

Stock Code : 6488



**GlobalWafers Co., Ltd.**

**2019**  
**Annual General Shareholders' Meeting**  
**Meeting Handbook**

Time: June 25, 2019

Place: 2F, No. 1, Industrial East Rd. 2, Science-Based  
Industrial Park, Hsinchu, Taiwan, R.O.C

Science Park Life Hub/Darwin Hall

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

### **2019 Annual General Shareholders' Meeting Procedure**

1. Call Meeting to Order
2. Chairperson's Address
3. Report Items
4. Approval Items
5. Discussion Items
6. Election
7. Other Proposals
8. Extemporaneous Motion
9. Meeting Adjourned

**GlobalWafers Co., Ltd.**  
**2019 Annual General Shareholders' Meeting Agenda**

Time: 9:00 AM, Tuesday, June 25, 2019

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

1. Call Meeting to Order
2. Chairperson's Address
3. Report Items
  - (1) 2018 Business report
  - (2) Audit Committee's Report on 2018 annual final accounting books and statements
  - (3) Report on 2018 remuneration distribution of employees & directors
  - (4) First share repurchase implementation
  - (5) Amendment to "Codes of Ethical Conduct"
4. Approval Items
  - (1) 2018 Business Report and financial statements
  - (2) 2018 Profit distribution
5. Discussion Items
  - (1) Amendment to the "Articles of Incorporation"
  - (2) Amendment to the "Rules for Election of Directors"
  - (3) Amendment to the "Acquisition or Disposal of Assets Procedure"
  - (4) Amendment to the "Policies and Procedures for Financial Derivatives Transactions"
  - (5) Amendment to the "Procedures for Lending Funds to Other Parties"
  - (6) Amendment to the "Procedures for Endorsement and Guarantee"
6. Election
  - (1) Election to fulfill independent director vacancy
7. Other Proposals
  - (1) Release the prohibition on new director from participation in competitive business

8. Extemporaneous Motion

9. Meeting Adjourned

## I. Report Items

- Item 1** Fiscal 2018 Business Report submitted for review  
Please refer to the Fiscal 2018 Business Report on page 10 of this handbook.
- Item 2** Audit Committee's report on 2018 annual final accounting books and statements submitted for review  
Please refer to the Audit Committee's 2018 Review Report on page 15 of this handbook.
- Item 3** Distribution of remuneration to directors and employees in fiscal 2018, submitted for review
- (1) The company 2018 earning (Before deducting remuneration to employees and directors from Profit before Tax) is NTD 16,649,145,156. 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 504,801,000 to employees (distribution ratio 3.03%) and NTD 50,060,000 to directors (distribution ratio 0.30%). 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.
- Item 4** First share repurchase implementation submitted for review  
Please refer to First share repurchase implementation and "Regulations Governing Share Repurchase Transfer to the Employees" on page 16 and 17 of this handbook.
- Item 5** Amendment to "Codes of Ethical Conduct" submitted for review  
To be in compliance with governmental regulations, the amendment of "Codes of Ethical Conduct" is approved in the board meeting convened in March 19, 2019. Please refer to Comparison Chart on page 19 of this handbook.

## II. Approval Items

(1)

### Item 1

(Proposed by the Board of Directors)

Motion: To accept FY 2018 financial statements

- (1) 2018 Financial Statements were audited by KPMG CPAs, Chen, Chen-Chien, and Cheng, An-Chih. The aforementioned and FY 2018 business report have been approved by the board and the audit committee with review report.
- (2) Please refer to the Business Report and the Financial Statements on page 10 and 23 of this handbook.
- (3) Approval requested

Resolution:

### Item 2

(Proposed by the Board of Directors)

Motion: To approve 2018 profit distribution proposal

- (1) 2018 Net income is NTD 13,630,673,699, the the Company proposes to distribute cash dividend for shareholder in NTD 25 per share, totaled NTD 10,880,925,000.
- (2) Upon the approval of shareholders meeting, it is proposed to resolve July 23, 2019 as ex-dividend date, August 9, 2019 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 41 for 2018 Earning Distribution Statement
- (5) Resolution requested.

Resolution:

### **III. Discussion Items**

#### **Item 1**

(Proposed by the Board of Directors)

Motion: Amendment to the “Articles of Incorporation”

- (1) To be consistent with the amendment to the Company Act and new business items required for operational needs, the Company proposes to amend “Articles of Incorporation” accordingly. Please refer to the comparison chart on page 42 of this handbook.
- (2) Resolution requested

Resolution:

#### **Item 2**

(Proposed by the Board of Directors)

Motion: Amendment to “Rules for Election of Directors”

- (1) To be consistent with Articles of Incorporation, which stipulates the election of directors should adopt candidate nomination system, the Company proposes to amend “Rules for Election of Directors” accordingly. Please refer to the comparison chart on page 47 of this handbook.
- (2) Resolution requested

Resolution:

#### **Item 3**

(Proposed by the Board of Directors)

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

- (1) To satisfy authority’s requests as well as to be consistent with the latest regulation, the Company proposes to amend “Acquisition or Disposal of Assets Procedure” accordingly. Please refer to the comparison chart on page 48 of this handbook.
- (2) Resolution requested

Resolution:

**Item 4**

(Proposed by the Board of Directors)

Motion: Amendment to “Policies and Procedures for Financial Derivatives”

- (1) To be consistent with the latest regulation, the Company proposes to amend “Policies and Procedures for Financial Derivatives” accordingly. Please refer to the comparison chart on page 78 of this handbook.
- (2) Resolution requested

Resolution:

**Item 5**

(Proposed by the Board of Directors)

Motion: Amendment to “Procedures for Lending Funds to Other Parties”

- (1) To be consistent with the latest regulation, the Company proposes to amend “Procedures for Lending Funds to Other Parties” accordingly. Please refer to the comparison chart on page 128 of this handbook.
- (2) Resolution requested

Resolution:

**Item 6**

(Proposed by the Board of Directors)

Motion: Amendment to “Procedures for Endorsement and Guarantee”

- (1) To be consistent with the latest regulation, the Company proposes to amend “Procedures for Endorsement and Guarantee” accordingly. Please refer to the comparison chart on page 134 of this handbook.
- (2) Resolution requested

Resolution:

## IV. Election

### Item 1

(Proposed by the Board of Directors)

Motion: Election to fulfill independent director vacancy

- (1) The former independent director, Chun-yen Chang, passed away and was dismissed on October 12, 2018. Pursuant to Article 14-2 of Securities and Exchange Act, when an independent director is dismissed for any reason, resulting in a number of directors lower than that required under the company's articles of incorporation, a by-election for independent director shall be held at the next following shareholders meeting.
- (2) The independent director vacancy fulfillment is in compliance with related regulations. The election of independent director adopts candidate nomination system, and shareholders shall elect from among those listed in the slate of independent director candidates. Please refer to the Independent Director Candidate on page 90 of this handbook.
- (3) The term of new directors is effective immediately after the election, and shall serve same term with current Board Meeting (2019/6/25~2021/6/24)
- (4) Election requested

Election result:

## V. Other Proposals

### Item 1

(Proposed by the Board of Directors)

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

- (1) Pursuant to Article 209 of the Company Act, A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- (2) To rely on expertise and relevant work experiences of directors, hereby request the shareholders' approval to release the director and his/her legal representatives from the non-competition restrictions.
- (3) The non-competition restriction of the newly elected director is as below:

| Title                | Name             | Concurrent Job                              |
|----------------------|------------------|---|
| Independent director | Kwang-Leei Young | Director / Intention Intelligence Co., Ltd. |

- (4) Resolution requested

Resolution:

## VI. Extemporary Motion

## VII. Meeting Adjourned

## Attachment 1

### GlobalWafers Co., Ltd.

#### Fiscal 2018 Business Report

The semiconductor market grows rapidly in 2018. New development of capacity and technologies stimulate the demand for high-quality silicon wafers. Under such prosperity, GlobalWafers dedicates to maximize the synergy of the merger and acquisition. Through flexible arrangement and operation reinforcement, all subsidiaries are fully loaded to cope with robust demands. Through the concerted efforts of all colleagues, GlobalWafers has set numerous records. By the end of 2018, GlobalWafers has achieved revenue growth for 12 consecutive quarters with outstanding results and annual profit reaches record high! The consolidated revenue for 2018 is NT\$59.064 billion, up by 27.8% from last year. Due to the increase in wafer prices and aggressive cost control, gross profit increases to 38%, amounting to NT\$22.299 billion; net profit is NT\$17.578 billion, after-tax earnings per share is NT\$31.18. Please see below summary on 2018 operation performance, 2018 business plan, future strategy, influence of competition, regulations and macro economics.

#### A. Operation Performance

##### 1. Operation Performance

Unit: NT\$'000

| Year<br>Item       | 2018<br>(IFRSs) | 2017<br>(IFRSs) | Change (%) |
|--------------------|-----------------|-----------------|------------|
| Revenue            | 59,063,510      | 46,212,601      | 28%        |
| Cost of Goods      | 36,764,666      | 34,404,835      | 7%         |
| Gross Profit       | 22,298,844      | 11,807,766      | 89%        |
| Operating Expenses | 4,720,793       | 4,394,224       | 7%         |
| Operating Income   | 17,578,051      | 7,413,542       | 137%       |
| Profit Before Tax  | 18,253,367      | 6,874,699       | 166%       |
| Net Profit         | 13,633,771      | 5,278,207       | 158%       |

Benefiting from the rapid growth of the semiconductor industry and applications evolution, GlobalWafers' one-stop order, global service operation model along with diversified and complete product portfolio fully satisfy strict requirements of customers, revenue soars consequently. Selling price adjustment and strict cost control also optimizes profitability, gross margin increases from 26% to 38%, and net profit also improves from 11% to 23%.

##### 2. Budget Implementation: No financial forecast for 2018

### 3. Profitability Analysis

| Item                |  | 2018    | 2017    |
|---------------------|--|---------|---------|
| Financial structure | Debt ratio (%)   | 51.95%  | 51.51%  |
|                     | Long-term funds to PPE (%)<br>(PPE-plant, property, equipment) | 211.74% | 170.13% |
| Profitability       | ROA (%)<br>(return on assets)                                  | 17.14%  | 8.53%   |
|                     | ROE (%)<br>(return on equity)                                  | 35.32%  | 21.18%  |
|                     | Operating Income to Capital Stock (%)                          | 402.01% | 169.54% |
|                     | Profit Before Tax to Capital Stock (%)                         | 417.46% | 157.22% |
|                     | Net Profit Margin (%)  | 23.08%  | 11.42%  |
|                     | EPS (NT\$)   | 31.18   | 12.68   |

### 4. Financial Structure (expressed in NTD thousands)

2018 revenue is NT\$59,063,510; cost of goods is NT\$36,764,666. Operating expense is NT\$4,720,793. Net non-operating income is NT\$675,316. Net profit before tax is NT\$18,253,367. Net profit after tax is NT\$13,633,771. The financial structure is healthy.

### 5. Research & Development

#### (1) 2018 Research & Development Expenditure

| Unit: NT\$'000                    |            |            |
|-----------------------------------|------------|------------|
| Item / Year                       | 2018       | 2017       |
| Research and Development Expenses | 1,650,559  | 1,445,060  |
| Sales Revenue                     | 59,063,510 | 46,212,601 |
| %                                 | 2.79%      | 3.13%      |

#### (2) 2018 Achievement

##### Technology/Product

- (1) Monocrystalline ingot growth technology for Boron-doped MCZ Ingot with resistivity >8000Ω-cm
- (2) Automatic counter doping high resistivity ingot growth technology
- (3) High frequency application SOI wafer
- (4) Silicon substrate for 7nm IC process
- (5) Big data application for wire saw slicing process
- (6) 12-hour single crystal twin rod continuous feeding CZ crystal growth
- (7) Model Predictive Automatic Crystal Pulling Process Control
- (8) 8" Ultra high flatness acid etched single side polishing technology development
- (9) New "ECAS®" wafer for highresolution CMOS image sensor with lower white defect

- (10) Lower carbon technology for 8" and 12" MCZ crystal growth
- (11) High Breakdown voltage E-mode GaN on Novel SOI wafer development
- (12) GaN On semi-Insulated SiC Epitaxy technology development

(3) Future Plan

- (1) Ultra low resistivity <0.7mΩ-cm wafer with Phosphorus doped
- (2) Ultra low resistivity <1.8mΩ-cm wafer with Arsenic doped
- (3) SiC wafer for next generation high power automotive electronic device application
- (4) Epi-substrate for GaN\_HEMT application
- (5) High strength and ultra thin silicon substrate with nano structure
- (6) SOI substrate for next generation RF device application
- (7) Silicon wafer for 3 nano IC process
- (8) "ECAS®" wafer for high resolution CMOS image sensor(CIS)
- (9) "ECAS®" wafer for next generation 3D memory device
- (10) 12" MCZ wafer with lower carbon and lower oxygen for power devices, memory devices, and mobile CIS

B. Future Business Plan

1. Business Guideline

- (1) Flexible production arrangement to achieve economies-of-scale competitiveness; synchronize with end market and strengthen R&D bonding with customers; expand market share and profitability.
- (2) Use current customer networking to expand FZ/SOI sales territory, increasing utilization rate and profitability.
- (3) Active deployment on niche patents and process so as to facilitate new technology and product development; strengthen patent strategy.

2. Sales Forecast and the basis

World Semiconductor Trade Statistics (WSTS) announced the global semiconductor industry posted sales of \$468.8 billion in 2018, an increase of 13.7 % compared to \$412.2 billion in 2017 total. The year 2019 is forecasted to be down 3.0%, modest growths are expected to return in 2020 and 2021 by 3.2% and 3.7% respectively. 2017~2021 annual average growth rate of global semiconductor shipments will reach 3.6%.

Among major semiconductor product categories, WSTS recorded growth in 2018 for discrete (11.7%/ \$ 24.194 billion), optoelectronics (11.2%/ \$38.715 billion), sensors (6.6%/ \$13.402 billion), IC (17%/ \$401.625 billion). When break down to details, Memory (33.2%/ \$165.11

billion), Logic (7.3%/ \$109.672 billion), Micro (6.4%/ \$68.041 billion) and Analog (10.8%/ \$58.803 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) Stabilize supply of key raw materials and parts to ensure superior production quality and on-time delivery in order to secure smooth production.
- (3) Focus on development of high-efficiency niche products with core technology for more value.
- (4) Sign long-term agreement with key partners to solidify cooperation.

### 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) Closely grasp market and industry trends as well as fine tune business strategies simultaneously; restlessly develop potential products in various applications; carry out patent protection measures to strengthen our own competitiveness.
- (3) Synchronize with markets and strengthen R&D bonding with customers; focus on development of high-efficiency niche products with core technology for more value; aggressively control manufacturing cost so as to maximize profits,
- (4) 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.

### 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) 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.

- (3) Recent international situation is volatile, China-US trade tension results uncertainty to macro economy. With extensive global footprint in US and worldwide, GlobalWafers will flexibly arrange production to cope with relevant regulations and reduce the impact of trade tariffs on operating costs.

After the golden leap in 2018, the semiconductor industry is expected to return to a stable and moderate growth pace. Although China-US trade tension brings uncertainty to global economics, consumer electronics and evolving innovations such as AI, IoT (Internet of Things) and IoV (Internet of vehicles) still support the demands for high quality semiconductor silicon wafers. GlobalWafers will continue to collaborate closely with customers, focus on next-generation innovative products, and maximize the advantage of complete product portfolio. Not only dedicates in the existing market, GlobalWafers also grasps opportunities for further development, explore new product areas, aiming to create more values for employees, customers and shareholders.

Chairperson      Hsiu-Lan Hsu



President          Mark England



Chief Account    Yu-Ting Lo



## Attachment 2

### Audit Committee's Review Report

The Board of Directors has prepared the Company's 2018 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:



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Chi-Hsiung Cheng

March 19, 2019

## Attachment 3

### GlobalWafers Co., Ltd.

#### First Share Repurchase Implementation

|   |   |
|---|---|
| Share Repurchase Time   | First   |
| Date of board resolution  | 2018/10/30  |
| Purpose of share repurchase   | Share Transfer to Employee  |
| Scheduled period for the repurchase   | 2018/10/31~2018/12/28   |
| Repurchase price range  | NTD 250 ~ NTD 300   |
| Originally determined number of shares to be repurchase   | 4,000,000   |
| Number of shares repurchased  | 2,013,000   |
| Total monetary amount of shares repurchased   | NTD 576,778,850   |
| Volume of shares retired and transferred  | 0   |
| Cumulative number of own shares held  | 2,013,000   |
| Ratio of cumulative number of own shares held during the repurchase period to the total number of the Company's issued shares | 0.46%   |
| Reason for non-completion of the share repurchase at expiry of the repurchase period  | In consideration of market mechanism and to prevent stock price impact as well as corporation capital planning and utilization, the share repurchase is not fully executed. |

## **Attachment 4**

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

#### **Rules for Shares Buyback to Transfer to Employee**

##### **Article 1**

In order to motivate employee morale and improve employee centripetal force, pursuant to relevant provisions in Subparagraph 1, Paragraph 1 of Article 28-2 of Securities Exchange Act and the "Rules for Listed Company in Shares Buyback" issued by Financial Supervisory Commission, the Company hereby formulates this Rules for Shares Buyback to Transfer to Employee. Unless otherwise prescribed by law, the shares buyback to transfer to employee by the Company shall be handled pursuant to the provisions hereof.

##### **Article 2**

The shares to be transferred to employee this time are ordinary shares, unless otherwise prescribed by relevant laws and this Rules, the rights and obligations thereof shall be the same as that of other outstanding ordinary shares.

##### **Article 3**

The shares buyback this time shall be subject to this Rules, as of the date of shares buyback, the base date for employee stock subscription will be stipulated within three years, and shares will be transferred to employee by one or several installments. Shares not transferred in due time shall be deemed as unissued shares of the Company, and cancellation and change registration shall be handled.

##### **Article 4**

All employees of the Company, including employees of subsidiary, full-time employees on the base date for stock subscription and with special contribution to the company, may enjoy subscription qualification according to the subscription amount stipulated in Article 5 hereof. The "employees of subsidiary" mentioned in preceding paragraph means the employees of domestic or overseas subsidiary of the same invested company whose over fifty percent of voting shares are held directly or indirectly by the Company. The transfer object who leaves office during the period from the base date for employee stock subscription to the deadline for subscription payment will lose subscription qualification.

#### **Article 5**

The Company shall stipulate the weight of shares to be transferred to employee according to standards such as employee grade, length of service, excellent work performance etc., and in consideration of the total amount of buyback shares held by the company on the base date for subscription and the upper limit of shares subscription by a single employee, and report to the Chairman for approval. Employee who fails to subscribe upon the expiry of subscription payment period will be deemed as waiver; for the undersubscribed balance, the Chairman may otherwise negotiate with other employees for subscription

#### **Article 6**

Operation procedures for shares buyback to transfer to employees:

According to board resolution, make announcement and declaration, and buy back the shares of the Company within execution period.

Board of Directors may authorize the Chairman to stipulate and publish operational matters such as the base date for employee stock subscription, standard of shares subscription, subscription payment period, and rights contents etc. pursuant to this Rules.

Conduct statistics on actual number of shares subscribed by payment, and handle matters such as stock transfer registration etc.

#### **Article 7**

For shares buyback to transfer to employees, the average price in actual buyback will be the transfer price (round up to NT\$ Jiao, and round off below Fen), but in case of the increase of ordinary shares already issued by the Company before transfer, it shall be adjusted according to the increase ratio of issuing shares.

#### **Article 8**

After shares buyback to transfer to employees and transfer registration, unless specified otherwise, the rest rights and obligations shall be the same as that of original shares

#### **Article 9**

The Rules will become effective after passed by the board resolution, and it may be amended by proposing for board resolution; Besides, it shall be handed in to Shareholders' Meeting for report, and the same shall apply upon amendment

#### **Article 10**

The Procedure was enacted on October 30<sup>th</sup>, 2018.

The 1<sup>st</sup> amendment was made on December 11<sup>th</sup>, 2018.

