,196,157)
Effect of exchange rate changes on cash and cash equivalents	(913,252)	927,436
Increase (decrease) in cash and cash equivalents	(57,293,436)	17,563,605
Cash and cash equivalents at beginning of period	83,458,027	65,894,422
Cash and cash equivalents at end of period	**$ 26,164,591**	**83,458,027**

See accompanying notes to consolidated financial statements.

GlobalWafers Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history

GlobalWafers Co., Ltd. (the "Company") had been a semiconductor operating unit of Sino-American Silicon Products Inc. ("SAS") and the Company, along with its assets and liabilities, was spun off from SAS on October 1, 2011. The Company was incorporated in October 18, 2011, and authorized by the Hsinchu Science Park Bureau (HSPB). Its registered office is located at No. 8, Industrial East Road 2, Science-Based Park, Hsinchu, Taiwan (R.O.C.). As of December 31, 2023, the consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The Group engages mainly in the research, development, production, design, and sales of semiconductor ingots and wafers, and is also engaged in the technology and management consulting service for related products.

On December 2, 2016, the Group acquired the entire outstanding shares of SunEdison Semiconductor Limited ("SunEdison"), who was a semiconductor wafer fabrication and supplier, and had been leading silicon wafer designs since its inception. SunEdison's R&D and manufacturing strongholds spread over the United States, Europe and Asia, and also dedicated to developing the next generation high-performance semiconductor wafers. The Company expands its sales network and upgrades its research and development capability through this acquisition.

In order to simplify the operating structure of the Group, the Company merged with Taisil Electronic Materials Corporation (Taisil), a 99.99% equity held subsidiary, on February 1, 2020, wherein the Company became the existing company and Taisil as the dissolved entity, based on the resolution approved during the board meeting of the Company held on December 27, 2019.

The Company's common shares have been listed on Taipei Exchange ("TPEx") since September 25, 2015, and were delisted from the Emerging Market at the same date.

2. Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on February 27, 2024.

3. New standards, amendments and interpretations adopted:

(1) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. (the "FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

The Group has adopted Amendments to IAS 12 "International Tax Reform – Pillar Two Model Rules" on May 23, 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which applies retrospectively, and require new disclosures about the Pillar Two exposure for annual reporting periods beginning on or after January 1, 2023. However, because on December 31, 2022, no new legislation to implement the top-up tax was enacted or substantively enacted in any jurisdiction in which the Group operates and no related deferred taxes were recognized at that date, the retrospective application has no impact on the Group's consolidated financial statements. The Group is closely monitoring developments related to the implementation of the international tax reforms introducing a global minimum top-up tax. Please refer to note 6(17) income tax for further description.

(2) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(3) The impact of IFRS issued by the International Accounting Standards Board (the "IASB") but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- Amendments to IAS 21 "Lack of Exchangeability"

4. Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations"), and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (hereinafter referred to as the "IFRSs endorsed by the FSC").

(2) Basis of preparation

A. Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

(a) Financial instruments at fair value through profit or loss are measured at fair value;

(b) Financial assets at fair value through other comprehensive income are measured at fair value;

(c) Cash-settled shared-based-payment liability is measured at fair value;

(d) The defined benefit liabilities (assets) are measured at fair value of the plan assets, less the present value of the defined benefit obligation and the asset ceiling, as explained in note 4(17).

B. Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(3) Basis of consolidation

A. Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The difference between the adjustment of the non-controlling interest and the fair value of the consideration paid or received is directly recognized in the equity and attributable to the stockholders of the Company.

B. List of subsidiaries in the consolidated financial statements

			Percentage of Ownership		
Name of Investor	**Name of Subsidiary**	**Business**	**December 31, 2023**	**December 31, 2022**	**Note**
The Company	GlobalSemiconductor Inc. (GSI)	Investment activities	100 %	100 %	
The Company	GlobalWafers Japan Co., Ltd. (GWJ)	Manufacturing and trading of silicon wafers	100 %	100 %	
The Company	GWafers Singapore Pte. Ltd. (GWafers Singapore) (renamed its GWafers Singapore to GWS on January 1, 2023.)	Investment activities	100 %	100 %	note (2)
The Company	Sunrise PV Four Co., Ltd. (SPV4)	Electricity activities	100 %	100 %	
The Company	Sunrise PV Electric Power Five Co., Ltd. (SPVE5)	Electricity activities	100 %	100 %	
The Company	GWC Capital Co., Ltd. (GWH)	Investment activities	100 %	100 %	
The Company	GlobalWafers GmbH (GW GmbH)	Investment activities	100 %	100 %	
The Company	GlobalWafers B.V. (GWBV)	Investment activities	100 %	100 %	

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership December 31, 2023	Percentage of Ownership December 31, 2022	Note
The Company	Crystalwise Technology Inc. (CWT)	Manufacturing and trading of optoelectronic wafers and substrate material	100 %	- %	note (5)
GSI	Kunshan Sino Silicon Technology Co., Ltd. (SST)	Processing and trading of ingots and wafers	100 %	100 %	
GWJ	MEMC Japan Ltd. (MEMC Japan)	Manufacturing and trading of silicon wafers	100 %	100 %	
SST	MEMC Electronic Materials Sdn Bhd (MEMC Sdn Bhd)	Research and development, manufacturing and trading of silicon wafers	100 %	100 %	
SST	Kunshan SST Trading Co., Ltd. (KST)	Sales, marketing and trading activities	100 %	100 %	
SST	Shanghai Sawyer Shenkai Technology Material Co., Ltd. (SSKT)	Manufacturing and sales of lithium tantalate and tithium niobate wafers	100 %	- %	note (4)
Gwafers Singapore	GlobalWafers Singapore Pte Ltd. (GWS)	Investment, marketing and trading activities	- %	100 %	note (1) and (2)
CWT	Crystalwise Technology (HK) Limited (Crystalwise (HK))	Investment activities	100 %	- %	note (5)
CWT	Yuan Hong (SHANDONG) Technical Materials Ltd. (YHTM)	Manufacturing and trading of optoelectronic wafers and substrate material	19.06 %	- %	note (5)
GWBV	MEMC Electronic Materials, SpA (MEMC SpA)	Manufacturing and trading of silicon wafers	100 %	100 %	
MEMC SpA	MEMC Electronic Materials France SarL (MEMC SarL)	Trading	100 %	100 %	

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership December 31, 2023	Percentage of Ownership December 31, 2022	Note
GWBV	MEMC Korea Company (MEMC Korea)	Manufacturing and trading of silicon wafers	100 %	100 %	
GWBV	MEMC Ipoh Sdn Bhd (MEMC Ipoh)	Manufacturing and trading of silicon wafers	100 %	100 %	
GWBV	GlobiTech Incorporated (GTI)	Manufacturing and trading of epitaxial wafers and silicon wafers	100 %	100 %	
GWBV	Topsil GlobalWafers A/S (Topsil A/S)	Manufacturing and trading of silicon wafers	100 %	100 %	
Crystalwise (HK)	YHTM	Manufacturing and trading of optoelectronic wafers and substrate material	80.94 %	- %	note (5)
GTI	MEMC LLC	Research and development, manufacturing and trading of silicon wafers	100 %	100 %	
GTI	GlobalWafers America, LLC (GWA)	Manufacturing and trading of silicon wafers	100 %	100 %	
Topsil A/S	Topsil Semiconductor sp z o.o. (Topsil PL)	Manufacturing and trading of silicon wafers	- %	100 %	note (3)
SSKT	Yuan Hong Technical Materials Ltd. (MHTM)	Manufacturing and sales of lithium tantalate and tithium niobate wafers	90 %	- %	note (4)

Note: The Group's organizational restructuring and changes were as follows:

(1) The original name was SunEdison.

(2) GWafers Singapore and GWS merged on January 1, 2023. GWafers Singapore is the surviving company and was renamed to GWS.

(3) The liquidation of Topsil PL has been completed in June, 2023.

(4) Based on the resolution approved at the board meeting of SST held on February 3, 2023, the Group obtained entire equity interests of SSKT, and had completed the transfer of equity interests on April 23, 2023. In addition, MHTM is a subsidiary of SSKT; therefore, it is merged into the Group.

(5) On November 1, 2023, the Company issued new shares to acquire entire equity interest in CWT and completed the registration process in order to expand its product line and increase its operational advantages. The swap ratio is each share of CWT for 0.02 newly issued shares of the Company. On the same day, CWT and its subsidiaries were merged into the consolidated structure.

C. Subsidiaries excluded from the consolidated financial statements: None.

(4) Foreign currencies

A. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an equity investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into New Taiwan Dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into New Taiwan Dollars at the average rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(5) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

A. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is expected to be realized within twelve months after the reporting period; or

D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

A. It is expected to be settled in the normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is due to be settled within twelve months after the reporting period; or

D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(7) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income – equity investment, or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

(c) Fair value through profit or loss (FVTPL)

All the above financial assets not classified as amortized cost or FVOCI are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost, or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(d) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivables, guarantee deposits paid and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured by 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECL are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

(e) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(d) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

(e) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(f) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(g) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

C. Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(8) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average-cost method and includes expenditure incurred in acquiring the inventories, production or conversion cost, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses necessary to make the sale.

(9) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate’s equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under additional paid in capital. If the additional paid in capital resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(10) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(a) Buildings: 2 to 60 years

(b) Machinery and equipment: 1 to 30 years

(c) Other equipment and leased assets: 1 to 40 years

(d) Buildings constitute mainly buildings, mechanical and electrical power equipment, and related engineering, wastewater treatment and sewage system, etc. Each such part is depreciated based on its useful life of 3 to 56 years, 4 to 35 years, and 6 to 30 years, respectively.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(11) Lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A. As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(a) fixed payments, including in-substance fixed payments;

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(c) amounts expected to be payable under a residual value guarantee; and

(d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

(a) there is a change in future lease payments arising from the change in an index or rate; or

(b) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

(c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

(d) there is a change of its assessment on whether it will exercise an extension or termination option; or

(e) there are any lease modifications.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right of use asset, or in profit and loss if the carrying amount of the right of use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right of use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group has elected not to recognize right of use assets and lease liabilities for short-term leases with 12 months or less and leases of low value assets, including other equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

(a) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

(b) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(c) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and

(d) there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

B. As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(12) Intangible assets

A. Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful life for the patents and trademarks, development cost and computer software are 3 to 15 years, 3 to 5 years and 1 to 10 years, respectively.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(13) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or a CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(14) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as interest expense.

A. Site restoration

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land and the related expense are recognized when the land is contaminated. A provision for site restoration of lease land and the related expense are recognized over the term of the lease.

B. Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(15) Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

The accounting policies for the Group's main types of revenue are explained below.

A. Sale of goods

The Group engages mainly in the research, development, production, design, and sales of semiconductor ingots and wafers. The Group recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered, as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

B. Services

The Group provides services to its customers. Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

Revenue recognition for fixed-price contracts is based on the ratio of services actually provided to total services as of the reporting date, which is determined by the percentage of labor performed to the total amount of labor to be performed.

If the situation changes, the estimates of revenue, cost, and degree of completion will be revised, and the increase or decrease in the period when the management is aware of the change in the situation will be reflected in profit or loss.

(16) Government grants and government subsidies

Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(17) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed as the related service is provided.

B. Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(18) Share-based payment

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

(19) Income tax

Income taxes comprise current taxes and deferred taxes. Except for items related to business combinations, or items recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized except for the following:

A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

C. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

A. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(a) the same taxable entity; or

(b) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(20) Business combination

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest’ s proportionate share of the acquiree’ s identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquire’ s net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRS Accounting Standards endorsed by the FSC.

The Group recognizes the acquisition-date fair value of the contingent consideration as part of the consideration transferred. The cost of the acquisition and measuring goodwill will retrospectively be adjusted when some changes in the fair value of contingent consideration that the Group recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Group obtained after that date about facts and circumstances that existed at the acquisition date. The measurement period will not exceed one year from the acquisition date. The Group accounts for the changes in the fair value of contingent consideration that are not measurement period adjustments based on the classification of contingent consideration. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement will be accounted for within equity. Others will be measured at fair value at each reporting date and changes in fair value will be recognized in profit or loss or other comprehensive income.

(21) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee remuneration that could be settled in the form of stock.

(22) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimations and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in the accounting estimates during the period and the impact of those changes in the following period.

There is no critical judgment made in applying accounting policies.

The accounting policies which involved the estimation and assumption uncertainty that may cause adjustments in the subsequent period is as below:

Goodwill impairment assessment

The assessment of the impairment of goodwill requires the Group to make subjective judgment to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amounts of the relevant CGUs. Please refer to note 6(10) for further discussion of the assessment of goodwill impairment.

The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss, wherein the Group has established an internal control system for fair value measurement to regularly review material unobservable inputs and adjustments. If external third-party information (such as a broker or pricing service) is used to measure the fair value, the evidence provided by the third party will be evaluated to determine whether the assessment and the fair value hierarchy categories are in accordance with IFRSs.

The Group strives to use the observable market inputs when measuring assets and liabilities. The hierarchy of the fair value categorized by the valuation techniques used is as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For any transfer within the fair value hierarchy, the Group recognizes the transfer on the reporting date. For the assumption used in fair value measurement, please refer to note 6(24) of the financial instruments.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2023	**December 31, 2022**
Cash on hand	$ 7,787	11,779
Demand deposits	15,872,257	47,991,951
Time deposits	9,733,678	35,383,976
Repurchase agreement	550,869	70,321
	$ 26,164,591	**83,458,027**

As of December 31, 2023 and 2022, the Group reclassifred time deposits to other financial assets–current due to liquidity considerations amounting to $30,483,644 thousand and $5,194,689 thousand, respectively.

On November 28, 2019 and February 21, 2020, the Group applied to the National Taxation Bureau for the application of the Overseas Fund Repatriation Management, Utilization and Taxation Regulations. After approval, the funds were repatriated. 5% of the repatriated funds can be used freely, and the remaining 95% can only be used for special investment plans approved by the Ministry of Economic Affairs. Funds are deposited in a special account and cannot be used randomly for expenditure within five years. The Group has applied to the Ministry of Economic Affairs for substantial investment, and the funds are expected to be used for capital expenditures on factory expansion and the purchase of machinery, equipment and related assets. As of December 31, 2023 and 2022, the balances of the special accounts were $2,698,377 thousand and $2,967,304 thousand recorded in cash and cash equivalents, respectively.

In accordance with the IFRSs Q&A updated by the Financial Supervisory Commission and the Securities and Futures Bureau on January 5, 2024, the repatriated offshore funds should be reclassified from other financial assets – current to cash and cash equivalents. As of December 31, 2022, $2,967,304 thousand of the funds have been reclassified to cash and cash equivalents by the Group. In addition, the "decrease in other financial assets" under consolidated statement of cash flows－investing activities in 2022 was reduced by $2,967,304 thousand.

Please refer to note 6(24) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

(2) Financial assets and liabilities at fair value through profit or loss

		December 31, 2023	December 31, 2022
Financial assets measured at fair value through profit or loss－current:			
Forward exchange contracts	**$**	**9,995**	**32,415**
Financial assets measured at fair value through profit or loss－non-current:			
Privately offered funds	$	242,864	185,793
Overseas securities held		12,324,634	9,145,927
	$	**12,567,498**	**9,331,720**
Financial liabilities designated as at fair value through profit or loss－current:			
Forward exchange contracts	$	289	-
Embedded derivatives of convertible bonds		204,033	-
	$	**204,322**	**-**
Financial liabilities designated as at fair value through profit or loss－non-current:			
Embedded derivatives of convertible bonds	**$**	**-**	**466,831**

Please refer to note 6(23) for the amount remeasured at fair value through profit or loss.

For the years ended December 31, 2023 and 2022, the dividends of $431,786 thousand and $391,591 thousand, respectively, were received from investments in financial assets mandatorily measured at fair value through profit or loss.

The Group uses derivative instruments to hedge certain currency risk arising from the Group's operating activities. The Group held the following derivative instruments, which were not qualified for hedge accounting, and accounted them as mandatorily measured at fair value through profit or loss financial assets and held-for-trading financial liabilities as of December 31, 2023 and 2022:

	December 31, 2023			
	Contract amount (in thousands)		Currency	Maturity date
Forward exchange contracts sold	USD	21,050	USD to EUR	January 6, 2024 ~ February 27, 2024

	December 31, 2022			
	Contract amount (in thousands)		Currency	Maturity date
Forward exchange contracts sold	USD	33,500	USD to EUR	January 27, 2023~ March 29, 2023

(3) Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Equity investment in domestic entities	$ 218,700	153,850
Equity investment in foreign entities	4,571	5,497
	$ 223,271	**159,347**

The Group designated the equity investments shown above as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.

For the years ended December 31, 2023 and 2022, the dividend income of $10,822 thousand and $12,627 thousand, respectively, related to equity investments at fair value through other comprehensive income, was recognized, respectively.

Due to the change in investment strategy in 2023, the Group sold domestic equity investments designated to be measured at fair value through other comprehensive gains and losses. The fair value at the time of disposal was $68,792 thousand, and the accumulated disposal gains amounted to $47,054 thousand. Therefore, the aforementioned accumulated disposal gains have been transferred from other equity to retained earnings.

The Group did not dispose its strategic investments for the year ended December 31, 2022; therefore, there were no transfers of any cumulative gain or loss within equity relating to these investments.

For market risk, please refer to note 6(24).

The financial assets mentioned above were not pledged as collateral.

(4) Notes and accounts receivable, net

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	$ 230,590	116,617	122,250
Accounts receivable	9,799,926	9,974,690	8,932,587
Less: allowance for expected credit loss	(14,747)	(16,463)	(6,768)
	$ 10,015,769	**10,074,844**	**9,048,069**

The Group applied the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

The credit loss provision of notes and accounts receivable in renewable energy business segment was determined as follows:

	December 31, 2023		
	Gross amount of notes and accounts receivable	Weighted-average loss rate	Credit loss allowance
Current	**$ 28,354**	0%	**-**

	December 31, 2022		
	Gross amount of notes and accounts receivable	Weighted-average loss rate	Credit loss allowance
Current	**$ 16,940**	0%	**-**

The credit loss provision of notes and accounts receivable (including related parties) in semiconductor business segment was determined as follows:

	December 31, 2023		
	Gross amount of notes and accounts receivable	**Weighted-average loss rate**	**Credit loss allowance**
Current	$ 9,892,278	0%	-
1 to 30 days past due	168,494	0%	-
31 to 60 days past due	25,511	5%	1,267
61 to 90 days past due	1,705	30%	512
91 to 120 days past due	2,639	50%	1,319
121 to 150 days past due	-	0%	-
151 to 180 days past due	-	0%	-
More than 181 days past due	11,649	100%	11,649
	$ 10,102,276		**14,747**

	December 31, 2022		
	Gross amount of notes and accounts receivable	**Weighted-average loss rate**	**Credit loss allowance**
Current	$ 9,885,215	0%	-
1 to 30 days past due	225,637	0%	-
31 to 60 days past due	12,273	0%	36
61 to 90 days past due	25,002	21%	5,335
91 to 120 days past due	4,353	99%	4,324
121 to 150 days past due	-	0%	-
151 to 180 days past due	-	0%	-
More than 181 days past due	6,768	100%	6,768
	$ 10,159,248		**16,463**

The movements in the allowance for doubtful accounts related to notes and accounts receivable were as follows:

	For the years ended December 31, 2023	2022
Balance on January 1	$ 16,463	6,768
Credit losses recognized	16,198	9,427
Amount written off which was considered uncollectible in the current period	(21,000)	-
Acquired through business acquisition	3,086	-
Foreign exchange changes	-	268
Balance on December 31	**$ 14,747**	**16,463**

The notes and accounts receivable mentioned above were not pledged as collateral.

(5) Inventories

	December 31, 2023	December 31, 2022
Finished goods	$ 2,199,082	2,023,790
Work in progress	2,811,205	2,704,943
Raw materials	4,349,066	3,806,503
	$ 9,359,353	**8,535,236**

Components of operating costs were as follows:

	For the years ended December 31, 2023	2022
Cost of sales	$ 43,815,517	39,782,378
Impairment loss of property, plant and equipment	-	37,776
Provisions for inventory valuation loss	252,975	10,490
Unallocated fixed manufacturing expense	142,535	114,638
	$ 44,211,027	**39,945,282**

The inventories mentioned above were not pledged as collateral.

(6) Investments accounted for using equity method

A summary of financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2023	December 31, 2022
Associates	$ 1,392,852	941,383

A. Associates

The associates of the Group accounted for using the equity method were individually insignificant, and their summarized financial information included in the consolidated financial statements of the Group was as follows:

	December 31, 2023	December 31, 2022
The carrying amount of investments in the individually insignificant associates	$ 1,392,852	941,383

	For the years ended December 31,	
	2023	2022
Amount of individually insignificant associates' interests attributable to the Group:		
Net income	$ 67,386	60,359
Other comprehensive income (loss)	438,411	(746,960)
Total	$ 505,797	(686,601)

For the years ended December 31, 2023 and 2022, the cash dividends of the invested companies were $54,328 thousand and $61,529 thousand, respectively, which were recognized as deductions of investments accounted for using the equity method.

B. Collateral

The investments accounted for using equity method mentioned above were not pledged as collateral as of December 31, 2023 and 2022.

(7) Business combination

A. the Group acquired SSKT as a subsidiary

(a) On April 23, 2023, the Group acquired 100% of the shares and voting interests in SSKT, a manufacturer and distributor of lithium tantalate and lithium niobate wafers. As a result, the Group obtained control of SSKT. The Group aims to deepen its business presence into 5G and satellite communication industries through the acquisition of SSKT.

The Group acquired 100% shares of SSKT for CNY $100,000 thousand ($443,300 thousand). The details of fair value of identifiable net assets acquired, and liabilities assumed at the acquisition date were as follows:

Cash and cash equivalents	$	6,860
Notes and accounts receivable, net		105,560
Inventories		73,246
Other current assets		14,958
Property, plant and equipment		309,691
Intangible assets		33,360
Other non-current assets		6,461
Short-term borrowings		(15,347)
Notes and accounts payable		(81,363)
Other current liabilities		(36,117)
	$	**417,309**

Goodwill arising from the business acquisitions was determined as follows:

Consideration transferred	$	443,300
Add: Non-controlling interest in the acquiree, proportionate share of the fair value of the identifiable net assets		6,588
Less: fair value of the identifiable net assets		(417,309)
Goodwill	**$**	**32,579**

(b) As of December 31, 2023, SSKT contributed revenue of $100,441 thousand and loss after tax of $(53,330) thousand to the Group’s operating results. If the acquisition had occurred on January 1, 2023, management estimated that consolidated revenue would have increased $140,396 thousand, and consolidated profit would have increased (decreased) $(32,932) thousand.

B. the Group acquired CWT as a subsidiary

(a) On November 1, 2023, the Group acquired 100% of the shares and voting interests in CWT, manufacturer and distributor of optoelectronic wafers and substrate material. As a result, the Group obtained control of CWT. The Group aims to deepen its business presence into 5G and satellite communication industries through the acquisition of CWT.

The Group issued 876,725 new shares (with a total amount of $437,924 thousand) to the shareholders of CWT as a consideration and carried out share conversion with CWT allowing the Group to acquire 100% ownership of CWT. The details of fair value of identifiable net assets acquired, and liabilities assumed at the acquisition date were as follows:

Cash and cash equivalents	$	122,168
Notes and accounts receivable, net		15,866
Accounts receivable due from related parties		953
Inventories		20,727
Other current assets		35,038
Property, plant and equipment		140,065
Intangible assets		116
Other non-current assets		404,235
Short-term borrowings		(140,000)
Notes and accounts payable		(18,272)
Accounts payable to related parties		(12,225)
Other current liabilities		(54,025)
Long-term borrowings		(44,688)
Other non-current liabilities		(32,034)
	$	**437,924**

Goodwill arising from the business acquisitions was determined as follows:

Consideration transferred	$	437,924
Less: fair value of the identifiable net assets		(437,924)
Goodwill	**$**	**-**

(b) For the two months ended December 31, 2023, CWT contributed revenue of $14,808 thousand and loss after tax of $(18,679) thousand to the Group's operating results. If the acquisition had occurred on January 1, 2023, management estimated that consolidated revenue would have increased $80,762 thousand, and consolidated profit after tax would have increased (decrease) $(15,898) thousand.

(8) Property, plant and equipment

A. The movements of cost and depreciation of the property, plant and equipment of the Group were as follows:

		Land	Buildings	Machinery and equipment	Other equipment	Construction in progress and equipment awaiting inspection	Total
Cost:							
Balance at January 1, 2023	$	2,709,962	17,277,541	45,740,095	6,190,254	6,502,735	78,420,587
Acquired in a business combination		-	-	357,118	41,868	50,769	449,755
Additions		16,045	23,688	135,143	940,023	39,140,538	40,255,437
Disposals		-	(66,784)	(1,339,362)	(60,405)	(32,717)	(1,499,268)
Reclassification		8,608	4,859,233	6,944,845	545,250	(12,446,108)	(88,172)
Transfer and others		-	119	8,040	(2,126)	(7,455)	(1,422)
Effect of changes in exchange rates		(80,772)	(612,215)	(1,834,018)	(81,630)	(413,876)	(3,022,511)
Balance at December 31, 2023	**$**	**2,653,843**	**21,481,582**	**50,011,861**	**7,573,234**	**32,793,886**	**114,514,406**
Balance at January 1, 2022	$	2,490,807	16,447,283	40,964,398	5,112,550	3,545,039	68,560,077
Additions		-	11,776	110,703	754,049	9,421,660	10,298,188
Disposals		-	(45,915)	(1,639,680)	(41,188)	(10,036)	(1,736,819)
Reclassification		145,833	523,915	5,574,290	232,648	(6,657,621)	(180,935)
Transfer and others		-	-	(815)	-	2,988	2,173
Effect of changes in exchange rates		73,322	340,482	731,199	132,195	200,705	1,477,903
Balance at December 31, 2022	**$**	**2,709,962**	**17,277,541**	**45,740,095**	**6,190,254**	**6,502,735**	**78,420,587**
Depreciation and impairment losses:							
Balance at January 1, 2023	$	-	8,993,929	26,888,314	3,012,392	38,866	38,933,501
Depreciation for the year		-	724,842	5,335,882	478,485	-	6,539,209
Disposals		-	(63,804)	(1,243,486)	(43,396)	-	(1,350,686)
Reclassification		-	10	(10)	-	-	-
Transfer and others		-	-	817	(2,084)	-	(1,267)
Effect of changes in exchange rates		-	(375,204)	(1,438,983)	(42,972)	(6)	(1,857,165)
Balance at December 31, 2023	**$**	**-**	**9,279,773**	**29,542,534**	**3,402,425**	**38,860**	**42,263,592**
Balance at January 1, 2022	$	-	8,325,376	23,745,674	2,545,771	-	34,616,821
Depreciation for the year		-	659,647	4,608,370	456,779	-	5,724,796
Impairment of loss		-	-	-	-	37,776	37,776
Disposals		-	(38,058)	(1,634,239)	(40,301)	-	(1,712,598)
Reclassification		-	808	(298)	(2,218)	-	(1,708)
Effect of changes in exchange rates		-	46,156	168,807	52,361	1,090	268,414
Balance at December 31, 2022	**$**	**-**	**8,993,929**	**26,888,314**	**3,012,392**	**38,866**	**38,933,501**
Carrying amounts:							
Balance at December 31, 2023	**$**	**2,653,843**	**12,201,809**	**20,469,327**	**4,170,809**	**32,755,026**	**72,250,814**
Balance at January 1, 2022	**$**	**2,490,807**	**8,121,907**	**17,218,724**	**2,566,779**	**3,545,039**	**33,943,256**
Balance at December 31, 2022	**$**	**2,709,962**	**8,283,612**	**18,851,781**	**3,177,862**	**6,463,869**	**39,487,086**

B. Collateral

For the years ended December 31, 2023 and 2022, a portion of the property, plant and equipment was pledged as collateral for credit lines. Please refer to note 8.

C. Property, plant and equipment in construction

For the Group's capital expenditure plan, the total amount of expenditures incurred but the construction has not yet been completed is $32,755,026 thousand, which includes capitalized borrowing costs related to the acquisition of the construction of the property, plant and equipment of $245,107 thousand, calculated using a capitalization interest rate of 4.53%-6.29%.

(9) Right-of-use assets

The Group leases many assets including land, buildings, machinery and other equipment. The carrying amounts of right-of-use assets were presented below:

	Land	Buildings	Machinery	Other equipment	Total
Cost:					
Balance at January 1, 2023	$ 617,133	122,689	315	222,614	962,751
Additions	-	26,802	-	481,955	508,757
Disposals and transfer	(8,128)	(1,526)	(320)	(99,751)	(109,725)
Effect of changes in exchange rates	(2,376)	(6,867)	5	(11,634)	(20,872)
Balance at December 31, 2023	**$ 606,629**	**141,098**	**-**	**593,184**	**1,340,911**
Balance at January 1, 2022	$ 620,302	135,465	284	255,845	1,011,896
Additions	-	16,310	-	47,308	63,618
Disposals and transfer	(1,854)	(27,764)	-	(82,454)	(112,072)
Effect of changes in exchange rates	(1,315)	(1,322)	31	1,915	(691)
Balance at December 31, 2022	**$ 617,133**	**122,689**	**315**	**222,614**	**962,751**
Depreciation and impairment losses:					
Balance at January 1, 2023	$ 148,299	59,725	203	147,770	355,997
Depreciation	36,372	33,331	113	104,784	174,600
Disposals and transfer	(8,128)	(1,526)	(320)	(99,751)	(109,725)
Effect of changes in exchange rates	(987)	(3,639)	4	(5,058)	(9,680)
Balance at December 31, 2023	**$ 175,556**	**87,891**	**-**	**147,745**	**411,192**

	Land	Buildings	Machinery	Other equipment	Total
Balance at January 1, 2022	$ 110,021	63,176	41	133,312	306,550
Depreciation	38,559	25,225	153	94,329	158,266
Disposals and transfer	-	(27,764)	-	(81,265)	(109,029)
Effect of changes in exchange rates	(281)	(912)	9	1,394	210
Balance at December 31, 2022	**$ 148,299**	**59,725**	**203**	**147,770**	**355,997**
Carrying amounts:					
Balance at December 31, 2023	**$ 431,073**	**53,207**	**-**	**445,439**	**929,719**
Balance at January 1, 2022	**$ 510,281**	**72,289**	**243**	**122,533**	**705,346**
Balance at December 31, 2022	**$ 468,834**	**62,964**	**112**	**74,844**	**606,754**

(10) Intangible assets

Intangible assets included trademarks, patents and computer software. The cost and amortization of the intangible assets of the Group were as follows:

	Goodwill	Patents and trademarks	Development costs	Computer software	Total
Cost:					
Balance at January 1, 2023	$ 2,298,755	1,767,588	283,615	88,890	4,438,848
Acquired in a business combination	32,579	33,046	-	430	66,055
Additions	-	-	-	7,782	7,782
Reclassification	-	-	-	34	34
Effect of changes in exchange rates	(78,882)	(504)	9,523	(290)	(70,153)
Balance at December 31, 2023	**$ 2,252,452**	**1,800,130**	**293,138**	**96,846**	**4,442,566**
Balance at January 1, 2022	$ 2,106,123	1,754,196	272,823	74,639	4,207,781
Additions	-	-	-	6,479	6,479
Effect of changes in exchange rates	192,632	13,392	10,792	7,772	224,588
Balance at December 31, 2022	**$ 2,298,755**	**1,767,588**	**283,615**	**88,890**	**4,438,848**
Amortization:					
Balance at January 1, 2023	$ -	1,767,588	225,227	75,876	2,068,691
Amortization for the year	-	3,673	12,493	3,539	19,705
Effect of changes in exchange rates	-	(76)	7,649	41	7,614
Balance at December 31, 2023	**$ -**	**1,771,185**	**245,369**	**79,456**	**2,096,010**
Balance as of January 1, 2022	$ -	1,574,133	204,180	63,917	1,842,230
Amortization for the year	-	180,063	12,404	4,980	197,447
Effect of changes in exchange rates	-	13,392	8,643	6,979	29,014
Balance at December 31, 2022	**$ -**	**1,767,588**	**225,227**	**75,876**	**2,068,691**

	Goodwill	Patents and trademarks	Development costs	Computer software	Total
Carrying amounts:					
Balance at December 31, 2023	$ 2,252,452	28,945	47,769	17,390	2,346,556
Balance at January 1, 2022	$ 2,106,123	180,063	68,643	10,722	2,365,551
Balance at December 31, 2022	$ 2,298,755	-	58,388	13,014	2,370,157

Goodwill impairment testing

For the purpose of impairment testing, goodwill was allocated to the semiconductor business segment. The Group's goodwill has been tested for impairment at least once at the end of each annual reporting period and the recoverable amount is determined based on discounted cash flows.

