

**GlobalWafers Co., Ltd.**  
**2018 Annual General Shareholders' Meeting Minutes**

Time: 9:00 a.m., Monday, June 25, 2018

Place: 2F, No. 1. Industrial East Road 2, Science-Based Industrial Park, Hsinchu  
(Science Park Life Hub/Darwin Hall)

Total common shares outstanding: 437,250,000 shares

Attending shareholders and proxy representing: 405,375,868 shares (including 397,657,352 shares of e-voting)

Ratio of Attending shareholders and proxy representing to total common shares outstanding:  
92.71%

Directors: Hsiu-Lan Hsu

Ming-Kuang Lu

Tang-Liang Yao

Kuo-Chow Chen

Chi-Hsiung Cheng (independent director/Audit committee chair)

CPA: Chen-Chien Chen, An-Chih Cheng (KPMG)

Chairperson: Hsiu-Lan Hsu

Secretary: Ming-Hui Chien

**1. Call Meeting to Order:**

The aggregate shareholding of the presenting shareholders constituted a quorum.

**2. Chairman's Address:(Omitted)**

### 3. Report Items

- Item 1**            Fiscal 2017 Business Report submitted for review  
Please refer to the Fiscal 2017 Business Report on page 10 of this handbook.
- Item 2**            Audit Committee's report on 2017 annual final accounting books and statements submitted for review  
Please refer to the Audit Committee's 2017 Review Report on page 16 of this handbook.
- Item 3**            Distribution of remuneration to directors and employees in fiscal 2017, submitted for review
- (1) The company 2017 earning (Before deducting remuneration to employees and directors from Profit before Tax) is NTD 6,333,283,305. Pursuant to Article 31-1 of Articles of Incorporation, if the Company is profitable at the end of each fiscal year, 3~15% of the profit shall be appropriated for the employees' remuneration and no more than 3% shall be appropriated for directors' remuneration.
  - (2) The Company is proposed to distribute NTD 291,640,000 to employees (distribution ratio 4.60%) and NTD 15,000,000 to directors (distribution ratio 0.24%). Distribution to both employees and directors is made in cash.
  - (3) Qualification requirements of employees entitled to receive remuneration includes employees of the company and subsidiaries of the company meeting certain specific requirements. Remuneration amount will be decided after consideration with seniority, position, performance, contribution or special dedication, and chairperson is fully authorized.

## 4. Approval Items

### Item 1

(Proposed by the Board of Directors)

Motion: To accept FY 2017 financial statements

- (1) 2017 Financial Statements were audited by KPMG CPAs, Chen, Chen-Chien, and Cheng, An-Chih. The aforementioned and FY 2017 business report have been approved by the audit committee with review report.
- (2) Please refer to the Business Report and the Financial Statements on page 10 and 17 of this handbook.
- (3) Approval requested

Shareholder's Speech: Shareholder (No. 21983) expressed his opinion regarding financial statements and dully understood with chairperson's reply.

Resolution:

Voting result as below:

Voting Result	
In favor	370,472,552 votes (as 91.38% of the total represented share present)
Against	175,035 votes
Abstained	34,728,281 votes
Invalid	0 votes

RESOLVED, that the above proposal be and hereby was approved as proposed.

### Item 2

(Proposed by the Board of Directors)

Motion: To approve the 2017 profit distribution proposal

- (1) 2017 Net income is NTD 5,274,722,638, the Company proposes to distribute cash dividend for shareholder in NTD 10 per share, totaled NTD 4,372,500,000.
- (2) Upon the approval of shareholders meeting, it is proposed to resolve 2018/7/23 as ex-dividend date, 2018/8/9 as payment date. The dividend will be distributed in cash rounding to dollar unit according to the ratio of the share registry by the record date. The total amount of the odd distribution below NT\$1 will be included in other income.
- (3) In the event that the proposed profit distribution is affected by an amendment to relevant laws or regulations, or a buyback of shares or issuance or cancellation of transferring treasury shares to employees for equity conversion in connection with domestic convertible corporate bonds or employee stock options, or other matter which results in share variation, it is proposed that the chairperson to be authorized by

shareholder meeting to adjust the cash to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.

(4) Please refer page 37 for 2017 Earning Distribution Statement

(5) Resolution requested.

Resolution:

Voting result as below:

Voting Result	
In favor	370,951,514 votes (as 91.50% of the total represented share present)
Against	11,073 votes
Abstained	34,413,281 votes
Invalid	0 votes

RESOLVED, that the above proposal be and hereby was approved as proposed.

## 5. Discussion Items

### Item 1

(Proposed by the Board of Directors)

Motion: Amendment to the “Articles of Incorporation”

(1) To Cope with operational needs, the Company proposes to amend “Articles of Incorporation” accordingly. Please refer to the comparison chart on page 38 of this handbook.

(2) Resolution requested

Resolution:

Voting result as below:

Voting Result	
In favor	361,387,514 votes (as 89.14% of the total represented share present)
Against	9,575,073 votes
Abstained	34,413,281 votes
Invalid	0 votes

RESOLVED, that the above proposal be and hereby was approved as proposed.

**Item 2**

(Proposed by the Board of Directors)

Motion: Amendment to “Acquisition or Disposal of Assets Procedure”

- (1) To improve managerial efficiency, GlobalWafers Japan Co., Ltd. and GWafers Inc., both are GWC’s subsidiaries, were officially merged in 2018/1/1. To reflect group restructure, the Company proposes to amend paragraphs regarding commitment to Taipei Exchange under Article 28 in “Acquisition or Disposal of Assets Procedure” accordingly. Please refer to the comparison chart of the Acquisition or Disposal of Assets Procedure on page 40 of this handbook.
- (2) Resolution requested

Resolution:

Voting result as below:

Voting Result	
In favor	370,787,552 votes (as 91.46% of the total represented share present)
Against	175,035 votes
Abstained	34,413,281 votes
Invalid	0 votes

RESOLVED, that the above proposal be and hereby was approved as proposed.

## 6. Election

**Item 1**

(Proposed by the Board of Directors)

Motion: Election of Directors

- (1) The service of the third-term directors were expired in 2018/1/18. Pursuant to Article 195 in Company Act, in case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office.
- (2) Article 19 of “Articles of Incorporation” specifies that, the Company shall have seven to eleven directors elected for the fourth-term, among whom include three independent directors. The appointment of independent directors adopts candidate nomination system, and the shareholder meeting shall elect the independent directors among the nominees listed in the roster of independent director candidates. Please refer to the Independent Director Candidates on Attachment 7 of this handbook.

- (3) The term of new directors is effective immediately after the election, and shall serve for a term of three years (2018/6/25~2021/6/24)
- (4) Election requested

Election result:

Votes of the newly elected directors as below :

Title	Shareholder Account No./ ID No.	Name	Votes Received
Director	9	Hsiu-Lan Hsu	270,711,040
Director	1	Sino-American Silicon Products Inc. Representative: Ming-Kuang Lu	245,517,320
Director	1	Sino-American Silicon Products Inc. Representative: Tan-Liang Yao	244,498,760
Director	39	Kuo-Chow Chen	243,786,780
Independent Director	1154	Chi-Hsiung Cheng	362,098,176
Independent Director	D100XXXXXX	Chun-Yen Chang	351,421,616
Independent Director	R122XXXXXX	Cheng-Yuan Cheng	349,165,625

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## 7. Other Proposals

### Item 1

(Proposed by the Board of Directors)

Motion: Release of the newly elected directors from the non-competition restrictions

- (1) Pursuant to Article 209 of the Company Act, a director and their legal representatives engaging, either for himself/herself or on behalf of another person, activities that are within the scope of the Company's business, shall explain at the shareholders' meeting the essential details of such activities and obtain the shareholders' approval for engaging in such activities.
- (2) To rely on expertise and relevant work experiences of directors, hereby request the shareholders' approval to release these directors and their legal representatives from the non-competition restrictions.

**Newly Elected Directors' & Legal Representatives'  
Competing Business Conducts**

Name	Concurrent Employment
Hsiu-Lan Hsu	<ol style="list-style-type: none"> <li>1. Director and the president of Sino-American Silicon Products Inc.</li> <li>2. Director of GlobalWafers Inc.</li> <li>3. Director and CEO of GlobiTech Incorporated</li> <li>4. Chairperson of GlobalWafers Japan Co., Ltd.</li> <li>5. Chairperson of MEMC Japan Limited</li> <li>6. Director of GlobalSemiconductor Inc.</li> <li>7. Vice chairperson of Kunshan Sino Silicon Technology Co., Ltd.</li> <li>8. Director of Shanghai GROWFAST Semiconductor Technology Co., Ltd.</li> <li>9. Chairperson of Topsil GlobalWafers A/S</li> <li>10. The legal chairperson of board of director representative of Taisil Electronic Materials Corp.</li> <li>11. Director of GWafers Singapore Pte. Ltd.</li> <li>12. Director of GlobalWafers Singapore Pte. Ltd.</li> <li>13. Director of GlobalWafers B.V.</li> <li>14. Director of MEMC Korea Company</li> <li>15. The legal board of director representative SAS Sunrise Inc.</li> <li>16. The legal board of director representative of SAS Sunrise Pte. Ltd.</li> <li>17. The legal board of director representative of Sunrise PV World Co.</li> <li>18. The legal board of director representative of Sunrise PV Two Co., Ltd.</li> <li>19. The legal board of director representative of Sunrise PV Three Co., Ltd.</li> <li>20. The legal board of director representative of Sunrise PV Four Co., Ltd.</li> <li>21. The legal board of director representative of Sunrise PV Five Co., Ltd.</li> <li>22. The legal board of director representative of Sunrise PV Electric Power Two</li> <li>23. Director of Crystalwise Technology Inc.</li> </ol>
Sino-American Silicon Products Inc.	<ol style="list-style-type: none"> <li>1. Juridical person of Actron Technology Corporation</li> <li>2. Juridical person of solar Energy Corp.</li> <li>3. Juridical person of Crystalwise Technology Inc.</li> <li>4. Juridical person of Sino Silicon Technology Inc.</li> <li>5. Juridical person of SAS Sunrise Inc.</li> <li>6. Juridical person of SAS Sunrise Pte. Ltd.</li> <li>7. Juridical person of Sulu Electric Power and Lights Inc.</li> <li>8. Juridical person of Accusolar Co., Ltd.</li> <li>9. Juridical person of Cathy Sunrise Corporatio (Solar power)</li> <li>10. Juridical person of Sunrise PV World Co.</li> </ol>
Sino-American Silicon Products Inc. Representative: Ming-Kuang Lu	<ol style="list-style-type: none"> <li>1. Chairperson &amp; CEO of Sino-American Silicon Products Inc.</li> <li>2. Chairperson and CEO of Actron Technology Corporation</li> <li>3. Chairperson of REC Technology Corporation</li> <li>4. The legal board of director representative of Solar Energy Corp.</li> <li>5. The legal board of director representative of Formerica Optoelectronics Inc.</li> <li>6. The legal chairperson of board of director representative of Sino Silicon Technology Inc.</li> <li>7. The legal board of director representative of SAS Sunrise Inc.</li> <li>8. The legal board of director representative of SAS Sunrise Pte. Ltd.</li> <li>9. The legal chairperson of board of director representative of Sunrise PV World Co.</li> <li>10. Director of GlobiTech Incorporated</li> <li>11. Director of GlobalWafers Japan Co., Ltd.</li> <li>12. Director of GWafers Singapore Pte. Ltd.</li> </ol>

Sino-American Silicon Products Inc. Representative: Tan-Liang Yao	1. Vice chairperson & vice CEO of Sino-American Silicon Products Inc. 2. The legal board of director representative of Actron Technology Corporation 3. The legal board of director representative of Solar Energy Corp. 4. Chairperson and CEO of Crystalwise Technology Inc. 5. Director of Song Long Electronics Co., Ltd. 6. Director of Yuan Hong (Shang Dong) Technical Materials Ltd. 7. Director of Shanghai Sawyer Shenkai Technology Material Co., Ltd. 8. Director of SY Company LLC. 9. The legal board of director representative of SAS Sunrise Pte. Ltd. 10. The legal board of director representative of Sunrise PV Two Co., Ltd. 11. The legal board of director representative of Sunrise PV Three Co., Ltd. 12. The legal board of director representative of Sunrise PV Four Co., Ltd. 13. The legal chairperson of board of director representative of Sunrise PV Five Co., Ltd. 14. The legal board of director representative of Sunrise PV Electric Power Two Co., Ltd. 15. Director of GlobiTech Incorporated 16. Director of GlobalWafers Japan Co., Ltd. 17. Chairperson of Kunshan Sino Silicon Technology Co., Ltd. 18. Director of GWafers Singapore Pte. Ltd.
Kuo-Chow Chen	Chairman of the board of director of Nan-hai Optoelectronics Co., Ltd.
Chun-Yen Chang	Independent Director of BizLink Holding Inc.(Electronic component)
Cheng-Yuan Cheng	The legal board of director representative of Taiwan 3D Tech Co., Ltd. (3D Printing) Independent Director of ANT Precision Industry Co., Ltd.

