

Stock Code : 6488



**GlobalWafers Co., Ltd.**

**2017**  
**Annual General Shareholders' Meeting**  
**Meeting Handbook**

Time: June 19, 2017

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

Science Park Life Hub/Darwin Hall

# Table of Contents

<b>2017 ANNUAL GENERAL SHAREHOLDERS' MEETING PROCEDURE .....</b>	<b>1</b>
<b>2017 ANNUAL GENERAL SHAREHOLDERS' MEETING AGENDA .....</b>	<b>2</b>
<b>1. REPORT ITEMS.....</b>	<b>3</b>
<b>2. APPROVAL ITEMS .....</b>	<b>4</b>
<b>3. DISCUSSION ITEMS.....</b>	<b>5</b>
<b>4. EXTEMPORE MOTION.....</b>	<b>6</b>
<b>5. MEETING ADJOURNED .....</b>	<b>6</b>
<b>ATTACHMENT 1 .....</b>	<b>7</b>
<b>FISCAL 2016 BUSINESS REPORT.....</b>	<b>7</b>
<b>ATTACHMENT 2 .....</b>	<b>12</b>
<b>AUDIT COMMITTEE'S REVIEW REPORT .....</b>	<b>12</b>
<b>ATTACHMENT 3 .....</b>	<b>13</b>
<b>FINANCIAL STATEMENT.....</b>	<b>18</b>
<b>ATTACHMENT 4 .....</b>	<b>40</b>
<b>EARNINGS DISTRIBUTION STATEMENT.....</b>	<b>40</b>
<b>ATTACHMENT 5 .....</b>	<b>41</b>
<b>ACQUISITION OR DISPOSAL OF ASSETS PROCEDURE COMPARISON CHART.....</b>	<b>41</b>
<b>APPENDIX 1 .....</b>	<b>46</b>
<b>RULES AND PROCEDURES OF SHAREHOLDERS' MEETING.....</b>	<b>46</b>
<b>APPENDIX 2 .....</b>	<b>50</b>
<b>ARTICLES OF INCORPORATION.....</b>	<b>50</b>
<b>APPENDIX 3 .....</b>	<b>57</b>
<b>SHAREHOLDINGS OF DIRECTORS.....</b>	<b>57</b>
<b>APPENDIX 4 .....</b>	<b>58</b>
<b>OTHER STATEMENT ITEMS .....</b>	<b>58</b>

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

### **2017 Annual General Shareholders' Meeting Procedure**

1. Call Meeting to Order
2. Chairperson's Address
3. Report Items
4. Approval Items
5. Discussion Items
6. Extempore Motion
7. Meeting Adjourned

**GlobalWafers Co., Ltd.**  
**2017 Annual General Shareholders' Meeting Agenda**

Time: 9:00 AM, Monday, June 19, 2017

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

1. Call Meeting to Order
2. Chairperson's Address
3. Report Items
  - (1) 2016 Business report
  - (2) Audit Committee's Report on 2016 annual final accounting books and statements
  - (3) Report on 2016 remuneration distribution of employees & directors
4. Approval Items
  - (1) 2016 Financial statements
  - (2) 2016 Profit distribution proposal
5. Discussion Items
  - (1) Amendment to the "Acquisition or Disposal of Assets Procedure"
  - (2) Cash dividend distribution from capital reserve
6. Extempore Motion
7. Meeting Adjourned

## Report Items

- Item 1**      Fiscal 2016 Business Report submitted for review  
Please refer to the Fiscal 2016 Business Report on page 7 of this handbook.
- Item 2**      Audit Committee's report on 2016 annual final accounting books and statements submitted for review  
Please refer to the Audit Committee's 2016 Review Report on page 12 of this handbook.
- Item 3**      Distribution of remuneration to directors and employees in fiscal 2016, submitted for review
- (1) The company 2016 earning (Before deducting remuneration to employees and directors from Profit before Tax) is NTD 1,046,030,103. Pursuant to Article 31-1 of Articles of Incorporation, if the Company has positive profit before tax 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 41,400,000 to employees (distribution ratio 3.96%) and NTD 3,500,000 to directors (distribution ratio 0.33%). 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 authorize.

## Approval Items

### Item 1

(Proposed by the Board of Directors)

Motion: To accept FY 2016 financial statements

- (1) 2016 Financial Statements were audited by KPMG CPAs, Tseng, Mei-Yu, and Huang, Yong-Hwa. The aforementioned and FY 2016 business report have been approved by the audit committee with review report.
- (2) Please refer to the Business Report and the Financial Statements on page 7 and 18 of this handbook.
- (3) Approval requested

Resolution:

### Item 2

(Proposed by the Board of Directors)

Motion: To approve the 2016 profit distribution proposal

- (1) 2016 Net income is NTD 939,485,251, the Company proposes to distribute cash dividend for shareholder in NTD 1.7587 per share, totaled NTD 768,991,575.
- (2) Upon the approval of shareholders meeting, it is proposed to resolve 2017/7/23 as ex-dividend date, 2017/8/9 as payment date. The dividend will be distributed in cash rounding to dollar unit according to the ratio of the share registry by the record date. The total amount of the odd distribution below NT\$1 will be included in other income.
- (3) In the event that the proposed profit distribution is affected by an amendment to relevant laws or regulations, or a buyback of shares or issuance or cancellation of transferring treasury shares to employees for equity conversion in connection with domestic convertible corporate bonds or employee stock options, or other matter which results in share variation, it is proposed that the Board of Directors 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 40 for 2016 Earning Distribution Statement
- (5) Resolution requested.

Resolution:

## Discussion Items

### Item 1

(Proposed by the Board of Directors)

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

- (1) In compliance with amendment to “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” per 9 February 2017 Order No. Financial-Supervisory-Securities-Corporate-1060001296 of the Financial Supervisory Commission, the Company proposes to amend “Acquisition or Disposal of Assets Procedure” accordingly. Please refer to the comparison chart of the Acquisition or Disposal of Assets Procedure on page 41 of this handbook.
- (2) Resolution requested

Resolution:

### Item 2

(Proposed by the Board of Directors)

Motion: The distribution of cash dividend through capital reserve

- (1) The Company proposes to allocate NTD 324,133,425 from capital reserve of the income derived from the issuance of new shares at a premium. Each share will be distributed NT\$0.7413 cash dividend based on the shareholding in the share registry on the record date.
- (2) Upon the approval of shareholders meeting, it is proposed to resolve 2017/7/23 as ex-dividend date, 2017/8/9 as payment date. The dividend will be distributed in cash rounding to dollar unit according to the ratio of the share registry by the record date. The total amount of the odd distribution below NT\$1 will be included in other income.
- (3) In the event that the proposed profit distribution is affected by an amendment to relevant laws or regulations, or a buyback of shares or issuance or cancellation of transferring treasury shares to employees for equity conversion in connection with domestic convertible corporate bonds or employee stock options, or other matter which results in share variation, it is proposed that the Board of Directors 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) Resolution requested.

Resolution:

**Extempore Motion**

**Meeting Adjourned**



# Attachment 1

## GlobalWafers Co., Ltd.

### Fiscal 2016 Business Report

Dear shareholders,

2016 is a big milestone for GlobalWafers, we acquired semiconductor business of Topsil Semiconductor Materials A/S (Topsil) in Denmark and SunEdison Semiconductor Ltd. (SEMI) in US in July and December respectively, vaulting ourselves into the position of the third-largest silicon wafer supplier in the world, and outshine rivals with complete product portfolio. GlobalWafers is an international enterprise now with extensive footprint of 17 operation sites located in 10 countries and more than 6,500 dedicated employees.

