

Stock Code : 6488



**GlobalWafers Co., Ltd.**

**2020**  
**Annual General Shareholders' Meeting**  
**Meeting Handbook**

Time: June 23, 2020

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

Science Park Life Hub/Darwin Hall

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

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

### **2020 Annual General Shareholders' Meeting Procedure**

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



**GlobalWafers Co., Ltd.**  
**2020 Annual General Shareholders' Meeting Agenda**

Time: 9:00 AM, Tuesday, June 23, 2020

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

1. Call Meeting to Order
2. Chairperson's Address
3. Report Items
  - (1) 2019 Business report
  - (2) Audit Committee's Report on 2019 annual final accounting books and statements
  - (3) Report on 2019 remuneration distribution of employees & directors
  - (4) Report on 2019 cash dividend distribution via earning and capital reserve
  - (5) Report on short-form merger with subsidiary, Taisil Electronic Materials Corp.
  - (6) Amendment to "Ethical Corporate Management Best Practice Principles"
  - (7) Amendment to "Codes of Ethical Conduct"
4. Approval Items
  - (1) 2019 Business Report and financial statements
  - (2) 2019 Profit distribution
5. Discussion Items
  - (1) Amendment to the "Articles of Incorporation"
  - (2) Amendment to the "Procedures for Endorsement and Guarantee"
6. Election
  - (1) Election to fulfill independent director vacancy
7. Extemporary Motion
8. Meeting Adjourned

## I. Report Items

- Item 1**            Fiscal 2019 Business Report submitted for review  
Please refer to the Fiscal 2019 Business Report on page 9 of this handbook.
- Item 2**            Audit Committee's report on 2019 annual final accounting books and statements submitted for review  
Please refer to the Audit Committee's 2019 Review Report on page 15 of this handbook.
- Item 3**            Distribution of remuneration to directors and employees in fiscal 2019, submitted for review
- (1) The company 2019 earning (Before deducting remuneration to employees and directors from Profit before Tax) is NTD 16,137,920,198. Pursuant to Article 31-1 of Articles of Incorporation, if the Company is profitable at the end of each fiscal year, 3~15% of the profit shall be appropriated for the employees' remuneration and no more than 3% shall be appropriated for directors' remuneration.
  - (2) The Company is proposed to distribute NTD 622,810,000 to employees (distribution ratio 3.86%) and NTD 49,200,000 to directors (distribution ratio 0.30%). Distribution to both employees and directors is made in cash.
  - (3) Qualification requirements of employees entitled to receive remuneration includes employees of the company and subsidiaries of the company meeting certain specific requirements. Remuneration amount will be decided after consideration with seniority, position, performance, contribution or special dedication, and chairperson is fully authorized.
- Item 4**            Report on 2019 cash dividend distribution via earning and capital reserve, submitted for review.
- (1) The Board of Directors meeting dated March, 17<sup>th</sup>, 2020 resolved that,
    - i. 2019 net profit is NTD 13,644,095,204; cash dividend to be appropriated to each shareholder is NTD 22 per share, totaled NTD 9,575,214,000.
    - ii. The Company plans to appropriate NTD 3 per share to each shareholder from capital reserve derived from the issuance of new shares at a

premium, totaled NTD 1,305,711,000.

- (2) Propose to resolve July 22, 2020 as record date for cash dividend distribution via earning and capital reserve and ex-dividend, August 7, 2020 as payment date. The dividend will be distributed in cash rounding to dollar unit according to the ratio of the share registry by the record date. The total amount of the odd distribution below NT\$1 will be included in other income.
- (3) In the event that the proposed profit distribution is affected by an amendment to relevant laws or regulations, or a buyback of shares or issuance or cancellation of transferring treasury shares to employees for equity conversion in connection with domestic convertible corporate bonds or employee stock options, or other matter which results in share variation, it is proposed that the chairperson to be authorized by shareholder meeting to adjust the cash to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.

#### **Item 5**

Report on short-form merger with subsidiary, Taisil Electronic Materials Corp., submitted for review.

- (1) For better group management efficiency, in accordance with Article 316-2 of the Company Act and Article 19 of the Business Mergers And Acquisitions Act, the Board of Directors resolved on December 27<sup>th</sup>, 2019, to execute a short-form merger with Taisil Electronic Materials Corp., the subsidiary (hereinafter referred to as Taisil) which the Company owns 99.99%. After the merger, the Company will be the surviving company, and Taisil will be the dissolved company. The name of the Company after the merger will still be GlobalWafers Co., Ltd.
- (2) The Company holds 99.99% equity of Taisil, therefore no need to allocate cash or other property for Taisil shares. In addition, for the remaining shareholders of Taisil, the combined consideration is NTD 1,800 per share for each common share.
- (3) Merge record date is February 1<sup>st</sup>, 2020. The legal merger procedure is complete.
- (4) The merger is approved and registered by Hsinchu Science Park Bureau on February 17<sup>th</sup>, 2020 with approval no. Chu-Com-1090004358.