For the years ended December 31, 2023 and 2022, the recoverable amount of the semiconductor business was estimated based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU.

As of December 31, 2023 and 2022, the recoverable amount was greater than its carrying amount and no impairment loss was recognized.

The key assumptions used in the estimation of value in use were as follows.

	December 31, 2023	December 31, 2022
Discount rate	10.01 %	11.48 %
Growth rate	2.04 %	2.18 %

The discount rate was a pre-tax measure based on the rate of ten-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specific CGU.

Cash flow projections are based on five-year financial budgets estimated by the management.

The intangible assets mentioned above were not pledged as collateral.

(11) Other assets－current and non-current

	December 31, 2023	December 31, 2022
Prepayment for materials	$ 1,089,920	1,579,684
Refundable tax and overpaid tax	1,179,096	701,430
Prepayments for equipment－non-current	4,089,021	3,376,588
Others	644,125	525,867
	$ 7,002,162	6,183,569

(12) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured borrowings	$ 24,647,862	6,544,000
Unused credit lines	$ 53,561,411	35,256,279
Range of interest rates at year end	1.47%~6.07%	1.7%

The Group did not provide the bank with assets pledged as collateral for its short-term borrowings.

(13) Long-term borrowings

	December 31, 2023			
	Currency	Rate	Maturity	Amount
Unsecured bank loans	JPY	0.10%~0.28%	2026.1~2026.3	$ 4,255,165
Less: current portion				(1,606,628)
Total				$ 2,648,537

(14) Bonds payable

The details of bonds payable were as follows:

	December 31, 2023	December 31, 2022
Unsecured ordinary bonds	$ 18,991,451	18,986,110
Unsecured convertible bonds	6,647,050	23,793,835
Less: bonds payable due within one year	(13,745,450)	-
Total	$ 11,893,051	42,779,945

A. On April 21, 2021, the Group's Board of Directors resolved to issue the first unsecured ordinary bonds for the year ended December 31, 2021, and issued through the Taipei Fubon Commercial Bank Co., Ltd. on May 11, 2021. The Group issued the five-year unsecured ordinary bonds, amounting to $6,500,000 thousand and the coupon rate is consistent with a fixed rate of 0.62% and with the maturity date on May 11, 2026.

B. On April 21, 2021, the Group's Board of Directors resolved to issue the second unsecured ordinary bonds for the year ended December 31, 2021, and issued through the Taipei Fubon Commercial Bank Co., Ltd. on August 19, 2021. The Group issued the three-year and five-year unsecured ordinary bonds, amounting to $12,500,000 thousand, which were divided into A and B bonds, depending on the different issuance conditions. The issuance amounts were $7,100,000 thousand and $5,400,000 thousand, respectively, with coupon rate 0.5% and 0.6%, and the maturity dates were August 19, 2024 and August 19, 2026, respectively.

C. On April 21, 2021, the Group's Board of Directors resolved to issue the first unsecured overseas convertible bonds on the Singapore Exchange Limited, which had been approved by the Financial Supervisory Commission with approval No.1100342091 on May 19, 2021. The Group issued the five-year unsecured convertible bond, amounting to US$1,000,000 thousand at zero coupon rate, with the maturity date on June 1, 2026.

The details of unsecured convertible bonds were as follows:

	December 31, 2023	December 31, 2022
Total outstanding convertible bonds	$ 6,841,854	24,787,249
Unamortized discount	(194,804)	(993,414)
Cumulative converted amount	-	-
Convertible bonds balance at period-end	**$ 6,647,050**	**23,793,835**
Embedded derivative – call and put options, included in financial liabilities at fair value through profit or loss	**$ 204,033**	**466,831**

	For the years ended December 31, 2023	2022
Embedded derivatives – gain and losses of re-measurement of calls and put options based on fair value (recorded under other gains and losses)	**$ 63,494**	**(381,799)**
Interest expense	**$ 162,663**	**304,666**

The convertible bonds may be redeemed in advance by the Group from the day following the third anniversary of the issuance until the maturity date. If the closing price of GlobalWafers' common stock reaches 130% of the amount obtained by multiplying the amount of early redemption by the conversion price and dividing it by the face value for twenty trading days out of thirty consecutive business days, or if the outstanding balance of the convertible bonds is less than 10% of the original total issuance, the Group may redeem the amount in advance and redeem all or part of the convertible bonds.

Except for the early redemption, redemption and cancellation or conversion of the convertible bonds, the holders may request the Group to redeem entire or part of the convertible bonds according to the early redemption amount on the day of June 1, 2024. So, on June 1, 2023, the unsecured convertible bonds were reclassified to current liabilities.

Except for early redemptions, repurchases and cancellations, exercise of conversion rights by the bondholders, statutory requirements and the cessation of transfer period as otherwise provided in the Trust Deed, from the day following the three months after the issuance of the bonds to (1) ten days before the maturity date or (2) the fifth business day prior to the date of early redemption of the bonds (hereinafter referred to as the "conversion period"), the bondholders may request the issuing company to convert the bonds into shares of common stock newly issued by the issuing company in accordance with the provisions of the relevant laws and the Trust Deed.

The conversion price was 140% of the closing price of the Company's common shares on the Taipei Exchange on the pricing date, which was NT$1,040.20. The number of common shares to be delivered upon conversion of any bond will be determined by the principal amount of the bonds multiplied by the fixed exchange rate, which is NT$27.912 to US$1, which was determined on the pricing date and divided by the conversion price in effect on the date of conversion. After the issuance of the bonds, the conversion price shall be adjusted in accordance with the relevant anti-dilution provisions of the contract. However, due to the distribution of cash dividends by the Company, the conversion prices of the bonds have been adjusted from NT$1,040.20 to NT$1,028.46, NT$1,028.46 to NT$1,018.54, NT$1,018.54 to NT$1,003.09, NT$1,003.09 to $988.86 and NT988.86 to NT$970.33 on July 22, 2021, January 13, 2022, July 19, 2022, January 12, 2023, and July 26, 2023, respectively, the days after the ex-dividend base dates, in accordance with the aforementioned provisions. As of December 31, 2023, the adjustment to the conversion price of the bonds had been executed five times.

The above-mentioned convertible bonds included liabilities and equity components. The equity component was recognized as the capital surplus. The effective interest rate originally recognized for the liability component was 1.2%.

The Group redeemed the first unsecure oversea convertible bonds of US$651,000 thousand and US$100,800 thousand, respectively, in 2023 and 2022, resulting in the invalid conversion right of $1,108,959 thousand and $171,710 thousand to be reclassified from capital surplus – share options to capital surplus – others. As of December 31, 2023 and 2022, the balance of the Group's first unsecured oversea convertible bonds amounted to US$248,200 thousand and US$899,200 thousand, respectively.

(15) Lease liabilities

The carrying amounts of lease liabilities of the Group were as follows:

	December 31, 2023	December 31, 2022
Current	$ 150,037	87,167
Non-current	$ 789,933	523,261

For the maturity analysis, please refer to note 6(24) "Financial instruments".

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2023	2022
Interest on lease liabilities	$ 16,177	7,377
Variable lease payments not included in the measurement of lease liabilities	$ 11,726	7,252
Expenses relating to short-term leases	$ 30,575	18,573
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 9,635	7,298

The amounts recognized in the statement of cash flows were as follows:

	For the years ended December 31, 2023	For the years ended December 31, 2022
Total cash outflow for leases	$ **236,079**	**200,689**

Land leases' additional rent payments that are based on changes in local price indices and the public facilities construction costs re-invested annually in each park will be adjusted after being assessed.

(16) Employee benefits

A. Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value was as follows:

	December 31, 2023	December 31, 2022
Total present value of obligations	$ (3,438,912)	(5,132,816)
Fair value of plan assets	1,836,821	3,593,488
Recognized liabilities for defined benefit obligations	$ **(1,602,091)**	**(1,539,328)**

The plans entitle a retired employee to receive a pension benefit based on years of service prior to retirement.

(a) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

Under the employee defined benefit plans of the Group's subsidiary in Korea, the plan assets comprised of time deposits bearing annual interest rates ranging from 1.74%~2.20%.

In Italy, the Group's subsidiary contributes an amount to the National Social Security Institute (INPS) for the employee defined benefit plan.

Under the employee defined benefit plans of the entities located in the United States, plan assets are comprised of trust funds with different grades of risks and returns. Plan asset portfolio consists of a variety of financial instruments including cash, equity securities, and income funds.

(b) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations of the Group were as follows:

	2023	2022
Defined benefit obligation at January 1	$ 5,132,816	7,494,835
Past service costs	5,406	-
Current service costs and interest cost	362,276	327,677
Re-measurements for defined benefit obligations		
—Actuarial loss arising from experience adjustments	25,107	57,325
—Actuarial gain resulting from changes in demographic assumptions	(84,151)	(1,674)
—Actuarial loss (gain) resulting from changes in financial assumptions	76,783	(666,856)
Benefits paid	(1,764,794)	(2,462,209)
Reclassification	(261,070)	-
Effects of changes in exchange rates	(53,461)	383,718
Defined benefit obligation at December 31	**$ 3,438,912**	**5,132,816**

(c) Movements in fair value of defined benefit plan assets

The movements in fair value of the defined benefit plan assets of the Group were as follows:

	2023	2022
Fair value of plan assets at January 1	$ 3,593,488	5,658,820
Interest revenue	86,696	46,150
Re-measurements for defined benefit obligations		
—Return on plan asset (excluding interest revenue)	6,582	(543,222)
Contributions made	380,428	378,462
Benefits paid	(1,697,913)	(2,380,129)
Reclassification	(529,409)	-
Effects of changes in exchange rates	(3,051)	433,407
Fair value of plan assets at December 31	**$ 1,836,821**	**3,593,488**

(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	For the years ended December 31, 2023	2022
Past service costs	$ 5,406	-
Current service costs	267,170	275,890
Net interest of defined benefit obligation	8,410	5,637
	$ 280,986	**281,527**

	For the years ended December 31, 2023	2022
Operating cost	$ 254,378	252,872
Selling expenses	11,064	11,817
Administration expenses	7,568	9,061
Research and development expenses	7,976	7,777
	$ 280,986	**281,527**

(e) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	**December 31, 2022**
Discount rate	0.88%~5.53%	0.66%~5.01%
Future salary increase rate	2%~5.6%	2.29%~5.65%

The estimated amount of contribution to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $181,814 thousand.

The weighted-average durations of the defined benefit obligation are 8.9 years to 9.6 years.

(f) Sensitivity analysis

When the actuarial assumptions had changed 0.25% as of the December 31, 2023 and 2022, the impact on the present value of the defined benefit obligation would be as follows:

	Impact on defined benefit obligations	
Actuarial assumptions	**Increased by 0.25%**	**Decreased by 0.25%**
December 31, 2023		
Discount rate	**$ (67,458)**	**72,183**
Future salary increase rate	**$ 48,252**	**(44,664)**

Actuarial assumptions		Impact on defined benefit obligations: Increased by 0.25%	Impact on defined benefit obligations: Decreased by 0.25%
December 31, 2022			
Discount rate	$	**(94,142)**	**98,689**
Future salary increase rate	$	**44,787**	**(42,027)**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in previous periods. There was no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

B. Defined contribution plans

The Group contributes at the rate of 6% of each employee's monthly wages for the Company's domestic subsidiaries to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group's contribution to the Bureau of Labor Insurance requires no additional legal or constructive obligations thereafter.

The Company's domestic subsidiaries' pension costs incurred from contributions to the defined contribution plan were $54,207 thousand and $71,002 thousand for the years of 2023 and 2022, respectively. Such contributions were made to the Bureau of the Labor Insurance.

The total periodic pension costs of other subsidiaries were recognized as current expenses in accordance with the local regulations of their respective jurisdictions where they are domiciled.

The Group recognized the pension costs of $387,356 thousand and $268,006 thousand for its overseas subsidiaries years of 2023 and 2022, respectively.

(17) Income tax

A. Income tax expense

The components of income tax expenses were as follows:

		For the years ended December 31, 2023	2022
Current tax expense	$	5,430,945	5,747,624
Deferred tax expense (income)		1,295,871	(997,142)
Change of income tax rate		-	(10,940)
Income tax expense	$	**6,726,816**	**4,739,542**

The amounts of income tax (benefit) recognized in other comprehensive income were as follows:

	For the years ended December 31, 2023	2022
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit obligations	$ (424,494)	11,797
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign financial statements	$ (322,394)	39,084

Reconciliations of income tax and income before income tax for 2023 and 2022 were as follows:

	For the years ended December 31, 2023	2022
Income before income tax	$ 26,496,457	20,106,928
Income tax using the Company's domestic tax rate	5,299,291	4,021,386
Effect of tax rates in foreign jurisdictions	2,800,375	(1,196,167)
Tax effect of permanent differences	(835,171)	2,990,478
Investment tax credits	(166,891)	(723,777)
Changes in unrecognized temporary differences and others	(647,549)	(352,378)
Overestimated and underestimated in prior periods and others	276,761	-
Income tax expense	$ 6,726,816	4,739,542

B. Deferred tax assets and liabilities

(a) The deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Tax effect of deductible temporary differences (including tax losses)	$ 1,251,611	1,534,084

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2023, the unused tax losses for the overseas subsidiaries of the Group that were not recognized as deferred tax assets was $515,050 thousand.

(b) The deferred tax liabilities have not been recognized in respect of the following items:

		December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	$	(4,081,811)	(3,963,207)

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as at December 31, 2023 and 2022. Also, the management considers it is probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences were not recognized as deferred tax liabilities.

(c) Recognized deferred tax assets and liabilities

		January 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Effect of changes in exchange rates	Acquisition of subsidiaries	December 31, 2023
Assets:							
Allowance for inventory valuation	$	221,588	76,763	-	(287)	6,534	304,598
Defined benefit obligations		255,279	(47,998)	975	(7,675)	-	200,581
Investment loss from subsidiaries using equity method		10,009	-	-	-	-	10,009
Depreciation differences of property, plant and equipment		828,980	151,555	-	(23,829)	-	956,706
Expected credit loss of accounts receivable		135,381	(2,598)	-	5,149	1,008	138,940
Accrued expense taxation difference		276,614	(7,912)	-	(29,193)	-	239,509
Unrealized gross profit		239,244	52,735	-	229	-	292,208
Loss deductions		9,507	(2,863)	-	44	397,199	403,887
Others		568,834	176,301	46,232	23,792	31	815,190
	$	2,545,436	395,983	47,207	(31,770)	404,772	3,361,628

	January 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Effect of changes in exchange rates	Acquisition of subsidiary	December 31, 2023
Liabilities:						
Investment gain from subsidiaries using equity method	$ (2,249,590)	(1,774,333)	191,568	-	-	(3,832,355)
Depreciation differences of property, plant and equipment	(1,527,955)	(184,604)	-	24,124	-	(1,688,435)
Others	(811,366)	267,083	508,113	(351,383)	-	(387,553)
	$ (4,588,911)	(1,691,854)	699,681	(327,259)	-	(5,908,343)

	January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Effect of changes in exchange rates	December 31, 2022
Assets:					
Allowance for inventory valuation	$ 261,932	(49,951)	-	9,607	221,588
Defined benefit obligation	325,710	(59,442)	(8,531)	(2,458)	255,279
Investment loss from subsidiaries using equity method	10,009	-	-	-	10,009
Depreciation differences of property, plant and equipment	585,514	215,158	-	28,308	828,980
Expected credit loss of accounts receivable	130,523	(907)	-	5,765	135,381
Others	573,553	461,578	36,820	22,248	1,094,199
	$ 1,887,241	566,436	28,289	63,470	2,545,436
Liabilities:					
Investment gain from subsidiaries using equity method	$ (2,816,538)	646,118	(79,170)	-	(2,249,590)
Depreciation differences of property, plant and equipment	(1,280,002)	(181,229)	-	(66,724)	(1,527,955)
Others	(701,071)	(34,183)	-	(76,112)	(811,366)
	$ (4,797,611)	430,706	(79,170)	(142,836)	(4,588,911)

C. Assessment of tax filings

As of December 31, 2023, income tax returns of the Company and its domestic subsidiaries for the years through 2021 were assessed by the tax authority.

The operations of the Group encompass tax matters in multiple countries. The tax treatment of each country shall be determined by the country in which the operation is situated. The taxes laws of each country shall prevail, and all declarations shall be made on time in accordance with the regulations of the country where they are located. There may be adjustments arising from tax inspections conducted by various regions, and the Group has taken appropriate measures to address these matters.

D. Global minimum top-up tax

The Group operates in Europe, Japan, Korea and Malaysia, which have enacted new legislation to implement the global minimum top-up tax. The Group expects to be subject to the top-up tax in relation to its operations in Korea, where the subsidiary in Korea receives government support through additional tax deductions that reduce its effective tax rate to below 15%. However, since the newly enacted tax legislation in Korea is only effective from January 1, 2024, there is no current tax impact for the year ended December 31, 2023.

(18) Capital and other equity

A. Ordinary shares

As of December 31, 2023 and 2022, the authorized ordinary shares of the Company amounted to \$6,000,000 thousand, which was divided into 600,000 thousand shares, with a par value of \$10 per share, of which \$200,000 thousand was reserved for employee stock options, convertible preferred stock, and convertible bonds. Based on the resolution approved during the board meeting of the Company held on November 1, 2022, the treasury stocks amounting to 20,130 thousand had been cancelled on November 2, 2022. Based on the resolution approved during the board meeting of the Company held on May 2, 2023, the Company resolved that the Company and CWT would engage in mutually beneficial cooperation and synergy, aiming to expand the product line and enhance operational advantages. Hence, the Company issued 876,725 new shares (par value of \$10 per share) to the shareholders of CWT as a consideration and carried out share conversion with CWT allowing the Company to acquire 100% ownership of CWT. The effective date of the share conversion is on November 1, 2023 with the total amount of NT\$8,767 thousand issued. The Company's issued and outstanding ordinary shares amounted to \$4,361,137 thousand and \$4,352,370 thousand as of December 31, 2023 and 2022, respectively.

The Company increased capital in GDRs of \$680,000 thousand, and issued 68,000 thousand shares of ordinary shares on the Luxembourg on April 26, 2017. The price issued per share was US\$6.9. The total issuance amount is US\$469,200 thousand. The capital increase was approved by the Financial Supervisory Commission and the record date of capital increase was on April 26, 2017. All shares issued were paid and registered. The total amount issued was equivalent to \$14,141,688 thousand on the day’s closing exchange rates. The total premium amounting to \$13,355,424 thousand was recognized on capital surplus after deducting the related issuance cost of \$106,264 thousand.

B. Capital surplus

The balances of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Additional paid-in capital	$ 22,206,259	22,206,259
Capital surplus resulting from share swap	429,157	-
Employee stock options	60,727	60,727
Due to recognition of equity component of convertible bonds issued	422,801	1,531,760
Difference between the consideration and the carrying amount of subsidiaries' share acquired or disposed	3,940	3,940
Additional paid-in capital resulting from assets donated	8	6
Other (note 6(14))	1,125,655	16,696
	$ **24,248,547**	**23,819,388**

According to the R.O.C. Company Act, capital surplus can firstly be used to offset a deficit, and only the realized capital surplus can be used to increase the ordinary shares or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus arising from premium on issuance of capital stock and the fair value of donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, to increase ordinary shares by transferring paid-in capital in excess of par value should not exceed 10% of the total ordinary shares outstanding.

According to the R.O.C Company Act Section 241, the capital surplus may be distributed as cash dividends or stock dividends to the shareholders in proportion to the number of shares held. Distribution of capital surplus, by way of cash dividends, should be approved by the Board of Directors in a meeting attended by two-thirds of the total number of directors, with half of the directors' agreement, and reported during the shareholders' meeting. The distribution of earnings through issuance of new shares shall be resolved during the stockholders' meeting.

Based on the resolutions approved during the board meetings held on December 6, 2022 and May 3, 2022, the cash dividends of $537,518 thousand and $557,277 thousand, at $1.235 per share and $1.2804 per share, respectively, had been distributed out of capital surplus. Related information is available at the Market Observation Post System.

C. Retained earnings

According to the Company's Articles of Incorporation, the proposal of earnings distribution or loss off-setting for the first half fiscal year, together with the business report and financial statements, shall be forwarded to the audit committee for auditing before the end of the second half of the fiscal year; thereafter, be submitted to the Board of Directors for approval.

Distribution of earnings, by way of cash, shall be approved in the Board of Directors meeting. The distribution of earnings through issuance of new shares shall be resolved in the stockholders' meeting.

According to the Company's Articles of Incorporation, earnings distribution on a semiannual basis shall be distributed in the following order:

(a) Offset the cumulative deficits;

(b) 10% of the current-period earning should be set aside for legal reserve, until the accumulated legal reserve equals the Company's issued capital;

(c) Set aside special reserve in accordance with relevant laws or regulations or as requested by the authorities;

(d) After deducting items (a), (b), and (c) above from the earnings, the remaining undistributed earnings of current and previous years, if any, will be proposed for distribution by the Board of Directors. According to the R.O.C. Company Act Section 240(5), it was authorized that the distribution of earnings, in whole or in part by way of cash dividends, shall be made after a resolution has been approved by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors and the resolution is reported to shareholders in their meeting. If the distribution of earnings is made by issuance of new shares, wherein the resolution will be approved during the shareholders meeting.

After considering both the long-term development of the business and the goal of stable growth of earnings per share, the distribution of dividends to shareholders should not be less than 50% of the distributable earnings, which is calculated using the net income of the current year, minus, legal reserve and special reserve. Distribution of cash dividends should not be less than 50% of the total dividends.

(a) Legal reserve

According to the R.O.C. Company Act. Section 241, the legal reserve may be distributed as cash dividends or stock dividends to the shareholders in proportion to the number of shares held. Distribution of legal reserve, by way of cash dividends, should be approved by the Board of Directors in a meeting attended by two-thirds of the total number of directors, with half of the directors' agreement; thereafter, be reported in the shareholders' meeting. The distribution of legal reserve through issuance of new shares shall be resolved during the stockholders' meeting.

(b) Special reserve

In accordance with Regulatory Rule No. 1010012865 issued by the FSC on April 6, 2012, a special reserve is appropriated from retained earnings based on the ruling. Under such regulation, the Company is required to set aside an additional special reserve, as part of the distribution of its annual earnings, equal to the current-period net debit balance of other equity interests. A portion of undistributed prior-period earnings shall be set aside as a special reserve, which does not qualify for earnings distribution, to account for cumulative net debit balance of other equity interests pertaining to prior periods. The only distributable special reserve is the portion that exceeds the total net debit balance of the other equity interests. The carrying amounts of special reserve were $6,546,698 thousand and $6,135,557 thousand as of December 31, 2023 and 2022, respectively.

(c) Earnings distribution

The distribution of cash dividends for the first half of 2023, were approved by the Board of Directors on December 12, 2023 is as follows:

	2023	
	Cash dividends per share (NT$)	**Amount**
Dividends distributed to ordinary shareholders:		
Interim earnings distribution	**$ 8**	**3,488,910**

The distribution of cash dividends for the year of 2022 and the first half of 2022, were approved by the Board of Directors on May 2, 2023, and December 6, 2022, as follows:

	2022	
	Cash dividends per share (NT$)	**Amount**
Dividends distributed to ordinary shareholders:		
Interim earnings distribution	$ 5.265	2,291,523
Annual earnings distribution	9.5	4,134,751
Total	**$ 14.765**	**6,426,274**

The distributions of cash dividends for the year of 2021 and the first half of 2021, were approved by the Board of Directors on May 3, 2022, and December 7, 2021, as follows:

	2021	
	Cash dividends per share (NT$)	**Amount**
Dividends distributed to ordinary shareholders:		
Interim earnings distribution	$ 8	3,481,896
Annual earnings distribution	6.7196	2,924,619
Total	**$ 14.7196**	**6,406,515**

The above-mentioned relevant information can be obtained through channel such as Market Observation Post System.

D. Treasury shares

In 2018, in accordance with the requirements under section 28-2 of the Securities and Exchange Act, the Company repurchased 2,013 thousand shares at an amount of $576,779 thousand as treasury shares. Based on the resolution during the board meeting of the Company held on November 1, 2022, the treasury stocks were cancelled on November 2, 2022. As of December 31, 2023 and 2022, there were no treasury shares.

In accordance with the Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the amount of the repurchased shares should not exceed the sum of the Company’s retained earnings, share premium, and realized capital surplus. In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

E. Other equity

		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from equity instruments measured at fair value through other comprehensive income	Unearned share-based employee compensation	Total
January 1, 2023	$	(7,163,106)	616,408	-	(6,546,698)
Exchange differences in the translation of financial statements of foreign operating institutions		(1,438,219)	-	-	(1,438,219)
Unrealized gains on financial assets measured at fair value through other comprehensive profit or loss		-	571,194	-	571,194
Unearned share-based employee compensation		-	-	428	428
Disposal of equity instruments measured at fair value through other comprehensive income		-	(47,054)	-	(47,054)
December 31, 2023	**$**	**(8,601,325)**	**1,140,548**	**428**	**(7,460,349)**

	Exchange differences on translation of foreign financial statements	Gains (losses) from equity instruments measured at fair value through other comprehensive income	Others	Total
January 1, 2022	(7,530,148)	1,394,591	-	(6,135,557)
Exchange differences in the translation of financial statements of foreign operating institutions	367,042	-	-	367,042
Unrealized gains on financial assets measured at fair value through other comprehensive profit or loss	-	(778,183)	-	(778,183)
December 31, 2022	**$ (7,163,106)**	**616,408**	**-**	**(6,546,698)**

(19) Share-based payment

The Group signed a cash-settled share-based payment contract with certain employees in 2022, with the vesting period of 4 years, wherein the employees must fulfill their required service condition, in which each vesting date (from March 31, 2023 to 2026) the employees shall be still employed by the Group. At each vesting date, the employee is entitled to 25% of the awards. Furthermore, the value of cash award is determined by the stock price of the Company at each vesting date and the performance of each employee.

The Group signed a cash-settled share-based payment contract with certain employees in 2018, with the vesting period of 4 years, wherein the employees must fulfill their required service condition, in which each vesting date (February 28, 2019 to 2022) the employees shall be still employed by the Group. At each vesting date, the employee is entitled to 25% of the awards. Furthermore, the value of cash award is determined by the stock price of the Company at each vesting date and the performance of each employee.

As of December 31, 2023 and 2022, the stock prices of the Company were $587.0 and $427.5, respectively. For the years 2023 and 2022, the amounts of $149,328 thousand and $129,615 thousand, respectively, were recognized by the Group as compensation costs.

(20) Earnings per share ("EPS")

A. Basic earnings per share

	For the years ended December 31, 2023	For the years ended December 31, 2022
Net income attributable to the shareholders of the Company	$ **19,772,048**	**15,367,386**
Weighted-average number of ordinary shares outstanding during the period (in thousands of shares)	**435,384**	**435,237**
Basic earnings per share (dollars)	$ **45.41**	**35.31**

B. Diluted earnings per share

	For the years ended December 31, 2023	For the years ended December 31, 2022
Net income attributable to the shareholders of the Company	$ 19,772,048	15,367,386
Interest expense and gain or loss on embedded derivative of convertible bonds, net of tax	79,335	549,171
Net income attributable to the shareholders of the Company (diluted)	**19,851,383**	**15,916,557**
Weighted-average number of ordinary shares outstanding during the period (in thousands of shares)	435,384	435,237
Effect of the conversion of convertible bonds (in thousands of shares)	15,215	26,594
Effect of the employee remuneration issued by stock (in thousands of shares)	1,501	1,410
	452,100	**463,241**
Diluted earnings per share (dollars)	$ **43.91**	**34.36**

(21) Revenue from contracts with customers

A. Disaggregation of revenues

	2023			2022		
	Semiconductor Segment	**Renewable energy Segment**	**Total**	**Semiconductor Segment**	**Renewable energy Segment**	**Total**
Primary geographical markets:						
Taiwan	$ 13,763,960	115,790	13,879,750	12,938,925	63,089	13,002,014
Northeast Asia (Japan and Korea)	17,587,582	-	17,587,582	20,537,075	-	20,537,075
Asia - others	15,431,878	-	15,431,878	15,199,910	-	15,199,910
America	8,915,007	-	8,915,007	8,761,771	-	8,761,771
Europe	14,406,732	-	14,406,732	12,247,244	-	12,247,244
Other areas	430,644	-	430,644	538,857	-	538,857
Total	**$ 70,535,803**	**115,790**	**70,651,593**	**70,223,782**	**63,089**	**70,286,871**
Major product categories:						
Semiconductor wafers	$ 68,782,595	-	68,782,595	69,033,389	-	69,033,389
Semiconductor ingot	1,270,226	-	1,270,226	903,851	-	903,851
Electricity revenue	-	115,790	115,790	-	63,089	63,089
Others	482,982	-	482,982	286,542	-	286,542
	$ 70,535,803	**115,790**	**70,651,593**	**70,223,782**	**63,089**	**70,286,871**

B. Contract balances

	December 31, 2023	**December 31, 2022**	**January 1, 2022**
Contract liabilities	**$ 34,001,080**	**38,327,811**	**28,634,940**

For details on accounts receivables and allowance for impairment, please refer to note 6(4).