Looking back to 2016 global semiconductor market, small and median size wafer production lines were driven by strong demand of power components such as MOSFET and Schottky which made GWC fully loaded for almost whole year. However, there was no distinctive growth in smart phone and PC in the first half worldwide market, 8" and 12" wafers remained steady in the first half. However, release of new smart phone such as IPHONE 7 as well as other portable devices has revived demands for LCD Driver and Memory. Annual consolidated revenue amounted to NTD 18.427 billion, up by 20.4% compared to 2015, owing to successful acquisition of Topsil and SEMI, which contributed revenue from July and December respectively. In terms of profit, impacted by Topsil & SEMI acquisition, gross margin dropped from 26.6% in 2015 to 22.41%. Also, GlobalWafers recognized M&A expenses such as financial advisory fees in Q4, along with other restructure measures like downsizing, 2016 operating expenses rose to NTD 2.752 billion from NTD 1.388 billion in 2015, an increase of NTD 1.364 billion; operating income also dropped to 7.5%, slowing down overall financial performance. 2016 net income is NTD 0.939 billion. EPS (after tax) was NTD 2.54. Please see below summary on 2016 operation performance, 2017 business plan, future strategy, influence of competition, regulations and macro economics.

#### A. Operation Performance in 2016

##### 1. Operation Performance

Unit: NT\$'000

Year Item	2016 (IFRSs)	2015 (IFRSs)	Change (%)
Revenue	18,426,950	15,310,462	20.36%
Operating Costs	14,296,567	11,237,292	27.22%
Gross Profit	4,130,383	4,073,170	1.40%
Operating Expenses	2,752,036	1,388,248	98.24%
Operating Income	1,378,347	2,684,922	-48.66%

Profit Before Tax	1,344,439	2,807,726	-52.12%
Net Income	939,171	2,044,193	-54.06%

Above increasing operating expense mainly came from one-off M&A expense, we expect this will be reduced gradually since 2017. Also, reviving demands for terminal products like memory along with completion of 12" semiconductor fabs around the world (especially China) since December, 2015 also stimulated needs for 12" wafer. Without capacity expansion, supply falls short of demand and ASP (Average Selling Price) will be driven up continuously. The market shortage is systematical, unless macroeconomics significantly deteriorates; we do not expect sudden twist in current tight capacity. GlobalWafers successfully obtained SEMI's 12" capacity after the acquisition, which not only boosts revenue but also improves operational and financial performance of all SEMI entities via taking advantage of booming cycle, accelerating M&A synergy.

## 2. Budget Implementation: No financial forecast for 2016

## 3. Profitability Analysis

Item		2016	2015
Financial structure	Debt ratio (%)	73.88	29.78
	Long-term funds to PPE (%) (PPE-plant, property, equipment)	114.93	202.25
Profitability	ROA (%) (return on assets)	2.39	9.08
	ROE (%) (return on equity)	5.77	13.66
	Operating Income to Capital Stock (%)	37.33	72.71
	Profit Before Tax to Capital Stock (%)	36.41	76.04
	Net Profit Margin (%)	5.10	13.35
	EPS (NT\$)	2.54	5.80

## 4. Financial Structure

2016 revenue is NT\$18,426,950,000; operating cost is NT\$14,296,567,000. Operating expense is NT\$2,752,036,000. Non-business expenditure is NT\$33,908,000. Net profit before tax is NT\$1,344,439,000. Net profit after tax is NT\$939,171,000. The financial structure is healthy.

## 5. Research & Development

### (1) 2016 Research & Development Expenditure

Unit: NT\$'000

Item / Year	2016	2015
Research and Development Expenses	726,206	550,567
Sales Revenue	18,426,950	15,310,462
%	3.94	3.60

### (2) 2016 Achievement

#### i. Technology/Product

- (1) 8 " heavily boron-doped mono-crystal growth technology with resistance < 1.0 m  $\Omega$ -cm
- (2) Silicon bulk ultra-trace metal detection technology
- (3) Wire saw with high precision ( $\pm$  0.05 degrees) off-angle ingot slicing technology
- (4) Silicon carbide mono-crystal growth technology
- (5) 8"silicon mono-crystal growth by continuous feeding CZ crystal growth technique
- (6) 8 " heavily arsenic-doped mono-crystal growth technology with resistance < 2.0m  $\Omega$ -cm
- (7) 8 "<100> FZ SNTD mono-crystal growth technology

#### ii. Future Plan

- (1) 8" GaN on Silicon epitaxial technology development
- (2) High-strength ultra-thin nano-textured semiconductor silicon wafer
- (3) Wafer for high resolution optical sensing element
- (4) Development of the silicon carbide wafer for the next generation high-power automotive electronic components
- (5) Development of SOI substrate for the next generation RF components
- (6) Development of silicon wafer for 7nm process

## B. 2017 Business Plan

### 1. Business Guideline

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

## 2. Sales Forecast

World Semiconductor Trade Statistics (WSTS) statistic showed that global sales were US\$334.953 billion in 2016, down 0.1% from the 2015 sales (US\$335.168 billion) and the industry was expected to record a 3.3% growth globally for 2017 and 2.3% growth for 2018. Average annual growth from 2015~2018 accumulatively in global semiconductor shipment will reach 1.8%. WSTS also pointed out that a year-to-year increase to in Japan (3.2%/USD 32.105 billion) and Asia Pacific (2.5%/USD \$206.025 billion), with decreases expected in Europe (-4.9%/ \$32.586 billion) and the Americas (-6.5%/ \$64.237 billion).

Among major semiconductor product categories, WSTS recorded growth in 2016 for discrete (4.2%/ \$ 19.399 billion), optoelectronics (-3.6%/ \$32.059 billion), sensors (22.6%/ \$10.810 billion), IC (-0.7%/ \$272.685 billion). When break down to details, Memory (-3.8%/ \$74.301 billion), Logic (-2.7%/ \$88.286 billion), Micro (2.3%/ \$ 62.719 billion) and analog (4.8%/ \$47.379 billion).

## 3. Production & Marketing Strategy

- (1) Integrate 12" products to expand market share and profitability
- (2) 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.
- (3) Achieve competitiveness which fits economies of scale through vertical integration of group resources and capacity flexibility. Synchronize with markets and strengthen R&D bonding with customers.
- (4) Focus on development of high-efficiency niche products with core technology for more value.
- (5) Search for technology and sales strategic alliance to meet our needs for R&D new materials as well as fast product introduction into end market so as to enlarge market share.

## 4. Future Strategy

- (1) Develop next-generation wafers with our advancing technology; explore large size heavy-dopant & high-power epitaxial technology to become the biggest wafer maker with most complete product portfolio in the world.
- (2) Close collaboration with industry, government and academy to develop core technology of large size ingot growth; increase innovation and accelerate RD ability to keep up with international rivals.
- (3) Close collaboration with end customers to seize market demand and development trend
- (4) Concentrate on 8" heavy-dopant & epi wafers with high-efficiency hot zone and ingot pulling technology of large mono-crystal puller. Establish RD platform to lower

industrial competition and enhance marketing in order to develop high-value technology.

- (5) Utilize our superior performance and enlarge operation scale via strategic alliance or M&A.