## Attachment 5

### GlobalWafers Co., Ltd.

#### Codes of Ethical Conduct Comparison Chart

| Article | Before   | After   | Remark   |
|---------|--|---|--|
| 1       | In order to encourage directors, managers and other staff to act in line with ethical standards, and to help interested parties better understand the ethical standards of the company, "Codes of Ethical Conduct"("Code") is promulgated according to "Guidelines for the Adoption of Codes of Ethical Conduct by TWSE/GTSM Listed Companies "of Taiwan Stock Exchange Corporation as a reference to follow.  | In order to encourage directors, <a href="#">independent directors</a> , managers and other staff to act in line with ethical standards, and to help interested parties better understand the ethical standards of the company, "Codes of Ethical Conduct"("Code") is promulgated according to "Guidelines for the Adoption of Codes of Ethical Conduct by TWSE/GTSM Listed Companies "of Taiwan Stock Exchange Corporation as a reference to follow.   | Add independent directors  |
| 2       | The Code is applicable to directors, managers and other staff, herein referred to as the GWC staff.  | The Code is applicable to directors, <a href="#">independent directors</a> , managers and other staff, herein referred to as the GWC staff.   | Add independent directors  |
| 4       | <p><b>(Prevention of Conflicts of Interest)</b><br/>The GWC staff shall perform their duties in an objective and efficient manner, avoid taking advantage of their position in the company to obtain improper benefits for below:</p> <ol style="list-style-type: none"> <li>1. Themselves or their spouse, parents, children, or relatives within the <a href="#">third</a> degree of kinship.</li> <li>2. Company or enterprise that will financially benefit from the abovementioned either directly or indirectly.</li> <li>3. Company or enterprise of which the director or manager serve as a chairman, directors or authorizing managers.</li> </ol> <p>The company shall pay special attention to loans of funds, <a href="#">provisions of guarantees</a>, and major asset transactions or the purchase (or sale) of goods involving the</p> | <p><b>(Prevention of Conflicts of Interest)</b><br/>The GWC staff shall perform their duties in an objective and efficient manner, avoid taking advantage of their position in the company to obtain improper benefits for below:</p> <ol style="list-style-type: none"> <li>1. Themselves or their spouse, parents, children, or relatives within the <a href="#">second</a> degree of kinship.</li> <li>2. Company or enterprise that will financially benefit from the abovementioned either directly or indirectly.</li> <li>3. Company or enterprise of which the director or manager serve as a chairman, directors or authorizing managers.</li> </ol> <p>The company shall pay special attention to loans of funds, <a href="#">provisions of guarantees</a>, and major asset transactions or the purchase (or sale) of goods involving the</p> | Modify based on "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies" |

|    |  |   |  |
|----|--|---|--|
|    | <u>enterprise</u> at which a director or manager works.  | <u>affiliated enterprise</u> at which a director or manager works.  |  |
| 5  | <p><b><u>(Minimizing Incentives to Pursue Personal Gain)</u></b></p> <p><u>When the company has an opportunity for profit</u>, the GWC staff should <u>protect and increase reasonable and proper benefits for the company</u>, and prevent following <u>activities</u>:</p> <ol style="list-style-type: none"> <li>1. Seeking an opportunity to pursue benefit whether for self or for others by using company property, information or taking advantage of their positions.</li> <li>2. Obtaining personal benefit whether for self or for others by using company property, information or taking advantage of their positions.</li> <li>3. Competing with the company.</li> </ol> <p>When the company has an opportunity for profit, it is the responsibility of the GWC staff to maximize the reasonable and proper benefits that company can obtained.</p> | <p><b><u>(Minimizing Incentives to Pursue Personal Gain)</u></b></p> <p>The GWC staff shall <u>prevent engaging in below activities</u></p> <ol style="list-style-type: none"> <li>1. Seeking an opportunity to pursue benefit whether for self or for others by using company property, information or taking advantage of their positions.</li> <li>2. Obtaining personal benefit whether for self or for others by using company property, information or taking advantage of their positions.</li> <li>3. Competing with the company.</li> </ol> <p>When the company has an opportunity for profit, it is the responsibility of the GWC staff to maximize the reasonable and proper benefits that company can obtained.</p> | Modify based on “Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies” |
| 9  | <p><b>(Compliance with Laws and Regulations)</b></p> <p>All the GWC staff shall <u>comply with and propagate</u> Securities and Exchange Act and other regulations regarding corporal operation, shall not violate any law or regulation on purpose, nor intentionally mislead, manipulate, unfair trade with suppliers and customers, declare fraudulent information about the quality or contents of the company’s products or service.</p>  | <p><b>(Compliance with Laws and Regulations)</b></p> <p>All the GWC staff shall <u>comply with</u> Securities and Exchange Act and other regulations regarding corporal operation, shall not violate any law or regulation on purpose, nor intentionally mislead, manipulate, unfair trade with suppliers and customers, declare fraudulent information about the quality or contents of the company’s products or service.</p>   | Modify based on “Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies” |
| 10 | <p><b>(Encouraging Reporting on Illegal or Unethical Activities)</b></p> <p>The company shall raise awareness of ethics internally and encourage</p>   | <p><b>(Encouraging Reporting on Illegal or Unethical Activities)</b></p> <p>The company shall raise awareness of ethics internally and encourage</p>  | Modify based on “Guidelines for the Adoption of  |

|    |   |   |   |
|----|---|---|---|
|    | <p>employees to report to a company audit committee, manager, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct, and employees should provide enough information for company to properly deal with. The company <u>will</u> handle the cases in confidentiality and make employees aware that the company will use its best efforts to ensure the safety of informants.</p>  | <p>employees to report to a company audit committee, manager, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct, and employees should provide enough information for company to properly deal with. The company <u>shall</u> handle the cases in confidentiality and make employees aware that the company will use its best efforts to ensure the safety of informants.</p> <p><u>Details of report procedure shall be handled in accordance with “Procedure for Reporting Unethical or Illegal Conduct” of the Company</u></p>   | <p>Codes of Ethical Conduct for TWSE/GTSM Listed Companies”</p>   |
| 11 | <p><b>(Disciplinary Measures and Remedy)</b></p> <p>When <u>directors or managers</u> violate the code of ethical conduct, the company shall handle the matter in accordance with relevant regulations, and shall <u>without delay</u> disclose on the Market Observation Post System (MOPS) <u>the name</u> and title of the violator, dates and reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. If the violator considers the discipline is improper and impacts his/her legal rights, the violator can appeal via complaint system for remedy.</p> | <p><b>(Disciplinary Measures and Remedy)</b></p> <p>When directors, <u>independent directors or</u> managers violate the code of ethical conduct, the company shall handle the matter in accordance with relevant regulations, and shall <u>without delay</u> disclose on the Market Observation Post System (MOPS) <u>the title</u> of the violator, dates and reasons for the violation, the provisions of the code violated, and the disciplinary actions taken.</p> <p><u>For GWC staff apart from the aforesaid, if the circumstance concerned is material and there is a likelihood that the interests of the Company would be prejudiced, the Company shall disclose on the Market Observation Post System (MOPS) the title of the violator, dates and reasons for the violation, the provisions of the code violated, and the disciplinary actions taken.</u></p> <p>If the violator <u>defined in the article</u> considers the discipline is improper</p> | <p>Modify due to the article is applicable on all individuals</p> |

|    |  |  |  |
|----|--|--|--|
|    |  | and impacts his/her legal rights, the violator can appeal via complaint system for remedy.   |  |
| 12 | <p><b>(Procedures for Exemption)</b></p> <p>If <u>any director or manager</u> is necessary to be exempted from compliance with the code, the exemption requires board resolution, and that information on the name and title of the person entitled to such exemption, the date on which the board of directors adopted the resolution for exemption, and the period of, reasons for, and principles behind the application of the exemption be disclosed <u>without delay</u> on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to avoid any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.</p> | <p><b>(Procedures for Exemption)</b></p> <p>If any <u>individual</u> is necessary to be exempted from compliance with the code, the exemption requires board resolution, and that information on the name and title of the person entitled to such exemption, the date on which the board of directors adopted the resolution for exemption, <u>objections or reservations of independent directors, and the period of,</u> reasons for, and principles behind the application of the exemption be disclosed on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to avoid any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.</p> | Modify due to the article is applicable on all individuals. Exemption procedure is amended based on “Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies” |
| 13 | <p><b>(Method of Disclosure)</b></p> <p>The company shall disclose the code of ethical conduct and any amendment in the annual report, prospectuses and MOPS.</p>  | <p><b>(Method of Disclosure)</b></p> <p>The company shall disclose the code of ethical conduct and any amendment in <u>the company website,</u> annual report, prospectuses and MOPS.</p>  | Add method of disclosure   |
| 16 | <p><b>(Amendment Date)</b></p> <p>The Procedures were enacted on March 20, 2014.</p> <p>The Procedures were revised on November 13, 2014. _</p>  | <p><b>(Amendment Date)</b></p> <p>The Procedures were enacted on March 20, 2014.</p> <p>The Procedures were revised on November 13, 2014.</p> <p><u>The Procedures were revised on March 19, 2019.</u></p>   | Add amendment date   |



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## 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 balance sheets as of December 31, 2018 and 2017, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of 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, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”), and the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing 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 audits 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(16) “Revenue recognition” for accounting policy and note 6(21) “Revenue from contracts with customers” of the consolidated financial statements for further information.

Description of key audit matter:

The Group's revenues are derived from the sales of semiconductor materials and components. Revenue recognition is also dependent on whether the specified sales terms in each individual contract are met. In consideration of the high volume of sales transactions generated from world-wide operations, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

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

## 2. Impairment of goodwill

Please refer to the note 4(12) “Intangible assets” for accounting policy, note 5 “Significant accounting assumptions and judgments, and major sources of estimation uncertainty” for impairment assessment, and note 6(9) “Intangible assets” for further details.

Description of key audit matter:

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

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included: assessing triggering events identified by management for impairment indicators existing in a cash-generating unit, assessing whether the assumptions used for evaluating the recoverable amount are reasonable; evaluating the achievement of prior year financial forecasts; inspecting the calculations of recoverable amounts; assessing the assumptions used for calculating recoverable amounts and cash flow projections; performing the sensitivity analysis based on key factors; assessing whether the accounting policies for goodwill impairment 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, 2018 and 2017, 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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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



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

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Chien, Chen and An-Chih, Cheng.

KPMG

Taipei, Taiwan (Republic of China)  
March 19, 2019

#### 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.

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

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

Consolidated Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

|                            |  | December 31, 2018 |           | December 31, 2017 |           |  |   | December 31, 2018    |            | December 31, 2017 |            |
|----------------------------|--|-------------------|-----------|-------------------|-----------|--|---|----------------------|------------|-------------------|------------|
| Assets                     |  | Amount            | %         | Amount            | %         | Liabilities and Equity   |   | Amount               | %          | Amount            | %          |
| <b>Current assets:</b>     |  |                   |           |                   |           | <b>Current liabilities:</b>                                    |   |                      |            |                   |            |
| 1100                       | Cash and cash equivalents (note 6(1))  | \$ 35,214,323     | 39        | 18,794,362        | 27        | 2100   | Short-term borrowings (note 6(11))  | \$ 5,042,000         | 6          | 10,124,326        | 15         |
| 1110                       | Financial assets at fair value through profit or loss— current (note 6(2))                 | 236,495           | -         | 21,546            | -         | 2120   | Financial liabilities at fair value through profit or loss— current (note 6(2)) | 119                  | -          | 5,152             | -          |
| 1170                       | Notes and accounts receivable, net (note 6(5))   | 9,155,024         | 10        | 7,796,017         | 11        | 2130   | Contract liabilities— current (note 6(21))                                      | 4,498,487            | 5          | -                 | -          |
| 1180                       | Accounts receivable due from related parties, net (note 7)                                 | 71,299            | -         | 73,415            | -         | 2170   | Notes and accounts payable  | 4,699,304            | 5          | 4,208,854         | 6          |
| 130X                       | Inventories (note 6(6))  | 7,039,817         | 8         | 7,346,671         | 10        | 2180   | Accounts payable to related parties (note 7)                                    | 171,141              | -          | 60,638            | -          |
| 1476                       | Other financial assets— current (note 8)   | 769,898           | 1         | 173,632           | -         | 2201   | Payroll and bonus payable   | 2,123,838            | 2          | 1,681,221         | 2          |
| 1479                       | Other current assets (note 6(10))  | 713,659           | 2         | 905,230           | 1         | 2230   | Current tax liabilities   | 2,127,809            | 2          | 956,709           | 1          |
|                            |  | <u>53,200,515</u> | <u>60</u> | <u>35,110,873</u> | <u>49</u> | 2310   | Advance sales receipts— current   | -                    | -          | 2,059,632         | 3          |
| <b>Non-current assets:</b> |  |                   |           |                   |           | 2322   | Long-term borrowings— current portion (note 6(12))                              | -                    | -          | 613,333           | 1          |
| 1517                       | Financial assets at fair value through other comprehensive income— non-current (note 6(3)) | 51,636            | -         | -                 | -         | 2399   | Other current liabilities (notes 6(13) and (14))                                | 5,759,743            | 7          | 2,541,408         | 4          |
| 1543                       | Financial assets measured at cost, net— non-current (note 6(4))                            | -                 | -         | 49,896            | -         |  |   | <u>24,422,441</u>    | <u>27</u>  | <u>22,251,273</u> | <u>32</u>  |
| 1550                       | Investments accounted for using equity method (note 6(7))                                  | 178,442           | -         | 318,622           | -         | <b>Non-Current liabilities:</b>                                |   |                      |            |                   |            |
| 1600                       | Property, plant and equipment (notes 6(8), 7 and 8)  | 30,887,035        | 34        | 28,202,304        | 40        | 2527   | Contract liabilities— non-current (note 6(21))                                  | 14,609,104           | 16         | -                 | -          |
| 1780                       | Intangible assets (note 6(9))  | 3,649,397         | 4         | 3,939,134         | 6         | 2540   | Long-term borrowings (note 6(12))   | 430,000              | -          | 3,663,000         | 5          |
| 1840                       | Deferred tax assets (note 6(7))  | 1,386,577         | 2         | 1,837,127         | 3         | 2570   | Deferred tax liabilities (note 6(17))   | 3,664,011            | 5          | 2,066,271         | 3          |
| 1980                       | Other financial assets— non-current (note 8)   | 268,598           | -         | 383,074           | 1         | 2600   | Other non-current liabilities (notes 6(13) and (14))                            | 367,423              | -          | 636,344           | 1          |
| 1990                       | Other non-current assets (note 6(10))  | 199,921           | -         | 391,307           | 1         | 2640   | Net defined benefit liabilities (note 6(16))                                    | 3,173,029            | 4          | 2,884,063         | 4          |
|                            |  | <u>36,621,606</u> | <u>40</u> | <u>35,121,464</u> | <u>51</u> | 2670   | Advance sales receipts— non-current   | -                    | -          | 4,676,980         | 7          |
|                            |  |                   |           |                   |           |  |   | <u>22,243,567</u>    | <u>25</u>  | <u>13,926,658</u> | <u>20</u>  |
|                            |  |                   |           |                   |           |  |   | <u>46,666,008</u>    | <u>52</u>  | <u>36,177,931</u> | <u>52</u>  |
|                            |  |                   |           |                   |           | <b>Total liabilities</b>                                       |   |                      |            |                   |            |
|                            |  |                   |           |                   |           | <b>Equity (note 6(18)):</b>                                    |   |                      |            |                   |            |
|                            |  |                   |           |                   |           | Equity attributable to shareholders of GlobalWafers Co., Ltd.: |   |                      |            |                   |            |
|                            |  |                   |           |                   |           | 3110   | Ordinary shares   | 4,372,500            | 5          | 4,372,500         | 6          |
|                            |  |                   |           |                   |           | 3200   | Capital surplus   | 24,772,608           | 28         | 24,772,805        | 35         |
|                            |  |                   |           |                   |           | Retained earnings:   |   |                      |            |                   |            |
|                            |  |                   |           |                   |           | 3310   | Legal reserve   | 1,341,111            | 2          | 813,639           | 1          |
|                            |  |                   |           |                   |           | 3320   | Special reserve   | 1,133,596            | 1          | 350,635           | -          |
|                            |  |                   |           |                   |           | 3350   | Unappropriated retained earnings  | 13,457,718           | 15         | 5,693,255         | 9          |
|                            |  |                   |           |                   |           |  |   | <u>15,932,425</u>    | <u>18</u>  | <u>6,857,529</u>  | <u>10</u>  |
|                            |  |                   |           |                   |           | 3400   | Other equity interest   | (1,361,299)          | (2)        | (1,956,906)       | (3)        |
|                            |  |                   |           |                   |           | 3500   | Treasury shares   | (576,779)            | (1)        | -                 | -          |
|                            |  |                   |           |                   |           |  |   | <u>43,139,455</u>    | <u>48</u>  | <u>34,045,928</u> | <u>48</u>  |
|                            |  |                   |           |                   |           | 36XX   | Non-controlling interests   | 16,658               | -          | 8,478             | -          |
|                            |  |                   |           |                   |           |  |   | <u>43,156,113</u>    | <u>48</u>  | <u>34,054,406</u> | <u>48</u>  |
|                            |  |                   |           |                   |           | <b>Total equity</b>  |   |                      |            |                   |            |
|                            |  |                   |           |                   |           | <b>Total liabilities and equity</b>                            |   |                      |            |                   |            |
|                            |  |                   |           |                   |           |  |   | <u>\$ 89,822,121</u> | <u>100</u> | <u>70,232,337</u> | <u>100</u> |
|                            |  |                   |           |                   |           |  |   | <u>\$ 89,822,121</u> | <u>100</u> | <u>70,232,337</u> | <u>100</u> |

See accompanying notes to consolidated financial statements.

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

**Consolidated Statements of Comprehensive Income**

For the years ended December 31, 2018 and 2017

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

|      |   | 2018                 |           | 2017              |            |
|------|---|----------------------|-----------|-------------------|------------|
|      |   | Amount               | %         | Amount            | %          |
| 4000 | <b>Operating revenues</b> (notes 6(21), (22) and 7)   | \$ 59,063,510        | 100       | 46,212,601        | 100        |
| 5000 | <b>Operating costs</b> (notes 6(6), (16), (23) and 7)   | <u>36,764,666</u>    | <u>62</u> | <u>34,404,835</u> | <u>74</u>  |
|      | <b>Gross profit from operations</b>   | <u>22,298,844</u>    | <u>38</u> | <u>11,807,766</u> | <u>26</u>  |
|      | <b>Operating expenses</b> (notes 6(16), (23) and 7):  |                      |           |                   |            |
| 6100 | Selling expenses  | 1,259,718            | 2         | 1,067,714         | 3          |
| 6200 | Administrative expenses   | 1,810,251            | 3         | 1,881,450         | 4          |
| 6300 | Research and development expenses   | 1,650,559            | 3         | 1,445,060         | 3          |
| 6450 | Impairment loss determined in accordance with IFRS 9 (notes 6(5))   | <u>265</u>           | <u>-</u>  | <u>-</u>          | <u>-</u>   |
|      | <b>Total operating expenses</b>   | <u>4,720,793</u>     | <u>8</u>  | <u>4,394,224</u>  | <u>10</u>  |
|      | <b>Net operating income</b>   | <u>17,578,051</u>    | <u>30</u> | <u>7,413,542</u>  | <u>16</u>  |
|      | <b>Non-operating income and expenses:</b>   |                      |           |                   |            |
| 7010 | Interest income   | 464,012              | 1         | 92,150            | -          |
| 7020 | Other gains and losses, net (notes 6(24) and 7)   | 319,317              | -         | (232,808)         | (1)        |
| 7050 | Interest expense  | <u>(108,013)</u>     | <u>-</u>  | <u>(398,185)</u>  | <u>(1)</u> |
|      |   | <u>675,316</u>       | <u>1</u>  | <u>(538,843)</u>  | <u>(2)</u> |
| 7900 | <b>Income before income tax</b>   | 18,253,367           | 31        | 6,874,699         | 14         |
| 7950 | Income tax expense (note 6(17))   | <u>4,619,596</u>     | <u>8</u>  | <u>1,596,492</u>  | <u>3</u>   |
|      | <b>Net income</b>   | <u>13,633,771</u>    | <u>23</u> | <u>5,278,207</u>  | <u>11</u>  |
| 8300 | <b>Other comprehensive income (loss):</b>   |                      |           |                   |            |
| 8310 | <b>Items that may not be reclassified subsequently to profit or loss</b>  |                      |           |                   |            |
| 8311 | Gains (losses) on remeasurements of defined benefit plans (note 6(16))  | (251,429)            | -         | 506,863           | 1          |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income  | 16,435               | -         | -                 | -          |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(17)) | <u>68,152</u>        | <u>-</u>  | <u>(88,347)</u>   | <u>-</u>   |
|      |   | <u>(166,842)</u>     | <u>-</u>  | <u>418,516</u>    | <u>1</u>   |
| 8360 | <b>Items that may be reclassified subsequently to profit or loss:</b>   |                      |           |                   |            |
| 8361 | Exchange differences on translation of foreign operations   | 854,780              | 1         | (610,623)         | (1)        |
| 8370 | Share of other comprehensive income of associates and joint ventures accounted for using equity method (note 6(7))          | (149,269)            | -         | 112,663           | -          |
| 8399 | Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(17))     | <u>(107,421)</u>     | <u>-</u>  | <u>97,718</u>     | <u>-</u>   |
|      |   | <u>598,090</u>       | <u>1</u>  | <u>(400,242)</u>  | <u>(1)</u> |
| 8300 | <b>Other comprehensive income (after tax)</b>   | <u>431,248</u>       | <u>1</u>  | <u>18,274</u>     | <u>-</u>   |
|      | <b>Total comprehensive income</b>   | <u>\$ 14,065,019</u> | <u>24</u> | <u>5,296,481</u>  | <u>11</u>  |
|      | <b>Net income attributable to:</b>  |                      |           |                   |            |
|      | Shareholders of GlobalWafers Co., Ltd   | \$ 13,630,673        | 23        | 5,274,723         | 11         |
|      | Non-controlling interests   | <u>3,098</u>         | <u>-</u>  | <u>3,484</u>      | <u>-</u>   |
|      |   | <u>\$ 13,633,771</u> | <u>23</u> | <u>5,278,207</u>  | <u>11</u>  |
|      | <b>Total comprehensive income attributable to:</b>  |                      |           |                   |            |
|      | Shareholders of GlobalWafers Co., Ltd   | \$ 14,055,257        | 24        | 5,328,810         | 11         |
|      | Non-controlling interests   | <u>9,762</u>         | <u>-</u>  | <u>(32,329)</u>   | <u>-</u>   |
|      |   | <u>\$ 14,065,019</u> | <u>24</u> | <u>5,296,481</u>  | <u>11</u>  |
|      | <b>Basic earnings per share (NT dollars)</b> (note 6(20))   |                      |           |                   |            |
|      | Basic earnings per share  | \$ <u>31.18</u>      |           | <u>12.68</u>      |            |
|      | Diluted earnings per share  | \$ <u>31.04</u>      |           | <u>12.66</u>      |            |

See accompanying notes to consolidated financial statements.