The major change in the balance of contract liabilities is the advance consideration received from customers for the contracts, in which revenue is recognized when products are delivered to customers. The amount of revenue recognized for the years ended December 31, 2023 and 2022, which was included in the contract liability balance at the beginning of the period, was $6,125,490 thousand and $5,821,717 thousand, respectively.

(22) Remuneration to employees and directors

In accordance with the Articles of Incorporation, the Company should contribute between 3% and 15% of the profit as employee compensation and no higher than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and compensation for employees is approved by the Board of Directors. Remuneration to directors is paid in cash. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions. A resolution for employee remuneration in the form of shares has to be approved first in the Board of Directors meeting, wherein at least half of the votes are needed, and two thirds of the members are present during the meeting; thereafter, to be reported during the shareholders' meeting.

For the years ended December 31, 2023 and 2022, the Company accrued and recognized its employee remuneration amounting to $752,539 thousand and $543,508 thousand and directors' remuneration amounting to $75,250 thousand and $54,360 thousand. These amounts were calculated by using the Company’s pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company’s Articles of Incorporation, and expensed under operating costs or expenses. If there would be any changes in accounting estimates the changes shall be accounted for as profit or loss in the following year. If, however, the shareholders determine that the employee remuneration is to be distributed through issuance of shares, the calculation of distributable shares shall be calculated using the stock price on the day before a resolution was made by the Board of Directors.

The amounts as stated in the 2023 and 2022, consolidated financial statements were not significantly different from those approved in the Board of Directors meetings.

(23) Non-Operating income and expenses

A. Interest income

	For the years ended December 31,	
	2023	**2022**
Interest income		
Interest from bank deposits	**$ 3,252,801**	**1,143,269**

B. Other gains and losses

	For the years ended December 31, 2023	2022
Foreign exchange gains, net	$ 296,622	3,892,827
Gains on disposal of property, plant and equipment	128,960	109,323
Valuation gains (losses) on financial assets (liabilities) measured at fair value through profit or loss	3,001,050	(10,126,329)
Dividend income	442,608	404,218
Others	(30,856)	182,424
	$ 3,838,384	**(5,537,537)**

C. Finance costs

	For the years ended December 31, 2023	2022
Interest expense－borrowings	$ (360,909)	(56,235)
Interest expense－bonds	(276,203)	(418,205)
Interest expense－lease liabilities	(16,177)	(7,377)
	$ (653,289)	**(481,817)**

(24) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The main customers of the Group are from the silicon wafer and related industries. The Group generally sets credit limits to its customers according to their credit evaluations. Therefore, the credit risk of the Group is mainly influenced by the silicon wafer industry. As of December 31, 2023 and 2022, 50% and 48%, respectively, of the Group's accounts receivable (including related parties) were from the top 10 customers. Although there is a potential for concentration of credit risk, the Group routinely assesses the collectability of the accounts receivable and makes a corresponding allowance for doubtful accounts.

(c) Credit risk of receivables

For credit risk exposure on notes and accounts receivables, please refer to note 6(4).

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
December 31, 2023							
Non-derivative financial liabilities							
Short-term borrowings	$ 24,647,862	(24,776,312)	(24,776,312)	-	-	-	-
Notes and accounts payable (including related parties)	5,026,610	(5,026,610)	(4,621,137)	(403,462)	(2,011)	-	-
Accrued payroll and bonus	3,033,934	(3,033,934)	(1,398,252)	(1,635,682)	-	-	-
Accrued remuneration of directors (other current liabilities)	87,340	(87,340)	(12,090)	(75,250)	-	-	-
Dividends payable	3,488,910	(3,488,910)	(3,488,910)	-	-	-	-
Long-term borrowings (including current portion)	4,255,165	(3,758,661)	(57,145)	(1,046,592)	(2,088,754)	(566,170)	-
Lease liabilities	939,970	(973,009)	(85,557)	(70,506)	(105,227)	(245,753)	(465,966)
Ordinary bonds (including current portion)	18,991,451	(19,253,600)	(40,300)	(7,167,900)	(72,700)	(11,972,700)	-
Convertible bonds	6,647,050	(6,841,854)	(6,841,854)	-	-	-	-
Derivative financial instruments							
Forward exchange contracts:							
Outflows	-	(657,024)	(657,024)	-	-	-	-
Inflows	9,707	666,731	666,731	-	-	-	-
	$ 67,127,999	**(67,230,523)**	**(41,311,850)**	**(10,399,392)**	**(2,268,692)**	**(12,784,623)**	**(465,966)**
December 31, 2022							
Non-derivative financial liabilities							
Short-term borrowings	$ 6,544,000	(6,548,326)	(6,548,326)	-	-	-	-
Notes and accounts payable (including related parties)	4,176,201	(4,176,201)	(4,157,546)	(18,655)	-	-	-
Accrued payroll and bonus	2,702,368	(2,702,368)	(1,512,118)	(1,190,250)	-	-	-
Dividends payable	2,829,041	(2,829,041)	(2,829,041)	-	-	-	-
Accrued remuneration of directors (other current liabilities)	64,710	(64,710)	(10,350)	(54,360)	-	-	-
Lease liabilities	610,428	(650,127)	(50,368)	(44,080)	(76,516)	(152,466)	(326,697)
Ordinary bonds	18,986,110	(19,361,800)	(40,300)	(67,900)	(7,208,200)	(12,045,400)	-
Convertible bonds	23,793,835	(24,787,249)	-	-	-	(24,787,249)	-
Derivative financial instruments:							
Forward exchange contracts:							
Outflows	-	(1,053,481)	(1,053,481)	-	-	-	-
Inflows	32,415	1,085,896	1,085,896	-	-	-	-
	$ 59,739,108	**(61,087,407)**	**(15,115,634)**	**(1,375,245)**	**(7,284,716)**	**(36,985,115)**	**(326,697)**

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

C. Currency risk

(a) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2023		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary Items			
USD	$ 476,348	30.705	14,626,278
JPY	13,928,580	0.2172	3,025,288
EUR	195,255	33.98	6,634,751
CNY	52,832	4.3270	228,605
Non-Monetary Items			
USD	18,850	30.705	Note
Financial liabilities			
Monetary Items			
USD	412,974	30.705	12,680,378
JPY	15,247,075	0.2172	3,311,665
EUR	59,147	33.98	2,009,816
CNY	49,646	4.327	214,817
Non-Monetary Items			
USD	2,200	30.705	Note

	December 31, 2022		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary Items			
USD	$ 1,210,954	30.71	37,188,403
JPY	5,650,048	0.2324	1,313,071
EUR	106,017	32.72	3,468,865
CNY	28,959	4.408	127,652
Non-Monetary Items			
USD	33,500	30.71	Note

	December 31, 2022		
	Foreign currency	**Exchange rate**	**NTD**
Financial liabilities			
Monetary Items			
USD	1,367,572	30.71	41,998,124
JPY	9,956,970	0.2324	2,314,000
EUR	98,511	32.72	3,223,273
CNY	44,809	4.408	197,516

Note: The fair value of forward exchange contracts was measured at the reporting date. For related information, please refer to note 6(2).

(b) Sensitivity analysis

The Group’s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, borrowings, and accounts payable, that are denominated in foreign currencies. A weakening (strengthening) of 1% of the NTD against the USD, JPY, EUR and CNY as of December 31, 2023 and 2022, would have increased or decreased the net income before income tax by $62,982 thousand and decreased or increased by $56,349 thousand, respectively. The analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis was performed on the same basis for comparative years.

(c) Foreign exchange gains and losses on monetary items

Since the Group has many kinds of functional currencies, the information on foreign exchange gains (losses) on monetary items is disclosed by an aggregate amount. For the years ended December 31, 2023 and 2022, foreign exchange gains (losses) (including realized and unrealized portions) amounted to $296,622 thousand and $3,892,827 thousand, respectively.

D. Interest rate analysis

Please refer to the notes on liquidity risk management for interest rate exposure of the Group's financial liabilities.

The following sensitivity analysis is based on the exposure to interest rates. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the years.

If the interest rate had increased or decreased by 0.25%, the Group's net income before income tax would have decreased or increased by $32,577 thousand and increased or decreased by $96,202 thousand, for the years ended December 31, 2023 and 2022, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's bank deposits and borrowings with variable rates.

E. Other price risk

For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the years ended December 31,				
	2023			2022	
Prices of securities at the reporting date		**Other comprehensive income before tax**	**Net income before income tax**	**Other comprehensive income before tax**	**Net income before income tax**
Increasing 5%	$	11,164	616,232	7,967	457,296
Decreasing 5%		(11,164)	(616,232)	(7,967)	(457,296)

F. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2023					
		Carrying	Fair value			
		amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Forward exchange contract	$	9,995	-	9,995	-	9,995
Privately offered fund		242,864	-	-	242,864	242,864
Overseas securities held		12,324,634	12,324,634	-	-	12,324,634
	$	**12,577,493**	**12,324,634**	**9,995**	**242,864**	**12,577,493**

	December 31, 2023				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Stock listed on domestic market	$ 218,700	218,700	-	-	218,700
Stock listed on foreign market	4,571	4,571	-	-	4,571
	$ 223,271	**223,271**	**-**	**-**	**223,271**
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 26,164,591	-	-	-	-
Notes and accounts receivable (including related parties)	10,116,215	-	-	-	-
Other financial assets－current and non-current	43,263,347	-	-	-	-
	$ 79,544,153	**-**	**-**	**-**	**-**
Financial liabilities at fair value through profit or loss					
Forward exchange contract	$ 289	-	289	-	289
Embedded derivatives of convertible bonds	204,033	-	204,033	-	204,033
	$ 204,322	**-**	**204,322**	**-**	**204,322**
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 24,647,862	-	-	-	-
Notes and accounts payable (including related parties)	5,026,610	-	-	-	-
Long-term borrowings (including current portion)	4,255,165	-	-	-	-
Accrued remuneration of directors (other current liabilities)	87,340	-	-	-	-
Dividends payable	3,488,910	-	-	-	-
Ordinary bonds (including current portion)	18,991,451	-	-	-	-
Convertible bonds	6,647,050	-	-	-	-
Lease liabilities－current and non-current	939,970	-	-	-	-
	$ 64,084,358	**-**	**-**	**-**	**-**

	December 31, 2022				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Forward exchange contract	$ 32,415	-	32,415	-	32,415
Privately offered fund	185,793	-	-	185,793	185,793
Overseas securities held	9,145,927	9,145,927	-	-	9,145,927
	$ 9,364,135	**9,145,927**	**32,415**	**185,793**	**9,364,135**
Financial assets at fair value through other comprehensive income					
Stock listed on domestic market	$ 153,850	153,850	-	-	153,850
Stock listed on foreign market	5,497	5,497	-	-	5,497
	$ 159,347	**159,347**	**-**	**-**	**159,347**
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 83,458,027	-	-	-	-
Notes and accounts receivable (including related parties)	10,160,143	-	-	-	-
Other financial assets－current and non-current	5,684,705	-	-	-	-
	$ 99,302,875	**-**	**-**	**-**	**-**
Financial liabilities at fair value through profit or loss					
Embedded derivatives of convertible bonds	**$ 466,831**	**-**	**466,831**	**-**	**466,831**
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 6,544,000	-	-	-	-
Notes and accounts payable (including related parties)	4,176,201	-	-	-	-
Accrued remuneration of director (other current liabilities)	64,710	-	-	-	-
Dividends payable	2,829,041	-	-	-	-
Ordinary bonds	18,986,110	-	-	-	-
Convertible bonds	23,793,835	-	-	-	-
Lease liabilities - current and non - current	610,428	-	-	-	-
	$ 57,004,325	**-**	**-**	**-**	**-**

(b) Valuation techniques for financial instruments not measured at fair value

The methods and assumptions used by the Group to estimate its financial assets not measured at fair value are as follows:

i. Financial assets measured at amortized cost

If the quoted prices in active markets are available, the fair value will be based on the market price. Otherwise, the estimated valuation or prices used by competitors are adopted.

ii. Financial assets and financial liabilities measured at amortized cost

If there is a quoted price deriving from a transaction, the recent transaction price and quoted price data will be used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

(c) Valuation techniques for financial instruments measured at fair value

i. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's -length basis. Whether transactions are taking place ' regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments in an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique, including a model using observable market data at the reporting date.

ii. Derivative financial instruments

Measurements of the fair value of derivative instruments are based on the valuation techniques generally accepted by market participants, such as the discounted cash flow or option pricing models. The fair value of forward currency is usually determined based by the forward currency exchange rate.

(d) Transfer between Level 1 and Level 2: None.

(e) Reconciliation of Level 3 fair value

	Financial assets measured at fair value through profit or loss
January 1, 2023	$ 185,793
Addition in investment	33,741
Recognized in profit or loss	41,238
Capital reduction of investment	(17,908)
December 31, 2023	**$ 242,864**
January 1, 2022	$ 195,163
Addition in investment	28,578
Recognized in profit or loss	(29,376)
Capital reduction of investment	(8,572)
December 31, 2022	**$ 185,793**

(f) The fair value of the Group's financial instruments that use Level 3 inputs to measure fair value was based on the price of the third party. The Group did not disclose quantified information and sensitivity analysis on significant unobservable inputs because the unobservable inputs used in fair value measurement were not established by the Group.

(g) The valuation technique of privately offered funds is based on net asset value method. For the years ended December 31, 2023 and 2022, there was no transfer at fair value level.

(25) Financial risk management

A. Overview

The Group has exposures to the following risks from its financial instruments:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

B. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The board is responsible for developing and monitoring company's risk management policies. Internal auditors assist the Board of Directors to monitor and review the risk management control and internal procedures regularly and report them to the board of directors.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, and the results of which are reported to the Audit Committee.

C. Credit risk

The Group's potential credit risk is derived primarily from cash and accounts receivable. The Group maintains its cash in various creditworthy financial institutions. Credit risk exposure to each financial institution is controlled by the Group. As a result, the Group believes that there is no concentration of credit risk for cash.

For the year ended December 31, 2023, the Group only provided endorsements for its 100% owned subsidiaries.

D. Liquidity risk

There is no liquidity risk of being unable to raise capital to settle contract obligations since the Group has sufficient capital and working capital to fulfill contract obligations.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollar (NTD), but also include the Chinese Yen (CNY), US Dollar (USD), Euro (EUR) and Japanese Yen (JPY). These transactions are denominated in NTD, USD, EUR and JPY.

Interest is denominated in the currency used in borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily NTD, but also include USD.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when it is necessary to address short-term imbalances.

(b) Interest rate risk

The Group holds variable-rate assets and liabilities, which cause the exposure to interest rate risk in cash flows.

(26) Capital management

The Board of Directors' policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings and non-controlling interests of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary stockholders.

The Group's adjusted liabilities-to-capital ratios at the end of the reporting periods were as follows:

	December 31, 2023	**December 31, 2022**
Total liabilities	$ 122,534,376	115,171,973
Less: cash and cash equivalents	(26,164,591)	(83,458,027)
Adjusted liabilities	**$ 96,369,785**	**31,713,946**
Total capital	**$ 66,453,625**	**54,324,005**
Adjusted liabilities-to-capital ratio	**145.02 %**	**58.38 %**

The increase in borrowings and reclassification of cash to financial assets resulted in the adjusted liabilities-to-capital ratio to increase as of December 31, 2023.

(27) Cash flow information

A. For acquisition of right-of-use assets by lease, please refer to note 6(9). For issuance of new shares to acquire a subsidiary, please refer to note 6(7).

B. Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Foreign exchange movement and others	December 31, 2023
Short-term borrowings	$ 6,544,000	18,088,539	15,323	24,647,862
Long-term borrowings (including current portion)	-	4,251,539	3,626	4,255,165
Lease liabilities	610,428	(184,143)	513,685	939,970
Bonds payable (including current portion)	42,779,945	(17,644,805)	503,361	25,638,501
Guarantee deposit received	1,403,599	(25,792)	-	1,377,807
Total liabilities from financing activities	**$ 51,337,972**	**4,485,338**	**1,035,995**	**56,859,305**

	January 1, 2022	Cash flows	Foreign exchange movement and others	December 31, 2022
Short-term borrowings	$ 6,264,000	280,000	-	6,544,000
Lease liabilities	711,173	(167,566)	66,821	610,428
Bonds payable	45,124,740	(2,748,404)	403,609	42,779,945
Guarantee deposit received	-	1,403,599	-	1,403,599
Total liabilities from financing activities	**$ 52,099,913**	**(1,232,371)**	**470,430**	**51,337,972**

7. Related-party transactions:

(1) Parent company and ultimate controlling company

Sino-American Silicon Product Inc. (“SAS”) is both the parent company and the ultimate controlling party of the Group. As of December 31, 2023, it owns 51.14% of all shares outstanding of the Company and has issued the consolidated financial statements available for public use.

(2) Names and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Sino-American Silicon Product Inc. ("SAS")	The parent company
Taiwan Specialty Chemical Co., Ltd.	Subsidiary of SAS
Sustainable Energy Solution Corp.	Subsidiary of SAS
Actron Technology Corp. ("Actron")	Subsidiary of SAS (note 2)
Crystalwise Technology Inc. ("CWT")	Directly held subsidiary (note 3)
Yuan Hong (ShanDong) Technical Materials Ltd. ("YHTM")	Indirectly held subsidiary (note 3)
Yuan Hong Technical Materials Ltd. ("MHTM")	Indirectly held subsidiary (note 1)
Taiwan's Mosel Electronics Co., Ltd. ("Mosel")	Subsidiary of Actron (note 2)
Advanced Wireless Semiconductor Company ("AWSC")	Subsidiary of SAS (note 4)

Note1: The Group obtained entire equity interests of SSKT from CWT, and obtained control of MHTM through SSKT which was merged into the consolidated financial report from April 23, 2023.

Note2: SAS obtained control of Actron on October 2, 2023, which was previously an investment accounted for using the equity method, and Actron became a subsidiary of SAS. SAS at the same time obtained the control of Mosel, a subsidiary of Actron.

Note 3: The Company issued new shares to acquire entire equity interest in CWT and completed the registration process on November 1, 2023. CWT became a subsidiary of the Company. The Company indirectly obtained control of YHTM, a subsidiary of CWT.

Note 4: SAS obtained control of AWSC on June 20, 2022, so AWSC became a subsidiary of SAS.

(3) Key management personnel compensation

Key management personnel compensation comprised of:

	For the years ended December 31,	
	2023	**2022**
Short-term employee benefits	$ 371,145	296,066
Post-employment benefits	648	713
	$ 371,793	**296,779**

The Group provided two cars costing $3,000 thousand and a car costing $1,500 thousand, for key management use for the years ended December 31, 2023 and 2022, respectively.

(4) Significant transactions with related parties

A. Sales

The amounts of significant sales by the Group to related parties were as follows:

	For the years ended December 31, 2023	For the years ended December 31, 2022
Parent company	$ 236,689	103,517
Other related parties	337,726	278,626
	$ 574,415	**382,143**

The sales price for sales to the related parties was determined by market price and adjusted according to the sales area and sales volume.

The credit terms for third parties were 0 to 120 days after month-end both for the years ended December 31, 2023 and 2022, while those for related parties were 30 to 90 days after month-end both for the years ended December 31, 2023 and 2022.

B. Purchases and process outsourcing

The amounts of purchases and process outsourcing by the Group from related parties were as follows:

Related parties	For the years ended December 31, 2023	For the years ended December 31, 2022
Parent company	$ 1,496,021	1,724,569
Other related parties	1,227	-
	$ 1,497,248	**1,724,569**

The prices of purchases and process outsourcing were determined by market rates.

The payment terms to third parties were 0 to 150 days after month-end both in the period ended December 31, 2023 and 2022, while those of related parties were 30 to 90 days after the following month-end both in the period ended December 31, 2023 and 2022.

C. Receivables from related parties

The receivables from related parties were as follows:

Items	Categories	December 31, 2023	December 31, 2022
Receivable from related parties	Parent company	$ 5,627	6,966
Receivable from related parties	Other related parties	94,487	77,915
		$ 100,114	**84,881**

D. Payables to related parties

The payables to related parties were as follows:

Items	Categories	December 31, 2023	December 31, 2022
Payable to related parties	Parent company	$ 72,218	27,560
Payable to related parties	Other related parties	141	138
		$ 72,359	**27,698**

E. Prepayments

The prepayments to the parent company were for material purchases which were paid in full. As of December 31, 2023 and 2022, the balance of prepayments, which were recognized as other current assets, amounted to $59,709 thousand and $432,419 thousand, respectively.

F. Payment on behalf of others

The receivables from related parties and payables to related parties generated from material purchases, insurance and utilities payments and manpower support of related parties as of December 31, 2023 and 2022 were as follows:

Related parties	December 31, 2023	December 31, 2022
Parent company	$ 3	7
Parent company	(133)	-
	$ (130)	**7**

G. Transactions of property, plant and equipment

(a) Purchase amounts of property, plant and equipment from related parties were summarized as follows:

Related parties	For the years ended December 31, 2023	For the years ended December 31, 2022
Parent company	$ 622,714	199,210
Other related parties	443,650	15,986
	$ 1,066,364	**215,196**

As of December 31, 2023 and 2022, the payables were $119,430 thousand and $77,772 thousand, respectively.

(b) Disposal amounts of property, plant and equipment to related parties were summarized as follows:

Related parties	For the years December 31, 2023		For the years ended December 31, 2022	
	Disposal price	Gain (loss) on disposal	Disposal price	Gain (loss) on disposal
Other related parties	$ 2,577	-	-	-

For the years of 2023, the disposal of fixed assets resulted in a gain on disposal of $800 thousand.

(c) April 23, 2023. the Group acquired 100% of the shares and voting interests in SSKT at the price of $443,300 thousand, the above amount was fully paid.

H. Leases

The Group rented a plant from the parent company. A two-year lease contract was signed. The total value of the contract was $21,579 thousand, please refer to note 6(15). For the years ended December 31, 2023 and 2022, the Group recognized the amount of $112 thousand and $100 thousand as the interest expense. As of December 31, 2023 and 2022, the balance of lease liabilities amounted to $5,409 thousand and $5,431 thousand.

I. Refundable deposits

The Group signed an offshore wind power purchase contract with other related parties in response to the sustainable green energy implementation plan. As of December 31, 2023 and 2022, the deposits of $23,500 thousand had been classified under the other financial assets-noncurrent.

J. Borrowings from Related Parties

The borrowings from related parties for the year ended December 31, 2023 were as follows:

Related parties	December 31, 2023		
	Ending balance	Rate	Interest
Other related parties	$ 575,000	1.8%~3.7%	502

The maturity date for these borrowings is on December 25, 2024. As of December 31, 2023, the unpaid interest of the above-mentioned debt and interest was $113 thousand.

K. Others

(a) The Group provides other services for related parties, including service support, machine usage, human resources and plant lease, etc. Details of related other income and receivables from related parties were as follows:

Related parties	For the years ended December 31, 2023	For the years ended December 31, 2022
Parent Company and other related parties	**$ 2,918**	**11,062**

Items	Categories	December 31, 2023	December 31, 2022
Receivable from related parties	Parent company	$ 304	349
Receivable from related parties	Other related parties	25	62
		$ 329	**411**

(b) The related parties charged the Group for their services, including administrative assistance, technical service, legal work engagement, and plant lease. Details of related other expenses and payables to related parties were as follows:

Related parties	For the years ended December 31, 2023	For the years ended December 31, 2022
Parent company and other related parties	**$ 120,191**	**109,470**

Items	Categories	December 31, 2023	December 31, 2022
Payable to related parties	Parent company	$ 34,970	31,534
Payable to related parties	Other related parties	-	1,108
		$ 34,970	**32,642**

8. Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Purpose of pledge	December 31, 2023	December 31, 2022
Property, plant and equipment	Credit lines of borrowings	$ 2,050,146	2,393,814
Time deposits (recognized in other financial assets－non-current)	Guarantee for gas consumption from CPC Corporation	2,000	2,000
Time deposits (recognized in other financial assets － non-current)	Guarantee payment for import VAT	16,280	14,000
Time deposits (recognized in other financial assets－non-current)	Guarantee for the lease contract with the Hsinchu Science Park Bureau	40,728	40,723
Time deposits (recognized in other financial assets－current)	Guarantee for bank financing projects	10,746,750	-
Time deposits (recognized in other financial assets－non-current)	Guarantee for bank financing projects	-	107,836
Time deposits (recognized in other financial assets－non-current)	Guarantee for bank tenders	-	8,000
		$ 12,855,904	2,566,373

9. Commitments and contingencies:

(1) Significant unrecognized contractual commitments

A. As of December 31, 2023 and 2022, the purchase amounts for future procurement from suppliers under the existing agreements were $15,065,848 thousand and $12,947,863 thousand, respectively.

B. As of December 31, 2023 and 2022, the Group’s unused letters of credit amounted to $257,707 thousand and $157,689 thousand, respectively.

C. As of December 31, 2023 and 2022, the significant outstanding commitments for construction and purchase of property, plant and equipment amounted to $49,381,852 thousand and $22,500,648 thousand, respectively.

D. As of December 31, 2023 and 2022, a guarantee letter for the Customs Administration and research and development projects issued by the bank amounted to $44,000 thousand and $92,099 thousand, respectively.

E. The Group signed a long-term sales contract with certain customers and received advance payments. The customer is required to order minimum quantity according to the contract. As of December 31, 2023 and 2022, a guarantee letter for the customer issued by the bank amounted to $4,452,951 thousand and $4,685,036 thousand, respectively.

F. GlobalWafers Co., Ltd.'s board resolved to acquire Siltronic AG outstanding shares at EUR125 per share on December 9, 2020. GlobalWafers Co., Ltd. and Siltronic AG signed a business combination agreement on December 10, 2020, wherein the Company issued a EUR50 million letter of payment guarantee through the bank.

The Company also signed an irrevocable undertaking agreement with Wacker Chemie AG (Wacker Chemie). It was approved by German Federal Financial Supervisory Authority (BaFin) on December 21, 2020, to publish the offer document outlining terms of the voluntary public takeover offer for the acquisitions of all no-par value registered shares in Siltronic AG.

On January 22, 2021, the final offer price was adjusted to EUR145 per share. According to the business combination agreement between the Company and Siltronic AG, the Company has to pay Siltronic AG a termination fee of EUR 50 million, recorded in other current liabilities on December 31, 2021, for failing to obtain the required approval from the competent authorities. The amount above had been fully paid in the first quarter of 2022.

G. The total amount of promissory notes deposited in banks by the Group due to bank financing is $64,488,077 thousand and $38,184,773 thousand, respectively, as of December 31, 2023 and 2022.

10. Losses due to major disasters: None.

11. Subsequent events:

(1) GlobalWafers GmbH, a subsidiary of the Group, priced EUR345,200 thousand (NT$ 11,729,896 thousand) Exchangeable Units exchangeable for Siltronic AG shares held by GlobalWafers GmbH on January 16, 2024. The Exchangeable Units was issued at 100% of the principal amounts of the Bonds. The Bonds was issued with a coupon rate of 1.50% per annum and will be redeemed at 100% of their principal amount on January 23, 2029, unless previously purchased and cancelled or redeemed.

(2) In order to replenish the funding required for the purchase of materials in the original currency, a resolution was approved by the Board of Directors on February 27, 2024 to issue 36,000 to 45,000 thousand ordinary shares for cash capital increase through participation in the issuance of overseas depositary receipts.

12. Other:

A summary of the employee benefits, depreciation, and amortization expenses, by function is as follows:

By function / By item	For the years ended December 31, 2023			2022		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salary	8,492,466	2,854,079	11,346,545	8,320,390	2,364,093	10,684,483
Labor and health insurance	1,105,194	249,699	1,354,893	1,011,371	216,441	1,227,812
Pension	559,222	163,327	722,549	528,966	91,569	620,535
Others	240,393	83,266	323,659	222,229	68,411	290,640
Depreciation	6,496,872	216,938	6,713,810	5,719,464	163,598	5,883,062
Amortization	16,306	3,399	19,705	192,598	4,849	197,447

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

A. Loans to other parties: Please refer to Table 1.

B. Guarantees and endorsements for other parties: Please refer to Table 2.

C. Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.

D. Individual securities acquired or disposed of with accumulated amounts exceeding the lower of NT$300 million or 20% of the capital stock: None.

E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 4.

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 5.

I. Trading in derivative instruments: Please refer to note 6(2).

J. Business relationships and significant intercompany transactions: Please refer to Table 6.

(2) Information on investees: Please refer to Table 7.

(3) Information on investment in mainland China:

A. The names of investees in Mainland China, the main businesses and products and other information: Please refer to Table 8(1).

B. Limitation on investment in Mainland China: Please refer to Table 8(2).

C. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in the "Information on significant transactions".

(4) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Sino-American Silicon Product Inc.	223,007,864	51.14 %

14. Segment information:

(1) General information

The main business items of the Group are the research, development, design, manufacture, and sales of semiconductor products, which are single Operational Departments. Operating segment information is consistent with consolidated financial reporting, revenue (revenue from external customers) and segment profit and loss Please refer to the consolidated statement of profit and loss and the consolidated balance sheet of departmental assets.

(2) Product and service information

	2023			
	Semiconductor segment	**Renewable energy segment**	**Reconciliation and elimination**	**Total**
Revenue				
External customers	$ 70,535,803	115,790	-	70,651,593
Intersegment	-	-	-	-
Total revenue	**$ 70,535,803**	**115,790**	**-**	**70,651,593**
Finance costs	**$ 649,767**	**3,823**	**(301)**	**653,289**
Depreciation and amortization	**$ 6,678,733**	**54,782**	**-**	**6,733,515**
Reportable segment profit or loss	**$ 19,692,145**	**10,110**	**-**	19,702,255
Share of profit (loss) of associates accounted for using equity method				67,386
				$ 19,769,641
Reportable segment assets				
December 31, 2023	**$ 185,650,952**	**1,947,151**	**(2,954)**	187,595,149
Investments accounted for using equity method				1,392,852
				$ 188,988,001
Reportable segment liabilities				
December 31, 2023	**$ 121,921,669**	**615,661**	**(2,954)**	**122,534,376**

	2022			
	Semiconductor segment	**Renewable energy segment**	**Reconciliation and elimination**	**Total**
Revenue				
External customers	$ 70,223,782	63,089	-	70,286,871
Intersegment	-	-	-	-
Total revenue	**$ 70,223,782**	**63,089**	**-**	**70,286,871**
Finance costs	**$ 481,641**	**531**	**(355)**	**481,817**
Depreciation and amortization	**$ 6,051,451**	**29,058**	**-**	**6,080,509**
Reportable segment profit or loss	**$ 15,299,885**	**7,142**	**-**	15,307,027
Share of profit (loss) of associates accounted for using equity method				60,359
				$ 15,367,386
Reportable segment assets				
December 31, 2022	**$ 167,099,944**	**1,534,904**	**(80,253)**	168,554,595
Investments accounted for using equity method				941,383
				$ 169,495,978
Reportable segment liabilities				
December 31, 2022	**$ 115,046,449**	**205,777**	**(80,253)**	**115,171,973**

(3) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets (excluding financial instruments, investments accounted for using equity method and deferred tax assets) are based on the geographical location of the assets.