### (3) Resolution requested

Resolution:

Voting result as below:

Voting Result	
In favor	264,152,217 votes (as 65.16% of the total represented share present)
Against	84,772,999 votes
Abstained	56,450,652 votes
Invalid	0 votes

RESOLVED, that the above proposal be and hereby was approved as proposed.



## **8. Extemporaneous Motion: None**

## **9. Meeting Adjourned: 10:00 a.m., Monday, June 25, 2018**

The minutes records the meeting subject and results only; specific content, procedure as well as shareholders' speeches please refer to video record.

## **Attachment 1**

### **GlobalWafers Co., Ltd.**

#### **Fiscal 2017 Business Report**

Dear shareholders,

2017 is a big milestone for GlobalWafers, we acquired semiconductor business of Topsil Semiconductor Materials A/S (Topsil) in Denmark and SunEdison Semiconductor Ltd. (SEMI) in US in July and December respectively in 2015, after group restructure and elevating managerial efficiency, financial and operational improvement have excelled our expectation, along with robust demand of global semiconductor market and price hike, GlobalWafers profit leaps and outshines other rivals.

In 2017 GlobalWafers has priced its debut GDR in April and listed on Luxembourg Stock Exchange. The major use of proceeds is for repayment of bank loans for SEMI acquisition, not only loan interests but also debt ratio are successfully lowered, contributing to overall operation. In respect to market situation, reviving 3C end product demand is the main reason for DRAM's increasing price; the growth in automotive electronics as well as industrial semiconductors resulted in supply shortage. Also, semiconductor application has entered into next generation comprised of IoT, smart manufacturing, AI, big data, WIT 120 and smart car. Benefited from brisk demand in end customers, GlobalWafers turns SEMI around in short time, annual profit also hits record high.

Annual consolidated revenue amounts to NTD 46.213 billion, up by 151% compared to 2016; owing to strict control on cost and wafer price hike, gross margin jumps to 26%, reaching NTD 11.81 billion. Operating expenses reduces to 10% from 15% in 2016. Operating income is NTD 7.414 billion. EPS (after tax) was NTD 12.68. Please see below summary on 2017 operation performance, 2017 business plan, future strategy, influence of competition, regulations and macro economics.

## A. Operation Performance in 2017

### 1. Operation Performance

Unit: NT\$'000

Year Item	2017 (IFRSs)	2016 (IFRSs)	Change (%)
Revenue	46,212,601	18,426,950	151%
Operating Costs	34,404,835	14,296,567	141%
Gross Profit	11,807,766	4,130,383	186%
Operating Expenses	4,394,224	2,752,036	60%
Operating Income	7,413,542	1,378,347	438%
Profit Before Tax	6,874,699	1,344,439	411%
Net Income	5,278,207	939,171	462%

Along with economic recovery, semiconductor industry has grown significantly driven by all kinds of new products. Without capacity expansion, supply falls short of demand and ASP (Average Selling Price) are driven up. Operating expense is reduced by 5% to 10% owing to GlobalWafers' unparalleled cost control expertise. The newly acquired Topsil and SEMI also maximize group synergy, GlobalWafers successfully combines global footprint with sales network worldwide, seizing the industrial up-cycle and presents outstanding performance.

### 2. Budget Implementation: No financial forecast for 2017

### 3. Profitability Analysis

Item		2017	2016
Financial structure	Debt ratio (%)	51.51%	73.88%
	Long-term funds to PPE (%) (PPE-plant, property, equipment)	170.13%	114.93%
Profitability	ROA (%) (return on assets)	8.53%	2.39%
	ROE (%) (return on equity)	21.18%	5.77%
	Operating Income to Capital Stock (%)	169.54%	37.33%
	Profit Before Tax to Capital Stock (%)	157.22%	36.41%
	Net Profit Margin (%)	11.42%	5.10%
	EPS (NT\$)	12.68	2.54

#### 4. Financial Structure

2017 revenue is NT\$46,212,601,000; operating cost is NT\$34,404,835,000. Operating expense is NT\$4,394,224,000. Non-business expenditure is NT\$538,843,000. Net profit before tax is NT\$6,874,699,000. Net profit after tax is NT\$5,278,207,000. The financial structure is healthy.

#### 5. Research & Development

##### (1) 2017 Research & Development Expenditure

Unit: NT\$'000

Item / Year	2017	2016
Research and Development Expenses	1,445,060	726,206
Sales Revenue	46,212,601	18,426,950
%	3.13%	3.94%

##### (2) 2017 Achievement

###### i. Technology/Product

- (1) CZ Non-doped Ingot resistivity >6000Ω-cm crystal growth technology
- (2) Reclaim wafer manufactured technology for 4 inch SiC wafer
- (3) AT puller control system development
- (4) Digitized manufactured system for Lapping process
- (5) 8"WSAW higher throughput technology development
- (6) 8"Ultra flatness polishing technology development
- (7) 12"New cleaning technology development
- (8) Big data application of final polishing for ultra flatness development

###### ii. Future Plan

- (1) Ultra low resistivity <0.7mΩ-cm wafer of Phosphorus Doped
- (2) Ultra low resistivity <1.8mΩ-cm wafer of Arsenic Doped
- (3) SiC wafer for next generation high power automotive electronic application
- (4) Epi-substrate for GaN\_HEMT application
- (5) GaN Epi wafer for Fifth Generation Mobile Communications application
- (6) SOI substrate development of next generation RF device application
- (7) Silicon substrate for 7nm IC process
- (8) Silicon wafer development for higher resolution CMOS image sensor
- (9) Silicon wafer development for next generation 3D memory device

## B. Future Business Plan

### 1. Business Guideline

- (1) Improve operational synergy of acquired business entities through source concentration. Profit-oriented through improving R&D, purchase, capacity and marketing in 16 operating sites locating in 10 countries to minimize cost.
- (2) Use current customer networking to expand FZ/SOI sales territory, increasing utilization rate and profitability.
- (3) Upgrade production efficiency continuously in all sites so as to maximize capacity with current equipments to satisfy customer demand.
- (4) Active deployment on niche patents and process so as to facilitate new technology and product development.

### 2. Sales Forecast

World Semiconductor Trade Statistics (WSTS) statistic showed that global sales were US\$411.1 billion in 2017, up by 22.7% from the 2016 sales (US\$334.9 billion) and the industry was expected to record 4% and 0.5% growth respectively in 2018 and 2019. Average annual growth from 2015~2018 accumulatively in global semiconductor shipment will reach 6.9%.

Among major semiconductor product categories, WSTS recorded growth in 2017 for discrete (3.8%/ \$ 20.144 billion), optoelectronics (-12%/ \$28.365 billion), sensors (-1.2%/ \$10.688 billion), IC (4.4%/ \$284.892 billion). When break down to details, Memory (70%/ \$126.207 billion), Logic (11.3%/ \$100.3 billion), Micro (4.8%/ \$65.876 billion) and analog (23.2%/ \$58.376 billion).

### 3. Production & Marketing Strategy

- (1) Integrate technology and resources among group, debottleneck to maximize capacity. Speed up in R&D consolidation of newly acquired business entities and set up international platform for further technology discussion in pursuit of better quality and customer satisfaction.
- (2) Increase group total capacity, flexibly arrange production to achieve competitiveness which fits economies of scale through vertical integration of group resources and capacity flexibility. Synchronize with markets and strengthen R&D bonding with customers.
- (3) Integrate ingot and wafer supply chain to work out additional capacity.
- (4) Allocate limited capacity to maximize revenue and profit.
- (5) Focus on development of high-efficiency niche products with core technology for more value.
- (6) Sign long-term agreement with key partners to solidify cooperation.
- (7) Search for technology and sales strategic alliance to meet our needs for R&D new materials as well as fast product introduction into end market so as to enlarge market share.

#### 4. Future Strategy




- (1) Develop next-generation wafers with our advancing technology; explore large size heavy-dopant & high-power epitaxial technology to become the biggest wafer maker with most complete product portfolio in the world.
- (2) Close collaboration with industry, government and academy to develop core technology of large size ingot growth; increase innovation and accelerate RD ability to keep up with international rivals.
- (3) De-bottlenecking to enlarge capacity and efficiency to meet keen demand
- (4) Close collaboration with end customers to seize market demand and development trend
- (5) Utilize our superior performance and enlarge operation scale via strategic alliance or M&A.

#### 5. Influences from External Competition, Regulations and Economy

- (1) Semiconductor industry has brought all kinds of products into people's daily life, embodying the deep bonding between semiconductor cycle and macroeconomics. GlobalWafers has extensive customers, and end products are widely expanded into all applications and business, such as automobile, power device and memory.....etc, which effectively reduces dangerous dependence of one industry. Consequently, we could lower the impact when macroeconomic worsens.
- (2) Integration in semiconductor industry is still on-going. Besides enlarging company scale and endeavoring in strengthening our competitiveness, GlobalWafers not only focus on current product but also collaborates with customers to develop new products, establishing profound partnership to secure business opportunities. In particular, with the acquisitions of Topsil & SEMI, we have complete product portfolio to better serve customers by satisfying all kinds of requirements.
- (3) Entry into semiconductor business is not so easy for other competitors because of this industry is capital and technology intensive. GlobalWafers has achieved economics-of-scale operation via merge & acquisition as well as equipment expansion. Our manufacturing process and technology is qualified by tier-1 customers with deep trust. We will use our current foundation along with unique technologies in worldwide manufacturing sites to develop new niche products with higher value via core technology, and minimize costs for better profits in the same time.
- (4) Foreign exchange volatility and complicated economy have impacted exported-oriented semiconductor industry, yet we mitigate the exposed position by natural hedge. The finance department closely monitors international FX trend and operate financial tools such as Forward so as to minimize fluctuation impact.

Through two successful mergers and acquisitions in 2016, GlobalWafers have combined its unparalleled operation model with innovative technology and global sales network of SEMI and Topsil, forged its unique advantages such as economics-of-scale competence as well as global collaboration. Not only possesses the complete product offering, GlobalWafers also explores its sales territory into Europe and South Korea, geographical revenue has achieved balance consequently.

In 2017, GlobalWafers focuses on adjusting operational structure. Through restructure and elevating managerial efficiency, we have demonstrated great synergy. With the up-cycle of semiconductor industry and wafer price hike, GlobalWafers has scaled up, vaulting itself into the third largest wafer maker in the world. GlobalWafers will endeavor to bring up its technology and cost-control superiorities, aiming to be the long-term partners of customers by providing total solution.

Chairperson	Hsiu-Lan Hsu	
President	Mark England	
Chief Account	Hsiu-Lin Hsu	

## Attachment 2

### Audit Committee's Review Report

The Board of Directors has prepared the Company's 2017 Business Report, Consolidated and Standalone Financial Statements and Earnings Distribution Proposal. GlobalWafers Co., Ltd. Consolidated and Standalone Financial Statements have been audited and certified by Chen, Chen-Chien, CPA, and Cheng, An-Chih, CPA, of KPMG and audit review reports relating to the Financial Statements have been issued. The aforementioned reports have been reviewed and considered to be complied with relevant rules by the undersigned, the audit committee of GlobalWafers Co., Ltd. according to Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this report.

GlobalWafers Co., Ltd.

Audit Committee Convener:



Chi-Hsiung Cheng

March 20, 2018



## Attachment 3

### Independent Auditors' Report

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

#### Opinion

We have audited the consolidated financial statements of GlobalWafers Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2017 and 2016, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2017 and 2016, and notes to the consolidated financial statements, including a summary of significant 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, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2017 and 2016 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"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

#### Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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" of the consolidated financial statements.