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)  
**GlobalWafers Co., Ltd. and subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2018 and 2017**  
**(Expressed in Thousands of New Taiwan Dollars)**

Equity attributable to shareholders of GlobalWafers Co., Ltd.

|  | Retained earnings |                 |               |                 |                                  |                         | Other equity interest   |   |  |                             |                 | 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 | Gains (losses) from equity instrument measured at fair value through other comprehensive income | Unrealized gains (losses) on available-for-sale financial assets | Total other equity interest | Treasury shares |                           |              |             |
| <b>Balance at January 1, 2017</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  |
| Net income for the year  | -                 | -               | -             | -               | 5,274,723                        | 5,274,723               | -   | -   | -  | -                           | -               | 5,274,723                 | 3,484        | 5,278,207   |
| Other comprehensive income for the year  | -                 | -               | -             | -               | 418,516                          | 418,516                 | (477,092)   | -   | 112,663  | (364,429)                   | -               | 54,087                    | (35,813)     | 18,274      |
| Comprehensive income for the year  | -                 | -               | -             | -               | 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  | -                 | -               | 93,949        | -               | (93,949)                         | -                       | -   | -   | -  | -                           | -               | -                         | -            | -           |
| Special reserve  | -                 | -               | -             | 110,833         | (110,833)                        | -                       | -   | -   | -  | -                           | -               | -                         | -            | -           |
| Cash dividends on ordinary shares  | -                 | -               | -             | -               | (768,992)                        | (768,992)               | -   | -   | -  | -                           | -               | (768,992)                 | -            | (768,992)   |
| Cash dividends distribution from capital surplus   | -                 | (324,133)       | -             | -               | -                                | -                       | -   | -   | -  | -                           | -               | (324,133)                 | -            | (324,133)   |
| Capital increase by cash   | 680,000           | 13,355,424      | -             | -               | -                                | -                       | -   | -   | -  | -                           | -               | 14,035,424                | -            | 14,035,424  |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed          | -                 | 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  |
| Effects of retrospective application of new accounting standards                                   | -                 | -               | -             | -               | -                                | -                       | -   | 100,409   | (112,663)  | (12,254)                    | -               | (12,254)                  | -            | (12,254)    |
| Balance at January 1, 2018 after adjustments   | 4,372,500         | 24,772,805      | 813,639       | 350,635         | 5,693,255                        | 6,857,529               | (2,069,569)   | 100,409   | -  | (1,969,160)                 | -               | 34,033,674                | 8,478        | 34,042,152  |
| Net income for the year  | -                 | -               | -             | -               | 13,630,673                       | 13,630,673              | -   | -   | -  | -                           | -               | 13,630,673                | 3,098        | 13,633,771  |
| Other comprehensive income for the year  | -                 | -               | -             | -               | (183,277)                        | (183,277)               | 740,695   | (132,834)   | -  | 607,861                     | -               | 424,584                   | 6,664        | 431,248     |
| Comprehensive income for the year  | -                 | -               | -             | -               | 13,447,396                       | 13,447,396              | 740,695   | (132,834)   | -  | 607,861                     | -               | 14,055,257                | 9,762        | 14,065,019  |
| Appropriation and distribution of retained earnings:   |                   |                 |               |                 |                                  |                         |   |   |  |                             |                 |                           |              |             |
| Legal reserve  | -                 | -               | 527,472       | -               | (527,472)                        | -                       | -   | -   | -  | -                           | -               | -                         | -            | -           |
| Special reserve  | -                 | -               | -             | 782,961         | (782,961)                        | -                       | -   | -   | -  | -                           | -               | -                         | -            | -           |
| Cash dividends on ordinary shares  | -                 | -               | -             | -               | (4,372,500)                      | (4,372,500)             | -   | -   | -  | -                           | -               | (4,372,500)               | -            | (4,372,500) |
| Increase in treasury stock   | -                 | -               | -             | -               | -                                | -                       | -   | -   | -  | -                           | (576,779)       | (576,779)                 | -            | (576,779)   |
| Difference between the consideration and the carrying amounts of subsidiaries acquired or disposed | -                 | (197)           | -             | -               | -                                | -                       | -   | -   | -  | -                           | -               | (197)                     | (1,582)      | (1,779)     |
| <b>Balance at December 31, 2018</b>  | \$ 4,372,500      | 24,772,608      | 1,341,111     | 1,133,596       | 13,457,718                       | 15,932,425              | (1,328,874)   | (32,425)  | -  | (1,361,299)                 | (576,779)       | 43,139,455                | 16,658       | 43,156,113  |

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

|   | <u>2018</u>        | <u>2017</u>       |
|---|--------------------|-------------------|
| <b>Cash flows from operating activities:</b>  |                    |                   |
| <b>Income before income tax</b>   | \$ 18,253,367      | 6,874,699         |
| <b>Adjustments:</b>   |                    |                   |
| <b>Adjustments to reconcile profit (loss):</b>                                      |                    |                   |
| Depreciation expenses   | 4,460,291          | 4,690,903         |
| Amortization expenses   | 354,779            | 349,133           |
| Expected credit losses / Provisions for bad debt expense                            | 265                | 23,645            |
| Net gains on financial assets or liabilities at fair value through profit or loss   | (55,950)           | (37,583)          |
| Interest expense  | 108,013            | 398,185           |
| Interest income   | (464,012)          | (92,150)          |
| Dividend income   | (1,077)            | -                 |
| Shares of profit of associates and joint ventures accounted for using equity method | (14,439)           | (5,959)           |
| Gains on disposal of property, plant and equipment                                  | (124,083)          | (3,498)           |
| Reversal of inventory valuation allowance   | (62,627)           | (165,861)         |
| <b>Total adjustments</b>  | <u>4,201,160</u>   | <u>5,156,815</u>  |
| <b>Changes in operating assets and liabilities:</b>                                 |                    |                   |
| Notes and accounts receivable (including related parties)                           | (1,356,799)        | (250,840)         |
| Inventories   | 359,447            | 125,957           |
| Prepayments for purchase of materials   | 339,011            | 163,133           |
| Other current assets  | (275,810)          | 543,632           |
| Other financial assets  | (516,113)          | 9,937             |
| <b>Total changes in operating assets</b>  | <u>(1,450,264)</u> | <u>591,819</u>    |
| Contract liabilities  | 14,839,499         | -                 |
| Notes and accounts payable (including related parties)                              | 600,953            | (856,148)         |
| Provisions  | (89,888)           | (460,680)         |
| Advance sales receipts  | -                  | 6,671,333         |
| Net defined benefit liabilities   | 37,537             | (99,944)          |
| Other operating liabilities   | 949,627            | (455,702)         |
| <b>Total changes in operating liabilities</b>                                       | <u>16,337,728</u>  | <u>4,798,859</u>  |
| <b>Total changes in operating assets and liabilities</b>                            | <u>14,887,464</u>  | <u>5,390,678</u>  |
| <b>Total adjustments</b>  | <u>19,088,624</u>  | <u>10,547,493</u> |
| Cash inflow generated from operations   | 37,341,991         | 17,422,192        |
| Interest received   | 428,181            | 88,426            |
| Dividends received  | 1,077              | -                 |
| Interest paid   | (129,754)          | (400,360)         |
| Income taxes paid   | (1,462,773)        | (833,884)         |
| <b>Net cash flows from operating activities</b>                                     | <u>36,178,722</u>  | <u>16,276,374</u> |

(Continued)

See accompanying notes to consolidated financial statements.

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

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

**For the years ended December 31, 2018 and 2017**

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

|  | <u>2018</u>                 | <u>2017</u>              |
|--|-----------------------------|--------------------------|
| <b>Cash flows from investing activities:</b>   |                             |                          |
| Acquisition of financial assets at fair value through other comprehensive income                     | (71,470)                    | -                        |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income | 8,732                       | -                        |
| Acquisition of financial assets at fair value through profit or loss                                 | (98,853)                    | -                        |
| Acquisition of financial assets measured at cost   | -                           | (49,896)                 |
| Acquisition of investments accounted for using equity method   | -                           | (200,000)                |
| Cash dividends from investments accounted for using equity method                                    | 5,350                       | -                        |
| Acquisition of property, plant and equipment   | (6,696,362)                 | (2,948,413)              |
| Proceeds from disposal of property, plant and equipment  | 414,284                     | 196,152                  |
| Acquisition of intangible assets   | -                           | (2,530)                  |
| Decrease in other financial assets   | 70,154                      | 353,665                  |
| <b>Net cash flows used in investing activities</b>   | <u>(6,368,165)</u>          | <u>(2,651,022)</u>       |
| <b>Cash flows from financing activities:</b>   |                             |                          |
| Decrease in short-term borrowings  | (5,082,365)                 | (2,366,861)              |
| Increase in long-term borrowings   | 430,000                     | 2,273,000                |
| Repayments of long-term borrowings   | (4,276,333)                 | (12,854,479)             |
| Increase (decrease) in guarantee deposits received   | 17,858                      | (745,817)                |
| Cash dividends paid  | (4,372,500)                 | (1,093,125)              |
| Capital increase by cash   | -                           | 14,035,424               |
| Cost of increase in treasury stock   | (482,609)                   | -                        |
| Change in non-controlling interests  | (1,779)                     | (2,876)                  |
| <b>Net cash flows used in financing activities</b>   | <u>(13,767,728)</u>         | <u>(754,734)</u>         |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>                                  | 377,132                     | 295,765                  |
| <b>Net increase in cash and cash equivalents</b>   | 16,419,961                  | 13,166,383               |
| <b>Cash and cash equivalents at beginning of period</b>  | <u>18,794,362</u>           | <u>5,627,979</u>         |
| <b>Cash and cash equivalents at end of period</b>  | <u><u>\$ 35,214,323</u></u> | <u><u>18,794,362</u></u> |

See accompanying notes to consolidated financial statements.

(English translation of the standalone financial statements originally issued in Chinese is for information purposes only; only the Chinese version is prevailing.)

## **Independent Auditor's Report**

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

### **Opinion**

We have audited the financial statements of GlobalWafers Co., Ltd., which comprise the balance sheets as of December 31, 2018 and 2017, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of GlobalWafers Co., Ltd. as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis of audit 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 of 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 2018. 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.

#### **I. Revenue recognition**

For the accounting policy of income recognition, please refer to Note IV (XV) of the standalone financial report for income recognition. For related explanations, please refer to Note VI (XVIII) of the standalone financial report.

#### **Description of key audit matters:**

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 worldwide operations,

revenue recognition is one of the key areas our audit focused on.

Audit procedure implemented:

The major audit procedures for the above-mentioned key audit matters include: understanding the accounting policies adopted by GlobalWafers for income recognition, and comparing the terms of sale and income recognition conditions to assess the appropriateness of the adopted policies; assessing the internal control system design of sales income, and testing the effectiveness of its execution by sampling; sample testing standalone income transactions, checking customer orders and shipping certificates, etc.; choosing the sales transactions during the period before and after the end of the year as a sample to examine the conditions, shipping documents and customer confirmation documents, etc. of such sales transactions., evaluating whether the year-end sales transactions is listed in the appropriate period.

## II. Evaluation of investments using the equity method

For the accounting policies of the investment method using the equity method, please refer to Note IV (IX) of the standalone financial report. For the accounting estimates and assumed uncertainties of the investment valuation using the equity method are detailed in Note V of the standalone financial report; for the assessment notes of the investment with the equity method, please refer to Note VI (VII) of the standalone financial report, investment using the equity method.

Description of key audit matters:

The investment with the equity method of GlobalWafers is mainly due to corporate mergers and acquisitions. The impairment assessment of goodwill arising from corporate mergers and acquisitions is affected by the market environment and government policies, resulting in uncertainty in the recoverability of goodwill. It is listed as one of the important audit matters by our accountants.

Audit procedure implemented:

The principal audit procedures of the auditor for the transfer of the goodwill impairment assessment of subsidiaries using the equity method include: assessing the cash-generating unit that the management has identified to impair and signs of impairment; assessing the reasonableness of the management's method of measuring the recoverable amount; assessing the accuracy of management's past forecasts; reviewing management's calculation of the recoverable amount of cash-generating units; evaluating various assumptions that future cash flow projections and calculating recoverable amount use, and the sensitivity analysis of the key assumptions.

## **Responsibilities of management level and governance unit on standalone financial report**

The responsibilities of the management level is to prepare the standalone financial statement appropriately presented according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and maintain necessary internal controls related to the preparation of the standalone financial statement in order to ensure that the financial statement contains no major

deceptive presentation due to fraud or errors.

In preparing the standalone financial statements, the management's responsibilities also include assessing the ability of GlobalWafers to continue to operate, disclosure of related matters, and adoption of the continuing accounting basis, unless the management intends to liquidate GlobalWafers or cease operations, or there are no other practical options besides to clear or close the business.

The governance unit of GlobalWafers (including the audit committee) is responsible for overseeing the financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our purpose in auditing standalone financial statement is to determine whether the overall of the standalone financial statement includes major deceptive presentation caused by fraud or error in order to obtain reasonable assurance, and to issue the audit report. Reasonable assurance refers to high level of assurance; however, the audit works performed according to the generally accepted auditing standards cannot assure the complete detection of major deceptive presentation in an standalone financial statement. Deceptive presentation may be caused by fraud or error. If the standalone amount or summary of the deceptive presentation is reasonably expected to affect the economic decisions made by the users of the standalone financial statements, the deceptive presentation is considered significant.

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:

- I. Identify and evaluate the risk of major deceptive presentation of standalone financial statement due to fraud or error; design and execute appropriate countermeasures for the risk evaluated; and obtain sufficient and appropriate audit evidence as the basis for audit opinion. Since fraud may involve conspiracy, forgery, intentional disclosure, deceptive declaration or may be beyond the internal control, the risk of not detecting major deceptive presentation due to fraud is higher than that due to error.
- II. Obtain the necessary knowledge of the internal control of the audit to design an appropriate audit procedure at the time, but the purpose is not to express an opinion on the effectiveness of the internal control of GlobalWafers.
- III. Evaluate the appropriateness of the accounting policy adopted by the management level, and the reasonability of the accounting estimation and relevant disclosure made.
- IV. Based on the audit evidence obtained, make conclusions about the appropriateness of the management to adopt of the continuing business accounting basis and whether there are significant uncertainties in the events or circumstances that may cause significant doubts about the ability of GlobalWafers to continue to operate. If the auditor believes that there is a significant uncertainty in the events or circumstances, it is necessary to remind the users of the

standalone financial statements to pay attention to the relevant disclosures of the standalone financial statements in the audit report, or to amend the audit opinions when the disclosure is inappropriate. The conclusion of our accountants shall be based on the audit evidences obtained up to the audit report date. However, future events or circumstances may cause the standalone company to no longer have the ability to continue to operate.

- V. Evaluate the overall presentation, structure and content of the standalone financial statement (including relevant notes), and whether the standalone financial statement appropriately presents relevant transactions and events.
- VI. Obtain sufficient and appropriate evidence for the financial information of the invested company with the equity method to express opinions on the standalone financial statements. The auditor is responsible for the guidance, supervision and execution of the company's audit case, and is responsible for forming the audit opinions for GlobalWafers.

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 standalone 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. From the matters communicated with the governance unit, the auditor decided on the key audit matters for GlobalWafers standalone financial statements of the standalone company in 2018. For the matters described by our accountants in the audit report, unless for specific matters prohibited from disclosure under the law, or under extremely rare situation, our accountants decide not to communicate particular matters in the audit report based on the concern that the negative impact generated by such communication can be reasonably expected to have an impact greater than the public interests gained.

KPMG

Taipei, Taiwan (Republic of China)  
March 19, 2019



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

GlobalWafers Co., Ltd.

Standalone Statement of Comprehensive Income

From January 1, 2017 to December 31, 2018

Expressed in thousands of New Taiwan dollars

|  | 2018                 |              | 2017             |              |
|--|----------------------|--------------|------------------|--------------|
|  | Amount               | %            | Amount           | %            |
| 4000 <b>Operating revenue</b> (Note VI (XVIII), (XIX) and VII)   | \$ 13,740,705        | 100          | 9,280,321        | 100          |
| 5000 Operating cost (Note VI (VI), (VIII), (XII), (XIII) and VII)  | 8,867,735            | 65           | 7,108,269        | 77           |
| <b>Gross profit from operations</b>  | <b>4,872,970</b>     | <b>35</b>    | <b>2,172,052</b> | <b>23</b>    |
| <b>Operating expenses</b> (Note VI (V), (VIII), (XII), (XIII) and VII):  |                      |              |                  |              |
| 6100 Selling expense   | 227,070              | 2            | 117,190          | 1            |
| 6200 Administrative expenses   | 218,393              | 2            | 167,267          | 2            |
| 6300 R&D expense   | 545,264              | 3            | 392,243          | 4            |
| 6450 Impairment loss determined in accordance with IFRS 9  | 411                  | -            | -                | -            |
|  | <b>991,138</b>       | <b>7</b>     | <b>676,700</b>   | <b>7</b>     |
| <b>OPERATING REVENUE</b>   | <b>3,881,832</b>     | <b>28</b>    | <b>1,495,352</b> | <b>16</b>    |
| <b>NON-OPERATING REVENUE AND GAINS:</b>  |                      |              |                  |              |
| 7010 Interest income   | 50,068               | -            | 26,920           | -            |
| 7020 Other interest and loss (Note VI (XXI) and VII)   | 226,271              | 2            | (39,710)         | -            |
| 7050 Interest expenses   | (188,224)            | (1)          | (286,465)        | (3)          |
| 7375 Share of interests of subsidiaries and related enterprises with the equity method (Note VI (VII))                             | 12,124,336           | 88           | 4,830,547        | 52           |
|  | <b>12,212,451</b>    | <b>89</b>    | <b>4,531,292</b> | <b>49</b>    |
| <b>Income before income tax</b>  | <b>16,094,283</b>    | <b>117</b>   | <b>6,026,644</b> | <b>65</b>    |
| 7950 Income tax expenses (Note VI (XIV))   | 2,463,610            | 18           | 751,921          | 8            |
| <b>Net income</b>  | <b>13,630,673</b>    | <b>99</b>    | <b>5,274,723</b> | <b>57</b>    |
| 8300 <b>Other comprehensive income:</b>  |                      |              |                  |              |
| 8310 <b>Items that may not be reclassified subsequently to profit or loss</b>  |                      |              |                  |              |
| 8311 Gains (losses) on remeasurements of defined benefit plans (Note VI (XIII))  | (9,153)              | -            | (19,173)         | -            |
| 8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income    | 16,435               | -            | -                | -            |
| 8330 Share of other comprehensive profit or loss of subsidiaries and related enterprises with the equity method                    | (203,007)            | (1)          | 526,036          | 5            |
| 8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note VI(XIV)) | 28,883               | -            | (88,347)         | (1)          |
| <b>Total items that may not be subsequently reclassified into profit or loss</b>   | <b>(166,842)</b>     | <b>(1)</b>   | <b>418,516</b>   | <b>4</b>     |
| 8360 <b>Items that may be subsequently reclassified into profit or loss</b>  |                      |              |                  |              |
| 8361 Exchange differences on translation of foreign operations   | 848,116              | 6            | (574,810)        | (6)          |
| 8380 Share of other comprehensive income of associates and joint ventures accounted for using equity method (Note VI (VII))        | (149,269)            | (1)          | 112,663          | 1            |
| 8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note VI (XIV))    | (107,421)            | (1)          | 97,718           | 1            |
| <b>Total items that may be subsequently reclassified into profit or loss</b>   | <b>591,426</b>       | <b>4</b>     | <b>(364,429)</b> | <b>(4)</b>   |
| 8300 <b>Other comprehensive income (after tax)</b>   | <b>424,584</b>       | <b>3</b>     | <b>54,087</b>    | <b>-</b>     |
| <b>Total comprehensive income</b>  | <b>\$ 14,055,257</b> | <b>102</b>   | <b>5,328,810</b> | <b>57</b>    |
| <b>Earnings per share (NT dollars)</b> (Note VI (XVII))  |                      |              |                  |              |
| Basic earnings per share   | \$                   | <b>31.18</b> | \$               | <b>12.68</b> |
| Diluted earnings per share   | \$                   | <b>31.04</b> | \$               | <b>12.66</b> |

See accompanying notes to standalone financial statements.