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

- (1) Semiconductor industry has brought all kinds of products into people’s daily life, embodying the deep bonding between semiconductor cycle and macroeconomics. GlobalWafers has extensive customers, and end products are widely expanded into all applications and business, such as automobile, power device and memory.....etc, which effectively reduces dangerous dependence of one industry. Consequently, we could lower the impact when macroeconomic worsens.
- (2) Integration in semiconductor industry is still on-going. Besides enlarging company scale and endeavoring in strengthening our competitiveness, GlobalWafers not only focus on current product but also collaborates with customers to develop new products, establishing profound partnership to secure business opportunities. In particular, with the acquisitions of Topsisil & SEMI, we have complete product portfolio to better serve customers by satisfying all kinds of requirements.
- (3) Entry into semiconductor business is not so easy after decades of exploration in new technology and patents. However, with China’s full support in their local semiconductor business, we are highly cautious. 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.

GlobalWafers has become the third-largest wafer manufacturer in the world after two acquisitions in 2016. With the booming cycle in semiconductor industry, robust demands for 12” wafers as well as tight supply for 8” wafers, the whole semiconductor industry is beneficial for our post-merger integration. However, along with our rapid growth, operational and financial restructure of new business entities is necessary. In 2017, management team will focus on adjusting internal holding structure, improving operational and efficiency of all subsidiaries and concentrate on turning the newly acquired entities into profit, seizing the up-cycle of semiconductor industry so as to accelerate integration, and build a new GlobalWafers with international competitiveness!

Chairperson            Hsiu-Lan Hsu



President                Mark England



Chief Account        Hsiu-Lin Hsu



## Attachment 2

### Audit Committee's Review Report

The Board of Directors has prepared the Company's 2016 Business Report, Consolidated and Standalone Financial Statements and Earnings Distribution Proposal. GlobalWafers Co., Ltd. Stand-alone and Consolidated Financial Statements have been audited and certified by Tseng, Mei-Yu, CPA, and Huang, Yong-Hwa, CPA, of KPMG and audit review reports relating to the Financial Statements have been issued. The Business Report, Stand-alone and Consolidated Financial Statements and Earnings Distribution Proposal have been reviewed and considered to be complied with relevant rules by the undersigned, the supervisor of GlobalWafers Co., Ltd. according to Article 14-4 of Securities and Exchange Act and Article 219 of the Company Law, I hereby submit this report.

GlobalWafers Co., Ltd.

Audit Committee Convener:



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Chi-Hsiung Cheng

May 9, 2017

## **Attachment 3**

### **Independent Auditors' Report**

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

#### **Opinion**

We have audited the consolidated financial statements of GlobalWafers Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as of December 31, 2014, 2015, and 2016, 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, 2014, 2015 and 2016, 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"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

#### **Basis for Opinion**

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's 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 significant in our audit of the consolidated financial statements of the current period of 2016. These matters were addressed in the context of our audit of the consolidated financial statements taken as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows.

#### **Revenue recognition**

Please refer to note 4(14) "Revenue recognition" for accounting policy and note 6(20) "Revenue" of the consolidated financial statements.

**Description of key audit matter:**

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

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

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

**Inventory valuation:**

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

**Description of key audit matter:**

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

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

In relation to the key audit matter above, we have performed certain key audit procedures that included understanding of inventory valuation policies and assessing whether those policies are applied consistently to inventory valuation; testing the accuracy of inventory aging report; analyzing the change of inventory items aged over two years; and selecting samples for testing and inspecting the source of inventory net realizable value information used in valuation purposely to assess for reasonableness.

**Business combination:**

Please refer to the note 4(18) "Business combination" for accounting policy, note 5(2) "Business combination" for fair value determination of identifiable assets and liabilities, and note 6(5) for the acquisition of subsidiary of the consolidated financial statements for further details.

**Description of key audit matter:**

For purposes of expanding its sales network and upgrading its research and development capability, the Group acquired control of the semiconductor business of Topsil Semiconductor Materials A/S and acquired ownership of 100% outstanding shares of SunEdison Semiconductor Limited in 2016. The accounting for these business acquisitions is deemed to be complex as they also involved, among other things, acquisitions and valuations of operating assets, technologies and goodwill. Therefore, we have considered these business acquisitions as one of the key areas of our audit emphasis.



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

In relation to the key audit matter above, we have performed certain key audit procedures that included reading of share purchase agreements to identify the counterparty, purchase price and relevant terms and conditions, and what specific accounting standard is applicable or additional information needed to be disclosed in the notes of the financial statements; reviewing the Group's purchase price allocation to the identifiable assets and liabilities; assessing the reasonableness of sources and key assumptions used for determining the fair value; reviewing business acquisition related transactions in the subsequent period to identify whether there are necessary significant adjustments to the purchase price; and evaluating whether the disclosure in the notes to the consolidated financial statements of the business acquisitions is appropriate.

**Other Matter**

GlobalWafers Co., Ltd. has additionally prepared its parent-company-only financial statement as of and for the years ended December 31, 2014, 2015 and 2016, on which we have issued an unmodified audit opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to facilitate 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 (inclusive of the audit committee) are responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

omissions, misrepresentations, or the override of internal control. **Note to Readers** The accompanying consolidated financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
3. Evaluate the propriety of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the propriety of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and 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 to be significant 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 auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditor’s report are Mei-Yu Tseng and Yung-Hua Huang.

**KPMG**

**Taiwan (Republic of China)**

**Certified Public Accountant**

**Mei-Yu Tseng**

曾漢鈺 

**Yung-Hua Huang.**

黃詠華 

Supervising Security Authority: (88)Tai-Fin-Security (6) No. 18311

Approval Document -Letter No. 1010004977 of the Financial Supervisory Commission

**March 21, 2017**

#### **Note to Readers**

The accompanying consolidated financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

## Financial Statement — Consolidated Balance Sheet

Unit: NT\$ thousand

Accounting Title Balance Sheet	2016/12/31	2015/12/31
Assets		
Current assets		
Cash and cash equivalents		
Total cash and cash equivalents	5,627,979	3,661,928
Current financial assets at fair value through profit or loss		
Current financial assets at fair value through profit or loss, designated as upon initial recognition	2,442	0
Total current financial assets at fair value through profit or loss	2,442	0
Accounts receivable, net		
Accounts receivable	7,565,402	4,458,730
Accounts receivable, net	7,565,402	4,458,730
Accounts receivable due from related parties, net		
Accounts receivable due from related parties	76,835	78,969
Accounts receivable due from related parties, net	76,835	78,969
Inventories		
Inventories, manufacturing business		
Inventories, manufacturing business, net	7,306,767	3,261,656
Total inventories	7,306,767	3,261,656
Prepayments		
Prepayments to suppliers	393,709	336,107
Total prepayments	393,709	336,107
Other current assets		
Other current financial assets	527,177	45,414
Other current assets, others	711,970	161,968
Total other current assets	1,239,147	207,382
Total current assets	22,212,281	12,004,772
Non-current assets		
Non-current available-for-sale financial assets		
Non-current available-for-sale financial assets	0	533,741
Non-current available-for-sale financial assets, net	0	533,741
Property, plant and equipment		
Land, net		
Land, cost	3,037,139	723,249
Land, net	3,037,139	723,249
Buildings and structures, net		
Buildings and structures, cost	15,679,602	10,362,016
Accumulated depreciation, buildings and structures	6,370,372	6,030,859
Buildings and structures, net	9,309,230	4,331,157
Machinery and equipment, net		
Machinery and equipment, cost	45,925,854	31,982,316
Accumulated depreciation, machinery and equipment	29,142,487	28,602,654
Machinery and equipment, net	16,783,367	3,379,662
Other facilities, net		
Other facilities, cost	2,205,464	1,724,024