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, 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 notes, cash receipts 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. Inventory valuation

Please refer to note 4(8) "Inventories", note 5(1) "Inventory valuation" and note 6(5) "Inventories" of the consolidated financial statements.

Description of key audit matter:

The Group is engaged mainly in the manufacturing and sales of semiconductor ingots, wafers, and related products that can be used in a wide variety of applications. However, the Group may still suffer from the risk of change in technology, as well as the risk of obsolescence and slow-moving inventories. Inventory is one of the Group's most important assets. Therefore, we have considered inventory valuation as one of the key areas of our audit emphasis.

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 inventory valuation policies and assessing whether those policies are applied consistently to inventory valuation; testing the accuracy of inventory aging report; analyzing the change of inventory items aged over two years; and selecting samples for testing and inspecting the source of inventory net realizable value information used in valuation purposely to assess for reasonableness.

## 3. Impairment of goodwill

Please refer to the note 4(12) "Intangible assets" for accounting policy, note 5(2) "Impairment of goodwill" for fair value determination of identifiable assets and liabilities, and note 6(9) for further details.

Description of key audit matter:

The Group is in a highly capitalized industry with goodwill arising from business combination. Moreover, the Group operates in an industry in which the operations are easily influenced by various external factors, such as supply and demand of the market. Therefore, the assessment of impairment of goodwill is one of the key areas in our audit. The aforementioned mentioned 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. Therefore, we have considered the evaluation of goodwill impairment as one of the key areas of our audit emphasis.

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 whether there is any indication that a cash-generating unit may be impaired ; assessing whether the assumptions used for evaluating the recoverable amount are reasonable ; verifying the accuracy of the forecast ; inspecting the balance of recoverable amount to ensure it is the same as the final computation ; assessing the assumption used for recoverable cash amount and forecast on cash flows, then performing the sensitivity analysis for the important assumption ; assessing whether the policy of impairment of goodwill and other relevant information have been appropriately disclosed.

## **Other Matter**

GlobalWafers Co., Ltd. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2017 and 2016, on which we have issued an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed 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 are responsible for overseeing the Group's financial reporting process.

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient 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 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 Cheng-Chien Chen and An-Chih Cheng.



KPMG

Taipei, Taiwan (Republic of China)  
March 20, 2018

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its 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.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**GlobalWafers Co., Ltd. and its subsidiaries**  
**Consolidated Balance Sheets**  
**December 31, 2017 and 2016**  
**(Expressed in Thousands of New Taiwan Dollars)**

		December 31, 2017		December 31, 2016				December 31, 2017		December 31, 2016	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(1))	\$ 18,794,362	27	5,627,979	9	2100	Short-term borrowings (note 6(11))	\$ 10,124,326	15	12,491,187	21
1110	Financial assets measured at fair value through profit or loss (note 6(2))	21,546	-	2,442	-	2120	Financial liabilities measured at fair value through profit or loss (note 6(2))	5,152	-	23,631	-
1170	Accounts receivable, net (notes 6(4) and 8)	7,796,017	11	7,565,402	13	2170	Notes and accounts payable	4,208,854	6	4,892,581	8
1180	Accounts receivable from related parties, net (note 7)	73,415	-	76,835	-	2180	Accounts payable to related parties (note 7)	60,638	-	233,059	-
130X	Inventories (note 6(5))	7,346,671	10	7,306,767	12	2201	Payroll and bonus payable	1,681,221	2	1,026,971	2
1470	Other current assets (note 6(10))	905,230	1	1,105,679	2	2300	Other current liabilities (notes 6(13) and (14))	3,498,117	5	5,667,243	8
1476	Other current financial assets (note 8)	173,632	-	527,177	1	2311	Sales revenue received in advanced-current	2,059,632	3	65,279	-
		35,110,873	49	22,212,281	37	2322	Current portion of long-term loans payable (note 6(12))	613,333	1	490,979	1
								22,251,273	32	24,890,930	40
<b>Non-current assets:</b>						<b>Non-Current liabilities:</b>					
1544	Non-current financial assets measured at cost (note 6(3))	49,896	-	-	-	2540	Long-term loans payable (note 6(12))	3,663,000	5	14,366,833	24
1550	Investments accounted for using equity method, net (note 6(7))	318,622	-	-	-	2570	Deferred tax liabilities (note 6(17))	2,066,271	3	1,622,629	3
1600	Property, plant and equipment (notes 6(8), 7 and 8)	28,202,304	40	31,035,540	51	2600	Other non-current liabilities (notes 6(13) and (14))	636,344	1	370,473	1
1805	Intangible assets (notes 6(6) and (9))	3,939,134	6	4,436,073	7	2670	Sales revenue received in advance	4,676,980	7	-	-
1840	Deferred tax assets (note 6(17))	1,837,127	3	1,847,184	3	2640	Net defined benefit liabilities (note 6(16))	2,884,063	4	3,490,870	6
1900	Other non-current assets (notes 6(10) and (15))	391,307	1	639,752	1			13,926,658	20	19,850,805	34
1980	Other non-current financial assets (note 8)	383,074	1	389,407	1			36,177,931	52	44,741,735	74
		35,121,464	51	38,347,956	63						
						<b>Total liabilities</b>					
						<b>Equity</b>					
						Equity attributable to GlobalWafers Co., Ltd. (notes 6(6), (18) and (19))					
					3110	Common stock		4,372,500	6	3,692,500	6
					3200	Capital surplus		24,772,805	35	11,741,399	19
						Retained earnings:					
					3310	Legal reserve		813,639	1	719,690	1
					3320	Special reserve		350,635	-	239,802	-
					3350	Unappropriated retained earnings		5,693,255	9	973,790	2
								6,857,529	10	1,933,282	3
					3400	Other equity interest		(1,956,906)	(3)	(1,592,477)	(2)
						<b>Total equity attributable to GlobalWafers Co., Ltd.</b>		34,045,928	48	15,774,704	26
					36XX	Non-controlling interests		8,478	-	43,798	-
						<b>Total equity</b>		34,054,406	48	15,818,502	26
						<b>Total liabilities and equity</b>		\$ 70,232,337	100	60,560,237	100
<b>Total assets</b>		\$ 70,232,337	100	60,560,237	100						

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**GlobalWafers Co., Ltd. and its subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2017 and 2016**  
**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		<b>2017</b>		<b>2016</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue</b> (notes 6 (21) and 7)	\$ 46,212,601	100	18,426,950	100
5000	<b>Cost of sales</b> (notes 6(5), (16) and 7)	34,404,835	74	14,296,567	78
	<b>Gross profit</b>	11,807,766	26	4,130,383	22
	<b>Operating expenses:</b> (notes 6(4), (16) and 7)				
6100	Selling and marketing	1,067,714	3	401,468	2
6200	General and administrative	1,881,450	4	1,624,362	9
6300	Research and development	1,445,060	3	726,206	4
	<b>Total operating expenses</b>	4,394,224	10	2,752,036	15
		7,413,542	16	1,378,347	7
	<b>Non-operating income and expenses:</b>				
7010	Interest revenue (note 7)	92,150	-	13,924	-
7020	Other gains and losses, net (notes 6(23) and 7)	(232,808)	(1)	53,037	-
7050	Interest expense	(398,185)	(1)	(100,869)	(1)
		(538,843)	(2)	(33,908)	(1)
	<b>Profit before income tax</b>	6,874,699	14	1,344,439	6
7950	<b>Income tax expenses</b> (note 6(17))	1,596,492	3	405,268	1
	<b>Net income</b>	5,278,207	11	939,171	5
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Gains on remeasurements of defined benefit plans (note 6(16))	506,863	1	38,819	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(17))	(88,347)	-	(6,599)	-
		418,516	1	32,220	-
8360	<b>Other components of other comprehensive income that will not be reclassified to profit or loss</b>				
8361	Exchange differences on translation	(610,623)	(1)	(231,788)	(1)
8362	Unrealised gains on valuation of available-for-sale financial assets	-	-	175,871	1
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method (note 6(7))	112,663	-	-	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(17))	97,718	-	(20,347)	-
	Components of other comprehensive income that will be reclassified to profit or loss	(400,242)	(1)	(76,264)	-
8300	<b>Other comprehensive income, net</b>	18,274	-	(44,044)	-
	<b>Total comprehensive income</b>	<b>\$ 5,296,481</b>	<b>11</b>	<b>895,127</b>	<b>5</b>
	<b>Net income, attributable to:</b>				
8610	Shareholders of GlobalWafers Co., Ltd.	\$ 5,274,723	11	939,485	5
8620	Non-controlling interests	3,484	-	(314)	-
		<b>\$ 5,278,207</b>	<b>11</b>	<b>939,171</b>	<b>5</b>
	<b>Total comprehensive income attributable to:</b>				
8710	Shareholders of GlobalWafers Co., Ltd.	\$ 5,328,810	11	895,176	5
8720	Non-controlling interests	(32,329)	-	(49)	-
		<b>\$ 5,296,481</b>	<b>11</b>	<b>895,127</b>	<b>5</b>
	<b>Basic earnings per share (note 6(20))</b>				
9710	Basic earnings per share	<b>\$ 12.68</b>		<b>2.54</b>	
9810	Diluted earnings per share	<b>\$ 12.66</b>		<b>2.54</b>	

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

GlobalWafers Co., Ltd. and its subsidiaries  
Consolidated Statements of Changes in Equity  
For the years ended December 31, 2017 and 2016  
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Total other equity interest			Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest			
<b>Balance at January 1, 2016</b>	\$ 3,692,500	11,767,321	517,331	239,802	2,023,591	2,780,724	(1,399,873)	(116,075)	(1,515,948)	16,724,597	-	16,724,597
Profit (loss)	-	-	-	-	939,485	939,485	-	-	-	939,485	(314)	939,171
Other comprehensive income	-	-	-	-	32,220	32,220	(192,604)	116,075	(76,529)	(44,309)	265	(44,044)
Total comprehensive income	-	-	-	-	971,705	971,705	(192,604)	116,075	(76,529)	895,176	(49)	895,127
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	202,359	-	(202,359)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,819,147)	(1,819,147)	-	-	-	(1,819,147)	-	(1,819,147)
Cash dividends distributed from capital surplus	-	(27,103)	-	-	-	-	-	-	-	(27,103)	-	(27,103)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	43,847	43,847
Compensation cost arising from employee stock option	-	1,181	-	-	-	-	-	-	-	1,181	-	1,181
<b>Balance at December 31, 2016</b>	3,692,500	11,741,399	719,690	239,802	973,790	1,933,282	(1,592,477)	-	(1,592,477)	15,774,704	43,798	15,818,502
Profit	-	-	-	-	5,274,723	5,274,723	-	-	-	5,274,723	3,484	5,278,207
Other comprehensive income	-	-	-	-	418,516	418,516	(477,092)	112,663	(364,429)	54,087	(35,813)	18,274
Total comprehensive income	-	-	-	-	5,693,239	5,693,239	(477,092)	112,663	(364,429)	5,328,810	(32,329)	5,296,481
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	93,949	-	(93,949)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	110,833	(110,833)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(768,992)	(768,992)	-	-	-	(768,992)	-	(768,992)
Cash dividends distributed from capital surplus	-	(324,133)	-	-	-	-	-	-	-	(324,133)	-	(324,133)
Capital increase	680,000	13,355,424	-	-	-	-	-	-	-	14,035,424	-	14,035,424
Difference between acquisition price and carrying amount arising from acquisition of subsidiaries	-	115	-	-	-	-	-	-	-	115	(2,991)	(2,876)
<b>Balance at December 31, 2017</b>	\$ 4,372,500	24,772,805	813,639	350,635	5,693,255	6,857,529	(2,069,569)	112,663	(1,956,906)	34,045,928	8,478	34,054,406

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
GlobalWafers Co., Ltd. and its subsidiaries