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

**GlobalWafers Co., Ltd.**  
**Standalone Statement of Changes in Equity**  
**From January 1, 2017 to December 31, 2018**

Expressed in thousands of New Taiwan Dollars

|  | Retained earnings      |                 |               |                 |                                 |                         | Other equity items  |   |  |                             |                 | Total     | Equity      |
|--|------------------------|-----------------|---------------|-----------------|---------------------------------|-------------------------|---|---|--|-----------------------------|-----------------|-----------|-------------|
|  | Ordinary share capital | Capital surplus | Legal reserve | Special reserve | Undistributed retained earnings | Total retained earnings | Exchange differences on translation of foreign financial statements | Gains (losses) from equity instrument measured at fair value through other comprehensive income | Unrealized gains (losses) on available-for-sale financial assets | Total other equity interest | Treasury shares |           |             |
|  |                        |                 |               |                 |                                 |                         |   |   |  |                             |                 |           |             |
| <b>Balance at January 1, 2017</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  |
| Net income for the year  | -                      | -               | -             | -               | 5,274,723                       | 5,274,723               | -   | -   | -  | -                           | -               | -         | 5,274,723   |
| Other comprehensive income for the year  | -                      | -               | -             | -               | 418,516                         | 418,516                 | (477,092)   | -   | 112,663  | (364,429)                   | -               | -         | 54,087      |
| Comprehensive income for the year  | -                      | -               | -             | -               | 5,693,239                       | 5,693,239               | (477,092)   | -   | 112,663  | (364,429)                   | -               | -         | 5,328,810   |
| Appropriation and distribution of retained earnings:   |                        |                 |               |                 |                                 |                         |   |   |  |                             |                 |           |             |
| Legal reserve  | -                      | -               | 93,949        | -               | (93,949)                        | -                       | -   | -   | -  | -                           | -               | -         | -           |
| Special reserve  | -                      | -               | -             | 110,833         | (110,833)                       | -                       | -   | -   | -  | -                           | -               | -         | -           |
| Cash dividends on ordinary shares  | -                      | -               | -             | -               | (768,992)                       | (768,992)               | -   | -   | -  | -                           | -               | -         | (768,992)   |
| Cash dividends distribution from capital surplus   | -                      | (324,133)       | -             | -               | -                               | -                       | -   | -   | -  | -                           | -               | -         | (324,133)   |
| Capital increased by cash  | 680,000                | 13,355,424      | -             | -               | -                               | -                       | -   | -   | -  | -                           | -               | -         | 14,035,424  |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed          | -                      | 115             | -             | -               | -                               | -                       | -   | -   | -  | -                           | -               | -         | 115         |
| <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  |
| Effects of retrospective application of new accounting standards                                   | -                      | -               | -             | -               | -                               | -                       | -   | 100,409   | (112,663)  | (12,254)                    | -               | -         | (12,254)    |
| Balance at January 1, 2018 after adjustments   | 4,372,500              | 24,772,805      | 813,639       | 350,635         | 5,693,255                       | 6,857,529               | (2,069,569)   | 100,409   | -  | (1,969,160)                 | -               | -         | 34,033,674  |
| Net income for the year  | -                      | -               | -             | -               | 13,630,673                      | 13,630,673              | -   | -   | -  | -                           | -               | -         | 13,630,673  |
| Other comprehensive income for the year  | -                      | -               | -             | -               | (183,277)                       | (183,277)               | 740,695   | (132,834)   | -  | 607,861                     | -               | -         | 424,584     |
| Comprehensive income for the year  | -                      | -               | -             | -               | 13,447,396                      | 13,447,396              | 740,695   | (132,834)   | -  | 607,861                     | -               | -         | 14,055,257  |
| Appropriation and distribution of retained earnings:   |                        |                 |               |                 |                                 |                         |   |   |  |                             |                 |           |             |
| Legal reserve  | -                      | -               | 527,472       | -               | (527,472)                       | -                       | -   | -   | -  | -                           | -               | -         | -           |
| Special reserve  | -                      | -               | -             | 782,961         | (782,961)                       | -                       | -   | -   | -  | -                           | -               | -         | -           |
| Cash dividends on ordinary shares  | -                      | -               | -             | -               | (4,372,500)                     | (4,372,500)             | -   | -   | -  | -                           | -               | -         | (4,372,500) |
| Increase in treasury stock   | -                      | -               | -             | -               | -                               | -                       | -   | -   | -  | -                           | (576,779)       | (576,779) | (576,779)   |
| Difference between the consideration and the carrying amounts of subsidiaries acquired or disposed | -                      | (197)           | -             | -               | -                               | -                       | -   | -   | -  | -                           | -               | -         | (197)       |
| <b>Balance at December 31, 2018</b>  | \$ 4,372,500           | 24,772,608      | 1,341,111     | 1,133,596       | 13,457,718                      | 15,932,425              | (1,328,874)   | (32,425)  | -  | (1,361,299)                 | (576,779)       | -         | 43,139,455  |

See accompanying notes to standalone financial statements.

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

GlobalWafers Co., Ltd.

Standalone Statement of Cash Flow

From January 1, 2017 to December 31, 2018

Expressed in thousands of New Taiwan dollars

|   | 2018                | 2017               |
|---|---------------------|--------------------|
| <b>Cash flows from operating activities:</b>  |                     |                    |
| Income before income tax  | \$ 16,094,283       | 6,026,644          |
| <b>Adjustments:</b>   |                     |                    |
| Income loss item  |                     |                    |
| Depreciation expense  | 149,974             | 93,875             |
| Amortization expenses   | 317,931             | 317,931            |
| Expected credit losses / Provisions for bad debt expense                            | 411                 | 383                |
| Net gains on financial assets or liabilities at fair value through profit or loss   | (71,962)            | 7,264              |
| Interest expenses   | 188,224             | 286,465            |
| Interest income   | (50,068)            | (26,920)           |
| Dividend income   | (1,077)             | -                  |
| Shares of profit of associates and joint ventures accounted for using equity method | (12,098,939)        | (4,820,925)        |
| Gains on disposal of property, plant and equipment                                  | (1,747)             | -                  |
| Reversal of inventory valuation allowance   | 5,784               | (10,263)           |
| <b>Total net loss items</b>   | <u>(11,561,469)</u> | <u>(4,152,190)</u> |
| <b>Changes in operating assets and liabilities:</b>                                 |                     |                    |
| Notes and accounts receivable (including related party)                             | (1,379,687)         | (502,190)          |
| Inventories   | 354,486             | (293,997)          |
| Prepayments for purchase of materials   | 66,828              | 113,307            |
| Other operating assets  | 3,276               | (3,522)            |
| <b>Total net changes in operating assets</b>  | <u>(955,097)</u>    | <u>(686,402)</u>   |
| Contract liabilities  | 440,485             | -                  |
| Notes and accounts payable (including related parties)                              | 969,254             | 513,994            |
| Advance payments received   | -                   | 2,946,054          |
| The net defined benefit liabilities   | (16,085)            | (6,127)            |
| Other operating liabilities   | 438,096             | 418,254            |
| <b>Total net changes in operating liabilities</b>                                   | <u>1,831,750</u>    | <u>3,872,175</u>   |
| <b>Total net changes in operating assets and liabilities</b>                        | <u>876,653</u>      | <u>3,185,773</u>   |
| Total adjustments   | <u>(10,684,816)</u> | <u>(966,417)</u>   |
| Cash inflow generated from operations   | 5,409,467           | 5,060,227          |
| Interest received   | 48,977              | 28,010             |
| Dividend received   | 1,077               | -                  |
| Interest paid   | (189,412)           | (276,939)          |
| Income tax paid   | (280,696)           | (177,202)          |
| <b>Net cash flows from operating activities</b>                                     | <u>4,989,413</u>    | <u>4,634,096</u>   |

(Continued on next page)

See accompanying notes to standalone financial statements.

|  |                     |                     |
|--|---------------------|---------------------|
| <b>Cash flows from investing activities:</b>   |                     |                     |
| Acquisition of financial assets at fair value through other comprehensive income                     | (71,470)            | -                   |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income | 8,732               | -                   |
| Acquisition of financial assets at fair value through profit or loss                                 | (98,853)            | -                   |
| Acquisition of financial assets measured at cost   | -                   | (49,896)            |
| Acquisition of investments accounted for using equity method   | (1,779)             | (21,044,561)        |
| Returned share payment and cash dividend of subsidiaries that reduce capital with the equity method  | 8,539,547           | 3,962,586           |
| Cash dividends from investments accounted for using equity method                                    | 5,350               | -                   |
| Acquisition of property, plant and equipment   | (812,481)           | (177,544)           |
| Proceeds from disposal of property, plant and equipment  | 11,823              | -                   |
| Increase in refundable deposits  | (11)                | (125)               |
| Decrease in receivables from related parties   | -                   | 662,773             |
| Acquired intangible assets   | -                   | (1,631,850)         |
| Decrease in other financial assets   | 84,869              | (10,319)            |
| <b>Net cash flows used in investing activities</b>   | <b>7,665,727</b>    | <b>(18,288,936)</b> |
| <b>Cash flows from financing activities:</b>   |                     |                     |
| Decrease in short-term borrowings  | (5,079,350)         | (1,623,650)         |
| Increase in Long-term borrowings   | 430,000             | 2,273,000           |
| Repayment of long-term borrowings  | (4,276,333)         | (6,450,473)         |
| Increase in payables to related parties  | 3,380,400           | 5,114,600           |
| Cash dividends paid  | (4,372,500)         | (1,093,125)         |
| Capital increased by cash  | -                   | 14,035,424          |
| Cost of increase in treasury stock   | (482,609)           | -                   |
| <b>Net cash flows used in financing activities</b>   | <b>(10,400,392)</b> | <b>12,255,776</b>   |
| <b>Net increase in cash and cash equivalents</b>   | <b>2,254,748</b>    | <b>(1,399,064)</b>  |
| <b>Cash and cash equivalents at beginning of period r</b>  | <b>1,101,936</b>    | <b>2,501,000</b>    |
| <b>Cash and cash equivalents at end of period</b>  | <b>\$ 3,356,684</b> | <b>1,101,936</b>    |

See accompanying notes to standalone financial statements.

## Attachment 7

### GlobalWafers Co., Ltd.

#### Earnings Distribution Statement Year 2018

(Unit: NTD)

| Items  | Amount           |
|--|------------------|
| Beginning unappropriated retained earnings       | 10,321,183       |
| Minus: Net change in actuarial gains and losses. | (183,277,814)    |
| Adjusted beginning unappropriated earnings       | (172,956,631)    |
| Plus : Net income of 2018                        | 13,630,673,699   |
| Minus: Provision as legal reserve                | (1,345,771,707)  |
| Earnings available for distribution              | 12,111,945,361   |
| Item of distribution:                            |                  |
| Minus: Share dividends (NT\$25 cash/per share)   | (10,880,925,000) |
| Ending unappropriated earnings                   | 1,231,020,361    |

Chairperson:



President:



Chief Account:



## Attachment 8

### GlobalWafers Co., Ltd.

#### Articles of Incorporation Comparison Chart

| Article | Before   | After   | Remark  |
|---------|--|---|---|
| 2       | <p>The Company shall engage in the following business:</p> <p>C01080 Electronic Parts and Components Manufacturing</p> <p>F401010 International Trade</p> <p>i. Research and development, design, manufacture and sell the following products:</p> <ul style="list-style-type: none"> <li>● Silicon-based semiconductor materials and their components</li> </ul> <p>ii. Import-export activities related to the above mentioned business.</p> | <p>The Company shall engage in the following business:</p> <p>CC01080 Electronic Parts and Components Manufacturing</p> <p><a href="#">C801990 Other Chemical Materials Manufacturing</a></p> <p><a href="#">F119010 Wholesale of Electronic Materials (only in areas outside Hsinchu Science Park)</a></p> <p><a href="#">F219010 Retail Sale of Electronic Materials (only in areas outside Hsinchu Science Park)</a></p> <p>F401010 International Trade</p> <p>Research and development, design, manufacture and sell the following products:</p> <ol style="list-style-type: none"> <li>1. Silicon-based semiconductor materials and their components</li> <li>2. <a href="#">Silicide</a></li> <li>3. <a href="#">Silicon carbide</a></li> <li>4. Import-export activities related to the above mentioned business.</li> </ol> | <p>Add new business items to be consistent with operational needs</p>         |
| 6       | <p>The total capital stock of the Company shall be in the amount of NTD10,000,000,000, divided into 1,000,000,000 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.</p> <p>Among the total capital stock indicated</p>   | <p>The total capital stock of the Company shall be in the amount of NTD10,000,000,000, divided into 1,000,000,000 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.</p> <p>Among the total capital stock indicated</p>  | <p>Define qualification requirement for employee bonus in compliance with</p> |

|   |  |  |                       |
|---|--|--|-----------------------|
|   | <p>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>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><a href="#">Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, are entitled to receive the treasury stocks the Company repurchased pursuant to Company Act.</a></p> <p><a href="#">Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, are entitled to receive share subscription warrant of the Company.</a></p> <p><a href="#">Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, are entitled to subscribe new shares issued by the Company.</a></p> <p><a href="#">Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, are entitled to receive restricted shares issued by the Company.</a></p> | Company Act amendment |
| 7 | <p>The share certificates of the Company shall all be name-bearing share certificates and signed or sealed by no less than three directors.</p> <p>The share certificates shall be issued after being certified by authority concerned or its approved certificate organizations.</p> <p><a href="#">After the company issued shares in public</a>, the Company may not print share certificates for the new issuance.</p> | <p>The share certificates of the Company shall all be name-bearing share certificates and signed or sealed by no less than three directors.</p> <p>The share certificates shall be issued after being certified by authority concerned or its approved certificate organizations.</p> <p>The Company may not print share certificates for the new issuance. Registers of share certificates shall</p>  | Rephrase              |

|    |  |  |  |
|----|--|--|--|
|    | Registers of share certificates shall contact the share certificates' depositary and clearing organizations.   | contact the share certificates' depositary and clearing organizations <a href="#">and follow the regulations of that enterprise.</a>   |  |
| 31 | <p><a href="#">(31-1)</a></p> <p>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.</p> <p><a href="#">The aforementioned employee remuneration could either be distributed via share or cash,</a> entitled employees include subsidiaries' employees who meet the conditions set by the Board.</p> <p>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.</p> | <p><a href="#">(31)</a></p> <p>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.</p> <p><a href="#">The entitled employees of the aforementioned employee remuneration</a> include the employees of <a href="#">parents or</a> subsidiaries of the company who meet the conditions set by the Board.</p> <p>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.</p> | Define qualification requirement for employee bonus in compliance with Company Act amendment ; adjust order and rephrase |
| 32 | <p><a href="#">(31)</a></p> <p>Where the Company has profit after tax at the end of each fiscal year, the Company shall allocate according to below priority:</p> <ol style="list-style-type: none"> <li>1. Compensating losses</li> <li>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</li> <li>3. Appropriating or transferred to special reserve in accordance with applicable laws and regulations or</li> </ol>   | <p><a href="#">(32)</a></p> <p>Where the Company has profit after tax at the end of each fiscal year, the Company shall allocate according to below priority:</p> <ol style="list-style-type: none"> <li>1. Compensating losses</li> <li>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</li> <li>3. Appropriating or transferred to special reserve in accordance with applicable laws and regulations or</li> </ol>   | Modify in compliance with Company Act amendment and adjust order   |

|    |  |   |  |
|----|--|---|--|
|    | <p>as requested by the competent authority.</p> <p>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 <u>and approved by the shareholders' meeting.</u></p> <p>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.</p> | <p>as requested by the competent authority.</p> <p>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. <u>When the distribution is cash, pursuant to Article 240, subparagraph 5 of the Company Act, the Company authorizes the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. If the distribution is new share issuance, it shall be approved by the shareholders' meeting and distribute.</u></p> <p>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.</p> |  |
| 33 |  | <p><u>Pursuant to Article 241 of the Company Act, , the Company distributes its legal reserve and the capital reserve in whole or in part, by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash.</u></p> <p><u>When the distribution is cash, the Company authorizes the board to resolve after a resolution has been adopted by a majority vote at a</u></p>   | Add new article in compliance with Company Act |

|    |   |  |                                     |
|----|---|--|-------------------------------------|
|    |   | <u>meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. If the distribution is new share issuance, it shall be approved by the shareholders' meeting and distribute.</u>  |                                     |
| 34 | <u>(32)</u><br>Relevant matters not provided for in these Articles shall be handled in accordance with the provisions of the Company Act.   | <u>(34)</u><br>Relevant matters not provided for in these Articles shall be handled in accordance with the provisions of the Company Act.  | Adjust order                        |
| 35 | <u>(33)</u><br>This articles of Incorporation is established on June 17 <sup>th</sup> , 2011<br>The 1st amendment on August 10 <sup>th</sup> , 2011<br>The 2nd amendment on January 12 <sup>th</sup> , 2012<br>The 3rd amendment on June 27 <sup>th</sup> , 2012<br>The 4th amendment on March 19 <sup>th</sup> , 2013<br>The 5th amendment on May 26 <sup>th</sup> , 2014<br>The 6th amendment on January 19 <sup>th</sup> , 2015<br>The 7th amendment on June 23 <sup>th</sup> , 2015<br>The 8th amendment on June 22 <sup>nd</sup> , 2016<br>The 9th amendment on June 25 <sup>th</sup> , 2018<br>Implement after approvals from the meeting of stockholders | <u>(35)</u><br>This articles of Incorporation is established on June 17 <sup>th</sup> , 2011<br>The 1st amendment on August 10 <sup>th</sup> , 2011<br>The 2nd amendment on January 12 <sup>th</sup> , 2012<br>The 3rd amendment on June 27 <sup>th</sup> , 2012<br>The 4th amendment on March 19 <sup>th</sup> , 2013<br>The 5th amendment on May 26 <sup>th</sup> , 2014<br>The 6th amendment on January 19 <sup>th</sup> , 2015<br>The 7th amendment on June 23 <sup>th</sup> , 2015<br>The 8th amendment on June 22 <sup>nd</sup> , 2016<br>The 9th amendment on June 25 <sup>th</sup> , 2018<br><u>The 10th amendment on June 25<sup>th</sup>, 2019</u><br>Implement after approvals from the meeting of stockholders | Add amendment date and adjust order |

## Attachment 9

### GlobalWafers Co., Ltd.

#### Rules for Election of Directors Comparison Chart

| Article | Before   | After  | Remark  |
|---------|--|--|---|
| 4       | <p><u>The Company's directors shall be elected by the shareholders' meeting from among the persons with disposing capacity. The appointment of independent directors</u> adopts candidate nomination system specified in Article 192-1 of the Company Act.</p> | <p><u>The Company's directors elections shall be conducted in accordance with the</u> candidate nomination system specified in Article 192-1 of the Company Act.</p> | Revise director election to candidate nomination system in consistence with Articles of Incorporation |
| 14      | <p>This Procedure was enacted on January 19<sup>th</sup>, 2015.</p>  | <p>This Procedure was enacted on January 19, 2015.<br/><u>First amendment on June 25<sup>th</sup>, 2019</u></p>  | Add amendment date  |