Accumulated depreciation, other facilities	1,427,239	1,315,178
Other facilities, net	778,225	408,846
Unfinished construction and equipment under acceptance	1,127,579	517,996
Total property, plant and equipment	31,035,540	9,360,910
Intangible assets		
Goodwill	2,585,621	701,566
Acquired special technology, net		
Acquired special technology	1,708,113	0
Accumulated impairment, acquired special technology	2,286	0
Acquired special technology, net	1,705,827	0
Intangible assets under development, net		
Intangible assets under development	153,291	0
Accumulated impairment, intangible assets under development	8,666	0
Intangible assets under development, net	144,625	0
Total intangible assets	4,436,073	701,566
Other non-current assets		
Other non-current financial assets		
Other non-current financial assets, others	389,407	176,145
Total other non-current financial assets	389,407	176,145
Other non-current assets, others		
Other non-current assets, others	2,486,936	1,038,626
Total other non-current assets, others	2,486,936	1,038,626
Total other non-current assets	2,876,343	1,214,771
Total non-current assets	38,347,956	11,810,988
Total assets	60,560,237	23,815,760
Liabilities and equity		
Liabilities		
Current liabilities		
Short-term borrowings		
Bank loan	12,491,187	695,890
Total short-term borrowings	12,491,187	695,890
Current financial liabilities at fair value through profit or loss		
Current financial liabilities at fair value through profit or loss, designated as upon initial recognition	23,631	0
Total current financial liabilities at fair value through profit or loss	23,631	0
Accounts payable		
Accounts payable	4,892,581	1,334,662
Total accounts payable	4,892,581	1,334,662
Accounts payable to related parties		
Accounts payable to related parties	233,059	48,671
Total accounts payable to related parties	233,059	48,671
Other payables		
Wages and salaries payable	1,026,971	386,816
Total other payables	1,026,971	386,816
Current provisions		
Short-term onerous contracts provision	408,703	588,585
Short-term provision for decommissioning, restoration and rehabilitation costs	9,690	0
Total current provisions	418,393	588,585
Other current liabilities		
Long-term liabilities, current portion		

Long-term borrowings, current portion	490,979	0
Total long-term liabilities, current portion	490,979	0
Other current liabilities, others	5,314,129	1,828,990
Total other current liabilities	5,805,108	1,828,990
Total current liabilities	24,890,930	4,883,614
Non-current liabilities		
Long-term borrowings		
Long-term bank loans	14,366,833	0
Total long-term borrowings	14,366,833	0
Non-current provisions		
Long-term onerous contracts provision	75,936	288,725
Long-term provision for decommissioning, restoration and rehabilitation costs	133,272	29,094
Total non-current provisions	209,208	317,819
Other non-current liabilities		
Net defined benefit liability, non-current	3,490,870	1,094,015
Other non-current liabilities, others	1,783,894	795,715
Total other non-current liabilities	5,274,764	1,889,730
Total non-current liabilities	19,850,805	2,207,549
Total liabilities	44,741,735	7,091,163
Equity		
Equity attributable to owners of parent		
Share capital		
Ordinary share	3,692,500	3,692,500
Advance receipts for share capital	0	0
Total capital stock	3,692,500	3,692,500
Capital surplus		
Capital surplus, additional paid-in capital		
Capital surplus, additional paid-in capital arising from ordinary share	11,741,399	11,767,321
Total capital surplus, additional paid-in capital	11,741,399	11,767,321
Total capital surplus	11,741,399	11,767,321
Retained earnings		
Legal reserve	719,690	517,331
Special reserve	239,802	239,802
Unappropriated retained earnings (accumulated deficit)		
Accumulated profit and loss	973,790	2,023,591
Total unappropriated retained earnings (accumulated deficit)	973,790	2,023,591
Total retained earnings	1,933,282	2,780,724
Other equity interest		
Exchange differences on translation of foreign financial statements		
Total exchange differences on translation of foreign financial statements	-1,592,477	-1,515,948
Total other equity interest	-1,592,477	-1,515,948
Total equity attributable to owners of parent	15,774,704	16,724,597
Non-controlling interests	43,798	0
Total equity	15,818,502	16,724,597
Total liabilities and equity	60,560,237	23,815,760
Equivalent issue shares of advance receipts for ordinary share	0	0
Number of shares in entity held by entity and by its subsidiaries	0	

## Financial Statement —Consolidated Income Statement

Unit: NT\$ thousand

Accounting Title	2016/4th	2015/4th
<b>Statement of comprehensive income</b>		
Operating revenue		
Net sales revenue		
Sales revenue		
Sales revenue	18,426,950	15,310,462
Total sales revenue	18,426,950	15,310,462
Net sales revenue	18,426,950	15,310,462
Total operating revenue	18,426,950	15,310,462
Operating costs		
Cost of sales		
Cost of sales	14,296,567	11,237,292
Total cost of sales	14,296,567	11,237,292
Total operating costs	14,296,567	11,237,292
Gross profit (loss) from operations	4,130,383	4,073,170
Gross profit (loss) from operations	4,130,383	4,073,170
Operating expenses		
Selling expenses		
Total selling expenses	401,468	285,822
Administrative expenses		
Total administrative expenses	1,624,362	551,859
Research and development expenses		
Total research and development expenses	726,206	550,567
Total operating expenses	2,752,036	1,388,248
Net operating income (loss)	1,378,347	2,684,922
Non-operating income and expenses		
Other income		
Interest income		
Interest income from bank deposits	13,924	27,183
Total interest income	13,924	27,183
Other income, others	104,124	51,254
Total other income	118,048	78,437
Other gains and losses		
Foreign exchange gains	76,766	55,596
Gains on financial assets (liabilities) at fair value through profit or loss	61,893	0
Miscellaneous disbursements	189,746	0
Other gains and losses, net	-51,087	55,596
Finance costs		
Interest expense	100,869	11,229
Finance costs, net	100,869	11,229
Total non-operating income and expenses	-33,908	122,804
Profit (loss) from continuing operations before tax	1,344,439	2,807,726
Tax expense (income)		
Current tax expense (income)	405,268	763,533
Total tax expense (income)	405,268	763,533

Profit (loss) from continuing operations	939,171	2,044,193
Profit (loss)	939,171	2,044,193
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss		
Gains (losses) on remeasurements of defined benefit plans	38,819	-31,191
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6,599	-10,574
Components of other comprehensive income that will not be reclassified to profit or loss	32,220	-20,617
Components of other comprehensive income that will be reclassified to profit or loss		
Exchange differences on translation	-231,788	375,920
Unrealised gains (losses) on valuation of available-for-sale financial assets	175,871	-175,871
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	20,347	4,110
Components of other comprehensive income that will be reclassified to profit or loss	-76,264	195,939
Other comprehensive income, net	-44,044	175,322
Total comprehensive income	895,127	2,219,515
Profit (loss), attributable to:		
Profit (loss), attributable to owners of parent	939,485	2,044,193
Profit (loss), attributable to non-controlling interests	-314	0
Comprehensive income attributable to:		
Comprehensive income, attributable to owners of parent	895,176	2,219,515
Comprehensive income, attributable to non-controlling interests	-49	0
Basic earnings per share		
Basic earnings (loss) per share from continuing operations	2.54	5.80
Total basic earnings per share	2.54	5.80
Diluted earnings per share		
Diluted earnings (loss) per share from continuing operations	2.54	5.78
Total diluted earnings per share	2.54	5.78