9A. The Group's revenue from external customers and the relevant customer contract revenue, please refer to note 6(21).

B. Non-current assets:

Area	2023	2022
Korea	$ 12,461,354	13,165,578
United States	26,618,072	6,746,536
Japan	17,416,861	9,529,022
Taiwan	8,991,068	7,825,397
Italy	7,105,079	3,084,553
Other countries	3,613,059	2,836,678
	$ 76,205,493	**43,187,764**

(4) Major customers information

Sales to individual customers representing greater than 10% of net sales of the Group:

	For the years ended December 31,	
	2023	**2022**
Group C	**$ 11,205,438**	**14,781,881**

GlobalWafers Co., Ltd. and Subsidiaries

Loans to other parties

For the period ended December 31, 2023

Table 1 (In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 3)
													Item	Value		
0	The Company	SPE5	Receivable from related parties	Yes	100,000	100,000	-	1.50%	2	-	Operating capital	-	-	-	26,579,826	26,579,826
0	The Company	SPV4	Receivable from related parties	Yes	400,000	400,000	-	1.50%~1.6%	2	-	Operating capital	-	-	-	26,579,826	26,579,826
0	The Company	CWT	Receivable from related parties	Yes	350,000	350,000	-	1.8%	2	-	Operating capital	-	-	-	26,579,826	26,579,826
1	GWJ	MEMC Japan	Receivable from related parties	Yes	15,508,080	15,508,080	11,120,640	0.56545%	2	-	Operating capital	-	-	-	17,968,378	17,968,378
2	MEMC SpA	GWBV	Receivable from related parties	Yes	1,791,350	-	-	-	2	-	Operating capital	-	-	-	11,363,198	11,363,198
2	MEMC SpA	GWS	Receivable from related parties	Yes	2,707,380	2,650,440	1,353,177	7.475%	2	-	Operating capital	-	-	-	11,363,198	11,363,198
3	GWS	GWBV	Receivable from related parties	Yes	1,250,200	1,228,200	1,039,241	6.04%	2	-	Operating capital	-	-	-	33,068,741	33,068,741
3	GWS	GW GmbH	Receivable from related parties	Yes	4,338,750	4,247,500	4,247,500	2.70%	2	-	Operating capital	-	-	-	33,068,741	33,068,741
3	GWS	The Company	Receivable from related parties	Yes	9,727,500	9,211,500	7,676,250	5.81%~6.08%	2	-	Operating capital	-	-	-	33,068,741	33,068,741
4	GTI	MEMC LLC	Receivable from related parties	Yes	5,836,500	5,526,900	-	6.166%	2	-	Operating capital	-	-	-	13,353,433	13,353,433
4	GTI	The Company	Receivable from related parties	Yes	1,501,750	-	-	-	2	-	Operating capital	-	-	-	13,353,433	13,353,433
5	GWBV	GW GmbH	Receivable from related parties	Yes	3,745,550	2,038,800	1,699,000	2.70%	2	-	Operating capital	-	-	-	51,221,228	51,221,228

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 3)
													Item	Value		
6	SSKT	MHTM	Receivable from related parties	Yes	8,028	-	-	-	1	55,729	Business transaction	-	-	-	55,729	152,070
6	SSKT	MHTM	Receivable from related parties	Yes	61,908	60,578	60,578	4.35%	2	-	Operating capital	-	-	-	152,070	152,070
7	SST	SSKT	Receivable from related parties	Yes	103,917	101,685	69,232	4.35%	2	-	Operating capital	-	-	-	2,946,199	2,946,199

Note 1: The nature of financing purposes:
(1)Code 1 represents entities with business transaction with the Group.
(2)Code 2 represents where an inter-company or inter-firm short-term financing facility is necessary.

Note 2: For entities who have business transactions with the Company, the amount of financing shall not exceed the amount of business transaction for the current year. For the purpose of lending operating capital, the amount of financing offered to a single company and to an investee whose voting shares, directly or indirectly, owned by the Company shall not exceed 40 percent of the lender’s net worth.

Note 3: The total amount available for financing purposes shall not exceed 40 percent of the lender’s net worth. The total amount available for financing to investees whose voting shares, directly or indirectly, owned by the Company shall not exceed 40 percent of the Company’s net worth.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

GlobalWafers Co., Ltd. and Subsidiaries
Guarantees and endorsements for other parties
For the period ended December 31, 2023

Table 2 (In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3, 4)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	GW GmbH	2	199,348,695	8,677,500	8,495,000	7,853,797	-	12.78 %	199,348,695	Y	N	N
0	The Company	GWH	2	199,348,695	1,300,000	1,100,000	-	-	1.66 %	199,348,695	Y	N	N
0	The Company	SPV4	2	199,348,695	100,000	100,000	33,600	-	0.15 %	199,348,695	Y	N	N
0	The Company	SPVE5	2	199,348,695	79,800	79,800	79,800	-	0.12 %	199,348,695	Y	N	N
0	The Company	GWS	2	199,348,695	5,498,818	5,261,806	5,169,691	-	7.92 %	199,348,695	Y	N	N
0	The Company	MEMC SpA	2	199,348,695	3,054,480	2,990,240	2,990,240	-	4.50 %	199,348,695	Y	N	N
0	The Company	GWA	2	199,348,695	1,162,194	1,162,194	-	-	1.75 %	199,348,695	Y	N	N
1	GTI	MEMC LLC	2	66,767,165	3,242,500	3,070,500	560,366	-	22.99 %	66,767,165	N	N	N
2	SST	KST	2	14,730,995	1,415,380	1,377,807	1,377,807	-	46.77 %	14,730,995	N	N	Y
3	GWS	GWA	2	165,343,705	15,627,500	15,352,500	7,763,415	-	46.43 %	165,343,705	N	N	N

Note 1: The characters of guarantees and endorsements are coded as follows:
(1) The issuer is coded "0".
(2) The investee is coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relation between guarantor and guarantee and their endorsement should be disclosed as one of the following:
(1) Ordinary business relationship.
(2) Subsidiary which owned more than 50 percent by the guarantor.
(3) An investee owned more than 50 percent in total by both the guarantor and its subsidiary.
(4) An investee owned more than 90 percent by the guarantor or its subsidiary.
(5) Fulfillment of contractual obligations by providing mutual endorsements and guarantor for peer or joint builders in order to undertake a construction project.
(6) An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
(7) The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for per-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The total amount of external endorsements and/or guarantees shall worth no more than triple of the Company's net worth.

Note 4: The total amount of external endorsements and/or guarantees for any single company shall not exceed 10 percent of the Company's net worth. However, for subsidiaries shall not exceed 3 times of the Company's net worth.

GlobalWafers Co., Ltd. and Subsidiaries

Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures)

December 31, 2023

Table 3 (In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance: Shares/Units (thousands)	Ending balance: Carrying value	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Highest Percentage of ownership (%) during the year	Note
The Company	CDIB Capital Growth Partners L.P.	None	Financial assets at fair value through profit or loss－non-current	-	180,368	3.85 %	180,368	3.85 %	
The Company	Siltronic AG	None	Financial assets at fair value through profit or loss－non-current	650	1,953,595	2.17 %	1,953,595	2.17 %	
GW GmbH	Siltronic AG	None	Financial assets at fair value through profit or loss－non-current	3,101	9,319,118	10.34 %	9,319,118	10.34 %	
GWBV	Siltronic AG	None	Financial assets at fair value through profit or loss－non-current	350	1,051,921	1.17 %	1,051,921	1.17 %	
The Company	WT Microelectronics Co., Ltd.	None	Financial assets at fair value through other comprehensive income	1,944	218,700	0.19 %	218,700	0.25 %	
SST	Foreign Securities	None	Financial assets at fair value through other comprehensive income	16	4,571	0.04 %	4,571	0.04 %	
GWH	Foreign Privately Securities	None	Financial assets at fair value through profit or loss－non-current	-	62,496	1.93 %	62,496	1.93 %	

GlobalWafers Co., Ltd. and Subsidiaries

Related-party transactions for purchases and sales with amounts exceeding the lower than NT$100 million or 20% of the capital stock

For the period ended December 31, 2023

Table 4 (In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	SAS	Parent Company	Purchase	1,496,021	11 %	Net 30 days from the end of the next month upon issuance of invoice	-	-	(64,599)	(1)%	
The Company	GTI	Indirectly held subsidiaries	Purchase	1,607,538	2 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(196,784)	(2)%	
The Company	SST	Indirectly held subsidiaries	Purchase	1,580,186	2 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(210,360)	(2)%	
The Company	GWJ	Directly held subsidiaries	Purchase	7,917,996	11 %	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(2,114,326)	(21)%	
The Company	GWS	Indirectly held subsidiaries	Purchase	531,625	1 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(54,124)	(1)%	
The Company	Topsil A/S	Indirectly held subsidiaries	Purchase	1,662,216	2 %	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(70,914)	(1)%	
The Company	KST	Indirectly held subsidiaries	Purchase	281,853	- %	Net 45 days from the end of the month upon issuance of invoice	-	-	(33,972)	-%	
SAS	The Company	Parent Company	Purchase	236,689	- %	Net 30 days from the end of next month upon issuance of invoice	-	-	(5,627)	-%	
GWS	The Company	Indirectly held subsidiaries	Purchase	7,540,461	11 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(1,205,159)	(12)%	
MEMC Korea	The Company	Indirectly held subsidiaries	Purchase	1,957,166	3 %	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(797,032)	(8)%	
MEMC SpA	The Company	Indirectly held subsidiaries	Purchase	869,555	1 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(111,935)	(1)%	
GTI	The Company	Indirectly held subsidiaries	Purchase	3,160,454	4 %	Net 45 days from the end of the month upon issuance of invoice	-	-	(707,780)	(7)%	

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
SST	The Company	Indirectly held subsidiaries	Purchase	927,747	1 %	Net 30 days from the end of the month upon issuance of invoice	-	-	(72,499)	(1)%	
GWJ	The Company	Directly held subsidiaries	Purchase	2,752,272	4 %	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(837,048)	(8)%	
Topsil A/S	The Company	Indirectly held subsidiaries	Purchase	629,925	1 %	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(245,542)	(2)%	
Actron Technology	The Company	Subsidiary of the parent company	Purchase	276,758	- %	Net 60 days from the end of the next month upon issuance of invoice	-	-	(69,934)	(1)%	
MEMC Sdn Bhd	The Company	Indirectly held subsidiaries	Purchase	161,837	- %	Net 60 days from the end of the month upon issuance of invoice	-	-	(22,537)	-%	
GWS	MEMC LLC	Indirectly held subsidiaries	Purchase	2,530,359	4 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(460,299)	(5)%	
GWS	MEMC LLC	Indirectly held subsidiaries	Sale	(849,197)	(1) %	Net 60 days from the end of the month upon issuance of invoice	-	-	119,100	1%	
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	Purchase	1,616,779	2 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(242,787)	(2)%	
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	Sale	(542,632)	(1) %	Net 60 days from the end of the month upon issuance of invoice	-	-	94,999	1%	
GWS	MEMC SpA	Indirectly held subsidiaries	Purchase	4,111,645	6 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(579,527)	(6)%	
GWS	MEMC SpA	Indirectly held subsidiaries	Sale	(8,342,271)	(12)%	Net 60 days from the end of the month upon issuance of invoice	-	-	1,620,892	16%	
GWS	MEMC Korea	Indirectly held subsidiaries	Purchase	1,885,784	3 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(210,030)	(2)%	
GWS	MEMC Japan	Indirectly held subsidiaries	Purchase	4,097,928	6 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(779,555)	(8)%	
GWS	MEMC Japan	Indirectly held subsidiaries	Sale	(1,296,170)	(2) %	Net 60 days from the end of the month upon issuance of invoice	-	-	219,590	2%	

Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

GlobalWafers Co., Ltd. and Subsidiaries

Receivables from related parties with amounts exceeding the lower than NT$100 million or 20% of the capital stock

December 31, 2023

Table 5 (In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	GTI	Indirectly held subsidiaries	707,780	6.09	-		261,564	-
The Company	GWJ	Directly held subsidiaries	837,048	3.09	-		212,774	-
The Company	GWS	Indirectly held subsidiaries	1,205,159	5.79	-		612,149	-
The Company	MEMC Korea	Indirectly held subsidiaries	797,032	3.48	-		259,456	-
The Company	MEMC SpA	Indirectly held subsidiaries	111,935	6.06	-		56,402	-
The Company	Topsil A/S	Indirectly held subsidiaries	245,542	3.44	-		2,053	-
GTI	The Company	Indirectly held subsidiaries	196,784	7.66	-		106,888	-
SST	The Company	Indirectly held subsidiaries	210,360	8.87	-		107,089	-
GWJ	The Company	Directly held subsidiaries	2,114,326	5.07	-		663,626	-
GWS	MEMC Japan	Indirectly held subsidiaries	219,590	6.37	-		110,372	-
GWS	MEMC SpA	Indirectly held subsidiaries	1,620,892	7.84	-		645,148	-
GWS	MEMC LLC	Indirectly held subsidiaries	119,100	8.66	-		60,042	-
MEMC Sdn Bhd	GWS	Indirectly held subsidiaries	242,787	8.20	-		242,787	-
MEMC SpA	GWS	Indirectly held subsidiaries	579,527	7.97	-		326,040	-
MEMC Korea	GWS	Indirectly held subsidiaries	210,030	10.69	-		71,300	-
MEMC Japan	GWS	Indirectly held subsidiaries	779,555	7.08	-		371,856	-
MEMC LLC	GWS	Indirectly held subsidiaries	460,299	7.67	-		169,170	-
GWJ	MEMC Japan	Indirectly held subsidiaries	11,120,719	- (Note 3)	-		-	-
MEMC SpA	GWS	Indirectly held subsidiaries	1,353,177	- (Note 3)	-		110,775	-

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
GWS	GWBV	Indirectly held subsidiaries	1,048,872	- (Note 3)	-		-	-
GWS	GW GmbH	Indirectly held subsidiaries	4,351,874	- (Note 3)	-		-	-
GWBV	GW GmbH	Indirectly held subsidiaries	1,740,875	- (Note 3)	-		-	-
SST	SSKT	Indirectly held subsidiaries	70,854	- (Note 3)	-		-	-
SSKT	MHTM	Indirectly held subsidiaries	61,520	- (Note 3)	-		-	-

Note 1: The amount received in subsequent period as of January 31, 2024.
Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.
Note 3: Receivables from related-party for financing purpose.

GlobalWafers Co., Ltd. and Subsidiaries

Business relationships and significant intercompany transactions

For the period ended December 31, 2023

Table 6 (In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets (Note 3,4)
0	The Company	SAS	2	Purchase	1,496,021	Net 30 days from the end of the next month upon issuance of invoice	2.12%
0	The Company	GTI	1	Purchase	1,607,538	Net 60 days from the end of the month upon issuance of invoice	2.28%
0	The Company	SST	1	Purchase	1,580,186	Net 60 days from the end of the month upon issuance of invoice	2.24%
0	The Company	GWJ	1	Purchase	7,917,996	Net 60 to 90 days from the end of the month upon issuance of invoice	11.21%
0	The Company	GWJ	1	Accounts payable	2,114,326	Net 60 to 90 days from the end of the month upon issuance of invoice	1.12%
0	The Company	Topsil A/S	1	Purchase	1,662,216	Net 30 to 60 days from the end of the month upon issuance invoice	2.35%
0	The Company	GTI	1	Sale	3,160,454	Net 45 days from the end of the month upon issuance of invoice	4.47%
0	The Company	SST	1	Sale	927,747	Net 30 days from the end of the month upon issuance of invoice	1.31%
0	The Company	GWJ	1	Sale	2,752,272	Net 60 to 90 days from the end of the month upon issuance of invoice	3.90%
0	The Company	MEMC Korea	1	Sale	1,957,166	Net 30 to 60 days from the end of the month upon issuance of invoice	2.77%
0	The Company	GWS	1	Sale	7,540,461	Net 60 days from the end of the month upon issuance of invoice	10.67%
0	The Company	MEMC SpA	1	Sale	869,555	Net 60 days from the end of the month upon issuance of invoice	1.23%
1	GWS	MEMC LLC	3	Sale	849,197	Net 60 days from the end of the month upon issuance of invoice	1.20%
1	GWS	MEMC LLC	3	Purchase	2,530,359	Net 60 days from the end of the month upon issuance of invoice	3.58%
1	GWS	MEMC SpA	3	Purchase	4,111,645	Net 60 days from the end of the month upon issuance of invoice	5.82%
1	GWS	MEMC SpA	3	Sale	8,342,271	Net 60 days from the end of the month upon issuance of invoice	11.81%
1	GWS	MEMC Korea	3	Purchase	1,885,784	Net 60 days from the end of the month upon issuance of invoice	2.67%

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets (Note 3,4)
1	GWS	MEMC Japan	3	Sale	1,296,170	Net 60 days from the end of the month upon issuance of invoice	1.83%
1	GWS	MEMC Japan	3	Purchase	4,097,928	Net 60 days from the end of the month upon issuance of invoice	5.80%
1	GWS	MEMC Sdn Bhd	3	Purchase	1,616,779	Net 60 days from the end of the month upon issuance of invoice	2.29%
1	GWS	The Company	2	Intercompany Loan	7,677,650	-	4.06%
1	GWS	GW GmbH	3	Intercompany Loan	4,351,874	-	2.30%
2	GWJ	MEMC Japan	3	Intercompany Loan	11,120,719	-	5.88%

Note 1: The characters of business transactions between parent company and its subsidiaries are coded as follows:
1. The parent company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relationships with transactions are as follows:
(1) Parent company to its subsidiaries.
(2) Subsidiaries to the parent company.
(3) Transactions between subsidiaries.

Note 3: The ratio of the transaction amount of the consolidated total sales revenue and consolidated total assets are calculated as follows:
(1) For transaction amount accounted for as asset or liability, the ratio is calculated based on the closing balance amount of the consolidated total assets.
(2) For transaction amount accounted for as profit or loss, the ratio is calculated based on the accumulated amount at the end of the financial period of the consolidated total sales revenue.

Note 4: The table represented the amount of significant transaction exceeding 1 percent of the consolidated operating revenue or total assets.

GlobalWafers Co., Ltd. and Subsidiaries

Information on investees

For the period ended December 31, 2023

Table 7 (In Thousands of New Taiwan Dollars/other currencies)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest of Percentage Ownership during the year	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of Ownership	Carrying value				
The Company	GSI	Cayman	Investment in various business and triangular trade centers with subsidiaries in Mainland China	698,419 (USD24,555)	698,419 (USD24,555)	23,000	100.00 %	2,972,343	100.00 %	241,963	248,641	Subsidiary
The Company	GWJ	Japan	Manufacturing and trading of silicon wafers	5,448,015	5,448,015	128	100.00 %	17,966,896	100.00 %	1,524,837	1,527,429	Subsidiary
The Company	GWafers Singapore	Singapore	Investment activities	2,207,377	17,378,877	41,674	100.00 %	31,515,334	100.00 %	3,523,882	3,464,546	Subsidiary Note 5
The Company	GW GmbH	Germany	Trading	1,952,235 (EUR 62,525)	1,952,235 (EUR 62,525)	48,025	100.00 %	(4,928,408)	100.00 %	1,844,958	1,844,958	Subsidiary
The Company	GWBV	Netherlands	Investment activities	40,367,464 (USD 1,321,076)	42,525,442 (USD 1,321,076)	0.1	100.00 %	51,221,228	100.00 %	4,224,105	4,244,105	Subsidiary
The Company	HONG-WANG Investment Co., Ltd.	Taiwan	Investment activities	309,760	309,760	30,976	30.98 %	1,392,852	30.98 %	217,542	67,386	Associate
The Company	SPV4	Taiwan	Electricity activities	1,045,000	1,045,000	104,500	100.00 %	1,057,473	100.00 %	10,946	10,946	Subsidiary
The Company	SPVE5	Taiwan	Electricity activities	278,000	278,000	27,800	100.00 %	274,018	100.00 %	(835)	(835)	Subsidiary
The Company	GWH	Taiwan	Investment activities	250,000	250,000	25,000	100.00 %	260,817	100.00 %	13,589	13,589	Subsidiary
The Company	CWT	Taiwan	Manufacturing and trading of optoelectronic wafers and substrate material	437,924	-	43,836	100.00 %	418,362	- %	(18,679)	(17,824)	Subsidiary
GWJ	MEMC Japan	Japan	Manufacturing and trading of silicon wafers	373,413 (JPY100,000)	373,413 (JPY100,000)	750	100.00 %	2,478,179	100.00 %	133,801	-	Notes 2 and 3
Topsil A/S	Topsil PL	Poland	Manufacturing and trading of silicon wafers	-	-	-	- %	-	100.00 %	-	-	Notes 2, 3 and 6
GWafer Singapore	GWS	Singapore	Investment activities	-	14,671,320 (USD406,898)	-	- %	-	100.00 %	-	-	Notes 2, 3 and 5
GWBV	MEMC SpA	Italy	Manufacturing and trading of silicon wafers	6,732,641 (USD204,788)	6,732,641 (USD204,788)	65,000	100.00 %	11,363,198	100.00 %	556,150	-	Notes 2 and 3

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest of Percentage Ownership during the year	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of Ownership	Carrying value				
MEMC SpA	MEMC SarL	France	Trading	1,316 (USD40)	1,316 (USD40)	0.5	100.00 %	3,532	100.00 %	707	-	Notes 2 and 3
GWBV	MEMC Korea	Korea	Manufacturing and trading of silicon wafers	11,851,262 (USD384,605)	11,851,262 (USD384,605)	25,200	100.00 %	23,398,484	100.00 %	2,363,342	-	Notes 2 and 3
GWBV	GTI	United States	Manufacturing and trading of epitaxial wafers	2,779,849 (USD91,262)	2,779,849 (USD91,262)	1	100.00 %	14,617,310	100.00 %	896,027	-	Notes 2 and 3
GWBV	MEMC Ipoh	Malaysia	Manufacturing and trading of silicon wafers	93,907 (USD1,323)	93,907 (USD1,323)	612,300	100.00 %	4,595	100.00 %	826	-	Notes 2 and 3
GWBV	Topsil A/S	Denmark	Manufacturing and trading of silicon wafers	1,843,604 (USD60,996)	1,843,604 (USD60,996)	1,000	100.00 %	2,555,654	100.00 %	165,231	-	Notes 2 and 3
CWT	Crystalwise HK	Hong Kong	Investment activities	- (USD48,100)	-	48,100	100.00 %	79,996	-	(112)	-	Notes 2 and 3
GTI	MEMC LLC	United States	Research and development, manufacturing and trading of silicon wafers	543,384 (USD17,839)	543,384 (USD17,839)	-	100.00 %	5,566,922	100.00 %	427,203	-	Notes 2 and 3
SST	MEMC Sdn Bhd	Malaysia	Research and development, manufacturing and trading of silicon wafers	898,016 (USD 27,315)	898,016 (USD 27,315)	1,036	100.00 %	1,238,546	100.00 %	62,322	-	Notes 2 and 3
GTI	GWA	United States	Manufacturing and trading of silicon wafers	31 (USD 1)	31 (USD 1)	1	100.00 %	3,139,238	100.00 %	(118,571)	-	Notes 2 and 3

Note 1: A limited company.
Note 2: The investees are indirectly held subsidiaries of the Company.
Note 3: The investor's profits and losses included the profits and losses of the investees; therefore, the investee's profits and losses need not be disclosed.
Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.
Note 5: On January 1, 2023, GWafer Singapore merged with its subsidiary GWS. GWS was dissolved while GWafer Singapore continued to exist and was renamed as Global Wafers Singapore (abbreviated as GWS).
Note 6: The liquidtion of Topsil PL has been completed in June, 2023.

GlobalWafers Co., Ltd. and Subsidiaries

The names of investees in Mainland China, the main businesses and products and other information

For the period ended December 31, 2023

Table 8

(In Thousands of New Taiwan Dollars/other currencies)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the year	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
SST	Processing and trading of ingots and wafers	1,429,778 (Note 5)	Note 1	713,300 (USD21,729)	-	-	713,300 (USD21,729)	241,943	100%	100%	241,943	2,946,199	-
KST	Trading and marketing business	26,587	Note 6	-	-	-	-	46,588	100%	100%	46,598	82,079	-
SSKT	Manufacturing and distributing lithium tantalate and lithium niobate wafers	102,776	Note 7	-	-	-	-	(53,330)	100%	-%	(53,330)	380,175	-
MHTM	Manufacturing and distributing lithium tantalate and lithium niobate wafers	159,588	Note 8	-	-	-	-	(24,072)	90%	-%	(21,665)	36,536	-
YHTM	Manufacturing and sales of optoelectronic and communication materials	1,494,720	Note 9	1,494,720 (USD48,000)	-	-	1,494,720 (USD48,000)	94	80.94%	-%	76	79,851	-
YHTM	Manufacturing and sales of optoelectronic and communication materials	351,882	Note 10	351,882 (USD11,300)	-	-	351,882 (USD11,300)	94	19.06%	-%	18	18,804	-

(2) Limitation on investment in Mainland China

Company Name	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	2,538,961 (USD81,187) (Note 11)	3,535,884 (USD115,852) (Note 3 and 11)	39,869,739 (Note 4)

Note 1: Investments through GSI.

Note 2: The basis for investment income (loss) recognition is from the audited financial statements.

Note 3: Initial investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the Historical Foreign Exchange Rate.

Note 4: Pursuant to the 'Guidelines Governing the Review of Investment or Technical Cooperation in the Mainland Area' dated on August 29, 2008, the total amount of investment shall not exceed 60% of the Group's net worth on December 31, 2023.

Note 5: Retained earnings transferred to capital was included.

Note 6: KST was funded by using the capital of SST, which cannot be considered as investment limit because there was no remittance from Taiwan.

Note 7: SSKT was funded by using the capital of SST, which cannot be considered as investment limit because there was no remittance from Taiwan.

Note 8: MHTM is China-based company invested by SSKT.

Note 9: YHTM is China-based company invested by Crystalwise HK.

Note 10: Investment made directly by Taiwan-based investment company.

Note 11: Includes the investment amount on November 1, 2023 for the merger of YHTM, a subsidiary of CWT. The cumulative investment amount is US$59,458 thousand in the Mainland China and an amount approved by the Department of Investment Review is US$59,688 thousand.

Attachment 2. 2023 Standalone Financial Statements with Independent Auditors' Report

Stock Code:6488

GlobalWafers Co., Ltd.

Parent-Company-Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

Address: No.8, Industrial East Road 2, Science-Based Industrial Park, Hsinchu, Taiwan, R.O.C.

Telephone: (03)5772255

The independent auditors' report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of GlobalWafers Co., Ltd. :

Opinion

We have audited the parent-company-only financial statements of GlobalWafers Co., Ltd.("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows:

1. Revenue recognition

   Please refer to note 4(15) "Revenue recognition" for accounting policy and note 6(18) "Revenue from contracts with customers" of the parent-company-only financial statements for further information.

Description of key audit matter:

The Company's revenues are derived from the sales of semiconductor materials and components. Revenue recognition is also dependent on whether the specified sales terms in each individual contract are met. In consideration of the high volume of sales transactions generated from world-wide operations, and because of different sales terms and the triangular trade within the Company companies, it is more important to identify the timing of revenue recognition. As such, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included understanding of revenue recognition policies and assessing whether revenue recognition policies are appropriate based on sales terms and revenue recognition criteria; understanding the design and process of implementation of internal controls and testing operating effectiveness; testing selected sales samples and agreeing to customer orders, delivery note and related documentation supporting sales recognition; testing sales cut-off, on a sample basis, for transactions incurred within a certain period before or after the balance sheet date by reviewing related sales terms, inspecting delivery documents, and other related supporting document to evaluate whether the revenue was recorded in proper period.

2. Evaluation of investments accounted for using equity method

   Please refer to the note 4(9) " Investment in subsidiaries" for accounting policy; note 5 " Significant accounting assumptions and judgments, and major sources of estimation uncertainty" for evaluation of investments accounted for using equity method; and note 6(6) " Investments accounted for using equity method" for further details.

   Description of key audit matter:

   The Company's investments accounted for using equity method were mainly the investments in subsidiaries acquired from business combinations. Moreover, the Company operates in an industry in which the operations are easily influenced by various external factors, such as market conditions. The assessment of subsidiaries' revenue recognition and impairment of goodwill arising from business combinations is crucial; therefore, it is considered to be one of the key areas in our audit.

   How the matter was addressed in our audit:

   Our audit procedures mainly included assessing triggering events identified by the management for impairment indicators existing in a cash generating unit; assessing whether the assumptions used for evaluating the recoverable amount are reasonable; evaluating the achievement of prior year's financial forecasts; reviewing the calculations of recoverable amounts of cash generating units; evaluating the assumptions used for calculating recoverable amounts and cash flow projections and performing sensitivity analysis based on key factors.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are An-Chih Cheng and Mei-Yu Tseng.

KPMG

Taipei, Taiwan (Republic of China)
February 27, 2024

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent-company-only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

(English Translation of the Parent-Company-Only Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (notes 6(1) and 9)	$ 6,821,231	5	35,218,977	22
1170	Notes and accounts receivable, net (note 6(4))	2,942,919	2	2,864,253	2
1180	Accounts receivable due from related parties, net (note 7)	4,366,398	4	3,721,385	2
130X	Inventories (note 6(5))	2,677,880	2	2,594,070	2
1476	Other financial assets－current	18,782	-	33,196	-
1479	Other current assets (note 7)	386,739	-	868,556	-
	Total current assets	17,213,949	13	45,300,437	28
	Non-current assets:				
1513	Financial assets at fair value through profit or loss－non-current (note 6(2))	2,133,963	2	1,626,893	1
1517	Financial assets at fair value through other comprehensive income－non-current (note 6(3))	218,700	-	153,850	-
1550	Investments accounted for using equity method (note 6(6))	100,671,568	79	105,317,816	66
1600	Property, plant and equipment (notes 6(7) and 7)	6,419,006	5	6,101,037	4
1755	Right-of-use assets (note 6(8))	414,681	-	449,958	-
1780	Intangible assets (note 6(9))	6,660	-	3,428	-
1980	Other financial assets－non-current (notes 7 and 8)	80,867	-	80,825	-
1900	Other non-current assets (note 6(14))	1,379,402	1	1,334,100	1
	Total non-current assets	111,324,847	87	115,067,907	72
	Total assets	$ 128,538,796	100	160,368,344	100

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(10))	$ 2,930,000	2	-	-
2120	Financial liabilities at fair value through profit or loss－current (note 6(2))	204,033	-	-	-
2130	Contract liabilities－current (note 6(18))	3,251,298	3	3,047,765	2
2170	Notes and accounts payable	1,152,404	1	1,197,244	1
2180	Accounts payable to related parties (note 7)	2,928,653	2	41,216,208	25
2201	Payroll and bonus payable	1,934,758	1	1,523,994	1
2216	Dividends payable	3,488,910	3	2,829,041	2
2321	Ordinary bonds payable, current portion (note 6(11))	7,098,400	6	-	-
2270	Convertible bonds payable, current portion (note 6(11))	6,647,050	5	-	-
2399	Other current liabilities (note 6(12))	2,460,718	2	3,586,955	2
	Total current liabilities	32,096,224	25	53,401,207	33
	Non-Current liabilities:				
2527	Contract liabilities－non-current (note 6(18))	5,831,437	5	6,235,938	4
2500	Financial liabilities at fair value through profit or loss－non-current (notes 6(2) and (11))	-	-	466,831	-
2530	Convertible bonds payable (note 6(11))	-	-	23,793,835	15
2531	Ordinary bonds payable (note 6(11))	11,893,051	9	18,986,110	12
2622	Long-term accounts payable to related parties (note 7)	7,676,250	6	-	-
2600	Other non-current liabilities (notes 6(12), (13) and (14))	4,592,269	3	3,160,418	2
	Total non-current liabilities	29,993,007	23	52,643,132	33
	Total liabilities	62,089,231	48	106,044,339	66
	Equity (note 6(15)):				
3110	Ordinary share	4,361,137	4	4,352,370	3
3200	Capital surplus	24,248,547	19	23,819,388	15
	Retained earnings:				
3310	Legal reserve	8,062,380	6	6,550,566	4
3320	Special reserve	6,546,698	5	6,135,557	4
3350	Unappropriated retained earnings	30,691,152	24	20,012,822	12
		45,300,230	35	32,698,945	20
3400	Other equity interest	(7,460,349)	(6)	(6,546,698)	(4)
	Total equity	66,449,565	52	54,324,005	34
	Total liabilities and equity	$ 128,538,796	100	160,368,344	100

See accompanying notes to parent-company-only financial statements.