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2017 and 2016**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>2017</b>	<b>2016</b>
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 6,874,699	1,344,439
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expense	4,690,903	1,579,832
Amortization expense	349,133	13,951
Provision for reversal of allowance for doubtful accounts	23,645	10,318
Interest revenue	(92,150)	(13,924)
Interest expense	398,185	100,869
Net gains of financial assets(liabilities) measured at fair value through profit or loss	(37,583)	(39,237)
Compensation cost of employee stock options	-	1,181
Share of profit of associates and joint ventures accounted for using equity method	(5,959)	-
Loss (gain) on disposal of property, plant and equipment	(3,498)	13,368
Remeasurement gains on disposal of available-for-sale financial assets	-	(81,131)
Provision for (reversal of) inventory valuation	(165,861)	12,448
<b>Total adjustments to reconcile profit</b>	<b>5,156,815</b>	<b>1,597,675</b>
<b>Changes in operating assets and liabilities:</b>		
Note and accounts receivable (including related parties)	(250,840)	136,107
Inventories	125,957	55,720
Prepayments for purchase of materials	163,133	267,099
Other operating assets	543,632	138,449
Other financial assets	9,937	95,113
<b>Total changes in operating assets</b>	<b>591,819</b>	<b>692,488</b>
Notes and accounts payable (including related parties)	(856,148)	174,439
Provisions	(460,680)	(358,680)
Sales revenue received in advance	6,671,333	59,931
Net defined benefit liability	(99,944)	(4,226)
Other operating liabilities	(455,702)	232,133
<b>Total changes in operating liabilities</b>	<b>4,798,859</b>	<b>103,597</b>
<b>Total changes in operating assets and liabilities</b>	<b>5,390,678</b>	<b>796,085</b>
<b>Total adjustments</b>	<b>10,547,493</b>	<b>2,393,760</b>
Cash inflow generated from operations	17,422,192	3,738,199
Interest received	88,426	13,295
Interest paid	(400,360)	(89,318)
Income taxes paid	(833,884)	(984,413)
<b>Net cash flows from operating activities</b>	<b>16,276,374</b>	<b>2,677,763</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets measured at cost	(49,896)	-
Acquisition of investments accounted for using equity method	(200,000)	-
Acquisition of subsidiaries, net of cash acquired	-	(16,968,015)
Acquisition of property, plant and equipment	(2,948,413)	(1,476,644)
Proceeds from disposal of property, plant and equipment	196,152	21,689
Acquisition of intangible assets	(2,530)	-
Decrease (increase) in restricted deposit	353,665	(308,593)
<b>Net cash flows from (used in) investing activities</b>	<b>(2,651,022)</b>	<b>(18,731,563)</b>

(Continued)



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

**GlobalWafers Co., Ltd. and its subsidiaries**

**Consolidated Statements of Cash Flows (Continued)**

**For the years ended December 31, 2017 and 2016**

**(Expressed in Thousands of New Taiwan Dollars)**

	2017	2016
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term borrowings	(2,366,861)	11,495,397
Proceeds from long-term debt	2,273,000	14,857,812
Repayments of long-term debt	(12,854,479)	(6,326,348)
Decrease in guarantee deposits received	(745,817)	-
Cash dividends paid	(1,093,125)	(1,846,250)
Proceeds from capital increase	14,035,424	-
Increase(decrease) in non-controlling interests	(2,876)	3,876
<b>Net cash flows from (used in) financing activities</b>	<b>(754,734)</b>	<b>18,184,487</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>295,765</b>	<b>(164,636)</b>
<b>Net increase in cash and cash equivalents</b>	<b>13,166,383</b>	<b>1,966,051</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>5,627,979</b>	<b>3,661,928</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 18,794,362</b>	<b>5,627,979</b>
<b>The following table summarized the fair value of the assets acquires and liabilities assumed at acquisition date:</b>		
Cash and cash equivalents	\$ -	1,656,544
Financial asset measured at fair value through profit or loss	-	7,857
Notes and accounts receivables, net	-	3,250,963
Inventories	-	4,113,279
Other current assets	-	844,522
Property, plant and equipment	-	22,084,055
Intangible assets	-	1,851,198
Other non-current assets	-	1,884,078
Goodwill	-	1,899,032
Short-term borrowings	-	(299,900)
Financial liability measured at fair value through profit or loss	-	(68,283)
Notes and accounts payable	-	(3,567,868)
Other current liabilities	-	(4,534,826)
Current portion of long-term loans payable	-	(4,966,615)
Long-term loans payable	-	(1,359,733)
Other non-current liabilities	-	(3,339,030)
Non-controlling interests	-	(39,971)
The fair value of the subsidiary on the date of acquisition	-	19,415,302
Deduct: fair value of previously held equity shares of the acquiree	-	(790,743)
cash acquired on acquisition	-	(1,656,544)
<b>Net fair value of assets and liabilities acquired (excluding cash acquired)</b>	<b>\$ -</b>	<b>16,968,015</b>

## Attachment 3

### GlobalWafers Co., Ltd. Independent Auditors' Report

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

#### Opinion

We have audited the standalone financial statements of GlobalWafers Co., Ltd., which comprise the statements of financial position as of December 31, 2016, and 2017, the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of GlobalWafer as at December 31, 2016 and 2017, and its standalone financial performance and its standalone 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"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

#### Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those are further described in the Auditor's Responsibilities for the Audit of the Standalone standards Financial Statements section of our report. We are independent from GlobalWafers in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were significant in our audit of the standalone financial statements of the current period of 2017. These matters were addressed in the context of our audit of the standalone financial statements taken 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.

#### Revenue recognition

Please refer to note 4(14) "Revenue recognition" for accounting policy and note 6(18) "Revenue" of the standalone financial statements.

#### Description of key audit matter:

GlobalWafers' 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, 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, cash receipts 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.

**Inventory valuation:**

Please refer to note 4(7) "Inventories", note 5(1) "Inventory valuation" and note 6(5) "Inventories" of the standalone financial statements.

**Description of key audit matter:**

GlobalWafers is engaged mainly in the manufacturing and sales of semiconductor ingots, wafers, and related products that can be used in a wide variety of applications. However, GlobalWafers may still suffer from the risk of change in technology, as well as the risk of obsolescence and slow-moving inventories. Inventory is one of GlobalWafers' most important assets. Therefore, we have considered inventory valuation as one of the key areas of our audit emphasis.

**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 inventory valuation policies and assessing whether those policies are applied consistently to inventory valuation; testing the accuracy of inventory aging report; analyzing the change of inventory items aged over two years; and selecting samples for testing and inspecting the source of inventory net realizable value information used in valuation purposely to assess for reasonableness.

**Investment evaluation in equity method**

Please refer to the note 4(9) "Subsidiaries investment" for accounting policy, note 6(7) "Subsidiaries investment" of evaluation in equity method of the standalone financial statements for further details.

**Description of key audit matter:**

Subsidiaries are the main investment in equity method of GlobalWafers. In the consideration that subsidiaries come from acquisition, and semiconductor industry is volatile, its revenue recognition, inventory evaluation and good will impairment evaluations are crucial. Therefore, we have considered it as one of the key areas of our audit emphasis.

**How the matter was addressed in our audit:**

Please refer to revenue recognition and inventory evaluation for key audit procedures. In relation to the key audit procedures of good will impairment include assessment of management's identification on whether there is any indication that a cash-generating unit may be impaired ; assessing whether the assumptions used for evaluating the recoverable amount are reasonable; verifying the accuracy of the forecast ; inspecting the balance of recoverable amount to ensure it is the same as the final computation ; assessing the assumption used for recoverable cash amount and forecast on cash flows, then performing the sensitivity analysis for the important assumption ;

assessing whether the policy of impairment of goodwill and other relevant information have been appropriately disclosed.

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

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

In preparing the standalone financial statements, management is responsible for assessing GlobalWafers' 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 GlobalWafers or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (inclusive of the audit committee) are responsible for overseeing GlobalWafers' financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the standalone 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. **Note to Readers** The accompanying standalone financial statements are intended only to present the financial position, results of operations, and cash flows 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"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

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 GlobalWafers' internal control.
3. Evaluate the propriety of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the propriety 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 GlobalWafers' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone 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 auditor's report. However, future events or conditions may cause GlobalWafers to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities invested in equity method to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of these invested companies 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 to be significant in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 Cheng-Chien Chen and An-Chih Cheng.

KPMG

Taipei, Taiwan (Republic of China)

March 20, 2018

Supervising Security Authority: (6) No. 0940129108 of Financial Supervisory Commission  
Approval Document (Audit) No. 1050005191 of the Financial Supervisory Commission

**March 20, 2018**

#### **Note to Readers**

The accompanying standalone financial statements are intended only to present the financial position, results of operations, and cash flows 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”), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

## 2017 FINANCIAL STATEMENTS

### GLOBALWAFERS CO., LTD.

#### Standalone Statements of Financial Position

**December 31, 2017 and 2016**  
(expressed in thousands of New Taiwan dollars)

Assets	December 31, 2017		December 31, 2016	
	Amount	%	Amount	%
<b>Current assets:</b>				
Cash and cash equivalents	\$ 1,101,936	2	\$2,501,000	6
Financial assets measured at fair value through profit or loss	95	-	2,442	-
Accounts receivable, net	1,551,253	2	1,122,313	3
Accounts receivable from related parties, net	1,027,467	2	1,618,545	4
Other Accounts receivable	7,916,160	13		
Inventories	1,714,565	3	1,410,305	3
Other current assets	<u>149,035</u>	<u>-</u>	<u>155,901</u>	<u>-</u>
	<u>13,460,511</u>	<u>22</u>	<u>6,810,506</u>	<u>16</u>
<b>Non-current assets:</b>				
Non-current financial assets measured at cost	49,896	-		
Investments accounted for using equity method, net	46,412,175	74	32,361,431	78
Property, plant and equipment	411,784	1	334,997	1
Intangible assets	1,313,919	2	1,631,850	4
Other non-current assets	520,456	1	623,826	1
Other non-current financial assets	<u>95,603</u>	<u>-</u>	<u>85,159</u>	<u>-</u>
	<u>48,803,833</u>	<u>78</u>	<u>35,037,263</u>	<u>84</u>
<b>Total Assets</b>	<u><b>\$62,264,344</b></u>	<u><b>100</b></u>	<u><b>\$41,847,769</b></u>	<u><b>100</b></u>

**GLOBALWAFERS CO., LTD.**

**Standalone Statements of Financial Position (continued)**

**December 31, 2017 and 2016**  
**(expressed in thousands of New Taiwan dollars)**

Liabilities and Stockholders' Equity	December 31,		December 31,	
	2017		2016	
	Amount	%	Amount	%
<b>Current liabilities:</b>				
Short-term borrowing	\$ 10,121,350	16	11,745,000	28
Financial liabilities measured at fair value through profit or loss	4,917	-	-	-
Notes and accounts payable	166,721	-	192,895	1
Accounts payable to related parties	8,820,258	14	4,777,195	11
Payroll and bonus payable	467,619	1	114,917	-
Other current liabilities	276,634	-	187,582	-
Sales revenue received in advanced-current	1,200,830	2	2,240	-
Current portion of long-term loans payable	<u>613,333</u>	<u>1</u>	<u>297,479</u>	<u>1</u>
	<u>21,671,662</u>	<u>34</u>	<u>17,317,308</u>	<u>41</u>
<b>Non-current liabilities:</b>				
Long-term loans payable	3,663,000	6	8,156,327	20
Sales revenue received in advanced- non-current	1,747,464	3	-	-
Other liabilities – non-current	<u>1,136,290</u>	<u>2</u>	<u>599,430</u>	<u>1</u>
	<u>6,546,754</u>	<u>11</u>	<u>8,755,757</u>	<u>21</u>
<b>Total Liabilities</b>	<u>28,218,416</u>	<u>45</u>	<u>26,073,065</u>	<u>62</u>
<b>Equity:</b>				
Common stock	<u>4,372,500</u>	<u>7</u>	<u>3,692,500</u>	<u>9</u>
Capital surplus	<u>24,772,805</u>	<u>40</u>	<u>11,741,399</u>	<u>28</u>
Retained earnings:				
Legal reserve	813,639	1	719,690	2
Special reserve	350,635	1	239,802	1
Unappropriated earnings	<u>5,693,255</u>	<u>9</u>	<u>973,790</u>	<u>2</u>
	<u>6,857,529</u>	<u>11</u>	<u>1,933,282</u>	<u>5</u>
Other equity	<u>(1,956,906)</u>	<u>(3)</u>	<u>(1,592,477)</u>	<u>(4)</u>
<b>Total Equity</b>	<u>34,045,928</u>	<u>55</u>	<u>15,774,704</u>	<u>38</u>
<b>Total Liabilities and Equity</b>	<u><u>\$ 62,264,344</u></u>	<u><u>100</u></u>	<u><u>41,847,769</u></u>	<u><u>100</u></u>