## Financial Statement — Consolidated Statements of Cash Flows

Unit: NT\$ thousand

Accounting Title	2016/4th	2015/4th
<b>Statement of cash flows</b>		
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	1,344,439	2,807,726
Profit (loss) before tax	1,344,439	2,807,726
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	1,579,832	1,240,764
Amortization expense	13,951	13,681
Provision (reversal of provision) for bad debt expense	10,318	501
Net loss (gain) on financial assets or liabilities at fair value through profit or	-39,237	0
loss		
Interest expense	100,869	11,229
Interest income	-13,924	-27,183
Share-based payments	1,181	3,317
Loss (gain) on disposal of property, plan and equipment	13,368	5,264
Loss (gain) on disposal of other assets	-81,131	0
Other adjustments to reconcile profit (loss)	116,696	8,158
Total adjustments to reconcile profit (loss)	1,701,923	1,255,731
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in accounts receivable	136,107	-844,360
Decrease (increase) in inventories	-48,528	-440,658
Decrease (increase) in prepayments	267,099	362,393
Decrease (increase) in other financial assets	95,113	23,457
Decrease (increase) in other operating assets	138,449	-48,281
Total changes in operating assets	588,240	-947,449
Changes in operating liabilities		
Increase (decrease) in accounts payable	174,439	-406,158
Increase (decrease) in provisions	-358,680	-346,931
Increase (decrease) in net defined benefit liability	-4,226	90,635
Increase (decrease) in other operating liabilities	292,064	-2,638
Total changes in operating liabilities	103,597	-665,092
Total changes in operating assets and liabilities	691,837	-1,612,541
Total adjustments	2,393,760	-356,810
Cash inflow (outflow) generated from operations	3,738,199	2,450,916
Interest received	13,295	27,965
Interest paid	-89,318	-11,510
Income taxes refund (paid)	-984,413	-107,835
Net cash flows from (used in) operating activities	2,677,763	2,359,536
Cash flows from (used in) investing activities		
Acquisition of available-for-sale financial assets	0	-709,612
Net cash flow from acquisition of subsidiaries	-16,968,015	0
Acquisition of property, plant and equipment	-1,476,644	-1,129,957
Proceeds from disposal of property, plant and equipment	21,689	96,528
Increase in refundable deposits	-44,985	-5,419

Increase in other financial assets	0	-7,636
Other investing activities	-263,608	325,327
Net cash flows from (used in) investing activities	-18,731,563	-1,430,769
Cash flows from (used in) financing activities		
Increase in short-term loans	11,495,397	-1,373,478
Proceeds from long-term debt	14,857,812	0
Repayments of long-term debt	-6,326,348	0
Cash dividends paid	-1,846,250	-1,990,725
Proceeds from issuing shares	0	3,291,676
Change in non-controlling interests	3,876	0
Net cash flows from (used in) financing activities	18,184,487	-72,527
Effect of exchange rate changes on cash and cash equivalents	-164,636	120,342
Net increase (decrease) in cash and cash equivalents	1,966,051	976,582
Cash and cash equivalents at beginning of period	3,661,928	2,685,346
Cash and cash equivalents at end of period	5,627,979	3,661,928
Cash and cash equivalents reported in the statement of financial position	5,627,979	3,661,928

**GlobalWafers Co., Ltd. and Subsidiaries**  
**Consolidated Statement of Changes in Stockholders' Equity**

**Years ended December 31, 2016**

Unit: NT\$ thousand

	Ordinary share	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropri ated retained earnings (accumulat ed deficit)	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-fo r-sale financial assets	Total other equity interest	Total equity attributable to owners of parent	Non-control ling interests	Total equity
Equity at beginning of period	3,692,500	3,692,500	11,767,321	517,331	239,802	2,023,591	2,780,724	-1,399,873	-116,075	-1,515,948	16,724,597		16,724,597
Legal reserve appropriated				202,359		-202,359	0				0		0
Cash dividends of ordinary share						-1,819,147	-1,819,147				-1,819,147		-1,819,147
Cash dividends from capital surplus			-27,103								-27,103		-27,103
Profit (loss)						939,485	939,485				939,485	-314	939,171
Other comprehensive income						32,220	32,220	-192,604	116,075	-76,529	-44,309	265	-44,044
Total comprehensive income						971,705	971,705	-192,604	116,075	-76,529	895,176	-49	895,127
Changes in non-controlling interests												43,847	43,847
Share-based payments			1,181								1,181		1,181
Total increase (decrease) in equity			-25,922	202,359	0	-1,049,801	-847,442	-192,604	116,075	-76,529	-949,893	43,798	-906,095
Equity at end of period	3,692,500	3,692,500	11,741,399	719,690	239,802	973,790	1,933,282	-1,592,477	0	-1,592,477	15,774,704	43,798	15,818,502

**GlobalWafers Co., Ltd. and Subsidiaries**  
**Consolidated Statement of Changes in Stockholders' Equity**

**Years ended December 31, 2015**

Unit: NT\$ thousand

	Ordinary share	Advance receipts for share capital	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Total retained earnings	Exchange differences on translation of foreign financial statements
Equity at beginning of period	3,175,000	2,074	3,177,074	9,311,229	307,788		2,116,610	2,424,398	-1,711,887
Legal reserve appropriated					209,543		-209,543	0	
Special reserve appropriated						239,802	-239,802	0	
Cash dividends of ordinary share							-1,667,250	-1,667,250	
Cash dividends from capital surplus				-323,475					
Profit (loss)							2,044,193	2,044,193	
Other comprehensive income							-20,617	-20,617	312,014
Total comprehensive income							2,023,576	2,023,576	312,014
Issue of shares	517,500	-2,074	515,426	2,776,250					
Share-based payments				3,317					
Total increase (decrease) in equity	517,500	-2,074	515,426	2,456,092	209,543	239,802	-93,019	356,326	312,014
Equity at end of period	3,692,500	0	3,692,500	11,767,321	517,331	239,802	2,023,591	2,780,724	-1,399,873

## Attachment 3

# GlobalWafers Co., Ltd. Independent Auditors' Report

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

### Opinion

We have audited the standalone financial statements of GlobalWafers Co., Ltd., which comprise the statements of financial position as of December 31, 2015, and 2016, the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of GlobalWafer as at December 31, 2015 and 2016, and its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 2016. These matters were addressed in the context of our audit of the standalone financial statements taken as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows.

### Revenue recognition

Please refer to note 4(13) "Revenue recognition" for accounting policy and note 6(17) "Revenue" of the standalone financial statements.

### Description of key audit matter:

GlobalWafers' revenues are derived from the sales of semiconductor materials and components. Revenue recognition is also dependent on whether the specified sales terms in each individual contract are met. In consideration of the high volume of sales transactions generated from

world-wide operations, revenue recognition is one of the key areas our audit focused on.

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

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

**Inventory valuation:**

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

**Description of key audit matter:**

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

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

In relation to the key audit matter above, we have performed certain key audit procedures that included understanding of inventory valuation policies and assessing whether those policies are applied consistently to inventory valuation; testing the accuracy of inventory aging report; analyzing the change of inventory items aged over two years; and selecting samples for testing and inspecting the source of inventory net realizable value information used in valuation purposely to assess for reasonableness.

**Business combination:**

Please refer to the note 4(17) "Business combination" for accounting policy, note 5(2) "Business combination" for fair value determination of identifiable assets and liabilities, and note 6(5) for the acquisition of subsidiary of the standalone financial statements for further details.

**Description of key audit matter:**

For purposes of expanding its sales network and upgrading its research and development capability, GlobalWafers acquired control of the semiconductor business of Topsil Semiconductor Materials A/S and acquired ownership of 100% outstanding shares of SunEdison Semiconductor Limited in 2016. The accounting for these business acquisitions is deemed to be complex as they also involved, among other things, acquisitions and valuations of operating assets, technologies and goodwill. Therefore, we have considered these business acquisitions as one of the key areas of our audit emphasis.