(English Translation of the Parent-Company-Only Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue** (notes 6(18) and 7)	$ 30,931,369	100	30,292,412	100
5000	**Operating costs** (notes 6(5), (19) and 7)	16,134,353	52	16,261,985	54
	Gross profit from operations	14,797,016	48	14,030,427	46
	Operating expenses (notes 6(19) and 7):				
6100	Selling expenses	483,891	1	574,393	2
6200	Administrative expenses	806,264	3	312,920	1
6300	Research and development expenses	1,539,812	5	1,333,853	4
6450	Expected credit loss (note 6(4))	-	-	-	-
	Total operating expenses	2,829,967	9	2,221,166	7
	Net operating income	11,967,049	39	11,809,261	39
	Non-operating income and expenses:				
7100	Interest income (notes 6(20) and 7)	455,857	1	575,837	2
7020	Other gains and losses (notes 6(20) and 7)	968,553	3	3,955,756	13
7050	Finance costs (notes 6(12), (20) and 7)	(527,589)	(2)	(518,977)	(2)
7375	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method (note 6(6))	11,382,900	37	1,640,402	5
		12,279,721	39	5,653,018	18
	Income before income tax	24,246,770	78	17,462,279	57
7950	Less: income tax expense (note 6(14))	4,474,722	14	2,094,893	7
	Net income	19,772,048	64	15,367,386	50
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss**:				
8311	Gains on remeasurements of defined benefit plans (note 6(13))	84,333	-	42,657	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	133,642	-	(31,223)	-
8330	Share of other comprehensive income of subsidiaries and associates accounted for using equity method－components of other comprehensive income that will not be reclassified to profit or loss	860,524	3	(730,632)	(2)
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(14))	101,461	-	11,797	-
	Total items that will not be reclassified subsequently to profit or loss	977,038	3	(730,995)	(2)
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign operations	(1,760,613)	(6)	406,126	1
8399	Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(14))	(322,394)	(1)	39,084	-
	Total items that may be reclassified subsequently to profit or loss	(1,438,219)	(5)	367,042	1
8300	**Other comprehensive income (after tax)**	(461,181)	(2)	(363,953)	(1)
	Total comprehensive income	**$ 19,310,867**	**62**	**15,003,433**	**49**
	Earnings per share (NT Dollars) (note 6(17))				
	Basic earnings per share	**$**	**45.41**		**35.31**
	Diluted earnings per share	**$**	**43.91**		**34.36**

See accompanying notes to parent-company-only financial statements.

(English Translation of the Parent-Company-Only Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Gains (losses) from equity instrument measured at fair value through other comprehensive income	Unearned share-based employee compensation	Total	Treasury shares	Total equity
Balance at January 1, 2022	$ 4,372,500	25,174,389	5,349,684	1,734,138	15,713,128	22,796,950	(7,530,148)	1,394,591	-	(6,135,557)	(576,779)	45,631,503
Net income for the year	-	-	-	-	15,367,386	15,367,386	-	-	-	-	-	15,367,386
Other comprehensive income for the year	-	-	-	-	47,188	47,188	367,042	(778,183)	-	(411,141)	-	(363,953)
Comprehensive income for the year	-	-	-	-	15,414,574	15,414,574	367,042	(778,183)	-	(411,141)	-	15,003,433
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	1,200,882	-	(1,200,882)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	4,401,419	(4,401,419)	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(5,216,142)	(5,216,142)	-	-	-	-	-	(5,216,142)
Additional paid-in capital resulting from assets donated	-	6	-	-	-	-	-	-	-	-	-	6
Distribution of cash dividends using capital surplus	-	(1,094,795)	-	-	-	-	-	-	-	-	-	(1,094,795)
Cancellation of treasury shares	(20,130)	(260,212)	-	-	(296,437)	(296,437)	-	-	-	-	576,779	-
Balance at December 31, 2022	4,352,370	23,819,388	6,550,566	6,135,557	20,012,822	32,698,945	(7,163,106)	616,408	-	(6,546,698)	-	54,324,005
Net income for the year	-	-	-	-	19,772,048	19,772,048	-	-	-	-	-	19,772,048
Other comprehensive income for the year	-	-	-	-	405,844	405,844	(1,438,219)	571,194	-	(867,025)	-	(461,181)
Comprehensive income for the year	-	-	-	-	20,177,892	20,177,892	(1,438,219)	571,194	-	(867,025)	-	19,310,867
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	1,511,814	-	(1,511,814)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	411,141	(411,141)	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(7,623,661)	(7,623,661)	-	-	-	-	-	(7,623,661)
Additional paid-in capital resulting from assets donated	-	2	-	-	-	-	-	-	-	-	-	2
Unearned share-based employee compensation	-	-	-	-	-	-	-	-	428	428	-	428
Issuance of ordinary shares to acquire subsidiaries	8,767	429,157	-	-	-	-	-	-	-	-	-	437,924
Disposal of equity instrument at fair value through other comprehensive income	-	-	-	-	47,054	47,054	-	(47,054)	-	(47,054)	-	-
Balance at December 31, 2023	**$ 4,361,137**	**24,248,547**	**8,062,380**	**6,546,698**	**30,691,152**	**45,300,230**	**(8,601,325)**	**1,140,548**	**428**	**(7,460,349)**	**-**	**66,449,565**

See accompanying notes to parent-company-only financial statements.

(English Translation of the Parent-Company-Only Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Income before income tax	$ 24,246,770	17,462,279
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	1,205,839	987,468
Amortization expenses	2,163	182,203
Net (gain) loss on financial assets or liabilities at fair value through loss	(451,301)	1,646,073
Interest expense	527,589	518,977
Interest income	(455,857)	(575,837)
Dividend income	(92,997)	(79,325)
Shares of profit of subsidiaries and associates accounted for using equity method and unrealized gain or loss	(11,025,264)	(1,330,767)
Loss (gain) on disposal of property, plant and equipment	11,644	(3,640)
Loss on disposal of investments	-	2,269
Provisions for inventory valuation (reversal of gains)	2,848	(4,380)
Total adjustments	(10,275,336)	1,343,041
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	(735,076)	(550,928)
Inventories	(86,658)	(401,410)
Other operating assets	451,219	1,433,050
Total changes in operating assets	(370,515)	480,712
Contract liabilities	(200,968)	3,779,862
Notes and accounts payable (including related parties)	(707,175)	(1,729,276)
Net defined benefit liabilities	(36,716)	(19,256)
Other operating liabilities	410,350	(1,711,935)
Total changes in operating liabilities	(534,509)	319,395
Total changes in operating assets and liabilities	(905,024)	800,107
Total adjustments	(11,180,360)	2,143,148
Cash inflow generated from operations	13,066,410	19,605,427
Interest received	474,085	560,630
Dividends received	92,997	79,325
Interest paid	(350,791)	(203,406)
Income taxes paid	(3,841,661)	(1,026,179)
Net cash flows from operating activities	9,441,040	19,015,797

(Continued)

See accompanying notes to parent-company-only financial statements.

(English Translation of the Parent-Company-Only Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd.

Statements of Cash Flows(Continued)

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	68,792	-
Acquisition of financial assets at fair value through profit or loss	-	(20,651)
Proceeds from disposal of financial assets at fair value through profit or loss	16,790	8,572
Acquisition of investments accounted for using equity method	(36,114,920)	(6,204,779)
Proceeds from capital reduction and liquidation of investments accounted for using equity method	15,171,500	59,818
Cash dividends from subsidiaries accounted for using equity method	7,747	5,288
Cash dividends from associates accounted for using equity method	54,328	61,529
Acquisition of property, plant and equipment, and prepayments of equipment	(1,530,382)	(2,011,997)
Proceeds from disposal of property, plant and equipment	213	4,103
Decrease (Increase) in other receivables due from related parties	80,000	(70,000)
Acquisition of intangible assets	(5,361)	(1,549)
Decrease (Increase) in other financial assets	(42)	4,050,426
Net cash flows used in investing activities	(22,251,335)	(4,119,240)
Cash flows from financing activities:		
Increase in short-term loans	2,930,000	-
Repayments of bonds	(17,644,805)	(2,748,404)
Increase (decrease) in payables to related parties	6,140,750	(10,021,884)
Payment of lease liabilities	(49,606)	(49,602)
Cash dividends paid	(6,963,792)	(6,963,792)
Additional paid-in capital resulting from assets donated	2	6
Net cash flows used in financing activities	(15,587,451)	(19,783,676)
Net decrease in cash and cash equivalents	(28,397,746)	(4,887,119)
Cash and cash equivalents at beginning of year	35,218,977	40,106,096
Cash and cash equivalents at end of year	**$ 6,821,231**	**35,218,977**

See accompanying notes to parent-company-only financial statements.

GlobalWafers Co., Ltd.

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history

GlobalWafers Co., Ltd. (the "Company") had been a semiconductor operating unit of Sino-American Silicon Products Inc. ("SAS") and the Company, along with its assets and liabilities, was spun off from SAS on October 1, 2011. The Company was incorporated in October 18, 2011, and authorized by the Hsinchu Science Park Bureau (HSPB). Its registered office is located at No. 8, Industrial East Road 2, Science-Based Park, Hsinchu, Taiwan (R.O.C.). The Company engages mainly in the research, development, production, design, and sales of semiconductor ingots and wafers, and is also engaged in the technology and management consulting service for related products.

On December 2, 2016, the Company acquired the entire outstanding shares of SunEdison Semiconductor Limited ("SunEdison"), who was a semiconductor wafer fabrication and supplier, and had been leading silicon wafer designs since its inception. SunEdison's R&D and manufacturing strongholds spread over the United States, Europe and Asia, and also dedicated to developing the next generation high-performance semiconductor wafers. The Company expands its sales network and upgrades its research and development capability through this acquisition.

In order to simplify the operating structure of the Group, the Company merged with Taisil Electronic Materials Corporation (Taisil), a 99.99% equity held subsidiary, on February 1, 2020, wherein the Company became the existing company and Taisil as the dissolved entity, based on the resolution approved during the board meeting of the Company held on December 27, 2019.

The Company's common shares have been listed on Taipei Exchange ("TPEx") since September 25, 2015, and were delisted from the Emerging Market at the same date.

2. Approval date and procedures of the financial statements:

These parent-company-only financial statements were authorized for issue by the Board of Directors on February 27, 2024.

3. New standards, amendments and interpretations adopted:

(1) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. (the "FSC") which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Company has initially adopted the new amendment, which do not have a significant impact on its parent-company-only financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

The Company has adopted Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules” on May 23, 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which applies retrospectively, and require new disclosures about the Pillar Two exposure for annual reporting periods beginning on or after January 1, 2023. However, because on December 31, 2022, no new legislation to implement the top-up tax was enacted or substantively enacted in any jurisdiction in which the Company operates and no related deferred taxes were recognised at that date, the retrospective application has no impact on the Company’ s parent-company-only financial statements. The Company is closely monitoring developments related to the implementation of the international tax reforms introducing a global minimum top-up tax.

(2) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its parent-company-only financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(3) The impact of IFRS issued by the International Accounting Standards Board (the “IASB”) but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”

4. Summary of material accounting policies:

The material accounting policies presented in the parent-company-only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent-company-only financial statements.

(1) Statement of compliance

The accompanying parent-company-only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Basis of measurement

Except for the following significant accounts, the parent-company-only financial statements have been prepared on a historical cost basis:

(a) Financial instruments at fair value through profit or loss are measured at fair value;

(b) Financial assets at fair value through other comprehensive income are measured at fair value;

(c) Cash-settled shared-based-payment liability is measured at fair value;

(d) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation and the asset ceiling, as explained in note 4(17).

B. Functional and presentation currency

The functional currency of each Company entity is determined based on the primary economic environment in which the entity operates. The parent-company-only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(3) Foreign currencies

A. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an equity investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into New Taiwan Dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into New Taiwan Dollars at the average rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(4) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

A. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is expected to be realized within twelve months after the reporting period; or

D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

A. It is expected to be settled in the normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is due to be settled within twelve months after the reporting period; or

D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(6) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income – equity investment, or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company’s right to receive payment is established.

(c) Fair value through profit or loss (FVTPL)

All the above financial assets not classified as amortized cost or FVOCI are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost, or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(d) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivables, guarantee deposits paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured by 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date；and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECL are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(e) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(d) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

(e) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(f) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(g) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

C. Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(7) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average-cost method and includes expenditure incurred in acquiring the inventories, production or conversion cost, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses necessary to make the sale.

(8) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The parent-company-only financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under additional paid in capital. If the additional paid in capital resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(9) Investment in subsidiaries

The investees which are controlled by the Company are measured under equity method in preparing the parent-company-only financial statement. The profit, other comprehensive income and equity in the parent-company-only financial statement are equal to the profit, other comprehensive income and equity attributable to the shareholders of parent in the consolidated financial statement.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing of control over the subsidiary are accounted for as equity transaction.

(10) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(a) Buildings: 2 to 56 years

(b) Machinery and equipment: 2 to 20 years

(c) Other equipment and leased assets: 1 to 40 years

(d) Buildings constitute mainly buildings, mechanical and electrical power equipment, and related engineering, wastewater treatment and sewage system, etc. Each such part is depreciated based on its useful life of 25 to 56 years, 25 years, and 4 to 15 years, respectively.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(11) Lessee

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A. As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(a) fixed payments, including in-substance fixed payments;

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(c) amounts expected to be payable under a residual value guarantee; and

(d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

(a) there is a change in future lease payments arising from the change in an index or rate; or

(b) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

(c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

(d) there is a change of its assessment on whether it will exercise an extension or termination option; or

(e) there are any lease modifications.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right of use asset, or in profit and loss if the carrying amount of the right of use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right of use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company has elected not to recognize right of use assets and lease liabilities for short term leases with 12 months or less and leases of low value assets, including other equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

As a practical expedient, the Company elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

(a) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

(b) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(c) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and

(d) there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

B. As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

(12) Intangible assets

A. Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful life for the patents and trademarks, and computer software are 3 to 15 and 1 to 10 years, respectively.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(13) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or a CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(14) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as interest expense.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

(15) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

The accounting policies for the Company's main types of revenue are explained below.

A. Sale of goods

The Company engages mainly in the research, development, production, design, and sales of semiconductor ingots and wafers. The Company recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer' s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered, as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

B. Services

The Company provides services to its customers. Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

Revenue recognition for fixed-price contracts is based on the ratio of services actually provided to total services as of the reporting date, which is determined by the percentage of labor performed to the total amount of labor to be performed.

If the situation changes, the estimates of revenue, cost, and degree of completion will be revised, and the increase or decrease in the period when the management is aware of the change in the situation will be reflected in profit or loss.

(16) Government grants and government subsidies

Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(17) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed as the related service is provided.

B. Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(18) Share-based payment

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award, please refer to note 6(16).

(19) Income tax

Income taxes comprise current taxes and deferred taxes. Except for items related to business combinations, or items recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized except for the following:

A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

C. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

A. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(a) the same taxable entity; or

(b) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(20) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Company measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest’ s proportionate share of the acquiree’ s identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquire’ s net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRS Accounting Standards endorsed by the FSC.

In a business combination achieved in stages, the Company remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Company may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Company had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Company retrospectively adjusts the provisional amounts recognized at the acquisition date, or recognize additional assets or liabilities to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

(21) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee remuneration that could be settled in the form of stock.

(22) Operating segment

The Company has disclosed operating segment information in consolidated financial statements. Hence, this information is not required to be disclosed in these parent-company-only financial statements.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the parent-company-only financial statements requires management to make judgments, estimations and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in the accounting estimates during the period and the impact of those changes in the following period.

There is no critical judgment made in applying accounting policies.

The accounting policies which involved the estimation and assumption uncertainty that may cause adjustments in the subsequent period is as below:

Investments accounted for using equity method

The subsidiaries of the Company accounted for using equity method were mostly derived from business combinations. The assessment of the impairment of goodwill requires the Company to make subjective judgment to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amounts of the relevant CGUs. Please refer to note 6(6) for further description of investment accounted for using equity method.

The Company's accounting policies and disclosures include measuring financial and non-financial assets and liabilities at fair value through profit or loss, wherein the Company has established an internal control system for fair value measurement to regularly review material unobservable inputs and adjustments. If external third-party information (such as a broker or pricing service) is used to measure the fair value, the evidence provided by the third party will be evaluated to determine whether the assessment and the fair value rating classification are in accordance with IFRSs.

The Company strives to use the observable market inputs when measuring assets and liabilities. The hierarchy of the fair value categorized by the valuation techniques used is as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For any transfer within the fair value hierarchy, the Company recognizes the transfer on the reporting date. For the assumption used in fair value measurement, please refer to note 6(21) of the financial instruments.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 50	50
Demand deposits	4,900,995	10,536,127
Time deposits	1,920,186	24,682,800
	$ 6,821,231	**35,218,977**

Please refer to note 6(21) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

On November 28, 2019 and February 21, 2020, the Company applied to the National Taxation Bureau for the application of the Overseas Fund Repatriation Management, Utilization and Taxation Regulations. After approval, the funds were repatriated. 5% of the repatriated funds can be used freely, and the remaining 95% can only be used for special investment plans approved by the Ministry of Economic Affairs. Funds are deposited in a special account and cannot be used randomly for expenditure within five years. The Company has applied to the Ministry of Economic Affairs for substantial investment, and the funds are expected to be used for capital expenditures on factory expansion and the purchase of machinery, equipment and related assets. As of December 31, 2023 and 2022, the balances of the special accounts were $2,698,377 thousand and $2,967,304 thousand recorded in cash and cash equivalents, respectively.

In accordance with the IFRSs Q&A updated by the Financial Supervisory Commission and the Securities and Futures Bureau on January 5, 2024, the repatriated offshore funds should be reclassified from other financial assets – current to cash and cash equivalents. As of December 31, 2022, $2,967,304 thousand of the funds have been reclassified to cash and cash equivalents by the Company. In addition, the "decrease in other financial assets" under the statement of cash flows－investing activities in 2022 was reduced by $2,967,304 thousand.

(2) Financial assets and liabilities at fair value through profit or loss

		December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss－non-current:			
Privately offered funds	$	180,368	177,479
Overseas securities held		1,953,595	1,449,414
	$	**2,133,963**	**1,626,893**
Financial liabilities designated as at fair value through profit or loss－current:			
Embedded derivatives of convertible bonds	**$**	**204,033**	**-**
Financial liabilities designated as at fair value through profit or loss－non-current:			
Embedded derivatives of convertible bonds	**$**	**-**	**466,831**

Please refer to note 6(20) for the amount of remeasurements at fair value through profit or loss.

For the years ended December 31, 2023 and 2022, the dividends of $82,175 thousand and $66,698 thousand, respectively, were received from investments in financial assets mandatorily measured at fair value through profit or loss.

(3) Financial assets at fair value through other comprehensive income

		December 31, 2023	December 31, 2022
Equity investment in domestic entities	**$**	**218,700**	**153,850**

The Company designated the equity investments shown above as at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long term strategic purposes.

Due to the change in investment strategy in 2023, the Company sold domestic equity investments designated to be measured at fair value through other comprehensive gains and losses. The fair value at the time of disposal was $68,792 thousand, and the accumulated disposal gains amounted to $47,054 thousand. Therefore, the aforementioned accumulated disposal gains have been transferred from other equity to retained earnings.

The Company did not dispose its strategic investments for the year ended December 31, 2022; therefore, there were no transfers of any cumulative gain or loss within equity relating to these investments.

For the year ended December 31, 2023 and 2022, the dividend income of $10,822 thousand and $12,627 thousand, respectively, related to equity investments at fair value through other comprehensive income, was recognized, respectively.

For market risk, please refer to note 6(22).

The financial assets mentioned above were not pledged as collateral.

(4) Notes and accounts receivable, net

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable	$ 2,949,687	2,871,021	2,574,251
Less: allowance for expected credit loss	(6,768)	(6,768)	(6,768)
	$ 2,942,919	**2,864,253**	**2,567,483**

The Company applied the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

The allowance for expected credit loss of notes and accounts receivable (including related parties) was determined as follows:

	December 31, 2023		
	Gross amount of notes and accounts receivable	**Weighted-average loss rate**	**Credit loss allowance**
Current	$ 7,081,703	0%	-
1 to 30 days past due	9,032	0%	-
31 to 60 days past due	-	0%	-
61 to 90 days past due	-	0%	-
91 to 120 days past due	-	0%	-
121 to 150 days past due	-	0%	-
151 to 180 days past due	-	0%	-
More than 181 days past due	6,768	100%	6,768
Total	**$ 7,097,503**		**6,768**

	December 31, 2022		
	Gross amount of notes and accounts receivable	**Weighted-average loss rate**	**Credit loss allowance**
Current	$ 6,261,052	0%	-
1 to 30 days past due	119,979	0%	-
31 to 60 days past due	1,261	0%	-
61 to 90 days past due	-	0%	-
91 to 120 days past due	-	0%	-
121 to 150 days past due	-	0%	-
151 to 180 days past due	-	0%	-
More than 181 days past due	6,768	100%	6,768
Total	**$ 6,389,060**		**6,768**

The movements in the allowance for expected credit loss related to notes and accounts receivable were as follows:

	2023	2022
Ending balance (Beginning balance)	**$ 6,768**	**6,768**

The notes and accounts receivable mentioned above were not pledged as collateral.

(5) Inventories

	December 31, 2023	December 31, 2022
Merchandise and finished goods	$ 463,109	532,209
Work in progress	610,674	559,344
Raw materials	1,604,097	1,502,517
	$ 2,677,880	**2,594,070**

Components of operating costs were as follows:

	For the years ended December 31,	
	2023	2022
Cost of sales	$ 15,999,343	16,151,727
Provisions for inventory valuation loss (reversal of gains)	2,848	(4,380)
Unallocated fixed manufacturing expense	132,162	114,638
	$ 16,134,353	**16,261,985**

The inventories mentioned above were not pledged as collateral.

(6) Investments accounted for using equity method

A summary of financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2023	December 31, 2022
Associates	$ 1,392,852	941,383
Subsidiaries	99,278,716	104,376,433
	$ 100,671,568	**105,317,816**

A. Subsidiaries

(a) Please refer to the 2023 consolidated financial statements for further information.

(b) For the years ended December 31, 2023 and 2022, the cash dividends of the subsidiaries were $7,747 thousand and $5,288 thousand, respectively, which were recognized as deductions of investments accounted for using equity method.

(c) In order to adjust the operating structure of the Group, the Company acquired the entire equity interests of GlobalWafers B.V. (GWBV) held by GlobalWafers Singapore Pte. Ltd. (GWS), at the amount of US dollars $1,321,076 thousand, based on the resolution approved during the board meeting of the Company held on September 1, 2022. The above transaction had been completed on November 7, 2022.

(d) GlobalWafers GmbH (GW GmbH) was originally fully owned by GWBV. Based on the resolution approved during the board meeting of the Company held on March 15, 2022, the Company obtained the 99.95% equity of GW GmbH by directly increasing the capital of GW GmbH. In addition, the Company acquired the 0.05% equity of GW GmbH from GWBV on September 30, 2022. All related registration procedures and full payment concerning the above transaction had been completed and made, respectively, as of the reporting date.

(e) On May 2, 2023, the board of directors of the Company resolved that the Company and CWT would engage in mutually beneficial cooperation and synergy, aiming to expand the product line and enhance operational advantages. It is proposed to issue new shares to the shareholders of CWT as a consideration and carry out share conversion with CWT allowing the Company to acquire 100% ownership of CWT. The swap ratio is each share of CWT for 0.02 newly issued shares of the Company, which issued 876,725 shares (par value of $10 each). The transaction was completed on November 1, 2023.

B. Associates

The associates of the Company accounted for using the equity method were individually insignificant, and their summarized financial information included in the parent-company-only financial statements of the Company was as follows:

		December 31, 2023	December 31, 2022
The carrying amount of investments in the individually insignificant associates	**$**	**1,392,852**	**941,383**

		For the years ended December 31,	
		2023	**2022**
Amount of individually insignificant associates' interests attributable to the Company:			
Net income	$	67,386	60,359
Other comprehensive income (loss)		438,411	(748,791)
Total	**$**	**505,797**	**(688,432)**

For the years ended December 31, 2023 and 2022, the cash dividends of the invested companies were $54,328 thousand and $61,529 thousand, respectively, which were recognized as deductions of investments accounted for using the equity method.

C. Collateral

The investments accounted for using equity method mentioned above were not pledged as collateral as of December 31, 2023 and 2022.

(7) Property, plant and equipment

A. The movements of cost and depreciation of the property, plant and equipment of the Company were as follows:

		Buildings	Machinery and equipment	Other equipment	Construction in progress and equipment awaiting inspection	Total
Cost:						
Balance at January 1, 2023	$	2,286,671	7,069,002	1,126,418	750,793	11,232,884
Additions		23,187	76,491	117,575	1,281,562	1,498,815
Disposals		(50,238)	(596,833)	(25,239)	-	(672,310)
Reclassification		274,596	996,303	69,047	(1,340,808)	(862)
Transfer and others		-	-	-	(7,367)	(7,367)
Balance at December 31, 2023	$	**2,534,216**	**7,544,963**	**1,287,801**	**684,180**	**12,051,160**
Balance at January 1, 2022	$	2,282,060	5,692,069	985,547	1,954,222	10,913,898
Additions		10,574	48,986	147,758	1,378,893	1,586,211
Disposals		(5,963)	(1,060,531)	(24,490)	-	(1,090,984)
Reclassification		-	2,388,478	17,603	(2,581,310)	(175,229)
Transfer and others		-	-	-	(1,012)	(1,012)
Balance at December 31, 2022	$	**2,286,671**	**7,069,002**	**1,126,418**	**750,793**	**11,232,884**
Depreciation:						
Balance at January 1, 2023	$	1,232,545	3,422,495	476,807	-	5,131,847
Depreciation for the year		94,343	974,778	90,686	-	1,159,807
Disposals		(50,237)	(584,195)	(25,068)	-	(659,500)
Balance at December 31, 2023	$	**1,276,651**	**3,813,078**	**542,425**	**-**	**5,632,154**
Balance at January 1, 2022	$	1,143,102	3,709,812	427,101	-	5,280,015
Depreciation for the year		94,013	773,214	74,196	-	941,423
Disposals		(4,570)	(1,060,531)	(24,490)	-	(1,089,591)
Balance at December 31, 2022	$	**1,232,545**	**3,422,495**	**476,807**	**-**	**5,131,847**
Carrying amounts:						
Balance at December 31, 2023	$	**1,257,565**	**3,731,885**	**745,376**	**684,180**	**6,419,006**
Balance at January 1, 2022	$	**1,138,958**	**1,982,257**	**558,446**	**1,954,222**	**5,633,883**
Balance at December 31, 2022	$	**1,054,126**	**3,646,507**	**649,611**	**750,793**	**6,101,037**

B. Collateral

The property, plant and equipment above were not pledged as collateral for long-term borrowings and credit lines.

(8) Right-of-use assets

The Company leases many assets including land and other equipment. The carrying amounts of right-of-use assets were presented below:

	Land	Other equipment	Total
Cost:			
Balance at January 1, 2023	$ 570,425	45,028	615,453
Additions	-	10,755	10,755
Balance at December 31, 2023	**$ 570,425**	**55,783**	**626,208**
Balance at January 1, 2022	$ 568,544	45,028	613,572
Additions	1,881	-	1,881
Balance at December 31, 2022	**$ 570,425**	**45,028**	**615,453**
Depreciation and impairments losses:			
Balance at January 1, 2023	$ 128,111	37,384	165,495
Depreciation	34,602	11,430	46,032
Balance at December 31, 2023	**$ 162,713**	**48,814**	**211,527**
Balance at January 1, 2022	$ 93,513	25,937	119,450
Depreciation	34,598	11,447	46,045
Balance at December 31, 2022	**$ 128,111**	**37,384**	**165,495**
Carrying amounts:			
Balance at December 31, 2023	**$ 407,712**	**6,969**	**414,681**
Balance at January 1, 2022	**$ 475,031**	**19,091**	**494,122**
Balance at December 31, 2022	**$ 442,314**	**7,644**	**449,958**

(9) Intangible assets

Intangible assets included trademarks, patents and computer software. The cost and amortization of the intangible assets of the Company were as follows:

	Patents and trademarks	Computer software	Total
Cost:			
Balance at January 1, 2023	$ 1,631,850	6,486	1,638,336
Additions	-	5,361	5,361
Reclassification	-	34	34
Balance at December 31, 2023	**$ 1,631,850**	**11,881**	**1,643,731**
Balance at January 1, 2022	$ 1,631,850	4,937	1,636,787
Additions	-	1,549	1,549
Balance at December 31, 2022	**$ 1,631,850**	**6,486**	**1,638,336**

		Patents and trademarks	Computer software	Total
Amortization:				
Balance at January 1, 2023	$	1,631,850	3,058	1,634,908
Amortization for the year		-	2,163	2,163
Balance at December 31, 2023	$	**1,631,850**	**5,221**	**1,637,071**
Balance at of January 1, 2022	$	1,451,788	917	1,452,705
Amortization for the year		180,062	2,141	182,203
Balance at December 31, 2022	$	**1,631,850**	**3,058**	**1,634,908**
Carrying amounts:				
Balance at December 31, 2023	$	**-**	**6,660**	**6,660**
Balance at January 1, 2022	$	**180,062**	**4,020**	**184,082**
Balance at December 31, 2022	$	**-**	**3,428**	**3,428**

The intangible assets mentioned above were not pledged as collateral.