#### **Item 6**

Amendment to “Ethical Corporate Management Best Practice Principles” submitted for review.

To be in compliance with governmental regulations, the amendment of “Codes of Ethical Conduct” is approved in the board meeting convened in November 7, 2019. Please refer to Comparison Chart on page 16 of this handbook.

**Item 7**

Amendment to “Codes of Ethical Conduct” submitted for review

To be in compliance with governmental regulations, the amendment of “Codes of Ethical Conduct” is approved in the board meeting convened in November 7, 2019. Please refer to Comparison Chart on page 23 of this handbook.

## **II. Approval Items**

### **Item 1**

(Proposed by the Board of Directors)

Motion: To approve FY 2019 financial statements

- (1) 2019 Financial Statements were audited by KPMG CPAs, Chen, Chen-Chien, and Cheng, An-Chih. The aforementioned and FY 2019 business report have been approved by the board and the audit committee with review report.
- (2) Please refer to the Business Report and the Financial Statements on page 9 and page 25 of this handbook.
- (3) Approval requested

Resolution:

### **Item 2**

(Proposed by the Board of Directors)

Motion: To approve 2019 profit distribution proposal

- (1) 2019 Net income is NTD 13,644,095,204, the Company proposes to distribute cash dividend for shareholder in NTD 22 per share, totaled NTD 9,575,214,000.
- (2) Propose to resolve July 22, 2020 as ex-dividend date, August 7, 2020 as payment date. The dividend will be distributed in cash rounding to dollar unit according to the ratio of the share registry by the record date. The total amount of the odd distribution below NT\$1 will be included in other income.
- (3) In the event that the proposed profit distribution is affected by an amendment to relevant laws or regulations, or a buyback of shares or issuance or cancellation of transferring treasury shares to employees for equity conversion in connection with domestic convertible corporate bonds or employee stock options, or other matter which results in share variation, it is proposed that the chairperson to be authorized by shareholder meeting to adjust the cash to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.
- (4) Please refer page 43 for 2019 Earning Distribution Statement
- (5) Resolution requested.

Resolution:

### **III. Discussion Items**

#### **Item 1**

(Proposed by the Board of Directors)

Motion: Amendment to the “Articles of Incorporation”

- (1) To be consistent with the amendment to the Company Act and maximize shareholders’ investment value, the Company proposes to amend “Articles of Incorporation” accordingly. Please refer to the comparison chart on page 44 of this handbook.
- (2) Resolution requested

Resolution:

#### **Item 2**

(Proposed by the Board of Directors)

Motion: Amendment to “Procedures for Endorsement and Guarantee”

- (1) To be consistent with the latest regulation and subsidiaries managing needs, the Company proposes to amend “Procedures for Endorsement and Guarantee” accordingly. Please refer to the comparison chart on page 46 of this handbook.
- (2) Resolution requested

Resolution:

## **IV. Election**

### **Item 1**

(Proposed by the Board of Directors)

Motion: Election to fulfill independent director vacancy

- (1) The former independent director, Kwang-Leei Young, resigned for personal reasons on October 25, 2019. Pursuant to Article 14-2 of Securities and Exchange Act, when an independent director is dismissed for any reason, resulting in a number of directors lower than that required under the company's articles of incorporation, a by-election for independent director shall be held at the next following shareholders meeting.
- (2) The election of independent director adopts candidate nomination system, and shareholders shall elect from among those listed in the slate of independent director candidates. Please refer to the Independent Director Candidate on page 50 of this handbook.
- (3) The term of new directors is effective immediately after the election, and shall serve same term with current Board (2020/6/23~2021/6/24)
- (4) Election requested

Election result:

## **V. Extemporary Motion**

## **VI. Meeting Adjourned**

## Attachment 1

### GlobalWafers Co., Ltd.

#### Fiscal 2019 Business Report

The semiconductor market was impacted by weak demand and falling ASP of memory in 2019, also accompanied by trade tension and geopolitical instability, resulting in declining global economy and semiconductor market scale. With contribution of all colleagues, GlobalWafers managed to perform pretty well regardless of the headwind with second-best annual revenue in 2019! The consolidated revenue for 2019 is NT\$ 58.094 billion, slightly down by 1.64% from last year, and it was the second highest revenue since establishment! Through aggressive cost control, gross profit increased to 39.33%, amounting to NT\$ 22.847 billion; operating profit achieved NT\$17.897 billion; net profit was NT\$13.636 billion, after-tax earnings per share is NT\$ 31.35, all record-high! Please see below summary on 2019 operation performance, 2020 business plan, future strategy, influence of competition, regulations and macro economics:

#### I. Operation Performance in 2019

##### (I) Operation Performance

Unit: NT\$ 1,000

| Item \ Year        | 2019<br>(IFRSs) | 2018<br>(IFRSs) | Increase/decrease<br>percentage (%) |
|--------------------|-----------------|-----------------|-------------------------------------|
| Revenue            | 58,094,331      | 59,063,510      | -1.64%                              |
| Cost of Goods      | 35,247,610      | 36,764,666      | -4.13%                              |
| Gross Profit       | 22,846,721      | 22,298,844      | 2.46%                               |
| Operating Expenses | 4,949,500       | 4,720,793       | 4.84%                               |
| Operating Income   | 17,897,221      | 17,578,051      | 1.82%                               |
| Profit Before Tax  | 18,553,865      | 18,253,367      | 1.65%                               |
| Net Profit         | 13,635,656      | 13,633,771      | 0.01%                               |

Though the macro economy was full of uncertainties, GlobalWafers maintained strong stance and profit by means of long-term agreement, flexibility production and aggressive cost control.

##### (II) Budget Implementation: No financial forecast for 2019.



### (III) Profitability Analysis

| Item                |  | 2019    | 2018    |
|---------------------|--|---------|---------|
| Financial structure | Debt ratio (%)   | 53.33%  | 51.95%  |
|                     | Long-term funds to PPE (%)<br>(PPE-plant, property, equipment) | 200.81% | 211.74% |
| Profitability       | ROA (%) (return on assets)                                     | 14.69%  | 17.14%  |
|                     | ROE (%) (return on equity)                                     | 30.91%  | 35.32%  |
|                     | Operating Income to Capital Stock (%)                          | 409.31% | 402.01% |
|                     | Profit Before Tax to Capital Stock (%)                         | 424.33% | 417.46% |
|                     | Net Profit Margin (%)  | 23.47%  | 23.08%  |
|                     | EPS (NT\$)   | 31.35   | 31.18   |

### (IV) Financial Structure

Unit: NT\$ 1,000

2019 revenue is NT\$58,094,331; cost of goods is NT\$35,247,610. Operating expense is NT\$4,949,500. Net non-operating income is NT\$656,644. Net profit before tax is NT\$18,553,865. Net profit after tax is NT\$13,635,656. The financial structure is healthy.

### (V) Research & Development

#### 1. 2019 Research & Development Expenditure

Unit: NT\$ 1,000

| Item / Year                       | 2019       | 2018       |
|-----------------------------------|------------|------------|
| Research and Development Expenses | 1,710,801  | 1,650,559  |
| Sales Revenue                     | 58,094,331 | 59,063,510 |
| %                                 | 2.94%      | 2.79%      |

#### 2. 2019 Achievement

##### Technology/Product

- (1) Monocrystalline ingot growth technology for Boron-doped MCZ Ingot with resistivity >8000Ω-cm
- (2) Automatic counter doping high resistivity ingot growth technology

- (3) High frequency application SOI wafer
- (4) Silicon substrate for 7nm IC process
- (5) Big data application for wire saw slicing process
- (6) 12-hour single crystal twin rod continuous feeding CZ crystal growth
- (7) Model Predicative Automatic Crystal Pulling Process Control
- (8) 8" Ultra high flatness acid etched single side polishing technology development
- (9) New "ECAS®" wafer for high resolution CMOS image sensor with lower white defect
- (10) Lower carbon technology for 8" and 12" MCZ crystal growth
- (11) High Breakdown voltage E-mode GaN on Novel SOI wafer development
- (12) GaN On semi-Insulated SiC Epitaxy technology development

### 3. Future Plan:

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

## II. Future Business Plan

### (I) Business Guideline

- (1) Flexible production arrangement to achieve economies-of-scale competitiveness; synchronize with end market and strengthen R&D bonding with customers; expand market share and profitability.
- (2) Use current customer networking to expand FZ/SOI sales territory, increasing utilization rate and profitability.
- (3) Aggressively develop on GaN/Si/SiC and process so as to facilitate new technology and product development; strengthen patent strategy.
- (4) Extensive cooperation on academy, government and Industry, active deployment on niche products.

## (II) Sales Forecast and the basis:

World Semiconductor Trade Statistics (WSTS) announced the global semiconductor industry posted sales of \$412.1 billion in 2019, a decrease of 12.1 % resulting from trade tension and sluggish Smartphone demand.

Among major semiconductor product categories, WSTS recorded growth in 2019 for discrete (-0.6%/ \$ 23.96 billion), optoelectronics (7.9%/ \$41.056 billion), sensors (2.0%/ \$13.623 billion), IC (-16%/ \$330.49 billion). When break down to details, Memory (-33%/ \$105.907 billion), Logic (-4.3%/ \$104.617 billion), Micro (-2.3%/ \$65.674 billion) and Analog (-7.9%/ \$54.151 billion).

Originally WSTS expected 2020 semiconductor market will reach USD 433bn with YoY 5.9%; however the outspread of coronavirus is ongoing and may impact global semiconductor, it takes time to see if the growth rate could hit the WSTS target.