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

In relation to the key audit matter above, we have performed certain key audit procedures that included reading of share purchase agreements to identify the counterparty, purchase price and

relevant terms and conditions, and what specific accounting standard is applicable or additional information needed to be disclosed in the notes of the financial statements; reviewing GlobalWafers' purchase price allocation to the identifiable assets and liabilities; assessing the reasonableness of sources and key assumptions used for determining the fair value; reviewing business acquisition related transactions in the subsequent period to identify whether there are necessary significant adjustments to the purchase price; and evaluating whether the disclosure in the notes to the standalone financial statements of the business acquisitions is appropriate.

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

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

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

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

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

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

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

7. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. **Note to Readers** The accompanying standalone financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

8. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GlobalWafers' internal control.
9. Evaluate the propriety of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
10. Conclude on the propriety of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on GlobalWafers' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause GlobalWafers to cease to continue as a going concern.
11. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities invested in equity method to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of these invested companies audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditor's report are Mei-Yu Tseng and Yung-Hua Huang.

**KPMG**  
**Taiwan (Republic of China)**



**Certified Public Accountant**

**Mei-Yu Tseng**

曾羨鈺



**Yung-Hua Huang.**

黃詠華



Supervising Security Authority: (88)Tai-Fin-Security (6) No. 18311

Approval Document -Letter No. 1010004977 of the Financial Supervisory Commission

**March 21, 2017**

#### **Note to Readers**

The accompanying standalone financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

# 2016 FINANCIAL STATEMENTS

## GLOBALWAFERS CO., LTD.

### Standalone Statements of Financial Position

December 31, 2016 and 2015  
(expressed in thousands of New Taiwan dollars)

Assets	December 31, 2016		December 31, 2015	
	Amount	%	Amount	%
<b>Current assets:</b>				
Cash and cash equivalents	\$2,501,000	6	2,147,611	11
Financial assets at fair value through profit or loss—current	2,442	-	-	-
Notes and trade receivable, net	1,122,313	3	1,025,424	5
Accounts receivable from related parties	1,618,545	4	1,229,990	6
Inventories, net	1,410,305	3	892,618	5
Prepayments for materials	120,801	-	96,509	1
Other current assets	<u>35,100</u>	-	<u>37,637</u>	-
	<u>6,810,506</u>	<u>16</u>	<u>5,429,789</u>	<u>28</u>
<b>Non-current assets:</b>				
Investments accounted for using equity method	32,361,431	78	12,843,098	67
Property, plant and equipment, net	334,997	1	300,965	2
Intangible assets	1,631,850	4	-	-
Other non-current asset	437,112	1	271,558	1
Other financial assets – non-current	85,159	-	5,471	-
Long-term prepayments for materials	<u>186,714</u>	-	<u>287,874</u>	<u>2</u>
	<u>35,037,263</u>	<u>84</u>	<u>13,708,966</u>	<u>72</u>
<b>Total Assets</b>	<b><u>\$41,847,769</u></b>	<b><u>100</u></b>	<b><u>19,138,755</u></b>	<b><u>100</u></b>

**GLOBALWAFERS CO., LTD.**

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

**December 31, 2016 and 2015**  
(expressed in thousands of New Taiwan dollars)

Liabilities and Stockholders' Equity	December 31, 2016		December 31, 2015	
	Amount	%	Amount	%
<b>Current liabilities:</b>				
Short-term borrowings	\$11,745,000	28	-	-
Notes and accounts payable	192,895	1	170,275	1
Payables to related parties	4,777,195	11	1,376,948	7
Payroll and bonus payable	114,917	-	150,540	1
Other current liabilities	189,822	-	200,490	1
	<u>297,479</u>	<u>1</u>	-	-
Current portion of long-term loans payable				
	<u>17,317,308</u>	<u>41</u>	<u>1,898,253</u>	<u>10</u>
<b>Non-current liabilities:</b>				
Long-term loans payable	8,156,327	20	-	-
Other liabilities – non-current	<u>599,430</u>	<u>1</u>	<u>515,905</u>	<u>3</u>
	<u>8,755,757</u>	<u>21</u>	<u>515,905</u>	<u>3</u>
<b>Total Liabilities</b>	<u>26,073,065</u>	<u>62</u>	<u>2,414,158</u>	<u>13</u>
<b>Equity:</b>				
Common stock	<u>3,692,500</u>	<u>9</u>	<u>3,692,500</u>	<u>19</u>
Capital surplus	<u>11,741,399</u>	<u>28</u>	<u>11,767,321</u>	<u>61</u>
Retained earnings:				
Legal reserve	719,690	2	517,331	3
Special reserve	239,802	1	239,802	1
Unappropriated earnings	<u>973,790</u>	<u>2</u>	<u>2,023,591</u>	<u>11</u>
	<u>1,933,282</u>	<u>5</u>	<u>2,780,724</u>	<u>15</u>
Other equity	<u>-1,592,477</u>	<u>-4</u>	<u>-1,515,948</u>	<u>-8</u>
<b>Total Equity</b>	<u>15,774,704</u>	<u>38</u>	<u>16,724,597</u>	<u>87</u>
<b>Total Liabilities and Equity</b>	<u>\$41,847,769</u>	<u>100</u>	<u>19,138,755</u>	<u>100</u>

**GLOBALWAFERS CO., LTD.**

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

**Years ended December 31, 2016 and 2015**

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

	2016		2015	
	Amount	%	Amount	%
<b>Operating revenues:</b>	\$6,749,320	100	6,898,559	100
<b>Cost of goods sold</b>	<u>5,389,211</u>	<u>80</u>	<u>5,944,524</u>	<u>86</u>
<b>Gross loss</b>	<u>1,360,109</u>	<u>20</u>	<u>954,035</u>	<u>14</u>
<b>Operating expenses:</b>				
Selling	95,883	1	91,494	1
General and administrative	367,409	6	83,678	1
Research and development	<u>228,984</u>	<u>3</u>	<u>178,891</u>	<u>3</u>
<b>Total operating profit</b>	<u>692,276</u>	<u>10</u>	<u>354,063</u>	<u>5</u>
<b>Operating Income</b>	<u>667,833</u>	<u>10</u>	<u>599,972</u>	<u>9</u>
<b>Non-operating income and (expenses):</b>				
Interest income	13,718	-	24,825	-
Other gains and (losses)	203,477	3	54,226	1
Interest expense	-38,253	-	-974	-
Share of profit or loss of subsidiaries accounted for using equity method	<u>154,355</u>	<u>2</u>	<u>1,577,539</u>	<u>23</u>
<b>Total non-operating income and expenses</b>	<u>333,297</u>	<u>5</u>	<u>1,655,616</u>	<u>24</u>
<b>Profit from continuing operations before income tax</b>	1,001,130	15	2,255,588	33
<b>Income tax expense</b>	<u>61,645</u>	<u>1</u>	<u>211,395</u>	<u>3</u>
<b>Net profit (loss)</b>	<u>939,485</u>	<u>14</u>	<u>2,044,193</u>	<u>30</u>
<b>Other comprehensive income (loss) :</b>				
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
Actuarial loss (gain) on defined benefit plans	-9,577	-	-11,522	-
Share of other comprehensive income of subsidiaries accounted for using equity method—	48,396	-	-13,318	-
Actuarial loss (gain) on defined benefit plans				