(10) Short-term borrowings

		December 31, 2023	December 31, 2022
Unsecured borrowings	$	**2,930,000**	**-**
Unused credit lines	$	**22,250,950**	**21,181,504**
Range of interest rates at year end		**1.47%~1.53%**	**-**

The Company did not provide the bank with assets pledged as collateral for its short-term borrowings.

(11) Bonds payable

The details of bonds payable were as follows:

		December 31, 2023	December 31, 2022
Unsecured ordinary bonds	$	18,991,451	18,986,110
Unsecured convertible bonds		6,647,050	23,793,835
Less: Bonds payable due within one year		(13,745,450)	-
Total	$	**11,893,051**	**42,779,945**

A. On April 21, 2021, the Company's Board of Directors resolved to issue the first unsecured ordinary bonds for the year ended December 31, 2021, and issued through the Taipei Fubon Commercial Bank Co., Ltd. on May 11, 2021. The Company issued the five-year unsecured ordinary bonds, amounting to $6,500,000 thousand and the coupon rate is consistent with a fixed rate of 0.62% and with the maturity date on May 11, 2026.

B. On April 21, 2021, the Company's Board of Directors resolved to issue the second unsecured ordinary bonds for the year ended December 31, 2021, and issued through the Taipei Fubon Commercial Bank Co., Ltd. on August 19, 2021. The Company issued the three-year and five-year unsecured ordinary bonds, amounting to $12,500,000 thousand, which were divided into A and B bonds, depending on the different issuance conditions. The issuance amounts were $7,100,000 thousand and $5,400,000 thousand, respectively, with coupon rate 0.5% and 0.6% and the maturity dates were August 19, 2024 and August 19, 2026, respectively.

C. On April 21, 2021, the Company's Board of Directors resolved to issue the first unsecured overseas convertible bonds on the Singapore Exchange Limited, which had been approved by the Financial Supervisory Commission with approval No.1100342091 on May 19, 2021. The Company issued the five-year unsecured convertible bond, amounting to US$1,000,000 thousand at zero coupon rate, with the maturity date on June 1, 2026.

The details of unsecured convertible bonds were as follows:

		December 31, 2023	December 31, 2022
Total outstanding convertible bonds	$	6,841,854	24,787,249
Unamortized discount		(194,804)	(993,414)
Cumulative converted amount		-	-
Convertible bonds balance at year-end	$	**6,647,050**	**23,793,835**
Embedded derivative – call and put options, included in financial liabilities at fair value through profit or loss	$	**204,033**	**466,831**

		For the years ended December 31, 2023	For the years ended December 31, 2022
Embedded derivatives – gain and losses of re-measurement of calls and put options based on fair value (recorded under other gains and losses)	$	**63,494**	**(381,799)**
Interest expense	$	**162,663**	**304,666**

The convertible bonds may be redeemed in advance by the Company from the day following the third anniversary of the issuance until the maturity date. If the closing price of GlobalWafers' common stock reaches 130% of the amount obtained by multiplying the amount of early redemption by the conversion price and dividing it by the face value for twenty trading days out of thirty consecutive business days, or if the outstanding balance of the convertible bonds is less than 10% of the original total issuance, the Company may redeem the amount in advance and redeem all or part of the convertible bonds.

Except for the early redemption, redemption and cancellation or conversion of the convertible bonds, the holders may request the Company to redeem entire or part of the convertible bonds according to the early redemption amount on the day of June 1, 2024. So, on June 1, 2023, the unsecured convertible bonds were reclassified to current liabilities.

Except for early redemptions, repurchases and cancellations, exercise of conversion rights by the bondholders, statutory requirements and the cessation of transfer period as otherwise provided in the Trust Deed, from the day following the three months after the issuance of the bonds to (1) ten days before the maturity date or (2) the fifth business day prior to the date of early redemption of the bonds (hereinafter referred to as the "conversion period"), the bondholders may request the issuing company to convert the bonds into shares of common stock newly issued by the issuing company in accordance with the provisions of the relevant laws and the trust Deed.

The conversion price was 140% of the closing price of the Company's common shares on the Taipei Exchange on the pricing date, which was NT$1,040.20. The number of common shares to be delivered upon conversion of any bond will be determined by the principal amount of the bonds multiplied by the fixed exchange rate, which is NT$27.912 to US$1, which was determined on the pricing date and divided by the conversion price in effect on the date of conversion. After the issuance of the bonds, the conversion price shall be adjusted in accordance with the relevant anti-dilution provisions of the contract. However, due to the distribution of cash dividends by the Company, the conversion price of the bonds have been adjusted from NT$1,040.20 to NT$1,028.46, NT$1,028.46 to NT$1,018.54, NT$1,018.54 to NT$1,003.09, NT$1,003.09 to $988.86 and NT988.86 to NT$970.33 on July 22, 2021, January 13, 2022, July 19, 2022, January 12, 2023, and July 26, 2023, respectively, the day after the ex-dividend base date, in accordance with the aforementioned provisions. As of December 31, 2023, the adjustment to the conversion price of the bonds had been executed five times.

The above-mentioned convertible bonds included liabilities and equity components. The equity component was recognized as the capital surplus. The effective interest rate originally recognized for the liability component was 1.2%.

The Company redeemed the first unsecure oversea convertible bonds of US$651,000 thousand and US$100,800 thousand, respectively, in 2023 and 2022, resulting in the invalid conversion right of US$1,108,959 thousand and US$171,710 thousand to be reclassified from capital surplus – share options to capital surplus – others. As of December 31, 2023 and 2022, the balance of the Company's first unsecured oversea convertible bounds amounted to US$248,200 thousand and US$899,200 thousand, respectively.

(12) Lease liabilities

The carrying amounts of lease liabilities of the Company were as follows:

	December 31, 2023	December 31, 2022
Current	$ 39,429	39,070
Non-current	$ 386,138	420,158

For the maturity analysis, please refer to note 6(21) "Financial instruments".

The amounts recognized in profit or loss were as follows:

	For the years ended December 31, 2023	2022
Interest on lease liabilities	$ 5,189	5,566
Expenses relating to short-term leases	$ 12,539	7,423
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 2,830	-

The amounts recognized in the statement of cash flows were as follows:

	For the years ended December 31, 2023	2022
Total cash outflow for leases	$ 64,975	57,025

Land leases' additional rent payments that are based on changes in local price indices and the public facilities construction costs re-invested annually in each park will be adjusted after being assessed.

(13) Employee benefits

A. Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value was as follows:

	December 31, 2023	December 31, 2022
Total present value of obligations	$ (791,314)	(884,785)
Fair value of plan assets	419,911	392,333
Recognized liabilities for defined benefit obligations	$ (371,403)	(492,452)

The plans entitle a retired employee to receive a pension benefit based on years of service prior to retirement.

(a) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company' s Bank of Taiwan labor pension reserve account balance amounted to $419,911 thousand, as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(b) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations of the Company were as follows:

		2023	2022
Defined benefit obligation at January 1	$	884,785	914,940
Past Service Cost		5,406	-
Current service costs and interest cost		15,637	9,778
Re-measurements for defined benefit obligations			
—Actuarial loss arising from experience adjustments		(90,543)	27,785
—Actuarial loss (gain) resulting from changes in financial assumptions		9,232	(42,287)
Benefits paid		(33,203)	(25,431)
Defined benefit obligation at December 31	$	**791,314**	**884,785**

(c) Movements in fair value of defined benefit plan assets

The movements in fair value of the defined benefit plan assets of the Company were as follows:

		2023	2022
Fair value of plan assets at January 1	$	392,333	360,575
Interest revenue		5,510	2,302
Re-measurements for defined benefit obligations			
—Return on plan asset (excluding interest revenue)		3,022	28,155
Contributions made		52,095	26,681
Benefits paid		(33,049)	(25,380)
Fair value of plan assets at December 31	$	**419,911**	**392,333**

(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

		2023	2022
Current service costs	$	3,471	4,060
Net interest of net liabilities for defined benefit obligations		6,656	3,416
Past Service Cost		5,406	-
	$	**15,533**	**7,476**

		2023	2022
Operating cost	$	14,463	5,947
Selling expenses		111	184
Administration expenses		160	257
Research and development expenses		799	1,088
	$	15,533	7,476

(e) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.25%	1.375%
Future salary increase rate	2.500%~3.250%	2.500%~3.250%

The estimated amount of contribution to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $10,995 thousand.

The weighted-average durations of the defined benefit obligation are 8.9 years to 9.6 years.

(f) Sensitivity analysis

When the actuarial assumptions had changed 0.25% as of the December 31, 2023 and 2022, the impact on the present value of the defined benefit obligation would be as follows:

		Impact on defined benefit obligations	
Actuarial assumptions		**Increased by 0.25%**	**Decreased by 0.25%**
December 31, 2023			
Discount rate	$	(18,311)	18,936
Future salary increase rate	$	18,272	(17,764)
December 31, 2022			
Discount rate	$	(21,167)	21,915
Future salary increase rate	$	21,148	(20,537)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in previous periods. There was no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

B. Defined contribution plans

The Company contributes at the rate of 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company's contribution to the Bureau of Labor Insurance requires no additional legal or constructive obligations thereafter.

The Company's pension costs incurred from contributions to the defined contribution plan were $71,760 thousand and $70,896 thousand for the years of 2023 and 2022, respectively. Such contributions were made to the Bureau of the Labor Insurance.

(14) Income tax

A. Income tax expense

The components of income tax expenses in 2023 and 2022 were as follows:

	2023	2022
Current tax expense	$ 2,742,636	3,085,816
Deferred tax expense (income)	1,732,086	(990,923)
	$ 4,474,722	**2,094,893**

The amounts of income tax (benefit) recognized in other comprehensive income in 2023 and 2022 were as follows:

	2023	2022
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit obligations	**$ 101,461**	**11,797**
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	**$ (322,394)**	**39,084**

Reconciliations of income tax and income before income tax for 2023 and 2022 were as follows:

	2023	2022
Income before income tax	$ 24,246,770	17,462,279
Income tax using the Company's domestic tax rate	4,849,354	3,492,456
Tax effect of permanent differences	(20,103)	(329,274)
Investment tax credits	(132,771)	(145,255)
Changes in unrecognized temporary differences	(487,595)	(959,917)
Overestimate and underestimate in prior periods and others	(10,924)	36,883
Additional tax on undistributed earnings	276,761	-
	$ 4,474,722	**2,094,893**

B. Deferred tax assets and liabilities

(a) The deferred tax liabilities have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	$ (4,081,810)	(3,963,207)

The Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as at December 31, 2023 and 2022. Also, the management considers it is probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences were not recognized as deferred tax liabilities.

(b) The deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Tax effect of deductible temporary differences	$ 483,186	852,178

Deferred tax assets that have not been recognized were derived from investment loss of an overseas. It is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

(c) Recognized deferred tax assets and liabilities

	January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2022	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2023
Deferred tax assets:							
Allowance for inventory valuation	$ 9,902	(876)	-	9,026	569	-	9,595
Equity-method investments	10,009	-	-	10,009	-	-	10,009
Unrealized gains from associates	170,012	64,961	-	234,973	62,065	-	297,038
Others	123,919	281,846	28,289	434,054	(16,508)	29,365	446,911
	$ 313,842	345,931	28,289	688,062	46,126	29,365	763,553
Deferred tax liabilities:							
Equity-method investments	$ (2,816,538)	646,117	(79,170)	(2,249,591)	(1,774,333)	276,162	(3,747,762)
Others	2,908	(1,125)	-	1,783	(3,879)	(84,594)	(86,690)
	$ (2,813,630)	644,992	(79,170)	(2,247,808)	(1,778,212)	191,568	(3,834,452)

C. Assessment of tax filings

As of December 31, 2023, income tax returns of the Company for the years through 2021 were assessed by the tax authority.

(15) Capital and other equity

A. Ordinary shares

As of December 31, 2023 and 2022, the authorized ordinary shares of the Company amounted to $6,000,000 thousand, which was divided into 600,000 thousand shares, with a par value of $10 per share, of which $200,000 thousand was reserved for employee stock options, convertible preferred stock, and convertible bonds. Based on the resolution approved during the board meeting of the Company held on November 1, 2022, the treasury stocks amounting to 20,130 thousand had been cancelled on November 2, 2022. Based on the resolution approved during the board meeting of the Company held on May 2, 2023, the Company resolved that the Company and CWT would engage in mutually beneficial cooperation and synergy, aiming to expand the product line and enhance operational advantages. Hence, the Company issued 876,725 new shares (par value of $10 per share) to the shareholders of CWT as a consideration and carried out share conversion with CWT allowing the Company to acquire 100% ownership of CWT. The effective date of the share conversion is on November 1, 2023 with the total amount of NT$8,767 thousand issued. The Company's issued and outstanding ordinary shares amounted to $4,361,137 thousand and $4,352,370 thousand as of December 31, 2023 and 2022, respectively.

The Company increased capital in GDRs of $680,000 thousand, and issued 68,000 thousand shares of ordinary shares on the Luxembourg on April 26, 2017. The price issued per share was US$6.9. The total issuance amount is US$469,200 thousand. The cash increase was approved by the Financial Supervisory Commission and the record date of capital increase was on April 26, 2017. All shares issued were paid and registered. The total amount issued was equivalent to $14,141,688 thousand on the day’ s closing exchange rates. The total premium amounting to $13,355,424 thousand was recognized on capital surplus after deducting the related issuance cost of $106,264 thousand.

B. Capital surplus

The balances of capital surplus were as follows:

		December 31, 2023	December 31, 2022
Additional paid-in capital	$	22,206,259	22,206,259
Capital surplus resulting from share swap		429,157	-
Employee stock options		60,727	60,727
Due to recognition of equity component of convertible bonds issued		422,801	1,531,760
Difference between the consideration and the carrying amount of subsidiaries’ share acquired or disposed		3,940	3,940
Additional paid-in capital resulting from assets donated		8	6
Other (note 6(11))		1,125,655	16,696
	$	**24,248,547**	**23,819,388**

According to the R.O.C. Company Act, capital surplus can firstly be used to offset a deficit, and only the realized capital surplus can be used to increase the ordinary shares or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus arising from premium on issuance of capital stock and the fair value of donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, to increase ordinary shares by transferring paid-in capital in excess of par value should not exceed 10% of the total ordinary shares outstanding.

According to the R.O.C. Company Act Section 241, the capital surplus may be distributed as cash dividends or stock dividends to the shareholders in proportion to the number of shares held. Distribution of capital surplus, by way of cash dividends, should be approved by the Board of Directors in a meeting attended by two thirds of the total number of directors, with half of the directors' agreement, and reported during the shareholders’ meeting. The distribution of earnings through issuance of new shares shall be resolved during the stockholders’ meeting.

Based on the resolutions approved during the board meetings held on December 6 and May 3, 2022, the cash dividends of $537,518 thousand and $557,277 thousand, at $1.235 per share and $1.2804 per share, respectively, had been distributed out of capital surplus. Related information is available at the Market Observation Post System.

C. Retained earnings

According to the Company's Articles of Incorporation. The proposal of earning distribution or loss off setting for the first half fiscal year, together with the business report and financial statements, shall be forwarded to the audit committee for auditing before the end of the second half of the fiscal year; thereafter, be submitted to the Board of Directors for approval.

Distribution of earnings, by way of cash, shall be approved in the Board of Directors meeting. The distribution of earnings through issuance of new shares shall be resolved in the stockholders’ meeting.

According to the Company’s Articles of Incorporation, earnings distribution on a semiannual basis shall be distributed in the following order:

(a) Offset the cumulative deficits;

(b) 10% of the current-period earning should be set aside for legal reserve, until the accumulated legal reserve equals the Company’s issued capital;

(c) Set aside special reserve in accordance with relevant laws or regulations or as requested by the authorities;

(d) After deducting items (a), (b), and (c) above from the earnings, the remaining undistributed earnings of current and previous years, if any, will be proposed for distribution by the Board of Directors. According to the R.O.C. Company Act Section 240(5), it was authorized that the distribution of earnings, in whole or in part by way of cash dividends, shall be made after a resolution has been approved by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors and the resolution is reported to shareholders in their meeting. If the distribution of earnings is made by issuance of new shares, wherein the resolution will be approved during the shareholders meeting.

After considering both the long-term development of the business and the goal of stable growth of earnings per share, the distribution of dividends to shareholders should not be less than 50% of the distributable earnings, which is calculated using the net income of the current year, minus, legal reserve and special reserve. Distribution of cash dividends should not be less than 50% of the total dividends.

(a) Legal reserve

According to the R.O.C. Company Act. Section 241, the legal reserve may be distributed as cash dividends or stock dividends to the shareholders in proportion to the number of shares held. Distribution of legal reserve, by way of cash dividends, should be approved by the Board of Directors in a meeting attended by two-thirds of the total number of directors, with half of the directors' agreement; thereafter, be reported in the shareholders' meeting. The distribution of legal reserve through issuance of new shares shall be resolved during the stockholders’ meeting.

(b) Special reserve

In accordance with Regulatory Rule No. 1010012865 issued by the FSC on April 6, 2012, a special reserve is appropriated from retained earnings based on the ruling. Under such regulation, the Company is required to set aside an additional special reserve, as part of the distribution of its annual earnings, equal to the current-period net debit balance of other equity interests. A portion of undistributed prior-period earnings shall be set aside as a special reserve, which does not qualify for earnings distribution, to account for cumulative net debit balance of other equity interests pertaining to prior periods. The only distributable special reserve is the portion that exceeds the total net debit balance of the other equity interests. The carrying amounts of special reserve were $6,546,698 thousand and $6,135,557 thousand as of December 31, 2023 and 2022, respectively.

(c) Earnings distribution

The distribution of cash dividends for the first half of 2023, were approved by the Board of Directors on December 12, 2023 is as follows:

	2023	
	Cash dividends per share (NT$)	**Amount**
Dividends distributed to ordinary shareholders:		
Interim earnings distribution	**$ 8**	**3,488,910**

The distribution of cash dividends for the year of 2022 and the first half of 2022, were approved by the Board of Directors on May 2, 2023, and December 6, 2022, as follows:

	2022	
	Cash dividends per share (NT$)	Amount
Dividends distributed to ordinary shareholders:		
Interim earnings distribution	$ 5.265	2,291,523
Annual earnings distribution	9.5	4,134,751
Total	**$ 14.765**	**6,426,274**

The distributions of cash dividends for the year of 2021 and the first half of 2021, were approved by the Board of Directors on May 3, 2022, and December 7, 2021, as follows:

	2021	
	Cash dividends per share (NT$)	Amount
Dividends distributed to ordinary shareholders:		
Interim earnings distribution	$ 8	3,481,896
Annual earnings distribution	6.7196	2,924,619
Total	**$ 14.7196**	**6,406,515**

The above-mentioned relevant information can be obtained through channel such as Market Observation Post System.

D. Treasury shares

In 2018, in accordance with the requirements under section 28-2 of the Securities and Exchange Act, the Company repurchased 2,013 thousand shares at an amount of $576,779 thousand as treasury shares. Based on the resolution approved during the board meeting of the Company held on November 1, 2022, the treasury stocks were cancelled on November 2, 2022. As of December 31, 2023 and 2022, no shares have yet been transferred.

In accordance with the Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the amount of the repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized capital surplus. In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

D. Other equity

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from equity instruments measured at fair value through other comprehensive income	Unearned share-based employee compensation	Total
January 1, 2023	$ (7,163,106)	616,408	-	(6,546,698)
Exchange differences in the translation of financial statements of foreign operating institutions	(1,438,219)	-	-	(1,438,219)
Unrealized gains on financial assets measured at fair value through other comprehensive profit or loss	-	571,194	-	571,194
Unearned share-based employee compensation	-	-	428	428
Disposal of equity instruments measured at fair value through other comprehensive income	-	(47,054)	-	(47,054)
December 31, 2023	**$ (8,601,325)**	**1,140,548**	**428**	**(7,460,349)**
January 1, 2022	(7,530,148)	1,394,591	-	(6,135,557)
Exchange differences in the translation of financial statements of foreign operating institutions	367,042	-	-	367,042
Unrealized gains on financial assets measured at fair value through other comprehensive profit or loss	-	(778,183)	-	(778,183)
December 31, 2022	**$ (7,163,106)**	**616,408**	**-**	**(6,546,698)**

(16) Share-based payment

The Company signed a cash-settled share-based payment contract with certain employees in 2022, with the vesting period of 4 years, wherein the employees must fulfill their required service condition, in which each vesting date (from March 31, 2023 to 2026) the employees shall be still employed by the Company. At each vesting date, the employee is entitled to 25% of the awards. Furthermore, the value of cash award is determined by the stock price of the Company at each vesting date and the performance of each employee.

The Company signed a cash-settled share-based payment contract with certain employees in 2018, with the vesting period of 4 years, wherein the employees must fulfill their required service condition, in which each vesting date (February 28, 2019 to 2022) the employees shall be still employed by the Company. At each vesting date, the employee is entitled to 25% of the awards. Furthermore, the value of cash award is determined by the stock price of the Company at each vesting date and the performance of each employee.

As of December 31, 2023 and 2022, the stock prices of the Company were \$587.0 and \$427.5, respectively. For the years 2023 and 2022, the amount of \$53,403 thousand and \$53,574 thousand, respectively, were recognized by the Company as compensation costs.

(17) Earnings per share ("EPS")

A. Basic earnings per share

	2023	2022
Net income attributable to the shareholders of the Company	$ **19,772,048**	**15,367,386**
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)	**435,384**	**435,237**
Basic earnings per share (dollars)	$ **45.41**	**35.31**

B. Diluted earnings per share

	2023	2022
Net income attributable to the shareholders of the Company	19,772,048	15,367,386
Interest expense and gain or loss on embedded derivative of convertible bonds, net of tax	79,335	549,171
Net income attributable to the shareholders of the Company (diluted)	$ **19,851,383**	**15,916,557**
Weighted-average number of ordinary shares outstanding during the period (in thousands of shares)	435,384	435,237
Effect of conversion of convertible bonds (in thousands of shares)	15,215	26,594
Effect of the employee remuneration issued by stock (in thousands of shares)	1,501	1,410
	452,100	**463,241**
Diluted earnings per share (dollars)	$ **43.91**	**34.36**

(18) Revenue from contracts with customers

A. Disaggregation of revenues

		2023	2022
Primary geographical markets:			
Taiwan	$	12,190,398	11,882,327
Asia－others		14,017,760	13,672,730
America		2,449,950	2,038,959
Northeast Asia (Japan & Korea)		1,504,835	1,844,476
Europe		681,939	747,830
Other areas		86,487	106,090
	$	**30,931,369**	**30,292,412**
Major product categories:			
Semiconductor wafers	$	26,434,631	26,021,594
Semiconductor ingot		2,463,552	2,479,440
Others		2,033,186	1,791,378
	$	**30,931,369**	**30,292,412**

B. Contract balances

		December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities	$	**9,082,735**	**9,283,703**	**5,503,842**

For details on accounts receivables and allowance for impairment, please refer to note 6(4).

The major change in the balance of contract liabilities is the advance consideration received from customers for the contracts, in which revenue is recognized when products are delivered to customers. The amount of revenue recognized for the years ended December 31, 2023 and 2022, which was included in the contract liability balance at the beginning of the period, was $222,316 thousand and $635,877 thousand, respectively.

The contract liabilities primarily relate to the advance consideration received from customers for the wafer sales contracts, in which revenue is recognized when products are delivered to customers.

(19) Remuneration to employees and directors

In accordance with the Articles of Incorporation the Company should contribute between 3% and 15% of the profit as employee compensation and no higher than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and compensation for employees is approved by the Board of Directors. Remuneration to directors is paid in cash. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions. A resolution for employee remuneration in the form of shares has to be approved first in the Board of Directors meeting, wherein at least half of the votes are needed and two thirds of the members are present during the meeting; thereafter, to be reported during the shareholders' meeting.

For the years ended December 31, 2023 and 2022, the Company accrued and recognized its employee remuneration amounting to $752,539 thousand and $543,508 thousand and directors' remuneration amounting to $75,250 thousand and $54,360 thousand. These amounts were calculated by using the Company’ s pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company’s Articles of Incorporation, and expensed under operating costs or expenses. If there would be any changes in accounting estimates the changes shall be accounted for as profit or loss in the following year. If, however, the shareholders determine that the employee remuneration is to be distributed through issuance of shares, the calculation of distributable share shall be calculated using the stock price on the day before a resolution was made by the Board of Directors.

The amounts as stated in the 2023 and 2022 parent-company-only financial statements were not significantly different from those approved in the Board of Directors meetings.

(20) Non-Operating income and expenses

A. Interest income

	2023	2022
Interest income		
Interest from bank deposits	$ 452,875	575,515
Other interest income	2,982	322
	$ 455,857	**575,837**

B. Other gains and losses

	2023	2022
Foreign exchange gains, net	$ 303,085	3,800,494
Gains (loss) on disposal of property, plant and equipment	(11,644)	3,640
Valuation gains (losses) on financial assets (liabilities) measured at fair value through profit or loss	587,354	(1,863,808)
Dividend income	92,997	79,325
Reversal of termination fees	-	1,566,000
Others	(3,239)	370,105
	$ 968,553	**3,955,756**

C. Finance costs

	2023	2022
Interest expense－borrowings	$ (35,496)	(6,141)
Interest expense－financing from related parties	(210,701)	(89,065)
Interest expense－bonds	(276,203)	(418,205)
Interest expense－lease liabilities	(5,189)	(5,566)
	$ (527,589)	**(518,977)**

(21) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The main customers of the Company are from the silicon wafer and related industries. The Company generally sets credit limits to its customers according to their credit evaluations. Therefore, the credit risk of the Company is mainly influenced by the silicon wafer industry. As of December 31, 2023 and 2022, 77% and 73%, respectively, of the Company's accounts receivable (including related parties) were from the top 10 customers. Although there is a potential for concentration of credit risk, the Company routinely assesses the collectability of the accounts receivable and makes a corresponding allowance for doubtful accounts.

(c) Credit of receivables

For credit risk exposure on notes and accounts receivables, please refer to note 6(4).

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
December 31, 2023							
Short-term borrowings	$ 2,930,000	(2,933,992)	(2,933,992)	-	-	-	-
Notes and accounts payable (including related parties)	4,081,057	(4,081,057)	(4,081,057)	-	-	-	-
Accrued payroll and bonus	1,934,758	(1,934,758)	(395,943)	(1,538,815)	-	-	-
Accrued remuneration of directors (other current liabilities)	87,340	(87,340)	(12,090)	(75,250)	-	-	-
Lease liabilities	425,567	(455,337)	(24,803)	(19,346)	(38,573)	(114,575)	(258,040)
Ordinary bonds (including current portion)	18,991,451	(19,253,600)	(40,300)	(7,167,900)	(72,700)	(11,972,700)	-
Convertible bonds	6,647,050	(6,841,854)	(6,841,854)	-	-	-	-
Dividend payable	3,488,910	(3,488,910)	(3,488,910)	-	-	-	-
long-term accounts payable to related parties	7,676,250	(8,797,424)	-	(459,319)	(456,667)	(7,881,438)	-
	$ 46,262,383	**(47,874,272)**	**(17,818,949)**	**(9,260,630)**	**(567,940)**	**(19,968,713)**	**(258,040)**
December 31, 2022							
Notes and accounts payable (including related parties)	$ 42,413,452	(42,413,452)	(42,413,452)	-	-	-	-
Accrued payroll and bonus	1,523,994	(1,523,994)	(351,555)	(1,172,439)	-	-	-
Accrued remuneration of directors (other current liabilities)	64,710	(64,710)	(10,350)	(54,360)	-	-	-
Lease liabilities	459,228	(494,053)	(24,803)	(19,358)	(38,704)	(115,103)	(296,085)
Ordinary bonds	18,986,110	(19,361,800)	(40,300)	(67,900)	(7,208,200)	(12,045,400)	-
Convertible bonds	23,793,835	(24,787,249)	-	-	-	(24,787,249)	-
Dividend payable	2,829,041	(2,829,041)	(2,829,041)	-	-	-	-
	$ 90,070,370	**(91,474,299)**	**(45,669,501)**	**(1,314,057)**	**(7,246,904)**	**(36,947,752)**	**(296,085)**

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

C. Currency risk

(a) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2023		
	Foreign currency	**Exchange rate**	**NTD**
Financial assets			
Monetary Items			
USD	$ 355,713	30.705	10,922,182
JPY	9,758,277	0.2172	2,119,498
EUR	7,740	33.98	262,993
CNY	52,592	4.327	227,564
Investments accounted for using equity method			
USD	2,841,320	30.705	85,708,905
JPY	82,727,338	0.2172	17,966,896
EUR	(139,417)	33.98	(4,928,408)
Financial liabilities			
Monetary Items			
USD	273,384	30.705	8,394,245
JPY	10,261,861	0.2172	2,228,876
EUR	7,230	33.98	245,678
CNY	46,846	4.327	202,703

	December 31, 2022		
	Foreign currency	**Exchange rate**	**NTD**
Financial assets			
Monetary Items			
USD	$ 1,088,492	30.71	33,427,589
JPY	3,602,756	0.2324	837,280
EUR	5,095	32.72	166,708
CNY	28,959	4.408	127,651
Investments accounted for using equity method			
USD	3,071,404	30.71	92,846,741
JPY	75,826,144	0.2324	17,617,922
EUR	(194,128)	32.72	(6,542,874)

	December 31, 2022		
	Foreign currency	Exchange rate	NTD
Financial liabilities			
Monetary Items			
USD	1,275,834	30.71	39,180,862
JPY	9,079,580	0.2324	2,110,094
EUR	5,523	32.72	180,713
CNY	44,809	4.408	197,518

Note: The fair value of forward exchange contracts was measured at the reporting date. For related information, please refer to note 6(2).

(b) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, borrowings, and accounts payable, that are denominated in foreign currencies. A weakening (strengthening) of 1% of the NTD against the USD, JPY, EUR and CNY as of December 31, 2023 and 2022, would have increased or decreased the net income before income tax by $24,607 thousand and $(71,100) thousand, respectively. The analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis was performed on the same basis for comparative years.

(c) Foreign exchange gains and losses on monetary items

The information on foreign exchange gains (losses) on monetary items is disclosed by an aggregate amount. Foreign exchange gains (losses) (including these realized and unrealized portions) by the Company's monetary items, were as follows:

	For the years ended December 31,			
	2023		2022	
	Foreign exchange gains (losses)	Average rate	Foreign exchange gains (losses)	Average rate
USD	$ 231,151	31.1773	3,658,011	29.8489
JPY	74,143	0.2219	90,791	0.2272
EUR	1,696	33.7221	6,306	31.351
CNY	(1,017)	4.3933	45,402	4.4218
SGD	-	-	(16)	21.641
KRW	(2,887)	0.0241	-	-

D. Interest rate analysis

Please refer to the notes on liquidity risk management for interest rate exposure of the Company's financial liabilities.