## (III) Production & Marketing Strategy:

- (1) Integrate technology and resources among group, debottleneck to maximize capacity. Speed up in R&D consolidation of newly acquired business entities and set up international platform for further technology discussion in pursuit of better quality and customer satisfaction.
- (2) Stabilize supply of key raw materials and parts to ensure superior production quality and on-time delivery in order to secure smooth production.
- (3) Focus on development of high-efficiency niche products with core technology for more value.
- (4) Sign long-term agreement with key partners to solidify cooperation.
- (5) Maximize sales of 12" wafers and special products.

## (IV) 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) Expedite GaN and SiC and explore the sales territory.
- (3) Extensive cooperation on academy, government and Industry, maintain innovation

dynamic and speed up R&D to be ahead of international peers.

- (4) Closely grasp market and industry trends as well as fine tune business strategies simultaneously; restlessly develop potential products in various applications; carry out patent protection measures to strengthen our own competitiveness.
- (5) Synchronize with markets and strengthen R&D bonding with customers; focus on development of high-efficiency niche products with core technology for more value; aggressively control manufacturing cost so as to maximize profits,
- (6) 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.
- (7) Stably extend operation scale via strategic alliance or M&A on the current superior operational foundation.

#### (V) Influences from External Competition, Regulations and Economy

- (1) Semiconductor industry has brought all kinds of products into people's daily life, embodying the deep bonding between semiconductor cycle and macroeconomics. GlobalWafers has extensive customers, and end products are widely expanded into all applications and business, such as automobile, power device and memory.....etc, which effectively reduces dangerous dependence of one industry. Consequently, we could lower the impact when macroeconomic worsens.
- (2) Entry into semiconductor business is not so easy for other competitors because of this industry is capital and technology intensive. GlobalWafers has achieved economics-of-scale operation via merge & acquisition as well as equipment expansion. Our manufacturing process and technology is qualified by tier-1 customers with deep trust. We will use our current foundation along with unique technologies in worldwide manufacturing sites to develop new niche products with higher value via core technology, and minimize costs for better profits in the same time.
- (3) Recent international situation is volatile, China-US trade tension results uncertainty to macro economy. With expansive global footprint, GlobalWafers will flexibly arrange production to cope with relevant regulations and reduce the impact of trade tariffs on operating costs. Worldwide customers also diversify the coronavirus-induced impact to revenue and lower the dependence on single region.

In 2020, the gradual inventory correction will escalate average selling price, with the expectation on the trade tension to be eased between USA and China, we forecast that global semiconductor market will resume growing. With more end applications stimulated from IoT era, 5G, wearable, automotive, AI and High Performance Computing will lead revolutionary advancements in technology. Among all, the accelerated deployment of AIoT and 5G are assumed to spur the overall growth in the industry to a new summit. GlobalWafers will combine both domestic and overseas innovation energy to synchronize with the market and industry trends, collaborate closely with customers and customers. Not only dedicates in the existing market, GlobalWafers also grasps opportunities for further development, explore next-generation niche product areas, aiming to create more values for employees, customers and shareholders.

|               |              |
|---------------|--------------|
| Chairperson   | Hsiu-Lan Hsu |
| President     | Mark England |
| Chief Account | Yu-Ting Lo   |



## Attachment 2

### Audit Committee's Review Report

The Board of Directors has prepared the Company's 2019 Business Report, Consolidated and Standalone Financial Statements and Earnings Distribution Proposal. GlobalWafers Co., Ltd. Consolidated and Standalone Financial Statements have been audited and certified by Chen, Chen-Chien, CPA, and Cheng, An-Chih, CPA, of KPMG and audit review reports relating to the Financial Statements have been issued. The aforementioned reports have been reviewed and considered to be complied with relevant rules by the undersigned, the audit committee of GlobalWafers Co., Ltd. according to Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this report.

GlobalWafers Co., Ltd.

Audit Committee Convener:



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Chi-Hsiung Cheng

March 17, 2020

## Attachment 3

### GlobalWafers Co., Ltd.

#### Ethical Corporate Management Best Practice Principles Comparison Chart

| Article | Before  | After  | Remark   |
|---------|---|--|--|
| 5       | The company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.   | The company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith <u>and obtain approval from the board of directors</u> , and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.   | Revision pursuant to TPEX' s latest published "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" .   |
| 7       | When establishing the prevention program, the company shall analyze which business activities within the business scope <u>which</u> may be at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.<br><br>The prevention program established by the company shall at least include preventive measures against the following:<br>(Below omitted) | When establishing the prevention program, the company shall <u>establish a risk assessment mechanism against unethical conduct</u> , analyze <u>and assess</u> business activities within the business scope which may be at a higher risk of being involved in an unethical conduct <u>on a regular basis, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis</u> .<br><br>The prevention program established by the company shall <u>refer to prevailing domestic and foreign standards or guidelines and</u> at least include preventive measures | Revision pursuant to TPEX' s latest published "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" , with the inclusion of establishing a risk assessment mechanism. |