**GLOBALWAFERS CO., LTD.**

**Standalone Statements of Profit or Loss and Other Comprehensive Income**

**Years ended December 31, 2017 and 2016**

**(expressed in thousands of New Taiwan dollars, except for earnings per share)**

	<b>2017</b>		<b>2016</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Operating revenue</b>	\$ 9,280,321	100	6,749,320	100
<b>Cost of sales</b>	7,108,269	77	5,389,211	80
<b>Gross profit</b>	2,172,052	23	1,360,109	20
<b>Operating expense</b>				
Selling and marketing	117,190	1	95,883	1
General and administrative	167,267	2	367,409	6
Research and development	392,243	4	228,984	3
<b>Total operating expenses</b>	676,700	7	692,276	10
<b>Operating income</b>	1,495,352	16	667,833	10
<b>Non-operating income and expenses:</b>				
Interest revenue	26,920	-	13,718	-
Other gains and losses, net	(39,710)	-	203,477	3
Interest expense	(286,465)	(3)	(38,253)	-
Share of profit or loss of subsidiaries accounted for using equity method	4,830,547	52	154,355	2
<b>Total non-operating income and expenses</b>	4,531,292	49	333,297	5
<b>Profit before income tax</b>	6,026,644	65	1,001,130	15
<b>Income tax expenses</b>	751,921	8	61,645	1
<b>Net income</b>	5,274,723	57	939,485	14
<b>Other comprehensive income:</b>				
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
Gains on remeasurements of defined benefit plans	(19,173)	-	(9,577)	-
Share of other comprehensive income of subsidiaries accounted for using equity method — remeasurements of defined benefit plans	526,036	5	48,396	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(88,347)	(1)	(6,599)	-
	418,516	4	32,220	-
<b>Other components of other comprehensive income that will be reclassified to profit or loss</b>				
Exchange differences on translation	(574,810)	(6)	(232,053)	(4)
Unrealised gains on valuation of available-for-sale financial assets	-	-	116,075	2
Share of other comprehensive income of associates and joint ventures accounted for using equity method	112,663	1	-	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	97,718	1	39,449	1
	(364,429)	(4)	(76,529)	(1)
<b>Other comprehensive income, net</b>	54,087	-	(44,309)	(1)
<b>Total comprehensive income</b>	<b>\$ 5,328,810</b>	<b>57</b>	<b>895,176</b>	<b>13</b>
<b>Basic earnings per share (note 6(20))</b>				
Basic earnings per share	<b>\$ 12.68</b>		<b>2.54</b>	
Diluted earnings per share	<b>\$ 12.66</b>		<b>2.54</b>	

**GLOBALWAFERS CO., LTD.**

**Standalone Statements of Changes in Stockholders' Equity**

**Years ended December 31, 2017 and 2016**  
**(expressed in thousands of New Taiwan dollars)**

	Retained earnings						Total 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	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Total equity
<b>Balance at January 1, 2016</b>	<u>\$ 3,692,500</u>	<u>11,767,321</u>	<u>517,331</u>	<u>239,802</u>	<u>2,023,591</u>	<u>2,780,724</u>	<u>(1,399,873)</u>	<u>(116,075)</u>	<u>(1,515,948)</u>	<u>16,724,597</u>
Profit (loss)	-	-	-	-	939,485	939,485	-	-	-	939,485
Other comprehensive income	-	-	-	-	32,220	32,220	(192,604)	116,075	(76,529)	(44,309)
Total comprehensive income	-	-	-	-	971,705	971,705	(192,604)	116,075	(76,529)	895,176
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	202,359	-	(202,359)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,819,147)	(1,819,147)	-	-	-	(1,819,147)
Cash dividends distributed from capital surplus	-	(27,103)	-	-	-	-	-	-	-	(27,103)
Compensation cost arising from employee stock option	-	1,181	-	-	-	-	-	-	-	1,181
<b>Balance at December 31, 2016</b>	3,692,500	11,741,399	719,690	239,802	973,790	1,933,282	(1,592,477)	-	(1,592,477)	15,774,704
Profit	-	-	-	-	5,274,723	5,274,723	-	-	-	5,274,723
Other comprehensive income	-	-	-	-	418,516	418,516	(477,092)	112,663	(364,429)	54,087
Total comprehensive income	-	-	-	-	5,693,239	5,693,239	(477,092)	112,663	(364,429)	5,328,810
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	93,949	-	(93,949)	-	-	-	-	-
Special reserve appropriated	-	-	-	110,833	(110,833)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(768,992)	(768,992)	-	-	-	(768,992)
Cash dividends distributed from capital surplus	-	(324,133)	-	-	-	-	-	-	-	(324,133)
Capital increase	680,000	13,355,424	-	-	-	-	-	-	-	14,035,424
Difference between acquisition price and carrying amount arising from acquisition of subsidiaries	-	115	-	-	-	-	-	-	-	115
<b>Balance at December 31, 2017</b>	<u>\$ 4,372,500</u>	<u>24,772,805</u>	<u>813,639</u>	<u>350,635</u>	<u>5,693,255</u>	<u>6,857,529</u>	<u>(2,069,569)</u>	<u>112,663</u>	<u>(1,956,906)</u>	<u>34,045,928</u>

Note: Remuneration of NT\$15,000,000 & NT\$3,500,000 for directors and NT\$291,640,000 & NT\$41,400,000 for employees in 1.1~12.31 2017 & 2016 have been deducted from comprehensive income statement

**GLOBALWAFERS CO., LTD.**  
**Standalone Statements of Cash Flows**  
**Years ended December 31, 2017 and 2016**  
**(expressed in thousands of New Taiwan dollars)**

	<u>2017</u>	<u>2016</u>
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 6,026,644	1,001,130
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expense	93,875	98,885
Amortization expense	317,931	-
Provision for reversal of allowance for doubtful accounts	383	5,683
Net gains of financial assets(liabilities) measured at fair value through profit or loss	7,264	(2,442)
Interest expense	286,465	38,253
Interest revenue	(26,920)	(13,718)
Compensation cost of employee stock options	-	1,181
Share of profit of subsidiaries accounted for & unrealized gross margin for using equity method	(4,820,925)	(117,846)
Provision for (reversal of) inventory valuation	(10,263)	9,915
<b>Total adjustments to reconcile profit</b>	<u>(4,152,190)</u>	<u>19,911</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets</b>		
Note and accounts receivable (including related parties)	(502,190)	172,819
Inventories	(293,997)	(527,602)
Prepayments for purchase of materials	113,307	76,868
Other operating assets	(3,522)	2,056
<b>Total changes in operating assets</b>	<u>(686,402)</u>	<u>(275,859)</u>
<b>Changes in operating liabilities</b>		
Notes and accounts payable (including related parties)	513,994	413,017
Sales revenue received in advance	2,946,054	(3,108)
Other operating liabilities	418,254	10,900
Net defined benefit liability	(6,127)	(34,944)
<b>Total changes in operating liabilities</b>	<u>3,872,175</u>	<u>385,865</u>
<b>Total changes in operating assets and liabilities</b>	<u>3,185,773</u>	<u>110,006</u>
<b>Total adjustments</b>	<u>(966,417)</u>	<u>129,917</u>
Cash inflow generated from operations	5,060,227	1,131,047
Interest received	28,010	13,027
Interest paid	(276,939)	(23,703)
Income taxes paid	(177,202)	(173,941)
<b>Net cash flows from operating activities</b>	<u>4,634,096</u>	<u>946,430</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets measured at cost	(49,896)	-
Acquisition of capital reduction from invested subsidiaries using equity method	3,962,586	-
Acquisition of property, plant and equipment	(177,544)	(113,066)
Increase in refundable deposits	(125)	(1,088)
Increase (Decrease) in accounts payable (related party)	662,773	(662,774)
Acquisition of intangible assets	(1,631,850)	-
Increase (Decrease) in other financial assets	(10,319)	(78,600)
Increase in long-term share investment using equity method	(21,044,561)	(19,468,069)
<b>Net cash flows from (used in) investing activities</b>	<u>(18,288,936)</u>	<u>(20,323,597)</u>

**Cash flows from (used in) financing activities:**

Increase (decrease) in short-term borrowings	(1,623,650)	11,745,000
Proceeds from long-term debt	2,273,000	8,453,806
Repayments of long-term debt	(6,450,473)	-
Increase in accounts payable (related party)	5,114,600	1,378,000
Cash dividends paid	(1,093,125)	(1,846,250)
Capital increase in cash	14,035,424	-
<b>Net cash flows from (used in) financing activities</b>	<b>12,255,776</b>	<b>19,730,556</b>
<b>Net increase in cash and cash equivalents</b>	<b>(1,399,064)</b>	<b>353,389</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2,501,000</b>	<b>2,147,611</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 1,101,936</b>	<b>2,501,000</b>

## Attachment 4

### GlobalWafers Co., Ltd.

#### Earnings Distribution Statement Year 2017

(Unit: NTD)

Items	Amount
Beginning unappropriated retained earnings	16,421
Minus: Net change in actuarial gains and losses.	418,515,668
Adjusted beginning unappropriated earnings	418,532,089
Plus : Net income of 2017	5,274,722,638
Minus: Provision as legal reserve	(527,472,264)
Minus: Provision as special reserve	(782,961,280)
Earnings available for distribution	4,382,821,183
Item of distribution:	
Minus: Share dividends (NT\$10 cash/per share)	(4,372,500,000)
Ending unappropriated earnings	10,321,183

Chairperson:



President:



Chief Account:



## Attachment 5

### GlobalWafers Co., Ltd. Articles of Incorporation Comparison Chart

Article	Before	After	Remark
6	<p>The total capital stock of the Company shall be in the amount of <u>NTD6,000,000,000</u>, divided into <u>600,000,000 shares</u>, at NTD10 par value, and may be issued separately. The Board of Directors is entitled to make resolutions to decide whether or not the unissued shares to be issued depending on actual needs.</p> <p>Among the total capital stock indicated in the first paragraph, the amount of shares 20,000,000 should be reserved for issuing options for stock, preferred stock, or corporate bond.</p> <p>The quota of aforesaid options for stock, preferred stock, or corporate bond shall be adjusted by the Board of Directors' resolutions contingent on the capital market's condition and managerial demand.</p>	<p>The total capital stock of the Company shall be in the amount of <u>NTD10,000,000,000</u>, divided into <u>1,000,000,000 shares</u>, at NTD10 par value, and may be issued separately. The Board of Directors is entitled to make resolutions to decide whether or not the unissued shares to be issued depending on actual needs.</p> <p>Among the total capital stock indicated in the first paragraph, the amount of shares 20,000,000 should be reserved for issuing options for stock, preferred stock, or corporate bond.</p> <p>The quota of aforesaid options for stock, preferred stock, or corporate bond shall be adjusted by the Board of Directors' resolutions contingent on the capital market's condition and managerial demand.</p>	Revise paid-in capital to meet operational needs
19	<p>1. The Company shall have seven to eleven directors <u>elected by the shareholders' meeting from among the persons with disposing capacity</u>. All directors shall serve for a term of three years and shall be eligible for re-election. The total shares held by all directors shall be in compliance with the relevant regulations provided by the securities authority.</p> <p>2. The aforesaid directors shall have at least three independent directors, and furthermore shall be no fewer than one-fifth of the director seats. <u>The appointment of independent directors adopts candidates nomination system, and the shareholder meeting shall elect the independent directors among the nominees listed in the roster of independent director candidates.</u></p>	<p>1. The Company shall have seven to eleven directors. <u>Director election is subject to the provisions of Article 192-1 of the Company Act in that a candidate nomination system shall be adopted, and that shareholders meeting shall elect directors from among those listed in the slate of independent director candidates.</u></p> <p>All directors shall serve for a term of three years and shall be eligible for re-election. The total shares held by all directors shall be in compliance with the relevant regulations provided by the securities authority.</p> <p>2. The aforesaid directors shall have at least three independent directors, and furthermore shall be no fewer than one-fifth of the director seats.</p>	Revise director election to candidate nomination system for corporate governance