The following sensitivity analysis is based on the exposure to interest rates. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased or decreased by 0.25%, the Company’ s net income before income tax would have increased or decreased by $4,928 thousand and $18,922 thousand, for the years ended December 31, 2023 and 2022, respectively, assuming all other variable factors remain constant. This is mainly due to the Company’ s bank deposits and borrowings with variable rates.

E. Other price risk

For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the years ended December 31,			
	2023		2022	
Prices of securities at the reporting date	**Other comprehensive income before tax**	**Net income before income tax**	**Other comprehensive income before tax**	**Net income before income tax**
Increasing 5%	$ 10,935	97,680	7,693	72,471
Decreasing 5%	(10,935)	(97,680)	(7,693)	(72,471)

F. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company’s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2023				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Overseas securities held	$ 1,953,595	1,953,595	-	-	1,953,595
Privately offered funds	180,368	-	-	180,368	180,368
	$ 2,133,963	**1,953,595**	**-**	**180,368**	**2,133,963**
Financial assets at fair value through other comprehensive income					
Stock listed on domestic market	**$ 218,700**	**218,700**	**-**	**-**	**218,700**
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 6,821,231	-	-	-	-
Notes and accounts receivable (including related parties)	7,309,317	-	-	-	-
Other financial assets－current and non-current	99,649	-	-	-	-
	$ 14,230,197	**-**	**-**	**-**	**-**
Financial liabilities at fair value through profit or loss					
Embedded derivatives of convertible bonds	**$ 204,033**	**-**	**204,033**	**-**	**204,033**
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 2,930,000	-	-	-	-
Notes and accounts payable (including related parties)	4,081,057	-	-	-	-
Accrued remuneration of directors (other current liabilities)	87,340	-	-	-	-
Dividend payable	3,488,910	-	-	-	-
Ordinary bonds (including current portion)	18,991,451	-	-	-	-
Convertible bonds	6,647,050	-	-	-	-
Lease liabilities－current and non-current	425,567	-	-	-	-
long-term accounts payable to related parties	7,676,250	-	-	-	-
	$ 44,327,625	**-**	**-**	**-**	**-**

	December 31, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Overseas securities held	$ 1,449,414	1,449,414	-	-	1,449,414
Privately offered fund	177,479	-	-	177,479	177,479
	$ 1,626,893	**1,449,414**	**-**	**177,479**	**1,626,893**
Financial assets at fair value through other comprehensive income					
Stock listed on domestic market	**$ 153,850**	**153,850**	**-**	**-**	**153,850**
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 35,218,977	-	-	-	-
Notes and accounts receivable (including related parties)	6,585,638	-	-	-	-
Other financial assets－current and non-current	114,021	-	-	-	-
	$ 41,918,636	**-**	**-**	**-**	**-**
Financial liabilities at fair value through profit or loss					
Embedded derivatives of convertible bonds	**$ 466,831**	**-**	**466,831**	**-**	**466,831**
Financial liabilities measured at amortized cost					
Notes and accounts payable (including related parties)	42,413,452	-	-	-	-
Accrued remuneration of directors (other current liabilities)	64,710	-	-	-	-
Dividend payable	2,829,041	-	-	-	-
Ordinary bonds	18,986,110	-	-	-	-
Convertible bonds	23,793,835	-	-	-	-
Lease liabilities－current and non-current	459,228	-	-	-	-
	$ 88,546,376	**-**	**-**	**-**	**-**

(b) Valuation techniques for financial instruments not measured at fair value

The methods and assumptions used by the Company to estimate its financial assets not measured at fair value are as follows:

i. Financial assets measured at amortized cost

If the quoted prices in active markets are available, the fair value will be based on the market price. Otherwise, the estimated valuation or prices used by competitors are adopted.

ii. Financial assets and financial liabilities measured at amortized cost

If there is a quoted price deriving from a transaction, the recent transaction price and quoted price data will be used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

(c) Valuation techniques for financial instruments measured at fair value

i. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's -length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments in an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique, including a model using observable market data at the reporting date.

ii. Derivative financial instruments

Measurements of the fair value of derivative instruments are based on the valuation techniques generally accepted by market participants, such as the discounted cash flow or option pricing models. The fair value of forward currency is usually determined based by the forward currency exchange rate.

(d) Transfer between Level 1 and Level 2: None.

(e) Reconciliation of Level 3 fair value

	Financial assets measured at fair value through profit or loss
January 1, 2023	$ 177,479
Capital reduction of investment	(16,790)
Recognized in profit or loss	19,679
December 31, 2023	**$ 180,368**
January 1, 2022	$ 195,163
Addition in investment	20,651
Capital reduction of investment	(8,572)
Recognized in profit or loss	(29,763)
December 31, 2022	**$ 177,479**

(f) The fair value of the Company's financial instruments that use Level 3 inputs to measure fair value was based on the price of the third party. The Company did not disclose quantified information and sensitivity analysis on significant unobservable inputs because the unobservable inputs used in fair value measurement were not established by the Company.

(g) The valuation technique of privately offered funds is based on net asset value method. For the year ended December 31, 2023 and 2022, there was no transfer at fair value level.

(22) Financial risk management

A. Overview

The Company has exposures to the following risks from its financial instruments:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying parent-company-only financial statements.

B. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The board is responsible for developing and monitoring company's risk management policies. Internal auditors assist the Board of Directors to monitor and review the risk management control and internal procedures regularly and report them to the board of directors.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company audit committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, and the results of which are reported to the audit committee.

C. Credit risk

The Company's potential credit risk is derived primarily from cash and accounts receivable. The Company maintains its cash in various creditworthy financial institutions. Credit risk exposure to each financial institution is controlled by the Company. As a result, the Company believes that there is no concentration of credit risk for cash.

For the year ended December 31, 2023, the Company only provided endorsements for its 100% owned subsidiaries.

D. Liquidity risk

There is no liquidity risk of being unable to raise capital to settle contract obligations since the Company has sufficient capital and working capital to fulfill contract obligations.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Company's entities, primarily the New Taiwan Dollar (NTD), but also include the Chinese Yen (CNY), US Dollar (USD), Euro (EUR) and Japanese Yen (JPY). These transactions are denominated in NTD, USD, EUR and JPY.

Interest is denominated in the currency used in borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company, primarily NTD, but also include USD.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when it is necessary to address short-term imbalances.

(b) Interest rate risk

The Company holds variable-rate assets and liabilities, which cause the exposure to interest rate risk in cash flows.

(23) Capital management

The Board of Directors policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings and non-controlling interests of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary stockholders.

The Company' s adjusted liabilities-to-capital ratios at the end of the reporting periods were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 62,089,231	106,044,339
Less: cash and cash equivalents	(6,821,231)	(35,218,977)
Adjusted liabilities	**$ 55,268,000**	**70,825,362**
Total capital	**$ 66,449,565**	**54,324,005**
Adjusted liabilities-to-capital ratio	**83.17%**	**130.38%**

The decrease in accounts payable to related parties due to restructuring resulted in the adjusted liabilities-to-capital ratio to decrease as of December 31, 2023.

(24) Cash flow information

A. For acquisition of right-of-use assets by lease, please refer to note 6(8).

B. The swap ratio is each share of CWT for 0.02 newly issued shares of the Company, which issued 876,725 shares, it was not a major cash transaction.

C. Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Foreign exchange movement and others	December 31, 2023
Short-term borrowings	$ -	2,930,000	-	2,930,000
Lease liabilities	459,228	(49,606)	15,945	425,567
Bonds payable (including current portion)	42,779,945	(17,644,805)	503,361	25,638,501
Payables to related parties	1,535,500	6,140,750	-	7,676,250
Total liabilities from financing activities	**$ 44,774,673**	**(8,623,661)**	**519,306**	**36,670,318**

	January 1, 2022	Cash flows	Foreign exchange movement and others	December 31, 2022
Lease liabilities	$ 501,383	(49,602)	7,447	459,228
Bonds payable	45,124,740	(2,748,404)	403,609	42,779,945
Payables to related parties	11,557,384	(10,021,884)	-	1,535,500
Total liabilities from financing activities	**$ 57,183,507**	**(12,819,890)**	**411,056**	**44,774,673**

7. Related-party transactions:

(1) Parent company and ultimate controlling company

Sino-American Silicon Product Inc. ("SAS") is both the parent company and the ultimate controlling party of the Company. As of December 31, 2023, it owns 51.14% of all shares outstanding of the Company and has issued the consolidated financial statements available for public use.

(2) Names and relationship with related parties

The followings are entities that have had transactions with the Company during the periods covered in the parent-company-only financial statements:

Name of related party	Relationship with the Company
Sino-American Silicon Products Inc. ("SAS")	The parent company
Sustainable Energy Solution Co., Ltd.	Subsidiary of SAS
Actron Technology Corp. ("Actron")	Subsidiary of SAS (note 1)
Crystalwise Technology Inc. ("CWT")	The Company's directly held subsidiary (note 2)
Taiwan Specialty Chemical Co., Ltd.	Subsidiary of SAS
Taiwan's Mosel Electronics Co., Ltd.	Subsidiary of Actron

Name of related party	Relationship with the Company
GlobalWafers Japan Co., Ltd. (GWJ)	The Company's directly held subsidiary
Topsil Globalwafers A/S (Topsil A/S)	The Company's indirectly held subsidiary
Sunrise PV Electric Power Five Co., Ltd. (SPVE5)	The Company's directly held subsidiary
Sunrise PV Four Co., Ltd. (SPV4)	The Company's directly held subsidiary
GWC Capital Co., Ltd. (GWH)	The Company's directly held subsidiary
Kunshan Sino Silicon Technology Co., Ltd. (SST)	The Company's indirectly held subsidiary
Kunshan SST Trading Co., Ltd. (KST)	The Company's indirectly held subsidiary
GlobiTech Incorporated (GTI)	The Company's indirectly held subsidiary
GlobalWafers Singapore Pte. Ltd. (GWS)	The Company's indirectly held subsidiary
GWBV	The Company's directly held subsidiary
MEMC Japan Ltd. (MEMC Japan)	The Company's indirectly held subsidiary
MEMC Electronic Materials, SpA (MEMC SpA)	The Company's indirectly held subsidiary
MEMC Korea Company (MEMC Korea)	The Company's indirectly held subsidiary
MEMC LLC (MEMC LLC)	The Company's indirectly held subsidiary
MEMC Electronic Materials, Sdn Bhd (MEMC Sdn Bhd)	The Company's indirectly held subsidiary

Note 1: SAS obtained control of Actron on October 2, 2023, which was previously an investment accounted for using the equity method, and Actron became a subsidiary of SAS.

Note 2: The Company issued new shares to acquire entire equity interest in CWT and completed the registration process on November 1, 2023. CWT became a subsidiary of the Company.

(3) Key management personnel compensation

Key management personnel compensation comprised of:

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	$ 276,816	211,154
Post-employment benefits	648	713
	$ 277,464	211,867

The Company provided two cars at a cost of $3,000 thousand, for key management use in 2023 and 2022, respectively.

(4) Significant transactions with related parties

A. Sales

The amounts of significant sales by the Company to related parties were as follows:

	For the years ended December 31, 2023	2022
Parent company	$ 236,199	102,317
Subsidiary－GWS	7,198,822	7,464,789
Other related parties	298,793	278,335
	$ 7,733,814	**7,845,441**

The sales price for sales to the related parties was determined by market price and adjusted according to the sales area and sales volume.

The credit terms for third parties were 0 to 120 days after month-end both in 2023 and 2022, while those for related parties were 30 to 90 days after month-end both in 2023 and 2022.

B. Purchases and process outsourcing

The amounts of purchases and process outsourcing by the Company from related parties were as follows:

	For the years ended December 31, 2023	2022
Parent company	$ 1,496,070	1,724,569
Subsidiary－GWJ	8,478,879	7,306,920
Subsidiary－SST	1,936,084	1,959,691
Subsidiary－GTI	1,652,838	2,326,510
Subsidiary－others	2,231,820	2,360,546
	$ 15,795,691	**15,678,236**

The prices of purchases and process outsourcing were determined by market rates.

The payment terms to third parties were 0 to 150 days after month-end both in 2023 and 2022, while those of related parties were 30 days after the following month-end both in 2023 and 2022.

C. Receivables from related parties

The receivables from related parties were as follows:

Items	Categories	December 31, 2023	December 31, 2022
Receivable from related parties	Parent company	$ 5,627	6,967
Receivable from related parties	Subsidiary	1,179,731	1,287,142
Receivable from related parties	Other related parties	92,025	77,915
		$ 1,277,383	1,372,024

D. Payables to related parties

The payables to related parties were as follows:

Items	Categories	December 31, 2023	December 31, 2022
Payable to related parties	Parent company	$ 64,599	20,637
Payable to related parties	Subsidiary－GWJ	2,167,954	2,179,203
Payable to related parties	Subsidiary－others	569,368	852,715
		$ 2,801,921	3,052,555

E. Prepayments

The prepayments to the parent company were for material purchases which were paid in full. As of December 31, 2023 and 2022, the balance of prepayments, which were recognized as other current assets, amounted to $59,709 thousand and $432,419 thousand, respectively.

F. Loans to other parties

For the years of 2023 and 2022, the loans to related parties during the period were as follows:

	2023		
Related parties	**Ending balance**	**Interest rate period**	**Interest Income**
Subsidiary	**$ -**	**1%~1.8%**	**2,982**

	2022		
Related parties	**Ending balance**	**Interest rate period**	**Interest Income**
Subsidiary	**$ 80,000**	**1%~1.5%**	**322**

As of December 31, 2023 and 2022, the interest receivable was $0 thousand and $253 thousand, respectively.

For the years ended December 31, 2023 and 2022, the financing loans from related parties during the period were as follows:

	2023		
Related parties	**Ending balance**	**Interest rate period**	**Interest expense**
Subsidiary	$ 7,676,250	5.81%~6.08%	210,701

	2022		
Related parties	**Ending balance**	**Interest rate period**	**Interest expense**
Subsidiary	$ 1,535,500	0.8%	89,065

As of December 31, 2023 and 2022, the interest payable both was $1,400 thousand and $0 thousand, respectively.

G. Guarantees and endorsements

For the years ended December 31, 2023 and 2022, the maximum amounts of guarantees and endorsements for related parties to apply for bank financing credit lines were as follows:

(amounts in thousands)

	For the years ended December 31,			
Related parties	**2023**		**2022**	
Subsidiary	NTD	1,479,800	NTD	1,479,800
Subsidiary	EUR	378,000	EUR	2,999,502
Subsidiary	USD	127,100	USD	280,710
Subsidiary	JPY	5,350,800	JPY	-

As of December 31, 2023 and 2022, the balance of guarantees and endorsements were summarized as follows:

(amounts in thousands)

Related parties	**December 31, 2023**		**December 31, 2022**	
Subsidiary	NTD	1,279,800	NTD	1,479,800
Subsidiary	EUR	378,000	EUR	378,000
Subsidiary	USD	127,100	USD	127,100
Subsidiary	JPY	5,350,800	JPY	-

H. Payment on behalf of others

As of December 31, 2023 and 2022, receivables from related parties and payables to related parties generated from material purchases, insurance and utilities payments and manpower support recognized as receivable from related parties were $68,954 thousand and $33 thousand, respectively and payable to related parties were $165 thousand and $985 thousand, respectively.

I. Transactions of property, plant and equipment

(a) Purchase amounts of property, plant and equipment from related parties were summarized as follows:

	For the years ended December 31,	
Related parties	**2023**	**2022**
Parent company	$ 12,198	320
Subsidiary	7,861	4,264
Other related parties	-	15,986
	$ 20,059	**20,570**

As of December 31, 2023 and 2022, the payables were $16 thousand and $0 thousand, respectively.

(b) Disposal amounts of property, plant and equipment to related parties were summarized as follows:

	For the years ended December 31,	
Related parties	**2023**	**2022**
Subsidiary	**$ -**	**7,456**

As of December 31, 2023 and 2022, the receivable from the above transactions had been fully received.

J. Lease

The Company rented a plant from its Parent company. A two-year lease contract was signed. The total value of the contract was $21,579 thousand, please refer to note 6 (12).

For the years ended December 31, 2023 and 2022, the Company recognized the amount of $112 thousand and $100 thousand as the interest expense, respectively. As of December 31, 2023 and 2022, the balance of lease liabilities amounted to $5,409 thousand and $5,431 thousand, respectively.

K. Refundable deposits

The Company signed an offshore wind power purchase contract with other related parties in response to the sustainable green energy implementation plan. As of December 31, 2023, the deposit of $23,500 thousand had been classified under the other financial assets－non-current.

L. Others

(a) The Company's direct sales transaction to the related parties was viewed as the transfer of inventories so that sales revenue and related cost would be eliminated in the financial statements and would not be regarded as the Company's sales and cost.

For the years ended December 31, 2023 and 2022, the amount of selling transactions was as follows:

Related parties	For the years ended December 31, 2023	2022
Subsidiary	$ 10,866,211	11,347,756

For the years ended December 31, 2023 and 2022, the service revenue generated from the Company's purchase of raw materials on behalf of subsidiaries was $904,542 thousand and $866,960 thousand, respectively.

In addition, the Company made an agreement with subsidiaries for charging commission income. For the years ended December 31, 2023 and 2022, the commission revenue were $28,839 thousand and $50,536 thousand, respectively, and recognized as service revenue.

The balance of accounts receivable generated from above transactions were as follows:

Items	Categories	December 31, 2023	December 31, 2022
Receivable from related parties	Subsidiary	$ 2,875,276	2,146,015

(b) The Company charged the related parties for royalty. Details of royalty income and receivable from related parties were as follows:

Categories	For the years ended December 31, 2023	2022
Subsidiary	$ 856,241	760,392

Items	Categories	December 31, 2023	December 31, 2022
Receivable from related parties	Subsidiary	$ 111,733	103,677

(c) The Company provided other services for related parties, including service support, machinery usage, human resources and plant lease, etc. Details of related other income and receivables from related parties were as follows:

Categories	For the years ended December 31, 2023	For the years ended December 31, 2022
Parent company	$ 3,324	10,978
Subsidiary	139,042	131,837
Other related parties	122	1,557
	$ 142,488	144,372

Items	Categories	December 31, 2023	December 31, 2022
Receivable from related parties	Parent company	$ 304	349
Receivable from related parties	Subsidiary	32,723	18,972
Receivable from related parties	Other related parties	25	62
		$ 33,052	19,383

(d) The related parties charged the Company for their services, including administrative assistance, technical service, legal work appointment, and plant lease, etc. Details of related other expenses and payables to related parties were as follows:

Categories	For the years ended December 31, 2023	For the years ended December 31, 2022
Parent company	$ 130,367	89,299
Subsidiary	448,090	385,193
Other related parties	-	3,653
	$ 578,457	478,145

Items	Categories	December 31, 2023	December 31, 2022
Payables to related parties	Parent company	$ 33,011	29,895
Payables to related parties	Subsidiary	92,140	82,941
Payables to related parties	Other related parties	-	1,108
		$ 125,151	113,944

(e) In order to adjust the operating structure of the Group, the Company acquired the entire equity interests of GWBV held by GWS, at the amount of US$1,321,076 thousand, based on the resolution approved during the board meeting of the Company held on September 1, 2022. The above transaction had been completed on November 7, 2022. As of December 31, 2023, the consideration balance of NT$36,513,224 thousand had been fully paid.

8. Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Purpose of pledge	December 31, 2023	December 31, 2022
Time deposits (recognized in other financial assets－non-current)	Guarantee for gas consumption from CPC Corporation	$ 2,000	2,000
Time deposits (recognized in other financial assets－non-current)	Guarantee payment for import VAT	14,000	14,000
Time deposits (recognized in other financial assets－non-current)	Guarantee for the lease contract with the Hsinchu Science Industrial Park Bureau	40,728	40,723
		$ 56,728	**56,723**

9. Commitments and contingencies:

(1) Significant unrecognized contractual commitments

A. As of December 31, 2023 and 2022, the purchase amounts for future procurement from suppliers under the existing agreements were amounted to $9,953,634 thousand and $12,166,710 thousand, respectively.

B. As of December 31, 2023 and 2022, the Company’s unused letters of credit amounted to $0 thousand and $50,229 thousand, respectively.

C. As of December 31, 2023 and 2022, the significant outstanding commitments for construction and purchase of property, plant and equipment amounted to $695,744 thousand and $1,381,702 thousand, respectively.

D. As of December 31, 2023 and 2022 a guarantee letter for the Customs Administration and research and development projects issued by the bank amounted to $44,000 thousand and $92,099 thousand respectively.

E. The Company signed a long-term sales contract with certain customers and received advance payments. The customer is required to order minimum quantity according to the contract. As of December 31, 2023 and 2022, a guarantee letter for the customer issued by the bank amounted to $2,990,240 thousand and $2,879,360 thousand, respectively.

F. GlobalWafers Co., Ltd.'s board resolved to acquire Siltronic AG outstanding shares at EUR125 per share on December 9, 2020. GlobalWafers Co., Ltd. and Siltronic AG signed a business combination agreement on December 10, 2020, wherein the Company issued a EUR50 million letter of payment guarantee through the bank.

The Company also signed an irrevocable undertaking agreement with Wacker Chemie AG (Wacker Chemie). It was approved by German Federal Financial Supervisory Authority (BaFin) on December 21, 2020, to publish the offer document outlining terms of the voluntary public takeover offer for the acquisitions of all no-par value registered shares in Siltronic AG.

On January 22, 2021, the final offer price was adjusted to EUR145 per share. According to the business combination agreement between the Company and Siltronic AG, the Company has to pay Siltronic AG a termination fee of EUR 50 million, recorded in other current liabilities on December 31, 2021, for failing to obtain the required approval from the competent authorities. The amount above had been fully paid in the first quarter of 2022.

10. Losses due to major disasters: None

11. Subsequent events:

(1) GlobalWafers GmbH, a subsidiary of the Company, priced EUR345,200 thousand (NT$ 11,729,896 thousand) Exchangeable Units exchangeable for Siltronic AG shares held by GlobalWafers GmbH on January 16, 2024. The Exchangeable Units was issued at 100% of the principal amounts of the Bonds. The Bonds was issued with a coupon rate of 1.50% per annum and will be redeemed at 100% of their principal amount on January 23, 2029, unless previously purchased and cancelled or redeemed.

(2) In order to replenish the funding required for the purchase of materials in the original currency, a resolution was approved by the Board of Directors on February 27, 2024 to issue 36,000 to 45,000 thousand ordinary shares for cash capital increase through participation in the issuance of overseas depositary receipts.

12. Other:

A summary of the employee benefits, depreciation, and amortization expenses, by function is as follows:

By function	For the years ended December 31,					
	2023			2022		
By item	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salary	1,278,628	1,228,127	2,506,755	1,388,303	874,800	2,263,103
Labor and health insurance	121,508	41,106	162,614	117,672	38,610	156,282
Pension	66,852	20,441	87,293	58,210	20,162	78,372
Others	29,978	29,589	59,567	30,664	28,845	59,509
Remuneration of directors	-	77,963	77,963	-	56,860	56,860
Depreciation	1,124,706	81,133	1,205,839	924,403	63,065	987,468
Amortization	140	2,023	2,163	180,193	2,010	182,203

Additional information on the numbers of employees and employee benefit costs was as follows:

	For the years ended December 31,	
	2023	**2022**
The numbers of employees	**1,666**	**1,681**
The numbers of non-employee directors	**6**	**6**
The average of employee benefits	**$ 1,697**	**1,527**
The average of salaries	**$ 1,510**	**1,351**
The average of salary adjustment rate	**11.77%**	
Supervisors' remuneration	**$ -**	**-**

The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

(1) Remuneration of directors

The director's remuneration is based on the Company's profitability for the year. The Company may allocate the remuneration to non-independent directors according to their degree of participation and contribution of the Company's operations.

The standard of above remuneration to directors (including independent directors) shall be proposed by the Remuneration Committee; thereafter, to be submitted to the Board of Directors for resolution.

(2) Remuneration to employees

According to the Company's salary policy and regulations, the remuneration is based on each employee's title, level, academic experience, professional ability, responsibilities, etc.

In accordance with the Company's Employee salary and remuneration allocation regulations, when the Company have annual profits, the employee remuneration rewards will be allocated based on the employee's level, title and performance.

(3) Remuneration to managers

The Company evaluates its managers' remuneration with reference to the Taiwan market, the salary level of competitors in the same industry, the Company's salary policy and manager's title, level, academic experience, professional ability and responsibilities, to grant a reasonable basic salary to each manager. After presenting the results to the salary committee for discussion, the resolution will be submitted to the Board of Directors for approval.

In accordance with the Company's Employee salary and remuneration allocation regulations, when the Company has annual profits, the remuneration rewards to managers will be allocated based on their level, title and performance.

Based on the overall performance, the chairman proposes to the Remuneration Committee the allocation of rewards based on each manager's contribution to the Company's entire operation results. The manager's remuneration will be reported to the Remuneration Committee for discussion and resolution; thereafter; to be submitted to the Board of Directors for approval.

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

A. Loans to other parties: Please refer to Table 1.

B. Guarantees and endorsements for other parties: Please refer to Table 2.

C. Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.

D. Individual securities acquired or disposed of with accumulated amounts exceeding the lower of NT$300 million or 20% of the capital stock: None.

E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 4.

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 5.

I. Trading in derivative instruments: Please refer to notes 6(2).

(2) Information on investees: Please refer to Table 6.

(3) Information on investment in mainland China:

A. The names of investees in Mainland China, the main businesses and products and other information: Please refer to Table 7(1).

B. Limitation on investment in Mainland China: Please refer to Table 7(2).

C. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in the "Information on significant transactions".

(4) Major shareholders:

Shareholder's Name	Shares	Percentage
Sino-American Silicon Products Inc.	223,007,864	51.14 %

14. Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2023.

GlobalWafers Co., Ltd.
Loans to other parties
For the year ended December 31, 2023

Table 1 (In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 3)
													Item	Value		
0	The Company	SPVE5	Receivable from related parties	Yes	100,000	100,000	-	1.50%	2	-	Operating capital	-	-	-	26,579,826	26,579,826
0	The Company	SPV4	Receivable from related parties	Yes	400,000	400,000	-	1.50%~1.60%	2	-	Operating capital	-	-	-	26,579,826	26,579,826
0	The Company	CWT	Receivable from related parties	Yes	350,000	350,000	-	1.8%	2	-	Operating capital	-	-	-	26,579,826	26,579,826
1	GWJ	MEMC Japan	Receivable from related parties	Yes	15,508,080	15,508,080	11,120,640	0.56545%	2	-	Operating capital	-	-	-	17,968,378	17,968,378
2	MEMC SpA	GWBV	Receivable from related parties	Yes	1,791,350	-	-	-	2	-	Operating capital	-	-	-	11,363,198	11,363,198
2	MEMC SpA	GWS	Receivable from related parties	Yes	2,707,380	2,650,440	1,353,177	7.475%	2	-	Operating capital	-	-	-	11,363,198	11,363,198
3	GWS	GWBV	Receivable from related parties	Yes	1,250,200	1,228,200	1,039,241	6.04%	2	-	Operating capital	-	-	-	33,068,741	33,068,741
3	GWS	GW GmbH	Receivable from related parties	Yes	4,338,750	4,247,500	4,247,500	2.70%	2	-	Operating capital	-	-	-	33,068,741	33,068,741
3	GWS	The Company	Receivable from related parties	Yes	9,727,500	9,211,500	7,676,250	5.81%~6.08%	2	-	Operating capital	-	-	-	33,068,741	33,068,741
4	GTI	MEMC LLC	Receivable from related parties	Yes	5,836,500	5,526,900	-	6.166%	2	-	Operating capital	-	-	-	13,353,433	13,353,433
4	GTI	The Company	Receivable from related parties	Yes	1,501,750	-	-	-	2	-	Operating capital	-	-	-	13,353,433	13,353,433
5	GWBV	GW GmbH	Receivable from related parties	Yes	3,745,550	2,038,800	1,699,000	2.70%	2	-	Operating capital	-	-	-	51,221,228	51,221,228

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 3)
													Item	Value		
6	SSKT	MHTM	Receivable from related parties	Yes	8,028	-	-	-	1	55,729	Business transaction	-	-	-	55,729	152,070
6	SSKT	MHTM	Receivable from related parties	Yes	61,908	60,578	60,578	4.35%	2	-	Operating capital	-	-	-	152,070	152,070
7	SST	SSKT	Receivable from related parties	Yes	103,917	101,685	69,232	4.35%	2	-	Operating capital	-	-	-	2,946,199	2,946,199

Note 1: The nature of financing purposes:
(1)Code 1 represents entities with business transaction with the Company.
(2)Code 2 represents where an inter-company or inter-firm short-term financing facility is necessary.

Note 2: For entities who have business transactions with the Company, the amount of financing shall not exceed the amount of business transaction for the current year. For the purpose of lending operating capital, the amount of financing offered to a single company and to an investee whose voting shares, directly or indirectly, owned by the Company shall not exceed 40 percent of the lender’s net worth.

Note 3: The total amount available for financing purposes shall not exceed 40 percent of the lender’s net worth. The total amount available for financing to investees whose voting shares, directly or indirectly, owned by the Company shall not exceed 40 percent of the Company’s net worth.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

GlobalWafers Co., Ltd.
Guarantees and endorsements for other parties
For the year ended December 31, 2023

Table 2 (In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3, 4)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	GW GmbH	2	199,348,695	8,677,500	8,495,000	7,853,797	-	12.78 %	199,348,695	Y	N	N
0	The Company	GWH	2	199,348,695	1,300,000	1,100,000	-	-	1.66 %	199,348,695	Y	N	N
0	The Company	SPV4	2	199,348,695	100,000	100,000	33,600	-	0.15 %	199,348,695	Y	N	N
0	The Company	SPVE5	2	199,348,695	79,800	79,800	79,800	-	0.12 %	199,348,695	Y	N	N
0	The Company	GWS	2	199,348,695	5,498,818	5,261,806	5,169,691	-	7.92 %	199,348,695	Y	N	N
0	The Company	MEMC SpA	2	199,348,695	3,054,480	2,990,240	2,990,240	-	4.50 %	199,348,695	Y	N	N
0	The Company	GWA	2	199,348,695	1,162,194	1,162,194	-	-	1.75 %	199,348,695	Y	N	N
1	GTI	MEMC LLC	2	66,767,165	3,242,500	3,070,500	560,366	-	22.99 %	66,767,165	N	N	N
2	SST	KST	2	14,730,995	1,415,380	1,377,807	1,377,807	-	46.77 %	14,730,995	N	N	Y
3	GWS	GWA	2	165,343,705	15,627,500	15,352,500	7,763,415	-	46.43 %	165,343,705	N	N	N

Note 1: The characters of guarantees and endorsements are coded as follows:
(1) The issuer is coded "0".
(2) The investee is coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relation between guarantor and guarantee and their endorsement should be disclosed as one of the following:
(1) Ordinary business relationship.
(2) Subsidiary which owned more than 50 percent by the guarantor.
(3) An investee owned more than 50 percent in total by both the guarantor and its subsidiary.
(4) An investee owned more than 90 percent by the guarantor or its subsidiary.
(5) Fulfillment of contractual obligations by providing mutual endorsements and guarantor for peer or joint builders in order to undertake a construction project.
(6) An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
(7) The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for per-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The total amount of external endorsements and/or guarantees shall worth no more than triple of the Company’s net worth.