|    |  |   |   |
|----|--|---|---|
|    |  | against the following:<br>(Below omitted)   |   |
| 8  | <p>The company and their respective business group shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p> | <p><u>The company shall request its directors and senior managers to issue a “statement of compliance with the ethical management policy” and require its employees to comply with the ethical management policy as set in the “terms of employment” .</u></p> <p>The company and their respective business group shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p> <p><u>The company shall compile documented information on the ethical management policy, statement, commitment and implementation as specified in the above first and second paragraphs and retain the said information properly.</u></p> | <p>Revision pursuant to TPEX’ s latest published “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” , with the requirement of compliance with ethical management policy and statement issuance.</p> |
| 17 | <p>(Above omitted)</p> <p>To achieve sound ethical corporate management, <u>the audit unit</u> shall be responsible for establishing and supervising the</p>   | <p>(Above omitted)</p> <p>To achieve sound ethical corporate management, <u>the company designates Legal Department consists of</u></p>   | <p>Revision pursuant to TPEX’ s latest published “Ethical Corporate</p>   |



|    |  |  |   |
|----|--|--|---|
|    | <p>implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a <u>regular</u> basis:</p> <ol style="list-style-type: none"> <li>1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</li> <li>2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.</li> </ol> <p>(Below omitted)</p> | <p><u>adequate resources and staff members to</u> be responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on <u>an annual</u> basis:</p> <ol style="list-style-type: none"> <li>1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</li> <li>2. <u>Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope,</u> adopting <u>accordingly</u> programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.</li> </ol> <p>(Below omitted)</p> | <p>Management Best Practice Principles for TWSE/TPEX Listed Companies” . The designated unit shall periodically report to the board of directors and analyze and assess the risk of unethical conducts.</p> |
| 20 | <p>The company shall establish effective accounting systems and internal control systems for</p>   | <p>The company shall establish effective accounting systems and internal control systems for</p>   | <p>Revision pursuant to TPEX’ s latest</p>  |

|    |   |   |  |
|----|---|---|--|
|    | <p>business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the company shall <u>periodically examine the company's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors.</u> The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p> | <p>business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the company shall, <u>based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans including auditees, audit scope, audit items, audit frequency, etc., and carry out audits accordingly regarding the compliance with the prevention programs.</u> The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p> <p><u>The results of audits in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit, and shall be submitted to the board of directors in the form of an audit report.</u></p> | <p>published “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” .</p> <p>Audit unit shall carry out audits based on the results of assessment of the risk of involvement in unethical conduct.</p> |
| 23 | <p>The company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the</p>   | <p>The company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall</p>  | <p>Revision pursuant to TPEX’ s latest published “Ethical</p>  |

|  |  |  |  |
|--|--|--|--|
|  | <p>following:</p> <ol style="list-style-type: none"> <li>1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the company to submit reports.</li> <li>2. Dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or senior <u>manager</u> shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</li> <li>3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</li> <li>4. Confidentiality of the identity of whistle-blowers and the content of reported cases.</li> <li>5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</li> <li>6. Whistle-blowing incentive measures.</li> </ol> <p>(Below omitted)</p> | <p>include at least the following:</p> <ol style="list-style-type: none"> <li><u>1.</u> An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the company to submit reports.</li> <li><u>2.</u> Dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or senior <u>management</u> shall be reported to the independent directors <u>or the audit committee</u>. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</li> <li><u>3.</u> <u>Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.</u></li> <li><u>4.</u> Documentation of case acceptance, investigation processes, investigation results,</li> </ol> | <p>Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” , specifying follow-up measures after investigations and undertakings regarding anonymous reportings.</p> |
|--|--|--|--|

|    |  |   |                                     |
|----|--|---|-------------------------------------|
|    |  | <p>and relevant documents.</p> <p><u>5.</u> Confidentiality of the identity of whistle-blowers and the content of reported cases <u>and undertakings regarding anonymous reportings.</u></p> <p><u>6.</u> Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p><u>7.</u> Whistle-blowing incentive measures.</p> <p>(Below omitted)</p>   |                                     |
| 27 | <p>The ethical corporate management best practice principles of each the company shall be implemented after the board of directors grants the approval, and shall be <u>submitted to supervisors and</u> reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p> <p><u>For the company that has appointed any independent director,</u> when the ethical corporate management best practice principles are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration of each independent director's opinions. If an</p> | <p>The ethical corporate management best practice principles of the company shall be implemented after the board of directors grants the approval, and shall be reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p> <p>When the ethical corporate management best practice principles are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration of each independent director's opinions. If an independent director objects to or expresses reservations about any matter,</p> | Revision of implementation process. |