## Attachment 10

### GlobalWafers Co., Ltd.

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

| Article     | Before   | After  | Remark   |
|-------------|--|--|--|
| Article 2   | <p>The term "assets" as used in these Regulations includes the following:</p> <ol style="list-style-type: none"> <li>Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</li> <li>Real property (including land, houses and buildings, investment property, <a href="#">rights to use land</a>, and construction enterprise inventory) and equipment.</li> <li>Memberships.</li> <li>Patents, copyrights, trademarks, franchise rights, and other intangible assets.</li> <li>Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</li> <li>Derivatives.</li> <li>Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</li> <li>Other major assets.</li> </ol> | <p>The term "assets" as used in these Regulations includes the following:</p> <ol style="list-style-type: none"> <li>Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</li> <li>Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.</li> <li>Memberships.</li> <li>Patents, copyrights, trademarks, franchise rights, and other intangible assets.</li> <li><a href="#">Right-of-use assets</a>.</li> <li>Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</li> <li>Derivatives.</li> <li>Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</li> <li>Other major assets.</li> </ol> | <p>Modify based on FSC's latest "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"</p> |
| Article 2-1 | <p>Terms used in these Regulations are defined as follows:</p> <ol style="list-style-type: none"> <li>Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, <a href="#">and compound contracts combining the above products</a>, whose value is derived from <a href="#">assets</a>, interest rates, foreign</li> </ol>  | <p>Terms used in these Regulations are defined as follows:</p> <ol style="list-style-type: none"> <li>Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a <a href="#">specified</a> interest rate, <a href="#">financial instrument price</a>, <a href="#">commodity price</a>, foreign exchange rate, index of <a href="#">prices or</a></li> </ol>  | <p>Modify based on FSC's latest "Regulations Governing the Acquisition and Disposal of Assets by Public</p>            |

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|  | <p>exchange rates, indexes <a href="#">or other interests</a>. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) <a href="#">agreements</a>.</p> <p>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 <a href="#">Article 156, paragraph 8</a> of the Company Act.</p> <p>3 ~ 6. Omit</p> | <p><a href="#">rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives</a>. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) <a href="#">contracts</a>.</p> <p>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 <a href="#">Article 156-3</a> of the Company Act.</p> <p>3 ~ 6. Omit</p> <p>7. <a href="#">Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and</a></p> | Companies” |
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|                  |  | <p><u>are regulated by the competent financial authorities of the jurisdiction where they are located.</u></p> <p>8. <u>Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u></p> <p>9. <u>Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u></p> |  |
| <p>Article 3</p> | <p><b>Operating Procedures</b></p> <ol style="list-style-type: none"> <li>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.</li> <li>2. The Company's acquisition or disposal of assets shall be made in accordance with the Procedure.</li> <li>3. Amount limits for investment in non-operational purpose fixed assets and securities are as below: <ol style="list-style-type: none"> <li>(1) The total amount of any real property purchased by the Company not for</li> </ol> </li> </ol> | <p><b>Operating Procedures</b></p> <ol style="list-style-type: none"> <li>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.</li> <li>2. The Company's acquisition or disposal of assets shall be made in accordance with the Procedure.</li> <li>3. Amount limits for investment in non-operational purpose fixed assets <u>or right-of-use assets</u>, and securities are as below: <ol style="list-style-type: none"> <li>(1) The total amount of any real property <u>or</u></li> </ol> </li> </ol>  | <p>Modify based on FSC's latest "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"</p> |

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|  | <p>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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> | <p><u>right-of-use assets</u> 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 <u>or right-of-use assets</u> 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.</p> <p>(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.</p> <p>(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.</p> <p>(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</p> |  |
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|           | (omit)   | Act that the reinvestment shall not exceed forty percent (40%) of the paid-in capital.  |   |
|           | (omit)   | (omit)  |   |
| Article 4 | <p>1. <u>The Company shall proceed acquisition or disposal of assets according to Article 8 of the procedure.</u></p> <p>(1) Acquisition or disposal of long-term securities and fixed assets whose value under NT\$100 million shall be approved by Chairperson first.</p> <p>(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.</p> <p>(3) The acquisition or disposal of equipment of which amount is under NT\$ 100 million shall be approved by Chairperson first.</p> <p>2. Acquisition or Disposal of Assets shall proceed according to Article 8 of the Procedure.</p> | <p>1. <u>Authorization scope</u></p> <p>(1) Acquisition or disposal of long-term securities and fixed assets <u>or right-of-use assets</u> whose value under NT\$100 million shall be approved by Chairperson first.</p> <p>(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.</p> <p>(3) The acquisition or disposal of equipment <u>or right-of-use assets</u> of which amount is under NT\$ 100 million shall be approved by Chairperson first.</p> <p>2. Acquisition or Disposal of Assets <u>prices</u> shall proceed according to Article 8 of the Procedure.</p> | Modify based on FSC's latest "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" |
| Article 5 | <p><b>Public Disclosure</b></p> <p>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:</p>   | <p><b>Public Disclosure</b></p> <p>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:</p>  | Modify based on FSC's latest "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" |

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|  | <p>(1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20% 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</p> <p>(2) Merger, demerger, acquisition, or transfer of shares.</p> <p>(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.</p> <p>(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.</p> <p>(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</p> | <p>(1) Acquisition or disposal of real property <u>or right-of-use assets</u> from or to a related party, or acquisition or disposal of assets other than real property <u>or right-of-use assets</u> 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 <u>domestic securities investment trust enterprises</u></p> <p>(2) Merger, demerger, acquisition, or transfer of shares.</p> <p>(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.</p> <p>(4) Where the type of asset acquired or disposed is equipment/machinery <u>or right-of-use assets</u> for business use, the trading counterparty is not a related party, and the transaction amount is more than NT\$500 million.</p> <p>(5) Where land is acquired under an arrangement on engaging others to build on the company's own land,</p> |  |
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|  | <p>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.</p> <p>(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:</p> <ul style="list-style-type: none"> <li>i. Trading of government bonds.</li> <li>ii. Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</li> </ul> <p>2. The amount of transactions above shall be calculated as follows:</p> <ul style="list-style-type: none"> <li>(1) The amount of any individual transaction.</li> <li>(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.</li> </ul> | <p>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, <u>furthermore the _____ transaction counterparty is not a related party,</u> and the amount the company expects to invest in the transaction is less than NT\$500 million.</p> <p>(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:</p> <ul style="list-style-type: none"> <li>i. Trading of <u>domestic</u> government bonds.</li> <li>ii. Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</li> </ul> <p>2. The amount of transactions above shall be calculated as follows:</p> <ul style="list-style-type: none"> <li>(1) The amount of any individual transaction.</li> <li>(2) The cumulative transaction</li> </ul> |  |
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|  | <p>(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.</p> <p>(4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>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.</p> <p>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.</p> <p>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</p> | <p>amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>(3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property <u>or right-of-use assets</u> thereof within the same development project within the preceding year.</p> <p>(4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>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.</p> <p>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.</p> <p>5. When the Company at the time of public announcement makes an error or omission in an item required by</p> |  |
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|           | <p>knowing.</p> <p>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.</p>   | <p>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.</p> <p>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.</p>  |  |
| Article 7 | <p>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:</p> <p>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, <u>and the same procedure shall be</u></p> | <p>In acquiring or disposing of real property or equipment <u>or right-of-use assets thereof</u> 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 <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or <u>right-of-use assets thereof</u> held 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:</p> <p>Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the</p> | <p>Modify based on FSC's latest "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"</p> |

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|            | <p><a href="#">followed for any future changes to the terms and conditions of the transaction.</a></p> <p>Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(Omit)</p>  | <p>transaction price, the transaction shall be submitted for approval in advance by the board of directors; <a href="#">the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</a></p> <p>Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(Omit)</p>   |  |
| Article 9  | <p>Where the Company acquires or disposes of <a href="#">memberships</a> 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.</p> <p>(Omit)</p> | <p>Where the Company acquires or disposes of intangible assets <a href="#">or right-of-use assets thereof or memberships</a> 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 <a href="#">domestic</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.</p> <p>(Omit)</p> | <p>Modify based on FSC's latest "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"</p> |
| Article 11 | <p>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 <a href="#">shall not be a related party of any party to the transaction.</a></p>   | <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions <a href="#">shall meet the following requirements:</a></p> <p>1. <a href="#">May not have previously</a></p>   | <p>Modify based on FSC's latest "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"</p> |

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|  |  | <p><u>received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <ol style="list-style-type: none"> <li>2. <u>May not be a related party or de facto related party of any party to the transaction.</u></li> <li>3. <u>If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u></li> </ol> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <ol style="list-style-type: none"> <li>1. <u>Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></li> <li>2. <u>When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately</u></li> </ol> |  |
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|            |   | <p><u>specified in the case working papers.</u></p> <p>3. <u>They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></p> <p>4. <u>They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></p>   |   |
| Article 12 | <p>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.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9 herein.</p> <p>When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered</p> | <p>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.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9, <a href="#">Paragraph 2</a> herein.</p> <p>When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be</p> | Modify based on FSC's latest "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" |

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|  | <p>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:</p> <ol style="list-style-type: none"> <li>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>(2) The reason for choosing the related party as a trading counterparty.</li> <li>(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.</li> <li>(4) The date and price at which the related party originally acquired the real property,</li> </ol> | <p>considered</p> <p>2. When the Company intends to acquire or dispose of real property <u>or right-of-use assets thereof</u> from or to a related party, or when it intends to acquire or dispose of assets other than real property <u>or right-of-use assets</u> 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 <u>domestic</u> 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:</p> <ol style="list-style-type: none"> <li>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>(2) The reason for choosing the related party as a trading counterparty.</li> <li>(3) With respect to the acquisition of real property <u>or right-of-use assets</u> from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with related regulations.</li> <li>(4) The date and price at which</li> </ol> |  |
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|  | <p>the original trading counterparty, and that trading counterparty's relationship to the company and the related party.</p> <p>(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.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.<br/>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.</p> <p>With respect to the acquisition or disposal of <a href="#">business-use equipment</a> between the Company and its parent <a href="#">or</a> 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</p> | <p>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.</p> <p>(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.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.<br/>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.</p> <p>With respect to <a href="#">below transactions made among the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds one hundred percent (100%) of the issued shares or</a></p> |  |
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|  | <p>the decisions subsequently submitted to and ratified by the next Board of Directors meeting.</p> <p>3. The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means <u>(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):</u></p> <p>(1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer.</p> <p>"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</p> | <p><u>authorized capital</u>, 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.</p> <p>(1) <u>Acquisition or disposal of equipment or right-of-use assets thereof held for business use</u></p> <p>(2) <u>Acquisition or disposal of real property right-of-use assets held for business use</u></p> <p>3. The Company that acquires real property <u>or right-of-use assets</u> 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):</p> <p>(1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer.</p> <p>"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</p> |  |
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|  | <p>the Ministry of Finance.</p> <p>(2) 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.</p> <p>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 <a href="#">Article 2</a> and the <a href="#">preceding</a> three paragraphs do not apply:</p> | <p>lending rate announced by the Ministry of Finance.</p> <p>(2) 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.</p> <p><a href="#">Where land and structures thereupon are combined as a single property purchased or leased 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 the preceding paragraph.</a></p> <p><a href="#">The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.</a></p> <p>4. Where the Company acquires real property <a href="#">or right-of-use assets thereof</a> from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with <a href="#">paragraph 2 of this Article</a> and paragraph</p> |  |
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|  | <p>(1) The related party acquired the real property through inheritance or as a gift.</p> <p>(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.</p> <p>(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.</p> <p>5. When the results of the 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</p> | <p><a href="#">3 here</a> do not apply:</p> <p>(1) The related party acquired the real property <a href="#">or right-of-use assets</a> through inheritance or as a gift.</p> <p>(2) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property <a href="#">or right-of-use assets</a> to the signing date for the current transaction.</p> <p>(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.</p> <p>(4) <a href="#">The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds one hundred percent (100 %) of the issued shares or authorized capital.</a></p> <p>5. When the results of the 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 <a href="#">paragraph 6 of the</a> Article. 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</p> |  |
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|  | <p>not apply:</p> <p>(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:</p> <p>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.</p> <p>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</p> | <p>restriction shall not apply:</p> <p>(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:</p> <p>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.</p> <p>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</p> |  |
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|  | <p>market practices.</p> <p>iii · <u>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.</u></p> <p>(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.</p> <p>(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</p> | <p>market sale <u>or leasing practices.</u></p> <p>(2) Where the Company acquiring real property, <u>or obtaining real property right-of-use assets through leasing,</u> from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>(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</p> |  |
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|  | <p>acquisition of the real property.</p> <p>6. Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with related regulations are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(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.</p> <p>(2) Audit Committee shall comply with Article 218 of the Company Act.</p> <p>(3) Actions taken pursuant to <a href="#">subparagraph 1 and subparagraph 2</a> shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> | <p>year preceding the date of occurrence of the acquisition of the real property <a href="#">or obtainment of the right-of-use assets thereof</a>.</p> <p>6. Where the Company acquires real property <a href="#">or the right-of-use assets thereof</a> from a related party and the results of appraisals conducted in accordance with <a href="#">the Paragraph 3~5 of the Article</a> are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(1) A special reserve shall be set aside in accordance with related regulations against the difference between the real property <a href="#">or right-of-use assets thereof</a> 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.</p> <p>(2) Audit Committee shall comply with Article 218 of the Company Act.</p> <p>(3) Actions taken pursuant to <a href="#">preceding 2 subparagraphs</a> shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual</p> |  |
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|            | <p>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.</p> <p>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.</p>   | <p>report and any investment prospectus.</p> <p>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 <u>or leased</u> at a premium, or they have been disposed of, or <u>the leasing contract has been terminated</u>, 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.</p> <p>When the Company obtains real property <u>or right-of-use assets thereof</u> from a related party, it shall also comply with the paragraphs <u>of this Article</u> if there is other evidence indicating that the acquisition was not an arms length transaction.</p> |  |
| Article 14 | <p>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.</p> <p>Where the shareholders meeting fails to convene or pass a resolution due to lack of a quorum, insufficient</p> | <p>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.</p> <p>Where the shareholders meeting fails to convene or pass a resolution due to lack of a quorum, insufficient</p>  | <p>Modify based on FSC's latest "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"</p> |

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|            | 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.  | 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 | <p><u>The Company</u> 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.</p> <p>The Company participating in a transfer of shares 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.</p> <p>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:</p> <ol style="list-style-type: none"> <li>(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.</li> <li>(2) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a</li> </ol> | <p><u>A company participating in a merger, demerger, or acquisition</u> 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.</p> <p>The Company participating in a transfer of shares 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.</p> <p>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:</p> <ol style="list-style-type: none"> <li>(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.</li> <li>(2) Dates of material events: Including the signing of any letter of intent or</li> </ol> | Modify based on FSC's latest "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" |

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|            | <p>financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</p> <p>(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.</p> <p>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.</p> <p>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 <a href="#">by the provisions of paragraphs 3 and 4.</a></p> | <p>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.</p> <p>(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.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market 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 preceding subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.</p> <p>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(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide <a href="#">by the provisions of the preceding two paragraphs.</a></p> |  |
| Article 25 | <p>After the procedures have been approved by <a href="#">Audit Committee and the Board of Directors, they shall be submitted to a shareholders' meeting for approval</a>; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the</p>   | <p>After the procedures have been approved by <a href="#">more than half of all Audit Committee members, this shall be submitted to the board of directors for a resolution and be implemented after approved by a shareholders' meeting.</a> If any director expresses dissent and it is</p>   | <p>Modify based on FSC's latest "Regulations Governing the Acquisition and Disposal of Assets by</p> |

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|  | <p>minutes or a written statement, the Company shall submit <a href="#">the director's</a> dissenting opinion to shareholders' meeting for discussion.</p> <p><a href="#">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.</a></p> <p><a href="#">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.</a></p> <p>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.</p> <p>The terms "all Audit Committee members" and "all directors" <a href="#">in the preceding paragraph</a> shall be counted as the actual number of persons currently holding those positions.</p> <p>In accordance with the Securities and Exchange Act, the provisions of Article 14-3, paragraph 3, in regard to supervisors shall apply mutatis mutandis to Audit Committee members.</p> | <p>contained in the minutes or a written statement, the Company shall submit <a href="#">his/her</a> dissenting opinion to shareholders' meeting for discussion; <a href="#">the same applies when the procedures are amended.</a></p> <p>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.</p> <p>The terms "all Audit Committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.</p> | <p>Public Companies”</p> |
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|            | 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 28 | <p>The Company shall not give up capital increase in future years to GlobalSemiconductor Inc.(GSI), GlobalWafers Inc.(GWI) and GlobalWafers Japan Co., Ltd.</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>The Company shall not give up capital increase in future years to GlobalSemiconductor Inc.(GSI), GlobalWafers Inc.(GWI) and GlobalWafers Japan Co., Ltd.</p> <p>GSI shall not give up capital increase in future years to Kunshan Sino Silicon Technology Co., Ltd. (SST)</p> <p><u>The Company</u>, GWI and <u>the Company's subsidiaries</u> 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>GlobiTech Incorporated , the subsidiary, is restructured due to group reorganization, but it's still 100% holding subsidiary. Modify to reflect the above share structure</p> |
| Article 29 | <p>The Procedures were enacted on May 26, 2014</p> <p>The 1<sup>st</sup> amendment was made on January 19, 2015</p> <p>The 2<sup>nd</sup> amendment was made on June 23, 2015</p> <p>The 3<sup>rd</sup> amendment was made on June 22, 2016</p> <p>The 4<sup>th</sup> amendment was made on June 19, 2017</p> <p>The 5<sup>th</sup> amendment was made on June 25, 2018</p>  | <p>The Procedures were enacted on May 26, 2014</p> <p>The 1<sup>st</sup> amendment was made on January 19, 2015</p> <p>The 2<sup>nd</sup> amendment was made on June 23, 2015</p> <p>The 3<sup>rd</sup> amendment was made on June 22, 2016</p> <p>The 4<sup>th</sup> amendment was made on June 19, 2017</p> <p>The 5<sup>th</sup> amendment was made on June 25, 2018</p>  | <p>Add amendment date</p>  |

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|  |  | <u>The 6<sup>th</sup> amendment was made on<br/>June 25, 2019</u> |  |
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## Attachment 11

### GlobalWafers Co., Ltd.

#### Policies and Procedures for Financial Derivatives Transactions Comparison Chart

| Article    | Before  | After   | Remark  |
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| Article 2  | The term "derivatives" in these Procedures means products <u>such as forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts</u> whose value is derived from <u>assets</u> , interest rates, foreign exchange rates, indices, or other interests, and compound derivatives formed by combinations of the aforesaid products.  | The term "derivatives" in these Procedures means products such as <u>forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts</u> , whose value is derived from a <u>specified</u> interest rate, <u>financial instrument price, commodity price</u> , foreign exchange rate, index of <u>prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</u> | Modify based on FSC's latest "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" |
| Article 3  | The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) <u>agreements</u> .   | The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) <u>contracts</u> .  | Rephrase  |
| Article 16 | (1~2 Omit)<br>3 Periodic evaluation<br><br>(1) The Finance Department shall assess market prices and evaluate hedging performance each week. "Transaction-oriented" amount shall be evaluated at least once a week; "Non-transaction-oriented" or "Hedge-oriented" amount shall be evaluated at least twice a month; reports should be delivered to managers with BOD authorization.<br><br>(2) The designated personnel appointed by the board of directors to monitor and | (1~2 Omit)<br>3 Periodic evaluation<br><br>(1) The Finance Department shall assess market prices and evaluate hedging performance each week. "Transaction-oriented" amount shall be evaluated at least once a week; "Non-transaction-oriented" or "Hedge-oriented" amount shall be evaluated at least twice a month; reports should be delivered to managers with BOD authorization.<br><br>(2) The designated personnel appointed by the board of  | Rephrase quotation for clear expression   |

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|            | <p>control derivatives trading risks on an ongoing basis shall also at regular intervals evaluate whether trading performance accords with established operational strategies, and whether risks assumed are within a tolerable range. They shall at regular intervals evaluate whether the risk management procedures currently in use are appropriate and scrupulously conducted in accordance with these Procedures.</p> <p>(3) The chief financial officer shall monitor the trading and profit and loss situation. When any irregularity is discovered, the chief financial officer shall report to the board of directors. If independent director(s) have been appointed, the board of directors shall have the independent director(s) attend and express an opinion.</p> <p>(4) The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under <a href="#">subparagraph 2 of Article 8 and subparagraph 2 of this article</a> shall be recorded in detail in the log book.</p> | <p>directors to monitor and control derivatives trading risks on an ongoing basis shall also at regular intervals evaluate whether trading performance accords with established operational strategies, and whether risks assumed are within a tolerable range. They shall at regular intervals evaluate whether the risk management procedures currently in use are appropriate and scrupulously conducted in accordance with these Procedures.</p> <p>(3) The chief financial officer shall monitor the trading and profit and loss situation. When any irregularity is discovered, the chief financial officer shall report to the board of directors. If independent director(s) have been appointed, the board of directors shall have the independent director(s) attend and express an opinion.</p> <p>(4) The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under <a href="#">subparagraph 1, 2 of this article</a> shall be recorded in detail in the log book.</p> |  |
| Article 17 | <p>An internal auditor shall <a href="#">regularly review the appropriateness of the derivatives transaction internal control system, conduct monthly checks on how well the trading unit is complying with these Procedures, analyze transaction cycles, and</a></p>  | <p>An internal audit personnel shall <a href="#">periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the</a></p>   | <p>Modify based on FSC’s latest “Regulations Governing the Acquisition and Disposal of Assets by</p> |