**GLOBALWAFERS CO., LTD.**

**Standalone Statements of Profit or Loss and Other Comprehensive Income  
(continued)**

**Years ended December 31, 2016 and 2015**

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

	<u>2016</u>		<u>2015</u>	
	Amount	%	Amount	%
<b>Income tax related to components of other comprehensive income that will be reclassified to profit or loss</b>	<u>-6,599</u>	-	<u>4,223</u>	-
	<u>32,220</u>	-	<u>-20,617</u>	-
<b>Components of other comprehensive income that might be reclassified to profit or loss</b>				
Exchange differences on translation of foreign operations	-232,053	-4	375,920	5
Unrealized gain (loss) on available-for-sale financial assets	116,075	2	-116,075	-2
Income tax related to other comprehensive income that might be reclassified to profit or loss	<u>39,449</u>	<u>1</u>	<u>-63,906</u>	<u>-1</u>
<b>Total of other comprehensive income that might be reclassified to profit or loss</b>	<u>-76,529</u>	<u>-1</u>	<u>195,939</u>	<u>2</u>
<b>Total other comprehensive income (loss)</b>	<u>-44,309</u>	<u>-1</u>	<u>175,322</u>	<u>2</u>
<b>Total comprehensive income (loss)</b>	<u>\$895,176</u>	<u>13</u>	<u>2,219,515</u>	<u>32</u>
<b>Earnings per share (in dollars)</b>				
Basic earnings (loss) per share		<u>\$2.54</u>		<u>5.8</u>
Diluted earnings (loss) per share		<u>\$2.54</u>		<u>5.78</u>

GLOBALWAFERS CO., LTD.

Standalone Statements of Changes in Stockholders' Equity

Years ended December 31, 2016 and 2015  
(expressed in thousands of New Taiwan dollars)

	Retained Earnings						Exchange differences on translation of foreign financial statements		Other Equity		Total equity
	Common stock	Capital collected in advance	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earning	Total	Unrealized gain (loss) on available-for-sale financial assets	Total		
<b>Balance at January 1, 2015</b>	<u>\$3,175,000</u>	<u>2,074</u>	<u>9,311,229</u>	<u>307,788</u>	-	<u>2,116,610</u>	<u>2,424,398</u>	<u>-1,711,887</u>	-	<u>-1,711,887</u>	<u>13,200,814</u>
Net profit for 2016	-	-	-	-	-	2,044,193	2,044,193	-	-	-	2,044,193
Other comprehensive profit and loss	-	-	-	-	-	<u>-20,617</u>	<u>-20,617</u>	<u>312,014</u>	<u>-116,075</u>	<u>195,939</u>	<u>175,322</u>
Total comprehensive profit and loss	-	-	-	-	-	<u>2,023,576</u>	<u>2,023,576</u>	<u>312,014</u>	<u>-116,075</u>	<u>195,939</u>	<u>2,219,515</u>
Appropriation and distribution of retained earnings (Note1)											
Special reserve used to offset company losses	-	-	-	209,543	-	-209,543	-	-	-	-	-
Legal reserve	-	-	-	-	239,802	-239,802	-	-	-	-	-
Cash dividend for common shares	-	-	-	-	-	-1,667,250	-1,667,250	-	-	-	-1,667,250
Capital surplus cash dividend declared	-	-	-323,475	-	-	-	-	-	-	-	-323,475
Capital increase in cash	517,500	-2,074	2,776,250	-	-	-	-	-	-	-	3,291,676
Issuance of stock from exercising employee stock option	-	-	<u>3,317</u>	-	-	-	-	-	-	-	<u>3,317</u>
<b>Balance at December 31, 2015</b>	<u>3,692,500</u>	-	<u>11,767,321</u>	<u>517,331</u>	<u>239,802</u>	<u>2,023,591</u>	<u>2,780,724</u>	<u>-1,399,873</u>	<u>-116,075</u>	<u>-1,515,948</u>	<u>16,724,597</u>
Net profit for 2016	-	-	-	-	-	939,485	939,485	-	-	-	939,485
Other comprehensive income (loss)	-	-	-	-	-	<u>32,220</u>	<u>32,220</u>	<u>-192,604</u>	<u>116,075</u>	<u>-76,529</u>	<u>-44,309</u>
Total comprehensive income (loss)	-	-	-	-	-	<u>971,705</u>	<u>971,705</u>	<u>-192,604</u>	<u>116,075</u>	<u>-76,529</u>	<u>895,176</u>

See accompanying notes to consolidated financial statements.

GLOBALWAFERS CO., LTD.

Standalone Statements of Changes in Stockholders' Equity

Years ended December 31, 2016 and 2015  
(expressed in thousands of New Taiwan dollars)

	Common stock	Capital collected in advance	Capital Surplus	Retained Earnings Legal Reserve	Other Equity Special Reserve	Unappropriated Earning	Total	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on available-for-sale financial assets	Total	Total equity
Legal reserve	-	-	-	202,359	-	-202,359	-	-	-	-	-
Special reserve	-	-	-	-	-	-1,819,147	-1,819,147	-	-	-	-1,819,147
Capital surplus cash dividend declared	-	-	-27,103	-	-	-	-	-	-	-	-27,103
Issuance of stock from exercising employee stock option	-	-	1,181	-	-	-	-	-	-	-	1,181
<b>Balance at December 31, 2016</b>	<b><u>\$3,692,500</u></b>	<b><u>-</u></b>	<b><u>11,741,399</u></b>	<b><u>719,690</u></b>	<b><u>239,802</u></b>	<b><u>973,790</u></b>	<b><u>1,933,282</u></b>	<b><u>-1,592,477</u></b>	<b><u>-</u></b>	<b><u>-1,592,477</u></b>	<b><u>15,774,704</u></b>

Note: Remuneration of NT\$3,500,000 & NT\$5,000,000 for directors and NT\$41,400,000 & NT\$73,870,000 for employees in 1.1~12.31 2016 & 2015 have been deducted from comprehensive profit and loss table of that period respectively.

**GLOBALWAFERS CO., LTD.**

**Standalone Statements of Cash Flows**

**Years ended December 31, 2016 and 2015  
(expressed in thousands of New Taiwan dollars)**

	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities:</b>		
Income (loss) before tax	\$1,001,130	2,255,588
<b>Adjustments :</b>		
Adjustments for:		
Depreciation	98,885	108,742
Amortization	5,683	373
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	-2,442	-
Interest expenses	38,253	974
Interest income	-13,718	-24,825
employee stock option based payments	1,181	3,317
Share of profit or loss of subsidiaries and unrealized gross margin for using equity method	-117,846	-1,519,505
	9,915	3,874
Allowance for inventory valuation and obsolescence loss		
Loss on non-financial asset impairment	<u>-21,543</u>	-
Total adjustments to reconcile profit (loss)	<u>-1,632</u>	<u>-1,427,050</u>
Changes in operating assets and liabilities		
Changes in operating assets:		
Notes and accounts receivable (including related parties)	172,819	-262,540
Inventories	-506,059	-223,724
Prepayments for materials	76,868	186,033
Other operating assets	<u>2,056</u>	<u>31,350</u>
Total changes in operating assets	<u>-254,316</u>	<u>-268,881</u>
Changes in operating liabilities		
Notes and accounts payable (including related parties)	413,017	-133,000
Other operating liability	7,792	-93,831
net defined benefit liability	<u>-34,944</u>	<u>113</u>
Total changes in operating liabilities	<u>385,865</u>	<u>-226,718</u>
	<u>131,549</u>	<u>-495,599</u>
Total changes in operating assets and liabilities		
Total adjustments	<u>129,917</u>	<u>-1,922,649</u>
Cash inflow (outflow) generated from operations	1,131,047	332,939
Interest received	13,027	25,607
Interest paid	-23,703	-1,430
Income taxes refund (paid)	<u>-173,941</u>	<u>-6,054</u>
<b>Net cash flows from (used in) operating activities</b>	<u>946,430</u>	<u>351,062</u>