	The professional qualification, shareholding, part-time job limitation, nomination and election method and other requirements for independent directors shall be handled in compliance with the relevant regulations provided by the securities authority.	The professional qualification, shareholding, part-time job limitation, nomination and election method and other requirements for independent directors shall be handled in compliance with the relevant regulations provided by the securities authority.	
33	<p>This articles of Incorporation is established on June 17<sup>th</sup>, 2011</p> <p>The 1st amendment on August 10<sup>th</sup>, 2011</p> <p>The 2nd amendment on January 12<sup>th</sup>, 2012</p> <p>The 3rd amendment on June 27<sup>th</sup>, 2012</p> <p>The 4th amendment on March 19<sup>th</sup>, 2013</p> <p>The 5th amendment on May 26<sup>th</sup>, 2014</p> <p>The 6th amendment on January 19<sup>th</sup>, 2015</p> <p>The 7th amendment on June 23<sup>th</sup>, 2015</p> <p>The 8th amendment on June 22<sup>nd</sup>, 2016</p> <p>Implement after approvals from the meeting of stockholders</p>	<p>This articles of Incorporation is established on June 17<sup>th</sup>, 2011</p> <p>The 1st amendment on August 10<sup>th</sup>, 2011</p> <p>The 2nd amendment on January 12<sup>th</sup>, 2012</p> <p>The 3rd amendment on June 27<sup>th</sup>, 2012</p> <p>The 4th amendment on March 19<sup>th</sup>, 2013</p> <p>The 5th amendment on May 26<sup>th</sup>, 2014</p> <p>The 6th amendment on January 19<sup>th</sup>, 2015</p> <p>The 7th amendment on June 23<sup>th</sup>, 2015</p> <p>The 8th amendment on June 22<sup>nd</sup>, 2016</p> <p><a href="#">The 9th amendment on June 25th, 2018</a></p> <p>Implement after approvals from the meeting of stockholders</p>	Add amendment date

## Attachment 6

### GlobalWafers Co., Ltd.

#### Acquisition or Disposal of Assets Procedure Comparison Chart

Article	Before	After	Remark
28	<p>The Company shall not give up capital increase in future years to GlobalSemiconductor Inc.(GSI) 、 GlobalWafers Inc.(GWI) <u>and GWafers Inc.( GWafers).</u></p> <p>GSI shall not give up capital increase in future years to Kunshan Sino Silicon Technology Co., Ltd. (SST)</p> <p>GWI shall not give up capital increase in future years to GlobiTech Incorporated</p> <p><u>GWafers shall not give up capital increase in future years to GlobalWafers Japan Co., Ltd.</u></p> <p>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 OTC's consent as well as submit to the Board of Directors for special resolution approval. Also, if the Procedure is amended, the Company shall make material announcement in MOPS and submit to OTC for recordation.</p>	<p>The Company shall not give up capital increase in future years to GlobalSemiconductor Inc.(GSI), GlobalWafers Inc.(GWI) <u>and GlobalWafers Japan Co., Ltd.</u></p> <p>GSI shall not give up capital increase in future years to Kunshan Sino Silicon Technology Co., Ltd. (SST)</p> <p>GWI shall not give up capital increase in future years to GlobiTech Incorporated</p> <p>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 OTC's consent as well as submit to the Board of Directors for special resolution approval. Also, if the Procedure is amended, the Company shall make material announcement in MOPS and submit to OTC for recordation.</p>	<p>GlobalWafers Japan Co., Ltd. and GWafers Inc. have merged in 2018/1/1 so as to increase management efficiency.</p> <p>Revise this article to reflect group restructure</p>
Article 29	<p>The Procedures were enacted on May 26, 2014<sup>st</sup></p> <p>The 1<sup>st</sup> amendment was made on January 19, 2015<sup>nd</sup></p> <p>The 2<sup>nd</sup> amendment was made on June 23, 2015<sup>rd</sup></p> <p>The 3<sup>rd</sup> amendment was made on June 22, 2016</p> <p>The 4th amendment was made on June 19, 2017</p>	<p>The Procedures were enacted on May 26, 2014<sup>st</sup></p> <p>The 1<sup>st</sup> amendment was made on January 19, 2015<sup>nd</sup></p> <p>The 2<sup>nd</sup> amendment was made on June 23, 2015<sup>rd</sup></p> <p>The 3<sup>rd</sup> amendment was made on June 22, 2016</p> <p>The 4th amendment was made on June 19, 2017</p> <p><u>The 5th amendment was made on June 25, 2018</u></p>	<p>Add amendment date</p>



## Attachment 7

### GlobalWafers Co., Ltd.

#### Independent Director Candidates

Name	Cheng-Yuan Cheng	Chi-Hsiung Cheng	Chun-Yen Chang
Education	Ph.D., Mechanical Engineering, University of Liverpool	Business administration, Chinese Culture University	Ph.D., Electronics Engineering, National Chiao Tung University
Current Job	Distinguished Professor, Mechanical Engineering, National Taiwan University of Science and Technology  Founder, Taiwan 3D Tech Co., Ltd.  President, Additive Manufacturing Association of Taiwan(AMAT)  Managing Editor, International Journal of Automation and Smart Technology  Consultant, Pou Chen Corporation  Consultant, AvioCast Inc.  Consultant, Franz Collection Inc.	Remuneration committee, Kenly Precision Industrial Co., Ltd.	Foreign Associate, National Academy of Engineering, U.S.A.  Academician, Academia Sinica, Taiwan  Professor Emeritus, National Chiao Tung University
Concurrent Job	NA	NA	Independent Director, BizLink Holding Inc.

Experience	<p>President, College of Engineer, National Taiwan University of Science and Technology</p> <p>Consultant, R&amp;D Center, Sino-American Silicon Products Inc.</p> <p>Consultant/Professor (jt. appointment), Forseeing Innovative New DigiService of Institute For Information Industry</p> <p>Visiting scholar, University of Cambridge UK</p> <p>Consultant/President, General Research Laboratory</p> <p>Independent director &amp; Supervisor, Creative Sensor Inc., Lien Chang Electronic Enterprise Co., Ltd., TECO Electro Devices Co., Ltd.</p> <p>Visiting scholar, University of California, Santa Barbara</p> <p>Assistant Professor, National Cheng Kung University</p> <p>Consultant, Metal Industries R&amp;D Center</p> <p>Evaluation Committee, Taipei Exchange</p>	<p>Vice section manager, Yulon Motor Co., Ltd.</p> <p>Audit manager, Yue Sheng Industrial Co., Ltd.,</p> <p>Cost manager, Yueki Industrial Co., Ltd.</p> <p>Administration manager, Rica Auto Parts Co., Ltd.</p> <p>Financing manager, WaferWorks Corporation.</p>	<p>Endowed Chair, Research Center for Applied Sciences, Academia Sinica, Taiwan</p> <p>President, National Chiao Tung University</p> <p>Founding President &amp; Manager, National Nano-Device Laboratories, Taiwan</p> <p>Senior Researcher at Bell Labs</p> <p>Visiting Professor, Stuttgart University, Stuttgart, German</p>
Shares	0	5 shares	0

## **Appendix 1**

### **GlobalWafers Co., Ltd.**

#### **Rules and Procedures of Shareholders' Meeting**

##### **Article 1**

Unless otherwise provided for in applicable laws and regulation, Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures.

##### **Article 2**

The votes at a shareholders' meeting may be exercised in either written or electronic format in accordance with the Company Law and related regulations. Shareholders (hereinafter referred to as the representative or proxy appointed by shareholders) who attend the Meeting shall hand in an attendance card at the meeting in lieu of signing in and shall be regarded as the ones (shareholders or deputy persons) who attend the Meeting in person. The Company will not take the responsibility of identification.

##### **Article 3**

The attendance and voting shall be calculated in accordance with the shares.

##### **Article 4**

The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.

##### **Article 5**

The Meeting shall be convened by the Board of Directors ("BOD") and the Chairperson of BOD shall be the Chairperson presiding at the Meeting. If the Chairperson of BOD cannot preside at the Meeting for any reason, the Vice Chairperson of BOD shall preside at the Meeting. If the Company does not have Vice Chairperson of the BOD or the Vice Chairperson of the BOD cannot fulfill his/her duty for any reason, the Chairperson of the BOD shall appoint a deputy person. If the Chairperson of BOD does not appoint a deputy person, the Directors shall elect one Director as the deputy person. If the Meeting is convened by any other person entitled to convene the Meeting, such person shall be the Chairperson to preside at the Meeting.

##### **Article 6**

The Company may appoint designated counsel, CPA or other related persons to attend the Meeting. Persons handling affairs of the Meeting shall wear identification cards or badges.

## **Article 7**

The process of the Meeting shall be tape recorded or videotaped and these tapes shall be preserved for at least one year.

## **Article 8**

Chairperson shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the Chairperson may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one-third of the total outstanding shares, tentative resolutions may be made in accordance with Paragraph 1 of Article 175 of the Company Law. If the quorum is constituted during the process of the Meeting, the Chairperson may submit the aforesaid tentative resolution to the Meeting for approval in accordance with Article 174 of the Company law.

## **Article 9**

The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda. The provision above applies *mutatis mutandis* to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting. Unless otherwise resolved at the Meeting, the Chairperson cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved. The shareholders cannot designate any other person as Chairperson and continue the Meeting in the same or other place after the Meeting is adjourned. However, in the event that the Chairperson adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as Chairperson to continue the Meeting.

## **Article 10**

When a shareholder (or deputy person) presents at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance Card) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the Chairperson. If any shareholder (or deputy person) present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail. Unless otherwise permitted by the Chairperson and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders; otherwise the Chairperson shall stop such interruption.

**Article 11**

Unless otherwise permitted by the Chairperson, each shareholder shall not, for each discussion item, speak more than two times (each time not exceeding 5 minutes). In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the Chairperson may stop the speech of such shareholder.

**Article 12**

Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting. If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.

**Article 13**

After the speech of a shareholder, the Chairperson may respond himself/herself or appoint an appropriate person to respond.

**Article 14**

The Chairperson may announce to end the discussion of any resolution and go into voting if the Chairperson deems it appropriate.

**Article 15**

Except otherwise specified in the Company Law, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. If no objection is voiced after solicitation by the Chairperson, the resolution shall be deemed adopted and shall have the same effect as if it was voted. The person(s) to check and the person(s) to record the ballots during a vote shall be appointed by the Chairperson. The person(s) checking the ballots shall be a shareholder. The result of voting shall be announced at the Meeting and placed on record.

**Article 16**

During the Meeting, the Chairperson may, at his discretion, set time for intermission.

**Article 17**

Except otherwise specified in the Article of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting.

**Article 18**

If there is amendment to or substitute for a discussion item, the Chairperson shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

**Article 19**

The Chairperson may conduct the disciplinary officers (or the security guard) to assist in keeping

order of the Meeting place. Such disciplinary officers (or security guards) shall wear badges marked "Disciplinary Officers" for identification purpose.

#### **Article 20**

These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

#### **Article 21**

The Rules and Procedures were enacted on June 27, 2012.

## **Appendix 2**

### **GlobalWafers Co., Ltd.**

#### **Articles of Incorporation**

##### **Chapter I. General Provisions**

###### **Article 1**

This Company is duly incorporated under the provisions set forth in the Company Act, and its full name in Chinese language is 環球晶圓股份有限公司, and GlobalWafers Co., Ltd. in English language.

###### **Article 2**

The Company shall engage in the following business:

CC01080 Electronic Parts and Components Manufacturing

F401010 International Trade

i. Research and development, design, manufacture and sell the following products:

- Silicon-based semiconductor materials and their components

ii. Import-export activities related to the above mentioned business.

###### **Article 3**

The Company may provide endorsement and guarantee. The total amount of the Company's reinvestment shall not be subject to the restriction of Article 13 of the Company Act.

###### **Article 4**

The Company is headquartered in Hsinchu SBIP and may have branches or offices set elsewhere domestically and abroad as resolved by the Board of Directors and competent authorities of the government when necessary.

###### **Article 5**

Public announcements of the Company shall be duly made in accordance with the Article 28 of the Company Act.

## **Chapter II. Capital Stock**

### **Article 6**

The total capital stock of the Company shall be in the amount of NTD6,000,000,000, divided into 600,000,000 shares, at NTD10 par value, and may be issued separately. The Board of Directors is entitled to make resolutions to decide whether or not the unissued shares to be issued depending on actual needs.