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|            | <p><u>include their findings in an audit report. Where a material violation is discovered, they shall notify the audit committee in writing and the Company's persons-in-charge shall be subject to castigation.</u></p> <p>Manager and dealers shall follow the procedures when doing derivative transactions, if any violation to the procedure or relevant regulations, he/she shall be punished in accordance with Personnel Evaluation Committee regulations.</p>   | <p><u>procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the audit committee shall be notified in writing.</u></p> <p>Manager and dealers shall follow the procedures when doing derivative transactions, if any violation to the procedure or relevant regulations, he/she shall be punished in accordance with Personnel Evaluation Committee regulations.</p>   | Public Companies”   |
| Article 18 | <p>After approved by Audit Committee <u>and</u> the board of directors, the procedures 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 on record or in a written statement, the director's dissenting opinion shall be delivered to shareholder meeting.</p> <p><u>When these Procedures are submitted for deliberation by the board of directors, each independent director's opinions shall be taken into full consideration; the independent directors' specific opinions of assent or dissent and the reasons therefore shall be included in the minutes of the board of directors meeting.</u></p> | <p>After the procedures have been approved by <u>more than half of all Audit Committee members, this shall be submitted to the board of directors for a resolution and be implemented after approved by a</u> shareholders' meeting. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit <u>his/her</u> dissenting opinion to shareholders' meeting for discussion; <u>the same applies when the procedures are amended.</u></p> <p><u>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.</u></p> <p><u>The terms "all Audit Committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.</u></p> | Modify based on FSC's latest “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” |
| Article 19 | <p>The Procedure was enacted on October 25<sup>th</sup>, 2011.</p> <p>The 1<sup>st</sup> amendment was made on June 25, 2013.</p> <p>The 2<sup>nd</sup> amendment was made on January 19, 2015.</p> <p>The 3<sup>rd</sup> amendment was made on</p>  | <p>The Procedure was enacted on October 25<sup>th</sup>, 2011.</p> <p>The 1<sup>st</sup> amendment was made on June 25, 2013.</p> <p>The 2<sup>nd</sup> amendment was made on January 19, 2015.</p> <p>The 3<sup>rd</sup> amendment was made on</p>   | Add the amendment date  |

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|  | February 20, 2017. | February 20, 2017.<br><a href="#"><u>The 4<sup>th</sup> amendment was made on June 25, 2019.</u></a> |  |
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## Attachment 12

### GlobalWafers Co., Ltd.

#### Procedures for Lending Funds to Other Parties Comparison Chart Comparison Chart

| Article   | Before   | After  | Remark  |
|-----------|--|--|---|
| Article 5 | <p><b>Total Lending Amount and Financing Limit for Individual Entities</b></p> <p>The total loan fund lending amount to others should be varied according to the situations as follows.</p> <ol style="list-style-type: none"> <li>1 The total amount for lending to a company/firm having business relationship with the Company shall not exceed forty percent (40%) of the net worth of the Company. The amount lent to a single recipient may not exceed the amount of the business transacted between the two parties in the most recent year. The transaction amount shall mean the sales or purchasing amount between the parties, whichever is higher.</li> <li>2 The total amount for lending to a company/firm for funding for a short-term period shall not exceed forty percent (40%) of the net worth of the Company. The amount lent to a single recipient shall not exceed forty percent (40%) of the net worth of the Company.</li> </ol> <p>The total amount for fund-lending <u>between the Company</u> and subsidiaries or <u>between different</u></p> | <p><b>Total Lending Amount and Financing Limit for Individual Entities</b></p> <p>The total loan fund lending amount to others should be varied according to the situations as follows.</p> <ol style="list-style-type: none"> <li>1 The total amount for lending to a company/firm having business relationship with the Company shall not exceed forty percent (40%) of the net worth of the Company. The amount lent to a single recipient may not exceed the amount of the business transacted between the two parties in the most recent year. The transaction amount shall mean the sales or purchasing amount between the parties, whichever is higher.</li> <li>2 The total amount for lending to a company/firm for funding for a short-term period shall not exceed forty percent (40%) of the net worth of the Company. The amount lent to a single recipient shall not exceed forty percent (40%) of the net worth of the Company.</li> </ol> <p>The total amount for fund-lending <u>between the different subsidiaries of the Company whose voting</u></p> | <p>Modify based on FSC's latest "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies"</p> |

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|                  | <p><u>subsidiaries of the Company whose voting shares are 100% owned, directly or indirectly, by the Company</u> will not be subject to the limit of net worth described in item 2, <u>total loan amount to others shall not exceed 200% of the net worth of the Company.</u> <u>The amount lent to a single recipient shall not exceed forty percent (40%) of the net worth of the Company</u></p>   | <p><u>shares are 100% owned, directly or indirectly, by the Company, or between the Company and subsidiaries of the Company whose voting shares are 100% owned, directly or indirectly, by the Company,</u> will not be subject to the limit of net worth described in item 2, <u>nor the limit of one year period described in article 4, item 2.</u> <u>However the Company shall specify the total amount for fund-lending and the amount lent to a single recipient in the internal procedure, the fund lending period shall also be defined.</u></p>  |   |
| <p>Article 6</p> | <p><b>Term of Loan and Methods of Interest Calculation</b></p> <p>The term of each loan extended by the Company shall not exceed one (1) year since the lending date. The interest <u>rate shall</u> be determined on the basis of the Company's bank borrowing rate of same loan term period. The interests shall be calculated on a daily basis, and interest payment term and way should be decided by both parties.</p> <p><u>The loans of the company and subsidiaries or subsidiaries and subsidiaries shall be submitted to the Board of Directors for approval in accordance with aforesaid Article. Once the loans are approved by the Board, the chairman of the Board is authorized to allocate the fund within a year under approved limits in several installments or revolving allocations.</u></p> <p><u>The aforesaid loan amount shall be in accordance with Article 5. The loan amount of the Company or its subsidiaries' shall not exceed ten percent (10%) of the net worth of the latest financial report of the Company.</u></p> | <p><b>Term of Loan and Methods of Interest Calculation</b></p> <p><u>When doing fund lending, if it is under the circumstance described in article 4 item 1, the term of each loan extended by the Company shall be decided upon actual necessity, however it shall not exceed three (3) years since the lending date. If it is under the circumstance described in article 4 item 2,</u> the term of each loan extended by the Company shall not exceed one (1) year since the lending date.</p> <p>The interest rate <u>of the above fund lending</u> shall be determined on the basis of the Company's bank borrowing rate of same loan term period. The interests shall be calculated on a daily basis, and interest payment term and way should be decided by both parties.</p> | <p>Define respective fund lending period based on different circumstance to match operational needs</p> <p>Delete duplicate context with article 7 item 4</p> |

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| <p>Article 7</p> | <p><b>Procedures for Fund Lending</b><br/>(1~3 omit)</p> <p>4. Loans <u>between the Company and subsidiaries</u> or between different subsidiaries of the Company shall be decided by a resolution of the Board of Directors and authorization may also be given to the chairperson, within a certain capital limit resolved by the Board of Directors, for a specific borrowing counterparty and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down. Unless as provided in <u>the procedure</u>, the “capital limit” referred in the previous section provided by <u>the</u> Company or its subsidiaries for any single enterprise shall not exceed ten percent (10%) of the net value of the Company based on its latest financial statements.</p> <p>(5~7 omit)</p> | <p><b>Procedures for Fund Lending</b><br/>(1~3 omit)</p> <p>4. Loans <u>among the Company, the parent company,</u> and subsidiaries or between different subsidiaries of the Company shall be decided by a resolution of the Board of Directors and authorization may also be given to the chairperson, within a certain capital limit resolved by the Board of Directors, for a specific borrowing counterparty and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down. Unless as provided in <u>article 5</u>, the “capital limit” referred in the previous section provided by <u>the fund-lending</u> Company or its subsidiaries for any single enterprise shall not exceed ten percent (10%) of the net value of the Company based on its latest financial statements.</p> <p>(5~7 omit)</p> | <p>Modify based on FSC’s latest “Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies”</p> |
| <p>Article 8</p> | <p><b>Internal Audit</b></p> <p>1 The Company shall establish and maintain a reference book to record all its fund-lending information, including the identity of the borrower, amount, the date on which the lending was approved by the Board of Directors, dates to advance the amount of the loan and related information regarding the assessment in accordance with the relevant regulations of the Procedures.</p>  | <p><b>Internal Audit</b></p> <p>1 The Company shall establish and maintain a reference book to record all its fund-lending information, including the identity of the borrower, amount, the date on which the lending was approved by the Board of Directors, dates to advance the amount of the loan and related information regarding the assessment in accordance with the relevant regulations of the Procedures.</p>  | <p>Modify based on FSC’s latest “Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies”</p> |

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|           | <p>2 The internal auditing personnel of the Company shall audit the execution of the operation of lending of funds of the Company at least every quarter and produce a written auditing report. During the auditing, the internal auditor shall immediately correct violation(s) upon finding any violation. If the violation found is material, the personnel who violate the Procedures shall be penalized in accordance with the related rules of the Company. Meanwhile, the auditor shall immediately report such violation in writing to <a href="#">each of the Audit Committee member</a> of the Company.</p> <p>3 If the borrower no longer meets the requirements of the Procedures, or the total outstanding lending amount exceeds the lending limit approved by the Board of Directors due to unforeseeable changes of circumstances, the Company shall produce an improvement plan. In addition, the improvement plan shall be submitted to <a href="#">each of the Audit Committee member</a> of the Company for review. The aforesaid improvement plan shall be accomplished according to the planned schedule thereof.</p> | <p>2 The internal auditing personnel of the Company shall audit the execution of the operation of lending of funds of the Company at least every quarter and produce a written auditing report. During the auditing, the internal auditor shall immediately correct violation(s) upon finding any violation. If the violation found is material, the personnel who violate the Procedures shall be penalized in accordance with the related rules of the Company. Meanwhile, the auditor shall immediately report such violation in writing to <a href="#">the Audit Committee</a> of the Company.</p> <p>3 If the borrower no longer meets the requirements of the Procedures, or the total outstanding lending amount exceeds the lending limit approved by the Board of Directors due to unforeseeable changes of circumstances, the Company shall produce an improvement plan. In addition, the improvement plan shall be submitted to <a href="#">the Audit Committee</a> of the Company for review. The aforesaid improvement plan shall be accomplished according to the planned schedule thereof.</p> |  |
| Article 9 | <p><b>Announcement</b></p> <p>1 The Company shall announce and report the previous month's balance of loans of funds made by itself and its subsidiaries by the 10th day of each month.</p>   | <p><b>Announcement</b></p> <p>1 The Company shall announce and report the previous month's balance of loans of funds made by itself and its subsidiaries by the 10th day of each month.</p>   | Modify based on FSC's latest "Regulations Governing Loaning of Funds and Making of |

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|  | <p>2 If the Company's loans of funds reach one of the following levels, the Company shall announce and report such fact within 2 days commencing immediately from the date of occurrence of the event.</p> <p>(1) The balance of loans of funds by the Company and the Company's subsidiaries to others reaches twenty percent (20%) or more of the Company's net worth as stated in its latest financial statement.</p> <p>(2) The balance of loans of funds by the Company and the Company's subsidiaries to a single enterprise reaches ten percent (10%) or more of the Company's net worth as stated in its latest financial statement.</p> <p>(3) The amount of new loans of funds by the Company or any of the Company's subsidiaries reaches NT\$ten million or more and also reaches two percent (2%) or more of the Company's net worth as stated in its latest financial statement.</p> <p>The Company shall announce and report on behalf of any of its subsidiaries that is not a domestic public company any matters that such subsidiary is required to announce and report pursuant to subparagraph (3) of the preceding paragraph.</p> <p>3 The financial department shall make sufficient provision according to generally accepted accounting principles</p> | <p>2 If the Company's loans of funds reach one of the following levels, the Company shall announce and report such fact within 2 days commencing immediately from the date of occurrence of the event.</p> <p>(1) The balance of loans of funds by the Company and the Company's subsidiaries to others reaches twenty percent (20%) or more of the Company's net worth as stated in its latest financial statement.</p> <p>(2) The balance of loans of funds by the Company and the Company's subsidiaries to a single enterprise reaches ten percent (10%) or more of the Company's net worth as stated in its latest financial statement.</p> <p>(3) The amount of new loans of funds by the Company or any of the Company's subsidiaries reaches NT\$ten million or more and also reaches two percent (2%) or more of the Company's net worth as stated in its latest financial statement.</p> <p><u><a href="#">The term "Date of occurrence" means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.</a></u></p> <p>The Company shall announce and report on behalf of any of its subsidiaries that is not a</p> | <p>Endorsements/<br/>Guarantees by<br/>Public<br/>Companies”</p> |
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|                   | <p>based on the condition of its lending profile, adequately disclose information in the financial statements, and provide external auditors with necessary information for conducting due auditing.</p>  | <p>domestic public company any matters that such subsidiary is required to announce and report pursuant to subparagraph (3) of the preceding paragraph.</p> <p>3 The financial department shall make sufficient provision according to generally accepted accounting principles based on the condition of its lending profile, adequately disclose information in the financial statements, and provide external auditors with necessary information for conducting due auditing.</p>   |   |
| <p>Article 11</p> | <p><b>Audit procedure on Fund Lending of Subsidiaries</b></p> <p>1~2 Omit</p> <p>3 If a subsidiary is a public company, its internal auditor personnel shall perform auditing on the Company's lending profile every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Company's audit department. The Company's audit department shall submit written report to <a href="#">each of the Audit Committee member</a></p> <p>4 The internal audit personnel of the Company shall audit the subsidiaries operational procedures regarding the implementation status of lending funds to others based on annual audit plan. Corrections of any defects discovered shall be continuously be tracked and a follow-up report shall be made to submit to the chairperson.</p> | <p><b>Audit procedure on Fund Lending of Subsidiaries</b></p> <p>1~2 Omit</p> <p>3 If a subsidiary is a public company, its internal auditor personnel shall perform auditing on the Company's lending profile every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Company's audit department. The Company's audit department shall submit written report to <a href="#">the Audit Committee.</a></p> <p>4 The internal audit personnel of the Company shall audit the subsidiaries operational procedures regarding the implementation status of lending funds to others based on annual audit plan. Corrections of any defects discovered shall be continuously be tracked and a follow-up report shall be made to submit to the chairperson.</p> | <p>Modify based on FSC's latest "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies"</p> |

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| <p>Article 13</p> | <p><b>Implementation and Amendment</b></p> <p>After passage by the Audit Committee <u>and the Board of Directors</u>, the Procedure shall be submitted to the shareholders meeting for approval. If any director expresses an objection and there is a record or written statement of the objection, the Company shall forward the director's objection to the shareholders meeting for discussion. The same procedures shall apply to any amendments to the Procedure.</p> <p><u>If the Company has appointed an independent director(s), the opinions of each independent director shall be given full consideration when the matter is submitted for discussion by the Board of Directors, and each independent director's explicit assenting or dissenting opinion and reasons for dissent shall be recorded in the Board of Directors meeting minutes.</u></p> | <p><b>Implementation and Amendment</b></p> <p>After passage by <u>more than half of all audit committee members and submitted to the board of directors for a resolution</u>, the Procedure shall be submitted to the shareholders meeting for approval. If any director expresses an objection and there is a record or written statement of the objection, the Company shall forward the director's objection to the shareholders meeting for discussion. The same procedures shall apply to any amendments to the Procedure.</p> <p><u>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.</u></p> <p><u>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.</u></p> | <p>Modify based on FSC's latest "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies"</p> |
| <p>Article 14</p> | <p>The Procedure was enacted on October 25, 2011</p> <p>The 1<sup>st</sup> amendment was made on December 20, 2011</p> <p>The 2<sup>nd</sup> amendment was made on June 25, 2013</p> <p>The 3<sup>rd</sup> amendment was made on January 19, 2015</p> <p>The 4<sup>th</sup> amendment was made on February 20, 2017</p>   | <p>The Procedure was enacted on October 25, 2011</p> <p>The 1<sup>st</sup> amendment was made on December 20, 2011</p> <p>The 2<sup>nd</sup> amendment was made on June 25, 2013</p> <p>The 3<sup>rd</sup> amendment was made on January 19, 2015</p> <p>The 4<sup>th</sup> amendment was made on February 20, 2017</p> <p><u>The 5<sup>th</sup> amendment was made on June 25, 2019</u></p>  | <p>Add amendment date</p>   |

## Attachment 13

### GlobalWafers Co., Ltd.

#### Procedures for Endorsement and Guarantee Comparison Chart

| Article   | Before   | After   | Remark   |
|-----------|--|---|--|
| Article 8 | <p><b>Announcement</b></p> <p>1 The Company shall make an announcement on the balance of endorsement and/or guarantee of itself and its subsidiaries in MOPS before the 10<sup>th</sup> of each month.</p> <p>2 In the event that the balance of endorsement and/or guarantee meets one of the following standards, the Company shall make an announcement in MOPS within 2 days commencing immediately from the date of occurrence of the event.</p> <p>(1) The aggregate balance of the Company and its subsidiaries' endorsements/guarantees reaches 50% or more of Company's net worth as stated in its latest financial statement.</p> <p>(2) The balance of the Company and its subsidiaries' endorsements/guarantees for a single enterprise reaches 20% or more of Company's net worth as stated in its latest financial statement.</p> <p>(3) The balance of the Company and its subsidiaries' endorsements/guarantees for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, <u>long-term orientated</u> investment in, and balance of loans to, such enterprise reaches 30% or more of</p> | <p><b>Announcement</b></p> <p>1 The Company shall make an announcement on the balance of endorsement and/or guarantee of itself and its subsidiaries in MOPS before the 10<sup>th</sup> of each month.</p> <p>2 In the event that the balance of endorsement and/or guarantee meets one of the following standards, the Company shall make an announcement in MOPS within 2 days commencing immediately from the date of occurrence of the event.</p> <p>(1) The aggregate balance of the Company and its subsidiaries' endorsements/guarantees reaches 50% or more of Company's net worth as stated in its latest financial statement.</p> <p>(2) The balance of the Company and its subsidiaries' endorsements/guarantees for a single enterprise reaches 20% or more of Company's net worth as stated in its latest financial statement.</p> <p>(3) The balance of the Company and its subsidiaries' endorsements/guarantees for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, <u>book value of equity-method</u> investment in, and balance of loans to, such enterprise reaches 30% or more of</p> | <p>Modify based on FSC's latest "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies"</p> |

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|           | <p>Company's net worth as stated in its latest financial statement.</p> <p>(4) The balance of the Company and its subsidiaries' new endorsements/guarantees reaches NT\$30 million or more and the aggregate amount of all endorsements/guarantees reaches 5% or more of Company's net worth as stated in its latest financial statement.</p> <p>3 The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to the fourth subparagraph of the preceding paragraph.</p> <p>4 The Company shall designate manager and personnel to disclose information in accordance with Article 24 and 25 in "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies"</p> | <p>Company's net worth as stated in its latest financial statement.</p> <p>(4) The balance of the Company and its subsidiaries' new endorsements/guarantees reaches NT\$30 million or more and the aggregate amount of all endorsements/guarantees reaches 5% or more of Company's net worth as stated in its latest financial statement.</p> <p><u>The term "Date of occurrence" means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.</u></p> <p>3 The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to the fourth subparagraph of the preceding paragraph.</p> <p>4 The Company shall designate manager and personnel to disclose information in accordance with Article 24 and 25 in "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies"</p> |  |
| Article 9 | <p><b>Internal Control</b></p> <p>1 Internal auditors shall perform auditing on the Company's endorsement/guarantee profile every quarter and produce written auditing</p>   | <p><b>Internal Control</b></p> <p>1 Internal auditors shall perform auditing on the Company's endorsement/guarantee profile every quarter and produce written auditing</p>   | <p>Modify based on FSC's latest "Regulations Governing</p> |