**GLOBALWAFERS CO., LTD.**

**Standalone Statements of Cash Flows  
(continued)  
Years ended December 31, 2016 and 2015  
(expressed in thousands of New Taiwan dollars)**

	<b>2016</b>	<b>2015</b>
<b>Cash flows from (used in) investing activities</b>		
Acquisition of property, plant and equipment	-113,066	-150,670
Increase in refundable deposits	-1,088	-313
Increase in accounts receivable (related party)	-662,774	-
Increase (Decrease) in other financial assets	-78,600	1,018
Increase in investment using equity methods	<u>-19,468,069</u>	-
<b>Net cash flows from (used in) investing activities</b>	<u>-20,323,597</u>	<u>-149,965</u>
<b>Cash flows from (used in) financing activities</b>		
Increase (Decrease) in short-term loans	11,745,000	-897,000
Proceeds from long-term debt	8,453,806	-
Increase in accounts payable (related party)	1,378,000	-
Cash dividends paid	-1,846,250	-1,990,725
Capital increase in cash	-	<u>3,291,676</u>
<b>Net cash flows from (used in) financing activities</b>	<u>19,730,556</u>	<u>403,951</u>
Net increase (decrease) in cash and cash equivalents	353,389	605,048
Cash and cash equivalents at beginning of period	<u>2,147,611</u>	<u>1,542,563</u>
Cash and cash equivalents at end of period	<u><b>\$2,501,000</b></u>	<u><b>2,147,611</b></u>

## Attachment 4

### GlobalWafers Co., Ltd.

#### Earnings Distribution Statement Year 2016

(Unit: NTD)

Items	Amount	
Beginning unappropriated retained earnings		2,084,740
Plus : Net income of 2016	939,485,251	
Adjustments to actuarial gain (loss) in defined benefit plans	32,219,993	
Earnings available for distribution		973,789,984
Less: Provision as legal reserve	93,948,525	
Provision as special reserve	110,833,463	
Retained earnings available for distribution		769,007,996
Item of distribution:		
Share dividends (NT\$1.7587 cash/per share)	768,991,575	
Ending unappropriated retained earnings		16,421

Chairperson:



President:



Chief Account:



## Attachment 5

### GlobalWafers Co., Ltd.

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

Article	Before	After	Remark
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>(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 domestic money market.</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</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> <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 <a href="#">issued by domestic securities investment trust enterprises</a></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</p>	Revise owing to official regulation update

	<p>company.</p> <p>(4) <u>Except the above 3 mentioned situations, any transaction or investment in Mainland China amount exceed twenty percent (20%) of paid- in capital or NT\$300 million. The following does not apply to the limit:</u></p> <p>i. <u>Government bond</u></p> <p>ii. <u>Callable bond and puttable bond, subscription and redemption of the fund of the domestic money market.</u></p> <p>iii. <u>Operational used equipment not exceeding NTD 500,000,000 and not purchased from related party.</u></p> <p>iv. <u>Property built on own land or rent land, joint construction and allocation of house units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and invested amount is not exceeding NTD 500,000,000.</u></p> <p>2~4 Omit</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.</p> <p>6. Omit</p>	<p>company.</p> <p>(4) <u>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</u></p> <p>(5) <u>Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million.</u></p> <p>(6) <u>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 20 % or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</u></p> <p>i. <u>Trading of government bonds.</u></p> <p>ii. <u>Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds issued by securities investment trust enterprises.</u></p>	<p>2~4 Omit</p>
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		<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 <u>within 2 days commencing immediately from the date of knowing.</u></p> <p>6. Omit</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 <u>government authority</u>, 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: (Omit)</p>	<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 <u>government agency</u>, 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: (Omit)</p>	<p>Revise owing to official regulation update</p>
Article 9	<p>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 <u>government authority</u>, 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</p>	<p>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 <u>government agency</u>, 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</p>	<p>Revise owing to official regulation update</p>

	Standards No. 20 published by the ARDF. (Omit)	Standards No. 20 published by the ARDF. (Omit)	
Article 12	<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 <a href="#">domestic money market funds</a>, 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> <p>(Omit)</p>	<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 <a href="#">money market funds issued by domestic securities investment trust enterprises</a>, 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> <p>(Omit)</p>	Revise owing to official regulation update
Article 13	<p>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</p>	<p>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</p>	Revise owing to official regulation update

	to shareholders, and submit it to the board of directors for deliberation and passage.	to shareholders, and submit it to the board of directors for deliberation and passage. <u>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.</u>	
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 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 <u>The 4th amendment was made on June 19, 2017</u>	Add amendment date

## **Appendix 1**

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

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

##### **Article 1**

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

##### **Article 2**

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

##### **Article 3**

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

##### **Article 4**

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

##### **Article 5**

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

##### **Article 6**

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



#### **Article 7**

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

#### **Article 8**

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

#### **Article 9**

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

#### **Article 10**

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

**Article 11**

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

**Article 12**

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

**Article 13**

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

**Article 14**

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

**Article 15**

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

**Article 16**

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

**Article 17**

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

**Article 18**

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

**Article 19**

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

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

**Article 20**

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

**Article 21**

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

## **Appendix 2**

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

#### **Articles of Incorporation**

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

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

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

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

The Company shall engage in the following business:

CC01080 Electronic Parts and Components Manufacturing

F401010 International Trade

- i. Research and development, design, manufacture and sell the following products:
  - Silicon-based semiconductor materials and their components
- ii. Import-export activities related to the above mentioned business.

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

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

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

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

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

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

##### **Chapter II. Capital Stock**

#### **Article 6**

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

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

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

#### **Article 7**

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

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

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

#### **Article 8**

Delete

#### **Article 9**

Delete

#### **Article 10**

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

#### **Article 11**

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

## **Article 12**

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

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

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

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

## **Article 13**

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

## **Article 14**

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

## **Article 15**

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

## **Article 16**

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

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

#### **Article 17**

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

#### **Article 18**

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

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

#### **Article 19**

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

#### **Article 20**

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

#### **Article 21**

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

#### **Article 22**

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

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

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

#### **Article 23**

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

#### **Article 24**

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

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

#### **Article 25**

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

#### **Article 26**

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

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

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

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

#### **Article 27**

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

#### **Article 28**

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



## Chapter VI. Accountings

### Article 29

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

### Article 30

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

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

### Article 31

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

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

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

### Article 31-1

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

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

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

## Chapter VII. Supplementary Provisions

**Article 32**

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

**Article 33**

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

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

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

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

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

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

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

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

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

Implement after approvals from the meeting of stockholders

## Appendix 3

### GlobalWafers Co., Ltd.

#### Shareholdings of Directors

- 1 The Company has established the audit committee to substitute supervisors. Current issued shares is 369,250,000 shares, the minimum numbers of shares required to be held by all directors is at least 5%, equivalent to 14,770,000 shares in accordance with Article 2 of “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”
- 2 The numbers of shares held by the directors individually as recorded as of the book closure date for that shareholders' meeting (2017/4/21) are shown as below table.

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

## **Appendix 4**

### **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 15 to April 24, 2017. The Company has made a public announcement on MOPS.
3. The Company has not received any proposal from shareholders yet.