Among the total capital stock indicated in the first paragraph, the amount of shares 20,000,000 should be reserved for issuing options for stock, preferred stock, or corporate bond.

The quota of aforesaid options for stock, preferred stock, or corporate bond shall be adjusted by the Board of Directors' resolutions contingent on the capital market's condition and managerial demand.

### **Article 7**

The share certificates of the Company shall all be name-bearing share certificates and signed or sealed by no less than three directors.

The share certificates shall be issued after being certified by authority concerned or its approved certificate organizations.

After the company issued shares in public, the Company may not print share certificates for the new issuance. Registers of share certificates shall contact the share certificates' depository and clearing organizations.

### **Article 8**

Delete

### **Article 9**

Delete

### **Article 10**

All the Company's stockholder-related affairs shall be dealt in accordance with Regulations Governing the Administration of Shareholder Services of Public Companies.

### **Article 11**

Share transfer registration shall be suspended 60 days preceding each regular shareholders' meeting, or 30 days preceding an extraordinary shareholders' meeting, or 5 days preceding the base day for distribution to shareholders of dividends, bonuses, or other privileges as determined by this Company.



## **Chapter III. Shareholders' Meeting**

### **Article 12**

The shareholders' meeting shall be convened in two forms: a regular meeting or extraordinary meeting. The regular meeting shall be held once annually and convened by the Board of Directors within six months from the closing of each fiscal year in accordance with the relevant regulations. An extraordinary meeting, if necessary, shall be convened by Board of Directors in accordance with relevant regulations.

Unless otherwise provided in the Company Act, the shareholders' meeting shall be convened by the Board of Directors.

The notices for shareholders' meeting shall be served to all shareholders in written or electrical forms 30 days in advance in case of a regular meeting of shareholders or 15 days in advance in case of an extraordinary meeting of shareholders. The written or electrical notice shall bear date, location and subjects of the meeting.

The shareholders may execute their voting right through written or electrical form, which shall be in accordance with the relevant regulations.

### **Article 13**

A shareholder who is unavailable to attend a shareholders' meeting may duly issue a power of attorney expressly bearing the scope of the authorized power to appoint a proxy to attend the meeting on behalf. The powers of attorney shall be duly handled in accordance with "Regulations Governing Powers of Attorney Used for Attending the Shareholders' Meeting of Public Offering Companies" in addition to the requirements set forth in Article 177 of the Company Act.

### **Article 14**

Unless otherwise provided for in the Company Act, resolutions in the shareholders' meeting shall be adopted by a majority vote in the meeting attended by shareholders representing a majority of the total issued shares.

### **Article 15**

Each share of stock shall be entitled to one vote, but shareholders who has no voting right and under restrictions consistent with the circumstances set forth in Article 179 of Company Act and related regulations should follow the rules.

### **Article 16**

When the shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairperson. In case of the Chairperson's absence or unavailability, his/her proxy shall be the Vice Chairperson.

If the Vice Chairperson's position is in vacancy, or the Vice Chairperson is also absent, the Chairperson shall, in advance, appoint a director to act in his/her place, but if the Chairperson does not appoint his/her representative, one director shall be elected from among them to act in Chairperson's place. In the event that the shareholders' meeting is convened by others instead of the Board of Directors, the shareholders' meeting shall be chaired by that convener. In case of two or more conveners, one of them shall be elected to chair the meeting.

#### **Article 17**

Minutes of shareholders' meeting shall be proceeded subject to Article 183 of the Company Act.

#### **Article 18**

After issuing shares in public, if the Company would like to cease its public status, the procedure shall be in accordance with Article 156 of the Company Act, to attain approval by a resolution adopted, at a shareholders' meeting, by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares.

### **Chapter IV. Directors and the Audit Committee**

#### **Article 19**

1. The Company shall have seven to eleven directors elected by the shareholders' meeting from among the persons with disposing capacity. All directors shall serve for a term of three years and shall be eligible for re-election. The total shares held by all directors shall be in compliance with the relevant regulations provided by the securities authority.
2. The aforesaid directors shall have at least three independent directors, and furthermore shall be no fewer than one-fifth of the director seats. The appointment of independent directors adopts candidates nomination system, and the shareholder meeting shall elect the independent directors among the nominees listed in the roster of independent director candidates. The professional qualification, shareholding, part-time job limitation, nomination and election method and other requirements for independent directors shall be handled in compliance with the relevant regulations provided by the securities authority.

#### **Article 20**

More than two-thirds of Directors shall attend the meeting for the Board of Directors, and Chairperson and Vice Chairperson shall be elected among directors by a majority vote of the attending directors. Chairperson shall represent the Company.

#### **Article 21**

In the case that vacancies on the Board of Directors reach one third of the total number of the directors, the Board of Directors shall convene an extraordinary shareholders' meeting to fill such vacancies within 60 days. The new directors shall serve only the remaining term of the predecessors.

#### **Article 22**

The reasons for calling a board of directors meeting shall be notified to each director at least seven days in advance. In emergency circumstances, however, a meeting may be called anytime. The notice sets forth in the preceding paragraph may be effective by means of electronic transmission or written notice.

Unless otherwise provided for in the Company Act, resolutions in the Board of Directors meeting shall be adopted by a majority vote in the meeting attended by a majority of Directors. Any director who is unable to attend a Board of Directors' meeting shall appoint another director as his/her proxy

by a power of attorney listing the scope of empowerment. A director may serve as proxy for only one absent director.

#### **Article 23**

If the Chairperson takes leave or is unavailable to perform his/her duties, the proxy method shall be in accordance with the Article 208 of Company Act.

#### **Article 24**

Remunerations of all directors shall be determined by the Board of Directors based on the level of their participation in business operation and the value of their contribution, and taking into account the common remuneration level in the same industry.

If the directors hold other positions at the Company, their remunerations for those positions shall be paid monthly in accordance with the common remuneration level of general managers.

#### **Article 25**

The Company establishes Audit Committee according to Article 14-4 of Securities and Exchange Act. Its composition, powers of committee members as well as the meeting rules and other requirements shall be handled in compliance with the relevant regulations provided by the securities authority.

#### **Article 26**

The Company may buy the liability insurance for all directors to the extent of the compensation responsibility assumed in business execution.

#### **Article 26-1**

The Company plans to set up functional committees, its establishment and powers of committee members shall be in accordance with the relevant regulations provided by the authority.

### **Chapter V. Management of the Corporation**

#### **Article 27**

The Company shall have several managers whose appointment, discharge and remuneration shall be in accordance with the Company Act.

#### **Article 28**

The Company shall employ accountants and lawyers through the Board of Directors as consultants if needed. The remuneration for those consultants will be determined by the Board of Directors.

## **Chapter VI. Accountings**

### **Article 29**

The Company's fiscal year starts from January 1<sup>st</sup> and ends on December 31<sup>st</sup> of every calendar year.

### **Article 30**

Upon the closing of each fiscal year, the Board of Directors shall prepare the following documents and present it at a regular meeting of shareholders for acknowledgement in compliance with legal procedure.

- i. Business report
- ii. Financial statements
- iii. Proposal of earning distribution or loss coverage.

### **Article 31**

Where the Company has profit after tax at the end of each fiscal year, the Company shall allocate according to below priority:

1. Compensating losses
2. Contributing 10% as legal reserve. If the legal reserve has reached the amount of the paid-in capital of the Company, no contribution shall be made
3. Appropriating or transferred to special reserve in accordance with applicable laws and regulations or as requested by the competent authority.
4. After the above 1~3 are deducted from profit after tax of the fiscal year, the balance (if any) together with accumulated inappropriate retained earnings of previous years can be distributed after the distribution plan proposed by the Board and approved by the shareholders' meeting.

In order to maintain continuous operation and steady growth of EPS, dividend for shareholders shall be more than 50% of the profit after tax deducting the appropriation of special surplus of the year by the regulations, and the shareholder dividend distribution rate shall be no less than 50% of the cash dividend.

#### **Article 31-1**

If the Company has surplus at the end of each fiscal year, 3~15% of the profit shall be appropriated for the employees' remuneration and no more than 3% shall be appropriated for directors' remuneration. However, if there are accumulated losses, certain profits shall be reserved to cover first.

The aforementioned employee remuneration could either be distributed via share or cash, entitled employees include subsidiaries' employees who meet the conditions set by the Board.

The Company will distribute cash for directors' remuneration, and share or cash for employee remuneration. The distribution shall be resolved with a consent of a majority of the directors present at a meeting attended by more than two thirds of the total directors and reported to the shareholder's meeting by the Board.

## **Chapter VII. Supplementary Provisions**

### **Article 32**

Relevant matters not provided for in these Articles shall be handled in accordance with the provisions of the Company Act.

### **Article 33**

This articles of Incorporation is established on June 17<sup>th</sup>, 2011

The 1st amendment on August 10<sup>th</sup>, 2011

The 2nd amendment on January 12<sup>th</sup>, 2012

The 3rd amendment on June 27<sup>th</sup>, 2012

The 4th amendment on March 19<sup>th</sup>, 2013

The 5th amendment on May 26<sup>th</sup>, 2014

The 6th amendment on January 19<sup>th</sup>, 2015

The 7th amendment on June 23<sup>th</sup>, 2015

The 8th amendment on June 22<sup>nd</sup>, 2016

Implement after approvals from the meeting of stockholders

## **Appendix 3**

### **GlobalWafers Co., Ltd.**

#### **Articles of Incorporation Acquisition or Disposal of Assets Procedure**

##### **Article 1**

These Procedures for acquisition or disposal of assets ("Procedures") is made pursuant to Article 36-1 of the Securities and Exchange Act ("the Act") and the Financial Supervisory Commission (hereinafter referred to as "FSC") per the Regulations Governing the Acquisition or Disposal of Assets by Public Companies

##### **Article 2**

The term "assets" as used in these Regulations includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
6. Derivatives.
7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
8. Other major assets.

##### **Article 2-1**

Terms used in these Regulations are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.

3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

### **Article 3**

#### **Operating Procedures**

1. Before any asset acquisition or disposal, responsible unit shall take into account the reasons, affecting objects, transaction parties, transfer price, terms of transaction, and references of price.
2. The Company's acquisition or disposal of assets shall be made in accordance with the Procedure.
3. Amount limits for investment in non- operational purpose fixed assets and securities are as below:
  - (1) The total amount of any real property purchased by the Company not for use in business operations may not exceed fifteen percent (15%) of the Company's net worth; the total amount of any real property purchased by a subsidiary of the Company not for use in business operations may not exceed five percent (5%) of the Company's net worth.
  - (2) The total amount of investment by the Company in all securities may not exceed two hundred percent (200%) of its net worth; the total amount of investment in all securities by a subsidiary of the Company may not exceed two hundred percent (200%) of the Company's net worth.
  - (3) The amount of the Company 's investment in any single security may not exceed one hundred and fifty percent (150%) of its net worth; the amount of investment by a subsidiary of the Company in any single security may not exceed one hundred and fifty percent (150%) of the Company's net worth.
  - (4) The reinvestment of the Company, in accordance with the Articles of Incorporation, is not limited by the rule of article 13 of the Company Act that the reinvestment shall not exceed forty percent (40%) of the paid-in capital.

When a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Where the Audit Committee has been established, any transaction involving major assets or derivatives shall be approved by more than half of all Audit Committee members and submitted to

the Board of Directors for a resolution.

If the aforesaid transaction of major assets or derivatives has not been approved by such Audit Committee with the consent of one-half or more than one-half of all members of the audit committee, it may be undertaken upon the consent of at least two-thirds of all members of the Board of Directors, but the resolution adopted by the audit committee shall be recorded in the meeting minutes of the Board of Directors meeting.

The Audit Committee members and the Board of Directors members in preceding paragraph will only calculate the members in present position.

## **Article 4**

### **Appraisal Rules**

1. The Company shall proceed acquisition or disposal of assets according to Article 8 of the procedure.
  - (1) Acquisition or disposal of long-term securities and fixed assets whose value under NT\$100 million shall be approved by Chairperson first.
  - (2) Acquisition or disposal of short-term (within one year) securities and fixed assets whose value under NT\$ 100 million shall be approved by President first.
  - (3) The acquisition or disposal of equipment of which amount is under NT\$ 100 million shall be approved by Chairperson first.