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|-------------------|--|---|--|
|                   | <p>reports. Should there be any violation found, a written report is needed to notify <a href="#">each of the Audit Committee member</a>.</p> <p>2 Any endorsement and/or guarantee to be provided by the Company shall be conducted in accordance with the procedures. Should there be any violation of related regulations or the Procedures, the Company’s managers and persons-in –charge shall be subject to castigation.</p>   | <p>reports. Should there be any violation found, a written report is needed to notify <a href="#">the Audit Committee</a>.</p> <p>2 Any endorsement and/or guarantee to be provided by the Company shall be conducted in accordance with the procedures. Should there be any violation of related regulations or the Procedures, the Company’s managers and persons-in –charge shall be subject to castigation.</p>   | <p>Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”</p>   |
| <p>Article 10</p> | <p><b>Procedure</b></p> <p>1~4 Omit</p> <p>5 If, due to changes of circumstances, the amount and the party to whom the Company provided endorsement and/or guarantee no longer satisfies the criteria set forth in “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and the Procedures herein, a corrective plan shall be provided to <a href="#">each of the Audit Committee member</a> and the proposed corrections shall be implemented within the period specified in the plan.</p> <p>6 When the net value of endorsed or guaranteed companies lower than 50% of its paid-in capital, subsequent precautions of control shall be established by the financial department and be reported to the Board of Directors. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, the paid-in capital shall be calculated with the sum of the</p> | <p><b>Procedure</b></p> <p>1~4 Omit</p> <p>5 If, due to changes of circumstances, the amount and the party to whom the Company provided endorsement and/or guarantee no longer satisfies the criteria set forth in “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and the Procedures herein, a corrective plan shall be provided to <a href="#">the Audit Committee</a> and the proposed corrections shall be implemented within the period specified in the plan.</p> <p>6 When the net value of endorsed or guaranteed companies lower than 50% of its paid-in capital, subsequent precautions of control shall be established by the financial department and be reported to the Board of Directors. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, the paid-in capital shall be calculated with the sum of the</p> | <p>Modify based on FSC’s latest “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”</p> |

|            |  |  |  |
|------------|--|--|--|
|            | share capital plus paid-in capital in excess of par shall be substituted   | share capital plus paid-in capital in excess of par shall be substituted   |  |
| Article 13 | <p><b>Procedure of Subsidiary's Endorsement &amp; Guarantee</b></p> <p>1~2 Omit</p> <p>3 Where the subsidiary is a public company, its internal auditors shall perform auditing on the Company's endorsement/guarantee profile every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Company's internal auditors. The Company's internal auditors shall submit written report to <a href="#">each of the Audit Committee member</a></p> <p>4 The internal audit personnel of the Company shall regularly audit the subsidiaries operational procedures according to Yearly Auditing plan and understand the implementation status of providing endorsement or guarantees for others. Corrections of any defects discovered shall be continuously be tracked and a follow-up report shall be made to submit to Chairperson.</p> | <p><b>Procedure of Subsidiary's Endorsement &amp; Guarantee</b></p> <p>1~2 Omit</p> <p>3 Where the subsidiary is a public company, its internal auditors shall perform auditing on the Company's endorsement/guarantee profile every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Company's internal auditors. The Company's internal auditors shall submit written report to <a href="#">the Audit Committee.</a></p> <p>4 The internal audit personnel of the Company shall regularly audit the subsidiaries operational procedures according to Yearly Auditing plan and understand the implementation status of providing endorsement or guarantees for others. Corrections of any defects discovered shall be continuously be tracked and a follow-up report shall be made to submit to Chairperson.</p> | Modify based on FSC's latest "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies" |
| Article 15 | The Procedures shall be submitted to the Audit Committee <a href="#">and</a> the Board of Directors of the Company for approval and ratified by the Shareholders Meeting of the Company. Any written objection or statement from Directors of the Board of the Company shall be submitted to the Shareholders Meeting for discussion. Any amendment is subject to the same procedure.  | <a href="#">After passage by more than half of all audit committee members and submitted to the board of directors for a resolution,</a> the Procedure shall be submitted to the shareholders meeting for approval. If any director expresses an objection and there is a record or written statement of the objection, the Company shall forward the director's objection to the shareholders meeting for   | Modify based on FSC's latest "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public            |

|            |  |  |                    |
|------------|--|--|--------------------|
|            | <p><u>If the Company has independent Director(s), the opinions of objection or endorsement from the independent Director(s) of the Company shall be placed on record in the minutes of the Board of Directors of the Company.</u></p>  | <p>discussion. The same procedures shall apply to any amendments to the Procedure.</p> <p><u>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.</u></p> <p><u>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.</u></p> | Companies”         |
| Article 16 | <p>The procedure was approved on October 25, 2011.</p> <p>The 1<sup>st</sup> amendment was made on December 20, 2011.</p> <p>The 2<sup>nd</sup> amendment was made on June 25, 2013.</p> <p>The 3<sup>rd</sup> amendment was made on January 19, 2015.</p> <p>The 4<sup>th</sup> amendment was made on June 23, 2015.</p> <p>The 5<sup>th</sup> amendment was made on February 20, 2017.</p> | <p>The procedure was approved on October 25, 2011.</p> <p>The 1<sup>st</sup> amendment was made on December 20, 2011.</p> <p>The 2<sup>nd</sup> amendment was made on June 25, 2013.</p> <p>The 3<sup>rd</sup> amendment was made on January 19, 2015.</p> <p>The 4<sup>th</sup> amendment was made on June 23, 2015.</p> <p>The 5<sup>th</sup> amendment was made on February 20, 2017.</p> <p><u>The 6<sup>th</sup> amendment was made on June 25, 2019.</u></p>   | Add amendment date |

## Attachment 14

### GlobalWafers Co., Ltd.

#### Independent Director Candidates

|             |  |
|-------------|--|
| Name        | Kwang-Leei Young   |
| Education   | Ph.D.,<br>Electrical Engineering and Computer Sciences ,<br>University of California, Berkeley   |
| Current Job | Director, Intention Intelligence Co., Ltd.<br>Angel Investor<br>Strategy Consultant, Bridgewell Co., Ltd.<br>Columnist/Consultant, Digitimes   |
| Experience  | Director of Research and Development, Taiwan Semiconductor Manufacturing Company Limited<br>Director of Engineering, WSMC Co., Ltd.<br>Deputy Director of Research & Development division, Winbond Electronics Corp.<br>Senior Manager, Chartered Semiconductor Singapore<br>Senior Technical Staff, HP USA<br>Research Staff , MIT Lincoln Lab. USA |
| 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**

Matters not covered by these rules shall be handled in accordance with the provisions of the law.

**Article 21**

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 22**

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

## **Appendix 2**

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

#### **Codes of Ethical Conduct**

##### **Article 1 (Purpose and Basis)**

In order to encourage directors, managers and other staff to act in line with ethical standards, and to help interested parties better understand the ethical standards of the company, "Codes of Ethical Conduct" ("Code") is promulgated according to "Guidelines for the Adoption of Codes of Ethical Conduct by TWSE/GTSM Listed Companies" of Taiwan Stock Exchange Corporation as a reference to follow.

##### **Article 2 (Application)**

The Code is applicable to directors, managers and other staff, herein referred to as the GWC staff.

##### **Article 3 (Honest and Trust)**

The GWC staff should proactively improve, be responsible and conscientious, emphasize team spirit, and holding the principle of honest and trust.

##### **Article 4 (Prevention of Conflicts of Interest)**

The GWC staff shall perform their duties in an objective and efficient manner, avoid taking advantage of their position in the company to obtain improper benefits for below:

1. Themselves or their spouse, parents, children, or relatives within the third degree of kinship.
2. Company or enterprise that will financially benefit from the abovementioned either directly or indirectly.
3. Company or enterprise of which the director or manager serve as a chairman, directors or authorizing managers.

The company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the enterprise at which a director or manager works.

## **Article 5 (Minimizing Incentives to Pursue Personal Gain)**

When the company has an opportunity for profit, the GWC staff should protect and increase reasonable and proper benefits for the company, and prevent following activities:

1. Seeking an opportunity to pursue benefit whether for self or for others by using company property, information or taking advantage of their positions.
2. Obtaining personal benefit whether for self or for others by using company property, information or taking advantage of their positions.
3. Competing with the company.

When the company has an opportunity for profit, it is the responsibility of the GWC staff to maximize the reasonable and proper benefits that company can obtained.

## **Article 6 (Confidentiality)**

The GWC staff shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.

## **Article 7 (Fair Trade)**

The GWC staff shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

In carrying out duties, the GWC staff shall not be allowed to request, periodically arrange, make payment or receive any form of gift, entertainment, rebate, bribe, or derive any other improper benefits whether personally, on behalf of the company nor for the third parties' benefit.

## **Article 8 (Safeguarding and Proper Use of Company Assets)**

All the GWC staff has the responsibility to safeguard company assets and to ensure that these assets can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the company's profitability

## **Article 9 (Compliance with Laws and Regulations)**

All the GWC staff shall comply with and propagate Securities and Exchange Act and other regulations regarding corporal operation, shall not violate any law or regulation on purpose, nor intentionally mislead, manipulate, unfair trade with suppliers and customers, declare fraudulent information about the quality or contents of the company's products or service.

## **Article 10 (Encouraging Reporting on Illegal or Unethical Activities)**

The company shall raise awareness of ethics internally and encourage employees to report to a company audit committee, manager, chief internal auditor, or other appropriate individual upon

suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct, and employees should provide enough information for company to properly deal with. The company will handle the cases in confidentiality and make employees aware that the company will use its best efforts to ensure the safety of informants.

#### **Article 11 (Disciplinary Measures and Remedy)**

When directors or managers violate the code of ethical conduct, the company shall handle the matter in accordance with relevant regulations, and shall without delay disclose on the Market Observation Post System (MOPS) the name and title of the violator, dates and reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. If the violator considers the discipline is improper and impacts his/her legal rights, the violator can appeal via complaint system for remedy.

#### **Article 12 (Procedures for Exemption)**

If any director or manager is necessary to be exempted from compliance with the code, the exemption requires board resolution, and that information on the name and title of the person entitled to such exemption, the date on which the board of directors adopted the resolution for exemption, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to avoid any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.

#### **Article 13 (Method of Disclosure)**

The company shall disclose the code of ethical conduct and any amendment in the annual report, prospectuses and MOPS.

#### **Article 14 (Supplementary)**

Any incomplete in the code shall be proceeded in accordance with relative laws and regulations.

#### **Article 15 (Enforcement)**

The company's code of ethical conduct, and any amendments to it, shall enter into force after being approved by board of directors, and submitted to the share holders' meeting.

#### **Article 16 (Amendment Date)**

The Procedures were enacted on March 20, 2014.

The Procedures were revised on November 13, 2014.

## **Appendix 3**

### **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 NTD10,000,000,000, divided into 1,000,000,000 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. 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 the those listed in the slate of independent director candidates.

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 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

The 9th amendment on June 25<sup>th</sup>, 2018

Implement after approvals from the meeting of stockholders

## **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.

#### 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, depositary 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 more 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:
    - iii. Trading of government bonds.
    - iv. 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.

- (2) 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

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

The 5<sup>th</sup> amendment was made on June 25, 2018

## **Appendix 6**

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

#### **Policies and Procedures for Financial Derivatives Transactions**

##### **Article 1**

The Company shall follow the Policies and Procedures when doing financial derivatives transactions. Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules and regulations.

##### **Article 2**

The term "derivatives" in these Procedures means products such as forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts whose value is derived from assets, interest rates, foreign exchange rates, indices, or other interests, and compound derivatives formed by combinations of the aforesaid products.

##### **Article 3**

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.

##### **Article 4**

Derivative products that the Company can buy or sell include foreign currency forward contracts, option contracts and swaps of foreign currency as well as interest rate.

##### **Article 5**

The profit of the Company shall be derived from operation. The Company engages in above derivatives transactions shall be based on the principle of hedging currency and interest rate risks only, opportunism transaction are not allowed. The instruments shall meet the Company's actual hedging needs

##### **Article 6**

For derivatives transactions in which the Company engages, loss limit is US\$250,000 of the contract amount in aggregate. The individual contracts loss limit is 10% of the principal amount respectively and shall not exceed US\$250,000. Loss limit is 20% of the contract amount for any individual contract or for all contracts in aggregate. The aforementioned "transaction-oriented" refers to holding /issuing derivative transaction to profit from price difference. "Non-transaction-oriented" or "Hedge-oriented" refers to transactions for other purposes.

#### **Article 7: Division of authority and duties**

- (1) Finance Department is responsible for building currency strategy and negotiation, as well as setting up quarterly hedging ceiling in accordance with the Procedures based on revenue, export/import quantity and balance position for risk control.
- (2) Finance Department shall pay attention to currency as well as capital position at all times, submit hedging strategy according to actual needs for President's approval. Any deviation can only be executed upon receiving President's approval.

#### **Article 8: Performance assessments**

- (1) The performance assessments are based on the gain or loss between account exchange and interest rate and derivative trading.
- (2) The Finance Department shall assess market prices and evaluate hedging performance each week. "Transaction-oriented" position shall be evaluated at least once a week; "Non-transaction-oriented" or "Hedge-oriented" position shall be evaluated at least twice a month; reports should be delivered to managers with BOD authorization.

#### **Article 9**

The total contract amount from derivative trading shall not exceed the total foreign currency position of accounts receivable, accounts payable and deposit arising from operation, and shall be reported to the latest BOD meeting after transaction. Apart from business, any currency hedging should adopt the assets (liability) which are held or anticipated to trade as ceiling. For example, overseas acquisition adopts acquisition price as ceiling, fund lending adopts loan balance as ceiling, overseas equity, bonds or other financial instruments adopts total amount of outstanding balance as ceiling, and could only be executed after BOD approval. However, if BOD approval could not be obtained in advance due to interest of time, Chairperson could be authorized to approve transactions based on evaluation report submitted by finance department, and such transaction shall be reported to the latest BOD meeting after execution.

#### **Article 10 : Authorization**

- (1) The amount within US\$500 thousand or equivalent foreign currency on each transaction shall be approved by President.
- (2) The amount exceed US\$500 thousand on each transaction shall be approved by Chairperson.

#### **Article 11**

Finance Department shall evaluate the financial institution with better condition, and engage in derivative trading within the agreement after getting the approval of President and Chairperson.

#### **Article 12**

The dealers shall ensure derivative transactions complete and consistent with relevant regulations. After being public, the Company shall submit derivatives transactions as of last month of the Company and its

overseas public subsidiaries to the information disclosure website designated by the Securities and Futures Commission on a monthly basis by the 10th of every month.

### **Article 13**

Finance Department shall make trading slip and details regarding derivatives transaction in accordance with transaction voucher and submit to the manager in charge for review. Finance department personnel shall confirm transaction contents with banks are in accordance with the aforementioned trading slips and details and submit to President for approval.

### **Article 14**

The balance from the derivative trading shall be settled by the Finance Department immediately.

### **Article 15**

The accounting handling towards the Company's derivative transactions will be conducted in accordance with the requirements of the General Acceptable Accounting Principles and the relevant Financial Accounting Principle Statement. The accounting of derivatives transactions entered into by the Company shall be processed pursuant to the Statements of Financial Accounting Standards No. 14 "Accounting for Financial Instruments".

### **Article 16**

#### 4 Internal Control

- (1) The Financial unit's transaction personnel and confirmation and settlement operations personnel may not concurrently serve in more than one of those positions.
- (2) Trading personnel shall submit foreign exchange trading slip to confirmation personnel for record.
- (3) Bookkeeping personnel shall at regular intervals reconcile accounts or records with the trading counterparty.
- (4) Trading personnel shall check total transaction amounts on an ongoing basis to see whether they conform to the ceilings set under these Procedures.

#### 5 Risk Management

##### (1) Credit risk

Credit risk is controlled by restricting the counterparties that the Company deals with to those who either have banking relationship with the Company or professional brokerage house to avoid default risk.

##### (2) Market Risk

Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled.

##### (3) Liquidity Risk

Liquidity risk should be controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.

(4) Cash flow Risk

Source found for derivative transaction shall come from the Company's own funds. Operational fund for next three months should be taken into consideration when deciding transaction amount.

(5) Operation Risk

The Company shall comply with the authorized trading amount and the rules of operating process in order to avoid the operating risk.

(6) Legal Risk

Any legal documents with banks in respect of financial derivative transactions shall first be reviewed by in-house and/or outside legal counsel before being executed to control legal risk.

6 Periodic evaluation

(5) The Finance Department shall assess market prices and evaluate hedging performance each week. "Transaction-oriented" amount shall be evaluated at least once a week; "Non-transaction-oriented" or "Hedge-oriented" amount shall be evaluated at least twice a month; reports should be delivered to managers with BOD authorization.

(6) The designated personnel appointed by the board of directors to monitor and control derivatives trading risks on an ongoing basis shall also at regular intervals evaluate whether trading performance accords with established operational strategies, and whether risks assumed are within a tolerable range. They shall at regular intervals evaluate whether the risk management procedures currently in use are appropriate and scrupulously conducted in accordance with these Procedures.

(7) The chief financial officer shall monitor the trading and profit and loss situation. When any irregularity is discovered, the chief financial officer shall report to the board of directors. If independent director(s) have been appointed, the board of directors shall have the independent director(s) attend and express an opinion.

(8) The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 2 of Article 8 and subparagraph 2 of this article shall be recorded in detail in the log book.

### **Article 17**

An internal auditor shall regularly review the appropriateness of the derivatives transaction internal control system, conduct monthly checks on how well the trading unit is complying with these Procedures, analyze transaction cycles, and include their findings in an audit report. Where a material violation is discovered, they shall notify the audit committee in writing and the Company's persons-in-charge shall be subject to castigation.

Manager and dealers shall follow the procedures when doing derivative transactions, if any violation to the procedure or relevant regulations, he/she shall be punished in accordance with Personnel Evaluation Committee regulations.

### **Article 18**

After approved by Audit Committee and the board of directors, the procedures 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 on record or in a written statement, the director's dissenting opinion shall be delivered to shareholder meeting.

When these Procedures are submitted for deliberation by the board of directors, each independent director's opinions shall be taken into full consideration; the independent directors' specific opinions of assent or dissent and the reasons therefore shall be included in the minutes of the board of directors meeting.

### **Article 19**

The Procedure was enacted on October 25, 2011.

The 1<sup>st</sup> amendment was made on June 25, 2013.

The 2<sup>nd</sup> amendment was made on January 19, 2015.

The 3<sup>rd</sup> amendment was made on February 20, 2017.

## **Appendix 7**

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

#### **Procedures for Lending Funds to Other Parties**

##### **Article 1**

The Company legislates Procedures for Lending Funds to Other Parties (the Procedure) to protect shareholders' rights, complete fund lending procedure and manage risks.

##### **Article 2**

The procedure is legislated in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" issued by competent securities authority and other applicable laws, rules, and regulations.

##### **Article 3**

The subsidiaries and parent company referred to in these procedures shall be recognized according to "the Regulations Governing the Preparation of Financial Reports by Securities Issuers."

The net value referred in this procedure shall refer to the Securities Issuers' equity on the parent company's balance sheet of the Company's financial report.

##### **Article 4**

Under Article 15 of the Company Act, the company shall not loan funds to any of its shareholders or any other person except under the following circumstances:

- 1 Where an inter-company or inter-firm business transaction calls for a loan arrangement. If the business transaction is not associated with sales & purchase, both parties shall sign contract, and the funding ceiling should be less than the total amount specified in the contract.
- 2 Where an inter-company or inter-firm short-term financing facility is necessary. Fund-lending to companies which need funds for a short-term period shall be limited to companies or firms in which the Company holds fifty percent (50%) or more of the shares. The term "short-term" as used in the preceding phrase means one year, or where the company's operating cycle exceeds one year, one operating cycle. The term "financing amount" means the cumulative balance of the public company's short-term financing.

##### **Article 5**

###### **Total Lending Amount and Financing Limit for Individual Entities**

The total loan fund lending amount to others should be varied according to the situations as follows.

- 1 The total amount for lending to a company/firm having business relationship with the Company shall not exceed forty percent (40%) of the net worth of the Company. The amount lent to a single recipient may not exceed the amount of the business transacted between the two parties in the most recent year. The transaction amount shall mean the sales or purchasing amount between the parties, whichever is higher.

- 2 The total amount for lending to a company/firm for funding for a short-term period shall not exceed forty percent (40%) of the net worth of the Company. The amount lent to a single recipient shall not exceed forty percent (40%) of the net worth of the Company.