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|    | <p>independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.</p> <p><a href="#"><u>After the company establishes an audit committee, the provisions regarding supervisors in these Principles shall apply mutatis mutandis to the audit committee.</u></a></p> | <p>it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.</p> |   |
| 28 | <p>The Procedures were enacted on March 20, 2014.</p> <p><a href="#"><u>The Procedures were revised on November 13, 2014.</u></a></p>  | <p>The Procedures were enacted on March 20, 2014.</p> <p><a href="#"><u>The first amendment was made on November 13, 2014.</u></a></p> <p><a href="#"><u>The second amendment was made on November 7, 2019.</u></a></p>  | <p>Adjustment on wordings and incorporating the date of latest amendment.</p> |

## Attachment 4

### GlobalWafers Co., Ltd.

#### Codes of Ethical Conduct Comparison Chart

| Article | Before  | After  | Remark  |
|---------|---|--|---|
| 4       | <p>The GWC staff shall perform their duties in an objective and efficient manner, avoid taking advantage of their position in the company to obtain improper benefits for below:</p> <ol style="list-style-type: none"> <li>1. Themselves or their spouse, parents, children, or relatives within the second degree of kinship.</li> <li>2. Company or enterprise that will financially benefit from the abovementioned either directly or indirectly.</li> <li>3. Company or enterprise of which <u>the director or manager</u> serve as a chairman, directors or authorizing managers.</li> </ol> <p>The company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a director or manager works.</p> | <p>The GWC staff shall perform their duties in an objective and efficient manner, avoid taking advantage of their position in the company to obtain improper benefits for below:</p> <ol style="list-style-type: none"> <li>1. Themselves or their spouse, parents, children, or relatives within the second degree of kinship.</li> <li>2. Company or enterprise that will financially benefit from the abovementioned either directly or indirectly.</li> <li>3. Company or enterprise of which <u>they</u> serve as a chairman, director, <u>independent director</u> or authorizing managers.</li> </ol> <p>The company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a director or manager works.</p> <p><u>The company shall offer appropriate means for directors, independent directors or managers to voluntarily disclose whether there is any potential conflict between them and the company; such means are specified as follows:</u></p> <ol style="list-style-type: none"> <li>1. <u>Directors or independent directors shall disclose to President' s Office or to the manager of corporate governance.</u></li> <li>2. <u>Managers shall disclose to</u></li> </ol> | Revision pursuant to TPEX's published "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies". |

|    |  |   |  |
|----|--|---|--|
|    |  | <u>compliance section.</u><br><u>Compliance section of the company shall promote the foregoing voluntary duty to disclose during training programs to directors, independent directors and managers.</u>  |  |
| 5  | (Above omitted)<br>When the company has an opportunity for profit, it is the responsibility of the GWC staff to maximize the reasonable and proper benefits that company can obtained. | (Above omitted)<br>When the company has an opportunity for profit, it is the responsibility of the GWC staff to maximize the reasonable and proper benefits that company can obtain <u>with the premise that no additional risk is accompanied.</u> | Amendment to content.  |
| 16 | The Procedures were enacted on March 20, 2014.<br><br>The Procedures were revised on November 13, 2014.<br><br>The Procedures were revised on March 19, 2019.                          | The Procedures were enacted on March 20, 2014.<br><br>The <u>first amendment was made</u> on November 13, 2014.<br><br>The <u>second amendment was made</u> on March 19, 2019.<br><u>The third amendment was made on November 7, 2019.</u>          | Adjustment on wordings and incorporating the date of latest amendment. |



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## Independent Auditors' Report

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

### Opinion

We have audited the consolidated financial statements of GlobalWafers Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, 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, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”), and the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

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

#### 1. Revenue recognition

Please refer to note 4(15) “Revenue recognition” for accounting policy and note 6(22) “Revenue from contracts with customers” of the consolidated financial statements for further information.



Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Impairment of goodwill

Please refer to the note 4(13) "Impairment of non-financial assets" for accounting policy, note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" for impairment assessment, and note 6(9) "Intangible assets" for further details.

Description of key audit matter:

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

How the matter was addressed in our audit:

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

**Other Matter**

GlobalWafers Co., Ltd. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2019 and 2018, on which we have issued an unqualified opinion.

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

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

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

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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