Acquisition or Disposal of Assets shall proceed according to Article 8 of the Procedure.

## **Article 5**

### **Public Disclosure**

1. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:
  - (1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds, bonds under repurchase, resale agreements, subscription or redemption of the fund of the money market issued by domestic securities investment trust enterprises
  - (2) Merger, demerger, acquisition, or transfer of shares.
  - (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
  - (4) Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is more than NT\$500 million.
  - (5) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million.



- (6) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches twenty percent (20%) or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
  - i. Trading of government bonds.
  - ii. Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. The amount of transactions above shall be calculated as follows:
  - (1) The amount of any individual transaction.
  - (2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
  - (3) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
  - (4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
3. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.
4. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
5. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within 2 days commencing immediately from the date of knowing.
6. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.

## **Article 6**

### **Announcement and Reporting**

Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within two (2) days commencing immediately from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

## **Article 7**

In acquiring or disposing of real property or equipment where the transaction amount reaches twenty percent (20%) of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  - (1) The discrepancy between the appraisal result and the transaction amount is twenty percent (20%) or more of the transaction amount.
  - (2) The discrepancy between the appraisal results of two or more professional appraisers is ten percent (10%) or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

## **Article 8**

The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is twenty percent (20%) of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

## **Article 9**

Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches twenty percent (20%) or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

The calculation of the transaction amounts referred to in the preceding two articles and this paragraph shall be done in accordance with Article 5, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

## **Article 10**

Where a public company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion

## **Article 11**

Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.

## **Article 12**

1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches ten percent (10%) or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the procedure.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9 herein.

When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered

2. When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches twenty percent (20%) or more of paid-in capital, ten percent (10%) or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription

or redemption of redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the Audit Committee:

- (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (2) The reason for choosing the related party as a trading counterparty.
- (3) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with related regulations.
- (4) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.
- (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- (7) Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 5, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the Audit Committee need not be counted toward the transaction amount.

With respect to the acquisition or disposal of business-use equipment between the Company and its parent or subsidiaries, the Company's Board of Directors may pursuant to the procedure delegate the chairperson to decide such matters when the transaction is within NTD 100 million and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting.

3. The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means (where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in below paragraph, and the Company shall also engage a CPA to check the appraisal and render a specific opinion):

- (1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer.  
"Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
- (1) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70

percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

4. Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 2 and the preceding three paragraphs do not apply:
  - (1) The related party acquired the real property through inheritance or as a gift.
  - (2) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
  - (3) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
5. When the results of a public company's appraisal conducted in accordance with sub paragraph 1 and 2 under paragraph 3 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 6. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:
  - (1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
    - i 、 Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
    - ii 、 Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
    - iii 、 Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.
  - (2) Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.
  - (3) Completed transactions for neighboring or closely valued parcels of land in the preceding two paragraphs in principle refers to parcels on the same or an adjacent block and within a

distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than fifty percent (50%) of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.

6. Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with related regulations 16 are uniformly lower than the transaction price, the following steps shall be taken:
  - (1) A special reserve shall be set aside in accordance with related regulations against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under related regulations shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.
  - (2) Audit Committee shall comply with Article 218 of the Company Act.
  - (3) Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the Company obtains real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

### **Article 13**

The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds one hundred percent (100%) of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds one hundred percent (100%) of the respective subsidiaries' issued shares or authorized capital.

#### **Article 14**

The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the Company shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

#### **Article 15**

The Company shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

The Company shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:

- (1) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
- (2) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
- (3) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the

Company so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 3 and 4.

#### **Article 16**

Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

#### **Article 17**

The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

- (1) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
- (2) An action, such as a disposal of major assets, that affects the company's financial operations.
- (3) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
- (4) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
- (5) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
- (6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

#### **Article 18**

The contract for participation by the Company in a merger, demerger, acquisition, or transfer of shares shall record the rights and obligations of the companies and shall also record the following:

- (1) Handling of breach of contract.
- (2) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
- (3) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
- (4) The manner of handling changes in the number of participating entities or companies.
- (5) Preliminary progress schedule for plan execution, and anticipated completion date.



- (6) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

#### **Article 19**

After public disclosure of the information, if the Company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew

#### **Article 20**

Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 15, Article 16, and Article 19.

#### **Article 21**

Acquisition or disposal of assets by the Company's subsidiary shall obey as follows:

1. The Company's subsidiary shall adopt and implement the procedures for the acquisition or disposal of assets in compliance with these Procedures.
2. If the acquisition or disposal of assets by the Company's subsidiary, which is not a domestic public company, reaches the reporting criteria specified in Article 5 of the Procedures, the Company shall make the reporting and public announcements on behalf of its subsidiary.
3. "Reaching twenty percent (20%) of paid-in capital or 10% of total assets" specified in the regulatory of subsidiary reporting and public announcements criteria shall be the paid-in capital or total assets of the parent Company.
4. The term "subsidiary" as used in these procedures, means following companies directly or indirectly controlled by the Company throughout the country or overseas:
  - (1) the invested Company in which the Company directly holds more than fifty percent (50%) issued voting shares
  - (2) each invested Company in which the Company through its subsidiaries indirectly holds more than fifty percent (50%) issued voting shares and the rest shall apply the same.
  - (3) each invested Company in which the Company directly and through its subsidiaries indirectly holds more than fifty percent (50%) issued voting shares and the rest shall apply the same.

## **Article 22**

The Company should comply with Derivative Instruments Transactions Procedure when engaging in derivatives trading.

## **Article 23**

### **Financial report disclosure**

The Company shall disclose the information of transaction of assets in financial statement and announce in shareholder's meeting if the acquisition or disposal transaction meets the disclosure requirements set forth in Article 5 and also the transaction is with related parties.

## **Article 24**

Matters not provided herein shall be governed by the relevant laws and regulations and the relevant regulations of the Company.

## **Article 25**

After the procedures have been approved by Audit Committee and the Board of Directors, they shall be submitted to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to shareholders' meeting for discussion.

When the procedures for the acquisition and disposal of assets are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director agrees or objects, its opinion and reasons shall be recorded in the minutes of the Board of Directors meeting.

Where the Company has established the Audit Committee, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by more than half of all Audit Committee members and submitted to the board of directors for a resolution.

If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

The terms "all Audit Committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

In accordance with the Securities and Exchange Act, the provisions of Article 14-4, paragraph 3, in regard to supervisors shall apply mutatis mutandis to Audit Committee members.

In accordance with the Securities and Exchange Act, the provisions of Article 14-4, paragraph 4, shall apply mutatis mutandis to independent directors serving as audit committee members.

## **Article 26**

For the calculation of ten percent (10%) of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case of a company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted.

## **Article 27**

Any manager or employee who undertakes responsibilities for acquisition or disposal of assets in violation of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and the Procedure will be subject to penalty according to the Company’s “Personnel Evaluation Committee Regulations.”

## **Article 28**

The Company shall not give up capital increase in future years to GlobalSemiconductor Inc.(GSI), GlobalWafers Inc.(GWI) and GlobalWafers Japan Co., Ltd.

GSI shall not give up capital increase in future years to Kunshan Sino Silicon Technology Co., Ltd. (SST)

GWJ shall not give up capital increase in future years to GlobiTech Incorporated

GWafers shall not give up capital increase in future years to GlobalWafers Japan Co., Ltd.

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 OTC’s consent as well as submit to the Board of Directors for special resolution approval. Also, if the Procedure is amended, the Company shall make material announcement in MOPS and submit to OTC for recordation.

## **Article 29 :**

The Procedures were enacted on May 26, 2014

The 1<sup>st</sup> amendment was made on January 19, 2015

The 2<sup>nd</sup> amendment was made on June 23, 2015

The 3<sup>rd</sup> amendment was made on June 22, 2016

The 4<sup>th</sup> amendment was made on June 19, 2017

## **Appendix 4**

### **GlobalWafers Co., Ltd.**

#### **Rules for Election of Directors**

##### **Article 1**

Unless otherwise provided in the Company Law or the Articles of Incorporation of this Company, the independent and non-independent directors of this Company shall be elected in accordance with the rules specified herein.

##### **Article 2**

Election of directors of this Company shall be held at the shareholders' meeting. The board of directors shall prepare ballots and note the number of voting rights.

##### **Article 3**

The election of directors shall adopt a disclosed cumulative voting method. Each share represents a weighted number of voting rights equivalent to the number of directors to be elected; such voting rights may be exercised to collectively elect a single candidate or may be distributed among several candidates. Those persons with the greatest numbers of ballots representing voting rights shall be elected as director in order of number of ballots received. Each voter will be identified by his/her attendance card number as printed on his/her ballot.

##### **Article 4**

The Company's directors shall be elected by the shareholders' meeting from among the persons with disposing capacity. The appointment of independent directors adopts candidates nomination system specified in Article 192-1 of the ROC Company Law.

##### **Article 5**

In the election of directors of this Company, independent directors and non-independent directors should be elected from the same election with the effective seats calculated specifically. Candidates who acquire more votes should individually win the seats of directors. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present.

##### **Article 6**

The Board of Directors shall prepare ballots and distribute one ballot to each shareholder identified by his/her attendance card number. Each ballot shall contain the votes that the voter is entitled to in the election.

## **Article 7**

At the beginning of the election, the Chairman shall appoint several persons each to check and record the ballots. The persons to check the ballots may be appointed from among the shareholders present.

## **Article 8**

The ballot box used for voting shall be prepared by this Company and checked in public by the person to check the ballots before voting.

## **Article 9**

If the candidate is a shareholder of this Company, voters shall fill in the "candidate" column the candidate's name and shareholder's number. If the candidate is not a shareholder of this Company, voters shall fill in the "candidate" column the candidate's name and the candidate's ID number. If the candidate is a government agency or a legal entity, the full name of the government agency or the legal entity or the name(s) of their representative(s) should be filled in the column. If there are several representatives, each of the representatives' names must be filled in.

## **Article 10**

Ballots shall be deemed void under the following conditions:

1. Ballots not prepared by the Board of Directors;
2. The number of candidates filled in the ballot exceeding the number of the seats to be elected.
3. Ballots with other written characters or symbols in addition to candidate's name, shareholder's number (ID number);
4. The handwriting on the ballots is too illegible to be identified or is altered;
5. If the candidate is a shareholder of this Company, the name or shareholder's number of the candidate filled in the ballot inconsistent with the shareholders' register. If the candidate is not a shareholder of this Company, the name or ID number of the candidate filled in the ballot is incorrect;
6. Ballots without being filled in candidate's name or shareholder's number (ID number).

## **Article 11**

The ballots should be calculated during the meeting right after the vote casting and the results of the election should be announced by the Chairperson or the designee at the meeting.

## **Article 12**

This Company shall issue notifications to the directors elected, who shall also sign the "Consent to Act as (Independent ) Director"

**Article 13**

These rules and any revision thereof shall become effective after approval at the shareholders' meeting.

**Article 14**

This Procedure was enacted on January 19, 2015.

## Appendix 5

### GlobalWafers Co., Ltd.

#### Shareholdings of Directors

- 1 As of book closure date (2018/4/27), total issued shares is 437,250,000 shares, the minimum numbers of shares required to be held by all directors is at least 4.574%, equivalent to 16,000,000 shares in accordance with Article 2 of “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”
- 2 The company has established audit committee, the regulation of supervisors’ shareholding numbers are not applicable.
- 3 The numbers of shares held by the directors individually as recorded as of the book closure date for that shareholders' meeting (2018/4/27) are shown as below table.

Position	Name	Shareholdings
Chairperson	Hsiu-lan Hsu	847,879
Director	Sino-American Silicon Products Inc. Representative: Ming-kuang Lu	222,293,000
Director	Sino-American Silicon Products Inc. Representative: Tan-liang Yao	222,293,000
Director	Kuo-chow Chen	665,773
Independent Director	Chi-hsiung Cheng	5
Independent Director	Chun-yen Chang	0
Independent Director	Ming-chang Chen	0
Total		223,806,657

## **Appendix 6**

### **Other Statement Items**

Explanatory notes for the proposal at the annual general shareholders' meeting:

1. Pursuant to the Article 172-1 of Company Act, Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal within 300 words.
2. Submission period applicable to common shareholders of GWC starts from April 23 to May 2, 2018. The Company has made a public announcement on MOPS.
3. The Company has not received any proposal from shareholders yet.