Note 4: The total amount of external endorsements and/or guarantees for any single company shall not exceed 10 percent of the Company’s net worth. However, for subsidiaries shall not exceed 3 times of the Company’s net worth.

GlobalWafers Co., Ltd.

Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures)

December 31, 2023

Table 3 (In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	CDIB Capital Growth Partners L.P.	None	Financial assets at fair value through profit or loss－non-current	-	180,368	3.85 %	180,368	
The Company	Siltronic AG	None	Financial assets at fair value through profit or loss－non-current	650	1,953,595	2.17 %	1,953,595	
GW GmbH	Siltronic AG	None	Financial assets at fair value through profit or loss－non-current	3,101	9,319,118	10.34 %	9,319,118	
GWBV	Siltronic AG	None	Financial assets at fair value through profit or loss－non-current	350	1,051,921	1.17 %	1,051,921	
The Company	WT Microelectronics Co., Ltd.	None	Financial assets at fair value through other comprehensive income	1,944	218,700	0.19 %	218,700	
SST	Foreign Securities	None	Financial assets at fair value through other comprehensive income	16	4,571	0.04 %	4,571	
GWH	Foreign Privately Securities	None	Financial assets at fair value through profit or loss－non-current	-	62,496	1.93 %	62,496	

GlobalWafers Co., Ltd.

Related-party transactions for purchases and sales with amounts exceeding the lower than NT$300 million or 20% of the capital stock

For the year ended December 31, 2023

Table 4 (In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	SAS	Parent Company	Purchase	1,496,021	11 %	Net 30 days from the end of the next month upon issuance of invoice	-	-	(64,599)	(1)%	
The Company	GTI	Indirectly held subsidiaries	Purchase	1,607,538	2 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(196,784)	(2)%	
The Company	SST	Indirectly held subsidiaries	Purchase	1,580,186	2 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(210,360)	(2)%	
The Company	GWJ	Directly held subsidiaries	Purchase	7,917,996	11 %	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(2,114,326)	(21)%	
The Company	GWS	Indirectly held subsidiaries	Purchase	531,625	1 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(54,124)	(1)%	
The Company	Topsil A/S	Indirectly held subsidiaries	Purchase	1,662,216	2 %	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(70,914)	(1)%	
The Company	KST	Indirectly held subsidiaries	Purchase	281,853	- %	Net 45 days from the end of the month upon issuance of invoice	-	-	(33,972)	-%	
SAS	The Company	Parent Company	Purchase	236,689	- %	Net 30 days from the end of next month upon issuance of invoice	-	-	(5,627)	-%	
GWS	The Company	Indirectly held subsidiaries	Purchase	7,540,461	11 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(1,205,159)	(12)%	
MEMC Korea	The Company	Indirectly held subsidiaries	Purchase	1,957,166	3 %	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(797,032)	(8)%	
MEMC SpA	The Company	Indirectly held subsidiaries	Purchase	869,555	1 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(111,935)	(1)%	
GTI	The Company	Indirectly held subsidiaries	Purchase	3,160,454	4 %	Net 45 days from the end of the month upon issuance of invoice	-	-	(707,780)	(7)%	

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
SST	The Company	Indirectly held subsidiaries	Purchase	927,747	1 %	Net 30 days from the end of the month upon issuance of invoice	-	-	(72,499)	(1)%	
GWJ	The Company	Directly held subsidiaries	Purchase	2,752,272	4 %	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(837,048)	(8)%	
Topsil A/S	The Company	Indirectly held subsidiaries	Purchase	629,925	1 %	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(245,542)	(2)%	
Actron Technology	The Company	Subsidiary of the parent company	Purchase	276,758	- %	Net 60 days from the end of the next month upon issuance of invoice	-	-	(69,934)	(1)%	
MEMC Sdn Bhd	The Company	Indirectly held subsidiaries	Purchase	161,837	- %	Net 60 days from the end of the month upon issuance of invoice	-	-	(22,537)	-%	
GWS	MEMC LLC	Indirectly held subsidiaries	Purchase	2,530,359	4 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(460,299)	(5)%	
GWS	MEMC LLC	Indirectly held subsidiaries	Sale	(849,197)	(1) %	Net 60 days from the end of the month upon issuance of invoice	-	-	119,100	1%	
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	Purchase	1,616,779	2 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(242,787)	(2)%	
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	Sale	(542,632)	(1) %	Net 60 days from the end of the month upon issuance of invoice	-	-	94,999	1%	
GWS	MEMC SpA	Indirectly held subsidiaries	Purchase	4,111,645	6 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(579,527)	(6)%	
GWS	MEMC SpA	Indirectly held subsidiaries	Sale	(8,342,271)	(12)%	Net 60 days from the end of the month upon issuance of invoice	-	-	1,620,892	16%	
GWS	MEMC Korea	Indirectly held subsidiaries	Purchase	1,885,784	3 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(210,030)	(2)%	
GWS	MEMC Japan	Indirectly held subsidiaries	Purchase	4,097,928	6 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(779,555)	(8)%	
GWS	MEMC Japan	Indirectly held subsidiaries	Sale	(1,296,170)	(2) %	Net 60 days from the end of the month upon issuance of invoice	-	-	219,590	2%	

Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

GlobalWafers Co., Ltd.

Receivables from related parties with amounts exceeding the lower than NT$100 million or 20% of the capital stock

December 31, 2023

Table 5 (In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	GTI	Indirectly held subsidiaries	707,780	6.09	-		261,564	-
The Company	GWJ	Directly held subsidiaries	837,048	3.09	-		212,774	-
The Company	GWS	Indirectly held subsidiaries	1,205,159	5.79	-		612,149	-
The Company	MEMC Korea	Indirectly held subsidiaries	797,032	3.48	-		259,456	-
The Company	MEMC SpA	Indirectly held subsidiaries	111,935	6.06	-		56,402	-
The Company	Topsil A/S	Indirectly held subsidiaries	245,542	3.44	-		2,053	-
GTI	The Company	Indirectly held subsidiaries	196,784	7.66	-		106,888	-
SST	The Company	Indirectly held subsidiaries	210,360	8.87	-		107,089	-
GWJ	The Company	Directly held subsidiaries	2,114,326	5.07	-		663,626	-
GWS	MEMC Japan	Indirectly held subsidiaries	219,590	6.37	-		110,372	-
GWS	MEMC SpA	Indirectly held subsidiaries	1,620,892	7.84	-		645,148	-
GWS	MEMC LLC	Indirectly held subsidiaries	119,100	8.66	-		60,042	-
MEMC Sdn Bhd	GWS	Indirectly held subsidiaries	242,787	8.20	-		242,787	-
MEMC SpA	GWS	Indirectly held subsidiaries	579,527	7.97	-		326,040	-
MEMC Korea	GWS	Indirectly held subsidiaries	210,030	10.69	-		71,300	-
MEMC Japan	GWS	Indirectly held subsidiaries	779,555	7.08	-		371,856	-
MEMC LLC	GWS	Indirectly held subsidiaries	460,299	7.67	-		169,170	-
GWJ	MEMC Japan	Indirectly held subsidiaries	11,120,719	- (Note 3)	-		-	-
MEMC SpA	GWS	Indirectly held subsidiaries	1,353,177	- (Note 3)	-		110,775	-

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
GWS	GWBV	Indirectly held subsidiaries	1,048,872	- (Note 3)	-		-	-
GWS	GW GmbH	Indirectly held subsidiaries	4,351,874	- (Note 3)	-		-	-
GWBV	GW GmbH	Indirectly held subsidiaries	1,740,875	- (Note 3)	-		-	-
SST	SSKT	Indirectly held subsidiaries	70,854	- (Note 3)	-		-	-
SSKT	MHTM	Indirectly held subsidiaries	61,520	- (Note 3)	-		-	-

Note 1: The amount received in subsequent period as of January 31, 2024.
Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.
Note 3: Receivables from related-party for financing purpose.

GlobalWafers Co., Ltd.
Information on investees
For the year ended December 31, 2023

Table 6 (In Thousands of New Taiwan Dollars/other currencies)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of Ownership	Carrying value			
The Company	GSI	Cayman	Investment in various business and triangular trade centers with subsidiaries in Mainland China	698,419 (USD24,555)	698,419 (USD24,555)	23,000	100.00 %	2,972,343	241,963	248,641	Subsidiary
The Company	GWJ	Japan	Manufacturing and trading of silicon wafers	5,448,015	5,448,015	128	100.00 %	17,966,896	1,524,837	1,527,429	Subsidiary
The Company	GWafers Singapore	Singapore	Investment activities	2,207,377	17,378,877	41,674	100.00 %	31,515,334	3,523,882	3,464,546	Subsidiary Note 5
The Company	GW GmbH	Germany	Trading	1,952,235 (EUR 62,525)	1,952,235 (EUR 62,525)	48,025	100.00 %	(4,928,408)	1,844,958	1,844,958	Subsidiary
The Company	GWBV	Netherlands	Investment activities	40,367,464 (USD 1,321,076)	42,525,442 (USD 1,321,076)	0.1	100.00 %	51,221,228	4,224,105	4,244,105	Subsidiary
The Company	HONG-WANG Investment Co., Ltd.	Taiwan	Investment activities	309,760	309,760	30,976	30.98 %	1,392,852	217,542	67,386	Associate
The Company	SPV4	Taiwan	Electricity activities	1,045,000	1,045,000	104,500	100.00 %	1,057,473	10,946	10,946	Subsidiary
The Company	SPVE5	Taiwan	Electricity activities	278,000	278,000	27,800	100.00 %	274,018	(835)	(835)	Subsidiary
The Company	GWH	Taiwan	Investment activities	250,000	250,000	25,000	100.00 %	260,817	13,589	13,589	Subsidiary
The Company	CWT	Taiwan	Manufacturing and trading of optoelectronic wafers and substrate material	437,924	-	43,836	100.00 %	418,362	(18,679)	(17,824)	Subsidiary
GWJ	MEMC Japan	Japan	Manufacturing and trading of silicon wafers	373,413 (JPY100,000)	373,413 (JPY100,000)	750	100.00 %	2,478,179	133,801	-	Notes 2 and 3
Topsil A/S	Topsil PL	Poland	Manufacturing and trading of silicon wafers	-	-	-	- %	-	-	-	Notes 2, 3 and 6
GWafer Singapore	GWS	Singapore	Investment activities	-	14,671,320 (USD406,898)	-	- %	-	-	-	Notes 2, 3 and 5
GWBV	MEMC SpA	Italy	Manufacturing and trading of silicon wafers	6,732,641 (USD204,788)	6,732,641 (USD204,788)	65,000	100.00 %	11,363,198	556,150	-	Notes 2 and 3
MEMC SpA	MEMC SarL	France	Trading	1,316 (USD40)	1,316 (USD40)	0.5	100.00 %	3,532	707	-	Notes 2 and 3
GWBV	MEMC Korea	Korea	Manufacturing and trading of silicon wafers	11,851,262 (USD384,605)	11,851,262 (USD384,605)	25,200	100.00 %	23,398,484	2,363,342	-	Notes 2 and 3

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of Ownership	Carrying value			
GWBV	GTI	United States	Manufacturing and trading of epitaxial wafers	2,779,849 (USD91,262)	2,779,849 (USD91,262)	1	100.00 %	14,617,310	896,027	-	Notes 2 and 3
GWBV	MEMC Ipoh	Malaysia	Manufacturing and trading of silicon wafers	93,907 (USD1,323)	93,907 (USD1,323)	612,300	100.00 %	4,595	826	-	Notes 2 and 3
GWBV	Topsil A/S	Denmark	Manufacturing and trading of silicon wafers	1,843,604 (USD60,996)	1,843,604 (USD60,996)	1,000	100.00 %	2,555,654	165,231	-	Notes 2 and 3
CWT	Crystalwise HK	Hong Kong	Investment activities	- (USD48,100)	-	48,100	100.00 %	79,996	(112)	-	Notes 2 and 3
GTI	MEMC LLC	United States	Research and development, manufacturing and trading of silicon wafers	543,384 (USD17,839)	543,384 (USD17,839)	-	100.00 %	5,566,922	427,203	-	Notes 2 and 3
SST	MEMC Sdn Bhd	Malaysia	Research and development, manufacturing and trading of silicon wafers	898,016 (USD 27,315)	898,016 (USD 27,315)	1,036	100.00 %	1,238,546	62,322	-	Notes 2 and 3
GTI	GWA	United States	Manufacturing and trading of silicon wafers	31 (USD 1)	31 (USD 1)	1	100.00 %	3,139,238	(118,571)	-	Notes 2 and 3

Note 1: A limited company.

Note 2: The investees are indirectly held subsidiaries of the Company.

Note 3: The investor’s profits and losses included the profits and losses of the investees; therefore, the investee’s profits and losses need not be disclosed.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 5: On January 1, 2023, GWafer Singapore merged with its subsidiary GWS. GWS was dissolved while GWafer Singapore continued to exist and was renamed as Global Wafers Singapore (abbreviated as GWS).

Note 6: The liquidation of Topsil PL has been completed in June, 2023.

GlobalWafers Co., Ltd.

The names of investees in Mainland China, the main businesses and products and other information

For the year ended December 31, 2023

Table 7

(In Thousands of New Taiwan Dollars/other currencies)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
SST	Processing and trading of ingots and wafers	1,429,778 (Note 5)	Note 1	713,300 (USD21,729)	-	-	713,300 (USD21,729)	241,943	100%	241,943	2,946,199	-
KST	Trading and marketing business	26,587	Note 6	-	-	-	-	46,588	100%	46,598	82,079	-
SSKT	Manufacturing and distributing lithium tantalate and lithium niobate wafers	102,776	Note 7	-	-	-	-	(53,330)	100%	(53,330)	380,175	-
MHTM	Manufacturing and distributing lithium tantalate and lithium niobate wafers	159,588	Note 8	-	-	-	-	(24,072)	90%	(21,665)	36,536	-
YHTM	Manufacturing and sales of optoelectronic and communication materials	1,494,720	Note 9	1,494,720 (USD48,000)	-	-	1,494,720 (USD48,000)	94	80.94%	76	79,851	-
YHTM	Manufacturing and sales of optoelectronic and communication materials	351,882	Note 10	351,882 (USD11,300)	-	-	351,882 (USD11,300)	94	19.06%	18	18,804	-

(2) Limitation on investment in Mainland China

Company Name	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	2,538,961 (USD81,187) (Note 11)	3,535,884 (USD115,852) (Note 3 and 11)	39,869,739 (Note 4)

Note 1: Investments through GSI.

Note 2: The basis for investment income (loss) recognition is from the audited financial statements.

Note 3: Initial investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the Historical Foreign Exchange Rate.

Note 4: Pursuant to the 'Guidelines Governing the Review of Investment or Technical Cooperation in the Mainland Area' dated on August 29, 2008, the total amount of investment shall not exceed 60% of the Company's net worth on December 31, 2023.

Note 5: Retained earnings transferred to capital was included.

Note 6: KST was funded by using the capital of SST, which cannot be considered as investment limit because there was no remittance from Taiwan.

Note 7: SSKT was funded by using the capital of SST, which cannot be considered as investment limit because there was no remittance from Taiwan.

Note 8: MHTM is China-based company invested by SSKT.

Note 9: YHTM is China-based company invested by Crystalwise HK.

Note 10: Investment made directly by Taiwan-based investment company.

Note 11: Includes the investment amount on November 1, 2023 for the merger of YHTM, a subsidiary of CWT. The cumulative investment amount is US$59,458 thousand in the Mainland China and an amount approved by the Department of Investment Review is US$59,688 thousand.

GlobalWafers Co., Ltd.

Statement of cash and cash equivalents

December 31, 2023

(Expressed in thousands of New Taiwan Dollars;
foreign currencies expressed in dollars or yen)

Item	Descriptions	Amount
Cash	Petty cash and cash on hand	$ 50
Bank deposits	Demand deposits	514,286
	Check deposits	17
	Time deposits	1,920,186
	Foreign currency deposits (USD: 70,090,959.74；JPY: 9,154,938,341；EUR: 6,120,678.97；CNY: 8,808,948.63)	4,386,692
	Subtotal	6,821,181
	Total	**$ 6,821,231**

Note: Foreign exchange rates at the balance sheet date are as follows:

USD exchange rates: 30.705

JPY exchange rates: 0.2172

EUR exchange rates: 33.98

RMB exchange rates: 4.327

GlobalWafers Co., Ltd.

Statement of accounts receivable

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Name of customer	Amount
Client K	$ 689,867
Client J	329,357
Client L	322,652
Client N	184,831
Client F	147,333
Other (individual amount does not exceed 5% of the account balance)	1,275,647
subtotal	2,949,687
Less: loss allowance	(6,768)
	$ 2,942,919

Note : 1. All accounts receivable are generated from operating activities.

2. Accounts receivable from related parties are not included in the above, please refer to note 7 for relevant information.

GlobalWafers Co., Ltd.

Statement of inventories

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net realizable value
Merchandises	$ 270,230	270,230
Finished goods	201,383	337,116
Work in progress	623,626	779,779
Raw materials	1,251,956	1,260,828
Materials	378,662	388,650
Subtotal	2,725,857	**3,036,603**
Less: loss allowance	(47,977)	
Total	**$ 2,677,880**	

Statement of other current assets

Item	Amount
Prepayment for purchases	$ 242,837
Income tax refund receivable－VAT	87,796
Prepaid income tax	25,600
Others (individual amount does not exceed 5% of the amount balance)	30,506
	$ 386,739

GlobalWafers Co., Ltd.

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning balance		Increase (decrease)		Investment income/loss	Cumulative translation adjustment	Remeasure-ment of defined benefit plans of subsidiaries	Unrealized gains (losses) from investments in equity measured at fair value through comprehensive income of associates	Other	Ending balance			Equity, net worth	Pledged as colla-teral
	Shares	Amount	Shares	Amount						Shares	Amount	% of owner-ship		
GSI	25,000	$ 2,759,761	-	-	248,601	(35,160)	-	(859)	-	25,000	2,972,343	100.00	2,972,343	None
GWJ	128	17,617,922	-	-	1,527,429	(1,184,855)	6,400	-	-	128	17,966,896	100.00	17,966,896	None
GWafers Singapore	541,674	43,384,478	(500,000)	(15,171,500)	3,464,546	(161,521)	-	-	(669)	41,674	31,515,334	100.00	31,515,334	None
GW GmbH	48,025	(6,542,874)	-	-	1,844,957	(231,160)	-	-	669	48,025	(4,928,408)	100.00	(4,928,408)	None
GWBV	0.1	46,702,502	-	-	4,224,105	176,643	416,572	-	(298,594)	0.1	51,221,228	100.00	51,221,228	None
HONG-WANG	30,976	941,383	-	(54,328)	67,386	-	-	438,411	-	30,976	1,392,852	30.98	1,392,852	None
SPV4	104,500	1,054,274	-	(7,747)	10,946	-	-	-	-	104,500	1,057,473	100.00	1,057,473	None
SPVE5	27,800	274,853	-	-	(835)	-	-	-	-	27,800	274,018	100.00	274,018	None
GWH	25,000	247,229	-	-	13,589	-	-	-	-	25,000	260,818	100.00	260,818	None
CWT	-	-	877	437,924	(17,824)	(2,166)	-	-	428	877	418,362	100.00	418,362	None
		106,439,528		(14,795,651)	11,382,900	(1,438,219)	422,972	437,552	(298,166)		102,150,916		102,150,916	
Less: deferred credits－unrealized gross or loss		(1,121,712)		-	(357,636)	-	-	-	-		(1,479,348)		-	
Total		$ 105,317,816		(14,795,651)	11,025,264	(1,438,219)	422,972	437,552	(298,166)		100,671,568		102,150,916	

GlobalWafers Co., Ltd.

Statement of changes in property, plant and equipment

For the year ended December 31, 2023

Please refer to note 6(7) for further information on “property, plant and equipment”.

Statement of changes in right-of-use assets

Please refer to note 6(8) for further information on “right-of-use assets”.

Statement of other non-current assets

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Deferred tax assets	$ 763,552
Prepayment for purchases	427,572
Prepayment for equipment	188,278
	$ 1,379,402

GlobalWafers Co., Ltd.

Statement of accounts payable

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Vendor name	Amount
Vendor C	$ 227,049
Vendor J	104,452
Vendor I	64,010
Others (individual account does not exceed 5% of the amount balance)	756,893
Total	**$ 1,152,404**

Note 1: All accounts payable are generated from operating activities.

Note 2: Accounts payable from related party are not included in the above accounts, please refer to note 7 for relevant information.

Statement of other current liabilities

Item	Amount
Tax payable	$ 1,804,901
Others (individual account does not exceed 5% of the amount balance)	655,817
Total	**$ 2,460,718**

GlobalWafers Co., Ltd.

Statement of lease liabilities

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Summary	Lease period	Discount rate	Ending balance	Note
Land	Science Park Land (Hsinchu)	January 1, 2015~December 31, 2034	1.19%	$ 320,975	
Land	Science Park Land (Zhunan)	April 1, 2020~December 31, 2037	1.19%	49,790	
Land	Science Park Land (Hsinchu)	January 1, 2021~December 31, 2040	0.89%	47,576	
Land	Science Park Land (Hsinchu)	May 1, 2022~December 31, 2040	0.89%	210	
Other equipment	Warehouse	June 30, 2023~June 30, 2024	2.30%	5,409	
Other equipment	Telephone system	November 1, 2021~October 31, 2026	0.89%	1,477	
Other equipment	Company car	December 27, 2021~December 26, 2024	0.89%	130	
				425,567	
Less: lease liabilities due within one year				(39,429)	
				$ 386,138	

Statement of other non-current liabilities

Item	Amount
Deferred tax liabilities	$ 3,834,452
Lease liabilities－non-current	386,138
Net defined benefit liabilities	371,403
Other	276
	$ 4,592,269

GlobalWafers Co., Ltd.

Statement of operating revenue

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Sales volume	Amount
Operating revenue		
Semiconductor wafers	15,716 thousand pieces	$ 26,434,631
Semiconductor ingot	532,876 kilograms	2,463,552
		28,898,183
Service revenue		933,381
Royalty income		856,241
Other operating revenue		243,564
Net operating income		**$ 30,931,369**

GlobalWafers Co., Ltd.

Statement of operating cost

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Goods, beginning of year	$ 370,294
Add: Goods purchased	13,576,764
Less: Write-off of selling to associates and oversea triangular trade in the period	9,474,798
Transferred from expenses	580
Realized gain from sales of associates	2,275,447
Goods, end of year	270,230
Cost of purchase and selling	1,926,003
Raw material used	
Raw material beginning of year	1,136,036
Add: Raw material purchased	7,113,085
Less: Raw materials	1,251,956
Transferred to expense and others	255,072
Sales in the period	3,317,777
Direct raw material	3,424,316
Material, beginning of year	384,142
Add: Material purchased	2,654,954
Less: Material, end of year	378,662
Transferred to other expenses	519,508
Sales in the period	23,763
Indirect material	2,117,163
Direct labor	656,617
Manufacturing expenses	4,500,914
Manufacturing costs	10,699,010
Add: Work in process, beginning of year	570,060
Work in process purchased	147,318
Less: Work in process, end of year	623,626
Transferred to expenses－work in process	14,644
Cost of finished goods	10,778,118
Add: Finished goods, beginning of year	178,667
Finished goods purchased	588
Less: Finished goods, end of year	201,383
Transferred to other expenses	68,840
Cost of finished goods	10,687,150
Add: Sales of raw material	3,341,540
Cost of idle capacity	132,162
Inventory valuation loss	2,848
Others	44,650
Total cost of sales	**$ 16,134,353**

GlobalWafers Co., Ltd.

Statement of operating expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Selling and marketing expenses	Administrative expenses	Research and development expenses	Expected credit loss (gain)
Payroll expense	$ 131,303	566,554	530,200	-
Remuneration of director	-	78,033	-	-
Shipping expense	145,805	-	-	-
Commission expense	82,821	-	-	-
Technical service fee	-	-	280,864	-
Indirect materials	54,021	-	321,106	-
Others (individual amount does not exceed 5% of the account balance)	69,941	161,677	407,642	-
Total	**$ 483,891**	**806,264**	**1,539,812**	**-**

Attachment 3. Affiliation Report

Statement

It is hereby declared that the 2023 Affiliation (from January 1, 2023 to December 31, 2023) was prepared pursuant to the “Criteria Governing Preparation of Affiliation Reports, Affiliated Business Consolidated Business Report and Consolidated Financial Statements of Affiliated Enterprises”, and there are no significant inconsistencies between the information given above and the supplementary information disclosed in the notes to financial statements for the above period.

Hereby declared above.

GlobalWafers Co., Ltd.

Chairperson: Hsiu-Lan Hsu

February 27, 2024

Independent Auditors' Report on the Affiliation Report

To the Board of Directors of GlobalWafers Co., Ltd.:

GlobalWafers Co., Ltd. prepared the 2023 Affiliate Report pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" (hereafter "Criteria"); the financial information related to the Report has been reviewed by us against the information disclosed in the notes of the financial reports during the abovementioned period, with this review opinion issued pursuant to the Criteria.

We believe the information disclosed in the 2023 Affiliate Report of GlobalWafers Co., Ltd. has no material inconsistency to the information disclosed in the notes of the financial reports during the abovementioned period, and no violation of the Criteria is found.

To
GlobalWafers Co., Ltd.

KPMG CPA

Accountants	:	An-Chih Cheng Mei-Yu Tseng
Securities authority: approved and certified document No.		Financial supervision audit No. 1060005191 (88) Taiwan Finance Certificate (6) No. 18311

February 27, 2024

GlobalWafers Co., Ltd.

Affiliation Report

2023

I. Relationship Between the Controlling Company and Its Subordinates

Unit: Shares

Name of controlling company	Cause of control	Shareholding and pledges by the controlling company			Appointment of members of the controlling company as the directors, supervisors, or managerial officers	
		Number of shares held	Shareholding ratio	Number of shares pledged	Job title	Name
Sino-American Silicon Products Inc.	Holding a majority of the total number of shares with voting power issued by the subordinate	223,007,864	51.14%	0	Director Director	Ming-Kuang Lu Tang-Liang Yao

II. Transaction Situation

The transaction situation between the Company and the controlling company, Sino-American Silicon Products Inc., is stated as following:

(1) Purchase/Sales:

Unit: NT$ thousand

Status of transactions with the controlling company				Terms of transactions with the controlling company		General terms and conditions for transactions		Cause of variance	Accounts/notes receivable (payable)		Overdue accounts receivable			Remarks
Purchase (sales)	**Amount**	**Ratio in total purchase (sales)**	**Gross profit for sales**	**Unit price (NT$)**	**Credit term**	**Unit price (NT$)**	**Credit term**		**Balance**	**% of total accounts /notes receivable (payable)**	**Amount**	**Manner of Handling**	**Allowance for bad debt**	
Sales	(236,199)	(0.76%)	(120,579)	Note 1	O/A 60 days	Per the contract	O/A 0 day~ O/A 120 days	-	5627	0.13%	-	-	-	-
Purchase	1,496,021	11%	-	Note 2	O/A 60 days EOM	Per the contract	O/A 0 day~ O/A 150 days EOM	-	(64,599)	(1%)	-	-	-	-

Note 1: The sales primarily refer to the sales for semiconductor chips and ingots. Therefore, there was no significant difference from the general sales price and terms & conditions.

Note 2: The purchase primarily refers to the purchase of production materials. Therefore, there was no significant difference from the general purchase price and terms & conditions.

(2) Status of transaction of property:

Unit: NT$ thousand

Type of transaction (Acquisition or disposition)	Property name	Transaction date or the date when the event occurred	Trade amount	Delivery or payment terms	Status of payment collection	Gain or loss on disposition (Note 1)	The reasons why trading counterparts are controlling companies	Previous data transfer (Note 2)				The methods for determining the transactions (Note 3)	Price references	Purpose of acquisition or disposition, and status of utilization thereof	Other matters agreed
								Owner	Affiliation with the Company	Transfer date	Amount				
Acquisition	Equipment	May 17, 2023	150	O/A 30 days EOM	Already paid in full amount	-	Transfer of assets	-	-	-	-	Inter-affiliate transfer	Restricted tendering or single tendering	For business	-
Acquisition	Equipment	December 12, 2023	12,048	O/A 30 days EOM	Already paid in full amount	-	Transfer of assets	-	-	-	-	Inter-affiliate transfer	Restricted tendering or single tendering	For business	-

Note 1: Not required, in the case of acquisition of property.

Note 2: (1) The controlling company's original acquisition data should be disclosed if it is acquisition; the subsidiary's original acquisition data should be disclosed if it is disposal.

(2) The relationship between the owner and the controlling company and the subsidiary should be specified.

(3) Previous transaction information of the related party should be listed in the same column if the transaction party is also related party in the previous transaction.

Note 3: The preparer should explain the decision making level of the transaction.

(3) Capital financing: None.

(4) Assets leasing:

Unit: NT$ thousand

Type of transaction (rent or lease)	Property		Duration of lease	Nature of lease (Note 1)	Basis for determination of the rent	Method of collection (payment)	Comparison with regular rent levels	Current total rent	Status of current collection/payment	Other matters agreed (Note 2)
	Name	Location								
Rented out	Plant	2F and 4F, No. 8. Industrial East Road 2, Science Based Industrial Park, Science-Based Industrial Park B1~4F, No. 21, Kezhong Rd., Zhunan Township, Miaoli County	January 2023 to December 2023	Operating lease	Regular rent level	Collected on a monthly basis	No significant difference	816	Normal	None
Leased	Plant	7F, No. 6, Kezhong Rd., Zhunan Township, Miaoli County	November 2023 to October 2024	Operating lease	Regular rent level	Collected on a monthly basis	No significant difference	8,734	Normal	None

Note 1: The preparer should explain whether the nature of this transaction is capital lease or operating lease.

Note 2: If there are other encumbrances on the ownership, such as superficies, pledges, and easement, the preparer should disclose such conditions.

Note 3: The outstanding leasing amount was recognized as accounts receivable due from related parties, for NT$214 thousand; the interest expenses of lease liability for NT$112 thousand and recognized as lease liabilities of NT$ 5,409 thousand.

(5) Status of other important transactions:

Unit: NT$ thousand

Status of transactions with the controlling company			**Comparison between the terms and conditions for the general transactions and transactions with the controlling company**
Title	**Amount**	**Unpaid accounts stated as accounts receivable (payable)-related party**	
Payment on behalf of others	-	3	No significant difference
Receipts under custody	-	(133)	No significant difference
Other revenue	2,508	90	No significant difference
Other expenditure	130,367	(33,011)	No significant difference

III. Endorsements/guarantees: None.