KPMG

Taipei, Taiwan (Republic of China)  
March 17, 2020

#### Notes to Readers

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

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

Consolidated Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

|                            |   | December 31, 2019    |            | December 31, 2018 |            |                                 |  | December 31, 2019    |            | December 31, 2018  |            |
|----------------------------|---|----------------------|------------|-------------------|------------|---------------------------------|--|----------------------|------------|--------------------|------------|
| Assets                     |   | Amount               | %          | Amount            | %          | Liabilities and Equity          |  | Amount               | %          | Amount             | %          |
| <b>Current assets:</b>     |   |                      |            |                   |            | <b>Current liabilities:</b>     |  |                      |            |                    |            |
| 1100                       | Cash and cash equivalents (note 6(1))   | \$ 32,821,512        | 34         | 35,214,323        | 39         | 2100                            | Short-term borrowings (notes 6(11) and 8)  | \$ 9,886,000         | 10         | 5,042,000          | 6          |
| 1110                       | Financial assets at fair value through profit or loss — current (note 6(2))                 | 1,883,576            | 2          | 236,495           | -          | 2120                            | Financial liabilities at fair value through profit or loss — current (note 6(2)) | 216,632              | -          | 119                | -          |
| 1170                       | Notes and accounts receivable, net (note 6(4))  | 8,089,619            | 8          | 9,155,024         | 10         | 2130                            | Contract liabilities — current (note 6(22))                                      | 4,035,411            | 4          | 4,498,487          | 5          |
| 1180                       | Accounts receivable due from related parties, net (note 7)                                  | 50,348               | -          | 71,299            | -          | 2170                            | Notes and accounts payable   | 3,606,374            | 4          | 4,699,304          | 5          |
| 130X                       | Inventories (note 6(5))   | 6,848,823            | 7          | 7,039,817         | 8          | 2180                            | Accounts payable to related parties (note 7)                                     | 231,107              | -          | 171,141            | -          |
| 1476                       | Other financial assets — current  | 896,531              | 1          | 769,898           | 1          | 2201                            | Payroll and bonus payable  | 2,473,035            | 3          | 2,123,838          | 2          |
| 1479                       | Other current assets (note 6(10))   | 902,336              | 1          | 713,659           | 2          | 2230                            | Current tax liabilities (note 6(18))   | 2,672,322            | 3          | 2,127,809          | 2          |
|                            |   | <u>51,492,745</u>    | <u>53</u>  | <u>53,200,515</u> | <u>60</u>  | 2399                            | Other current liabilities (notes 6(13), (14) and (15))                           | <u>3,789,770</u>     | <u>4</u>   | <u>5,759,743</u>   | <u>7</u>   |
| <b>Non-current assets:</b> |   |                      |            |                   |            |                                 |  | <u>26,910,651</u>    | <u>28</u>  | <u>24,422,441</u>  | <u>27</u>  |
| 1510                       | Financial assets at fair value through profit or loss — non-current (note 6(2))             | 95,163               | -          | -                 | -          | <b>Non-Current liabilities:</b> |  |                      |            |                    |            |
| 1517                       | Financial assets at fair value through other comprehensive income — non-current (note 6(3)) | -                    | -          | 51,636            | -          | 2527                            | Contract liabilities — non-current (note 6(22))                                  | 16,164,687           | 16         | 14,609,104         | 16         |
| 1550                       | Investments accounted for using equity method (note 6(6))                                   | 571,929              | 1          | 178,442           | -          | 2540                            | Long-term borrowings (notes 6(12) and 8)   | -                    | -          | 430,000            | -          |
| 1600                       | Property, plant and equipment (notes 6(7), 7 and 8)   | 34,697,367           | 36         | 30,887,035        | 34         | 2570                            | Deferred tax liabilities(note 6(18))   | 4,745,579            | 5          | 3,664,011          | 5          |
| 1755                       | Right-of-use assets (note 6(8))   | 771,057              | 1          | -                 | -          | 2580                            | Non-current lease liabilities (note 6(13))                                       | 628,050              | 1          | -                  | -          |
| 1780                       | Intangible assets (note 6(9))   | 3,227,583            | 3          | 3,649,397         | 4          | 2670                            | Other non-current liabilities (notes 6(14) and (15))                             | 113,146              | -          | 367,423            | -          |
| 1840                       | Deferred tax assets (note 6(18))  | 1,855,040            | 2          | 1,386,577         | 2          | 2640                            | Net defined benefit liabilities (note 6(17))                                     | <u>2,950,390</u>     | <u>3</u>   | <u>3,173,029</u>   | <u>4</u>   |
| 1980                       | Other financial assets — non-current (notes 8)  | 3,098,123            | 3          | 268,598           | -          |                                 |  | <u>24,601,852</u>    | <u>25</u>  | <u>22,243,567</u>  | <u>25</u>  |
| 1990                       | Other non-current assets (note 6(10))   | 776,746              | 1          | 199,921           | -          |                                 | <b>Total liabilities</b>   | <u>51,512,503</u>    | <u>53</u>  | <u>46,666,008</u>  | <u>52</u>  |
|                            |   | <u>45,093,008</u>    | <u>47</u>  | <u>36,621,606</u> | <u>40</u>  |                                 | <b>Equity (note 6(19)):</b>  |                      |            |                    |            |
|                            |   |                      |            |                   |            |                                 | Equity attributable to shareholders of GlobalWafers Co., Ltd.:                   |                      |            |                    |            |
|                            |   |                      |            |                   |            | 3110                            | Ordinary shares  | <u>4,372,500</u>     | <u>5</u>   | <u>4,372,500</u>   | <u>5</u>   |
|                            |   |                      |            |                   |            | 3200                            | Capital surplus  | <u>24,776,630</u>    | <u>26</u>  | <u>24,772,608</u>  | <u>28</u>  |
|                            |   |                      |            |                   |            |                                 | Retained earnings:   |                      |            |                    |            |
|                            |   |                      |            |                   |            | 3310                            | Legal reserve  | 2,686,883            | 3          | 1,341,111          | 2          |
|                            |   |                      |            |                   |            | 3320                            | Special reserve  | 1,133,596            | 1          | 1,133,596          | 1          |
|                            |   |                      |            |                   |            | 3350                            | Unappropriated retained earnings   | <u>14,965,441</u>    | <u>15</u>  | <u>13,457,718</u>  | <u>15</u>  |
|                            |   |                      |            |                   |            |                                 |  | <u>18,785,920</u>    | <u>19</u>  | <u>15,932,425</u>  | <u>18</u>  |
|                            |   |                      |            |                   |            | 3400                            | Other equity interest  | <u>(2,291,256)</u>   | <u>(2)</u> | <u>(1,361,299)</u> | <u>(2)</u> |
|                            |   |                      |            |                   |            | 3500                            | Treasury shares  | <u>(576,779)</u>     | <u>(1)</u> | <u>(576,779)</u>   | <u>(1)</u> |
|                            |   |                      |            |                   |            |                                 | <b>Total equity attributable to shareholders of GlobalWafers Co., Ltd.</b>       | <u>45,067,015</u>    | <u>47</u>  | <u>43,139,455</u>  | <u>48</u>  |
|                            |   |                      |            |                   |            | 36XX                            | Non-controlling interests  | <u>6,235</u>         | <u>-</u>   | <u>16,658</u>      | <u>-</u>   |
|                            |   |                      |            |                   |            |                                 | <b>Total equity</b>  | <u>45,073,250</u>    | <u>47</u>  | <u>43,156,113</u>  | <u>48</u>  |
| <b>Total assets</b>        |   | <u>\$ 96,585,753</u> | <u>100</u> | <u>89,822,121</u> | <u>100</u> |                                 | <b>Total liabilities and equity</b>  | <u>\$ 96,585,753</u> | <u>100</u> | <u>89,822,121</u>  | <u>100</u> |