The total amount for fund-lending between the Company and subsidiaries or between different subsidiaries of the Company whose voting shares are 100% owned, directly or indirectly, by the Company will not be subject to the limit of net worth described in item 2, total loan amount to others shall not exceed 200% of the net worth of the Company. The amount lent to a single recipient shall not exceed forty percent (40%) of the net worth of the Company

## **Article 6**

### **Term of Loan and Methods of Interest Calculation**

The term of each loan extended by the Company shall not exceed one (1) year since the lending date. The interest rate shall be determined on the basis of the Company's bank borrowing rate of same loan term. The interests shall be calculated on a daily basis, and interest payment term and way should be decided by both parties.

The loans of the company and subsidiaries or subsidiaries and subsidiaries shall be submitted to the Board of Directors for approval in accordance with aforesaid Article. Once the loans are approved by the Board, the chairman of the Board is authorized to allocate the fund within a year under approved limits in several installments or revolving allocations.

The aforesaid loan amount shall be in accordance with Article 5. The loan amount of the Company or its subsidiaries' shall not exceed ten percent (10%) of the net worth of the latest financial report of the Company.

## **Article 7**

### **Procedures for Fund Lending**

1. Any borrower, when applying for a loan from the Company, shall submit an application or a letter describing in detail the loan purpose, term and amount requested, together with basic corporate information and financial data, to the financial department of the Company.
2. The financial department should evaluate the following after receiving application from the borrower.
  - (1) the necessity and rationality of the loan application
  - (2) the credibility and risk of the borrower
  - (3) the impact on the Company's operating risk, financial positions and shareholders' right and interests .
  - (4) whether to have collateral and to evaluate its value
  - (5) whether it is in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and the procedure.

Credit checking could be exempted if the fund lending recipient is a subsidiary of the Company.

3. After evaluation, if there is necessity for fund lending and the borrower is fully capable of repayment, the financial department shall submit the evaluation materials to the Board of Directors for resolution and the Board could not authorize any other person to decide. If the Company has appointed an independent director(s), the opinions of each independent director shall be given full consideration when the matter is submitted for discussion by the Board of Directors, and each independent director's explicit assenting or dissenting opinion and reasons for dissent shall be recorded in the Board of Directors meeting minutes when discussing lending to a company/firm.
4. Loans between the Company and subsidiaries or between different subsidiaries of the Company shall be decided by a resolution of the Board of Directors and authorization may also be given to the chairperson, within a certain capital limit resolved by the Board of Directors, for a specific borrowing counterparty and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down. Unless as provided in the procedure, the "capital limit" referred in the previous section provided by the Company or its subsidiaries for any single enterprise shall not exceed ten percent (10%) of the net value of the Company based on its latest financial statements.
5. After fund lending is approved, the financial department shall notify the borrower to sign loan contract with the Company in requested period. The contract should include amount, term, interest rate, collateral, guarantor and etc. Fund lending between the Company and subsidiaries or between different subsidiaries of the Company whose voting shares are one hundred (100%) owned, directly or indirectly, by the Company will not be subject to the limit of collateral and guarantor.
6. The borrower could only apply drawdown from the financial department after loan contract is signed.
7. When applying drawdown according to the loan contract, the borrower shall provide a promissory note or collateral in an amount equivalent to that of the loan when necessary. If any collateral is provided, legal procedures for mortgage or lien must be fulfilled. All collateral, except land and securities, shall be covered by property damage insurance. The insurance duration should cover the complete loan term and the Company shall be named as the beneficiary of the insurance.

## **Article 8**

### **Internal Audit**

- 1 The Company shall establish and maintain a reference book to record all its fund-lending information, including the identity of the borrower, amount, the date on which the lending was approved by the Board of Directors, dates to advance the amount of the loan and related information regarding the assessment in accordance with the relevant regulations of the Procedures.

- 2 The internal auditing personnel of the Company shall audit the execution of the operation of lending of funds of the Company at least every quarter and produce a written auditing report. During the auditing, the internal auditor shall immediately correct violation(s) upon finding any violation. If the violation found is material, the personnel who violate the Procedures shall be penalized in accordance with the related rules of the Company. Meanwhile, the auditor shall immediately report such violation in writing to the Supervisors of the Company.
- 3 If the borrower no longer meets the requirements of the Procedures, or the total outstanding lending amount exceeds the lending limit approved by the Board of Directors due to unforeseeable changes of circumstances, the Company shall produce an improvement plan. In addition, the improvement plan shall be submitted to the Audit Committee of the Company for review. The aforesaid improvement plan shall be accomplished according to the planned schedule thereof.

## **Article 9**

### **Announcement**

- 1 The Company shall announce and report the previous month's balance of loans of funds made by itself and its subsidiaries by the 10th day of each month.
- 2 If the Company's loans of funds reach one of the following levels, the Company shall announce and report such fact within 2 days commencing immediately from the date of occurrence of the event.
  - (1) The balance of loans of funds by the Company and the Company's subsidiaries to others reaches twenty percent (20%) or more of the Company's net worth as stated in its latest financial statement.
  - (2) The balance of loans of funds by the Company and the Company's subsidiaries to a single enterprise reaches ten percent (10%) or more of the Company's net worth as stated in its latest financial statement.
  - (3) The amount of new loans of funds by the Company or any of the Company's subsidiaries reaches NT\$ten million or more and also reaches two percent (2%) or more of the Company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any of its subsidiaries that is not a domestic public company any matters that such subsidiary is required to announce and report pursuant to subparagraph (3) of the preceding paragraph.

- 3 The financial department shall make sufficient provision according to generally accepted accounting principles based on the condition of its lending profile, adequately disclose information in the financial statements, and provide external auditors with necessary information for conducting due auditing.

## **Article 10**

### **Control Actions upon the Loans and Procedures for Disposing of Overdue Debt**

- 1 After a loan has been disbursed, the financial, business, and credit condition of the borrower and the guarantor shall be monitored on a regular ongoing basis by the financial department. If collateral has been provided, it shall be monitored for any changes in the collateral value. In the event of any material change, it shall immediately be reported to the president and the chairperson of the Board of Directors, and appropriate measures shall be taken in accordance with instructions.
- 2 If the borrower repays the loan when or before it becomes due, the interest payable shall first be calculated, and shall be paid together with the principal, before the promissory note and other loan documents may be cancelled and returned to the borrower or the mortgage cancelled.
- 3 When a loan becomes due, the borrower shall promptly repay the principal and interest in full. If the borrower is unable to make repayment on the due date and deferral is required, the application for deferral shall be made in advance, and submitted to the Board of Directors for approval before implementation. For any given repayment, deferral shall not exceed three (3) months, and only one deferral may be given. In the event of breach, the Company may duly dispose of, or pursue recovery from, the borrower's collateral or guarantor.

## **Article 11**

### **Audit procedure on Fund Lending of Subsidiaries**

- 1 If a subsidiary of the Company intends to lend funds to others, the Company shall require its subsidiaries to establish relevant procedures for lending funds in accordance with the Procedure and to comply with such procedure. Net worth shall be calculated based on the subsidiary's net worth.
- 2 The subsidiaries shall compile and submit the schedule which includes the details of lending funds made in the previous month to the Company for review by the tenth day of the current month. The financial department shall regularly evaluate if the controlling procedures of each subsidiary's disbursed funds and overdue debt is appropriate.
- 3 If a subsidiary is a public company, its internal auditor personnel shall perform auditing on the Company's lending profile every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Company's audit department. The Company's audit department shall submit written report to the Audit Committee.
- 4 The internal audit personnel of the Company shall audit the subsidiaries operational procedures regarding the implementation status of lending funds to others based on annual audit plan. Corrections of any defects discovered shall be continuously be tracked and a follow-up report shall be made to submit to the chairperson.

## **Article 12**

Any other matters not set forth in the Procedures or any doubt arising from application shall be dealt with in accordance with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and other applicable laws, rules, and regulations.

## **Article 13**

### **Implementation and Amendment**

After passage by the Audit Committee and the Board of Directors, the Procedure shall be submitted to the shareholders meeting for approval. If any director expresses an objection and there is a record or written statement of the objection, the Company shall forward the director's objection to the shareholders meeting for discussion. The same procedures shall apply to any amendments to the Procedure.

If the Company has appointed an independent director(s), the opinions of each independent director shall be given full consideration when the matter is submitted for discussion by the Board of Directors, and each independent director's explicit assenting or dissenting opinion and reasons for dissent shall be recorded in the Board of Directors meeting minutes.

## **Article 14**

The Procedure was enacted on October 25, 2011

The 1<sup>st</sup> amendment was made on December 20, 2011

The 2<sup>nd</sup> amendment was made on June 25, 2013

The 3<sup>rd</sup> amendment was made on January 19, 2015

The 4<sup>th</sup> amendment was made on February 20, 2017

## Appendix 8

### GlobalWafers Co., Ltd.

#### Procedures for Endorsement and Guarantee

##### Article 1

The Company legislates Procedures for Endorsement and Guarantee (the Procedure) to protect shareholders' rights, complete endorsement and guarantee procedure and manage risks.

##### Article 2

The procedure is legislated in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" issued by competent securities authority and other applicable laws, rules, and regulations.

##### Article 3

The subsidiaries and parent company referred to in these procedures shall be recognized according to "the Regulations Governing the Preparation of Financial Reports by Securities Issuers."

The net value referred in this procedure shall refer to the Securities Issuers' equity on the parent company's balance sheet of the Company's financial report.

##### Article 4

The parties to whom the Company may provide endorsement and/or guarantee include the following:

- 1 Any company who has business association with the Company.
- 2 Any subsidiary whose voting shares are fifty percent (50%) or more owned directly and indirectly by the Company
- 3 Any parent company who directly and indirectly owns fifty percent (50%) or more of the Company's voting shares.

Subsidiaries whose voting shares are more than 90% owned, directly or indirectly, by the Company may provide endorsement and/or guarantee to each other. The amount shall not exceed 10% of the net worth of the Company. The limits to the companies in which the Company holds 100% of the voting shares directly or indirectly do not follow the same rule.

The restriction stated in the prior two paragraphs does not include the endorsement and guarantee rendered by all shareholders based on the co-investment relationship in a pro rata basis of their shareholding.

The shareholding mentioned above means the Company makes direct shareholding or through a company in which it holds 100% of its total outstanding common shares.

## **Article 5**

The words "endorsement and/or guarantee" used herein are defined as:

- 1 Financing endorsement and/or guarantee, including:
  - (1) Endorsement/guarantee to customers' notes for cash financing with a discount;
  - (2) Endorsement/guarantee for another company for its financing needs;
  - (3) Endorsement/guarantee to the notes issued by the Company to non-financial institutions and entities for the Company's own financing needs.
- 2 Endorsement/guarantee of customs duties due from the Company.
- 3 Other endorsements/guarantees which are not included under paragraphs 1 and 2.
- 4 The lien or mortgage provided by the Company against its assets and properties for guaranteeing another company's loan should also follow the policies and procedures set forth herein.

## **Article 6 Amount**

The amount of endorsement/guarantee provided by the Company is subject to the following limits:

- 1 The aggregate amount of endorsement/guarantee provided by the Company is limited to 300% of its net worth specified in the latest financial statement.
- 2 The amount of endorsement/guarantee for one single company provided by the Company is limited to 10% of its net worth specified in the latest financial statement. However, the amount of endorsement/guarantee for any subsidiaries is limited to 100% of its net worth.
- 3 The limits of the Company and its subsidiaries' endorsement/guarantee to any single enterprise shall not exceed 1,000% of the Company's net worth specified in the latest financial statement.
- 4 For endorsement /guarantee deriving from business relations, the amount provided to any single party shall not exceed the total business amount between the party and the Company in the most recent year or over the twelve-month period before the extension of endorsement/guarantee. Business amount refers to the total purchase or sales whichever is higher.

If the business relation between the party and the Company is not sales/purchase, both parties shall sign contract and the amount of endorsement/guarantee shall not exceed the total amount of that contract.

The net value mentioned above is subject to the data in the financial statements most recently reviewed by the CPA.

## **Article 7 Authorization**

Any endorsement/guarantee provided by the Company shall be approved beforehand by the Board of Directors. A pre-determined limit of US\$1 million to single enterprise is delegated to the Chairperson by the Board of Directors to facilitate execution. Such endorsement/guarantee shall be reported to the most upcoming Board Meeting for ratification.

If the Company needs to provide endorsement/guarantee exceeding the amount permitted in the Article 6 in the Procedure owing to operation necessity, provided that the prior approval from the Board of the Directors is obtained, and more than half of the directors shall be the joint guarantors for the loss of the company resulting from the amount in excess of the permitted endorsement/guarantee amount. The Company shall also revise the Procedure accordingly and submit it to the Shareholders Meeting for ratification. If the Shareholders Meeting does not pass the resolution for ratification, the company shall adopt a plan to discharge the amount in excess within a certain period.

If the Company has independent Directors, the Board shall fully take each individual director's opinions into consideration and record each director's reasons for pros and cons in the minutes when the company provides endorsement and/or guarantee to outside parties.

Before each of the companies, in which the Company holds more than 90% voting shares directly or indirectly, may make endorsements and/or guarantees for each other in accordance of Article 4, item 2, the proposal shall be submitted to the Board of Directors for approval. The limits to the companies in which the Company holds 100% of the voting shares directly or indirectly do not follow the same rule.

## **Article 8 Announcement**

- 3 The Company shall make an announcement on the balance of endorsement and/or guarantee of itself and its subsidiaries in MOPS before the 10<sup>th</sup> of each month.
- 4 In the event that the balance of endorsement and/or guarantee meets one of the following standards, the Company shall make an announcement in MOPS within 2 days commencing immediately from the date of occurrence of the event.
  - (1) The aggregate balance of the Company and its subsidiaries' endorsements/guarantees reaches 50% or more of Company's net worth as stated in its latest financial statement.
  - (2) The balance of the Company and its subsidiaries' endorsements/guarantees for a single enterprise reaches 20% or more of Company's net worth as stated in its latest financial statement.
  - (3) The balance of the Company and its subsidiaries' endorsements/guarantees for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, long-term orientated investment in, and balance of loans to, such enterprise reaches 30% or more of Company's net worth as stated in its latest financial statement.
  - (4) The balance of the Company and its subsidiaries' new endorsements/guarantees reaches NT\$30 million or more and the aggregate amount of all endorsements/guarantees reaches 5% or more of Company's net worth as stated in its latest financial statement.

- 5 The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to the fourth subparagraph of the preceding paragraph.
- 6 The Company shall designate manager and personnel to disclose information in accordance with Article 24 and 25 in “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”

#### **Article 9 Internal Control**

- 3 Internal auditors shall perform auditing on the Company's endorsement/guarantee profile every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Audit Committee.
- 4 Any endorsement and/or guarantee to be provided by the Company shall be conducted in accordance with the procedures. Should there be any violation of related regulations or the Procedures, the Company's managers and persons-in –charge shall be subject to castigation.

#### **Article 10 Procedure**

- 1 When providing endorsement/guarantee to another company, the Company may require the endorse/guarantee company to submit application form to the Company's Finance Department. Finance Department shall conduct a credit survey and keep the record of risk assessment. After passage by the Finance Department, it shall be submitted to President and Chairperson for approval. Collateral shall be obtained when necessary.
- 2 The Finance Department shall make credit investigation and impact assessment based on the possibility of operation risk. The items to be evaluated include:
  - (1) The necessity of and reasonableness of endorsements/guarantees.
  - (2) Credit status and risk assessment of the entity for which the endorsement/guarantee is made.
  - (3) Whether the accumulated amount of endorsement and guarantee is still within the limit.
  - (4) Whether collateral must be obtained and appraisal of the value thereof.
  - (5) The impact on the company's business operations, financial condition, and shareholders' equity.
  - (6) Whether it is in compliance with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and the procedure.
- 3 Finance Department shall establish and maintain a reference book for endorsement/ guarantee matters and shall record in details for future reference including the recipient, amount, date of passage by the Board of Directors or decision by the Chairperson of the Board of Directors as authorized, date of the endorsement/guarantee and the abovementioned assessment data.
- 4 Finance Department shall assess and recognize, if any, contingent losses brought about by the endorsement/guarantee, to adequately disclose information in the financial statements, and to provide external auditors with necessary information for conducting due auditing and issuing auditing report.
- 5 If, due to changes of circumstances, the amount and the party to whom the Company provided endorsement and/or guarantee no longer satisfies the criteria set forth in “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and

the Procedures herein, a corrective plan shall be provided to the audit committee and the proposed corrections shall be implemented within the period specified in the plan.

- 6 When the net value of endorsed or guaranteed companies lower than 50% of its paid-in capital, subsequent precautions of control shall be established by the financial department and be reported to the Board of Directors. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, the paid-in capital shall be calculated with the sum of the share capital plus paid-in capital in excess of par shall be substituted

#### **Article 11 Seal Management**

- 1 The seal used specifically for endorsement/guarantee shall be the company seal registered with the Ministry of Economics Affairs. The person who safeguards the foresaid seal shall be approved by the Board of Directors of the Company and the change is subject to the same procedures. The designated person shall conduct the use of the seal or the issue of notes payable with the seal printing in compliance with the Seal Management Procedures of the Company.
- 2 When providing endorsement/guarantee to a foreign company, the guarantee letter shall be signed by chairman of the company whom is authorized by the Board of Directors of the Company.

#### **Article 12 Cancellation**

- 1 If the endorsement or guarantee needs to be cancelled due to performance of debt or change of notes as a result of extension of the term, the endorsed company shall deliver a formal letter with the original notes endorsed and relevant documents to Finance Department to be chopped "cancellation" and returned, the application letter shall be kept for reference.
- 2 Finance department shall register the cancelled notes into the registry to reduce the accumulated amount of the endorsement.
- 3 When the notes are renewed for renewal, financial institution usually requires to endorse the new notes first and then return the old notes. Therefore, Finance Department shall keep a tracing and collecting record and trace the notes back as soon as possible.

#### **Article 13 Procedure of Subsidiary's Endorsement & Guarantee**

- 1 When the subsidiaries intend to provide endorsement/guarantee to other companies, the Company shall require its subsidiaries to establish relevant procedures for providing endorsement/guarantee in accordance with the Procedures and to comply with such procedures; Net worth shall be calculated based on the subsidiary's net worth.
- 2 The subsidiaries shall compile and submit the schedule which includes the details of endorsement/guarantee made in the previous month to the Company for review by the tenth day of the current month. Finance & Accounting Departments shall regularly evaluate subsidiaries if their following monitoring is appropriate.
- 3 Where the subsidiary is a public company, its internal auditors shall perform auditing on the Company's endorsement/guarantee profile every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Company's internal auditors. The Company's internal auditors shall submit written report to the Audit Committee.

- 4 The internal audit personnel of the Company shall regularly audit the subsidiaries operational procedures according to Yearly Auditing plan and understand the implementation status of providing endorsement or guarantees for others. Corrections of any defects discovered shall be continuously be tracked and a follow-up report shall be made to submit to Chairperson.

#### **Article 14**

Any other matters not set forth in the Procedures shall be dealt with in accordance with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and applicable laws, rules and regulations.

#### **Article 15**

The Procedures shall be submitted to the Audit Committee and the Board of Directors of the Company for approval and ratified by the Shareholders Meeting of the Company. Any written objection or statement from Directors of the Board of the Company shall be submitted to the Shareholders Meeting for discussion. Any amendment is subject to the same procedure.

If the Company has independent Director(s), the opinions of objection or endorsement from the independent Director(s) of the Company shall be placed on record in the minutes of the Board of Directors of the Company.

#### **Article 16 :**

The procedure was approved on October 25, 2011.

The 1<sup>st</sup> amendment was made on December 20, 2011.

The 2<sup>nd</sup> amendment was made on June 25, 2013.

The 3<sup>rd</sup> amendment was made on January 19, 2015.

The 4<sup>th</sup> amendment was made on June 23, 2015.

The 5<sup>th</sup> amendment was made on February 20, 2017.

## Appendix 9

### GlobalWafers Co., Ltd.

#### Shareholdings of Directors

- 1 As of book closure date (2019/4/27), 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 (2019/4/27) are shown as below table.

| Position             | Name   | Shareholdings |
|----------------------|--|---------------|
| Chairperson          | Hsiu-lan Hsu   | 847,879       |
| Director             | Sino-American Silicon Products Inc.<br>Representative: Ming-kuang Lu | 222,727,000   |
| Director             | Sino-American Silicon Products Inc.<br>Representative: Tan-liang Yao | 222,727,000   |
| Director             | Kuo-chow Chen  | 665,773       |
| Independent Director | Chi-hsiung Cheng   | 1,005         |
| Independent Director | Chun-yen Chang   | 0             |
| Independent Director | Ming-chang Chen  | 0             |
| Total                |  | 224,241,657   |

## **Appendix 10**

### **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 20 to April 30, 2019. The Company has made a public announcement on MOPS.
3. The Company has not received any proposal from shareholders yet.