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

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2019 and 2018**

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

|      |   | 2019          |     | 2018       |     |
|------|---|---------------|-----|------------|-----|
|      |   | Amount        | %   | Amount     | %   |
| 4000 | <b>Operating revenue</b> (notes 6(22) and 7)  | \$ 58,094,331 | 100 | 59,063,510 | 100 |
| 5000 | <b>Operating costs</b> (notes 6(5), (23) and 7)   | 35,247,610    | 61  | 36,764,666 | 62  |
|      | <b>Gross profit from operations</b>   | 22,846,721    | 39  | 22,298,844 | 38  |
|      | <b>Operating expenses</b> (notes 6(23) and 7):  |               |     |            |     |
| 6100 | Selling expenses  | 1,193,223     | 2   | 1,259,718  | 2   |
| 6200 | Administrative expenses   | 2,040,734     | 3   | 1,810,251  | 3   |
| 6300 | Research and development expenses   | 1,710,801     | 3   | 1,650,559  | 3   |
| 6450 | Expected credit losses (note 6(4))  | 4,742         | -   | 265        | -   |
|      | <b>Total operating expenses</b>   | 4,949,500     | 8   | 4,720,793  | 8   |
|      | <b>Net operating income</b>   | 17,897,221    | 31  | 17,578,051 | 30  |
|      | <b>Non-operating income and expenses:</b>   |               |     |            |     |
| 7010 | Interest income   | 723,336       | 1   | 464,012    | 1   |
| 7020 | Other gains and losses, net (notes 6(24) and 7)   | 5,022         | -   | 319,317    | -   |
| 7050 | Interest expense  | (71,714)      | -   | (108,013)  | -   |
|      |   | 656,644       | 1   | 675,316    | 1   |
|      | <b>Income before income tax</b>   | 18,553,865    | 32  | 18,253,367 | 31  |
| 7950 | Income tax expense (note 6(18))   | 4,918,209     | 9   | 4,619,596  | 8   |
|      | <b>Net income</b>   | 13,635,656    | 23  | 13,633,771 | 23  |
| 8300 | <b>Other comprehensive income:</b>  |               |     |            |     |
| 8310 | <b>Items that may not be reclassified subsequently to profit or loss:</b>   |               |     |            |     |
|      | Gains (losses) on remeasurements of defined benefit plans (note 6(17))  | 179,553       | -   | (251,429)  | -   |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income  | 27,542        | -   | 16,435     | -   |
|      | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(18)) | 120,951       | -   | (68,152)   | -   |
| 8349 |   | 86,144        | -   | (166,842)  | -   |
| 8360 | <b>Items that may be reclassified subsequently to profit or loss:</b>   |               |     |            |     |
| 8361 | Exchange differences on translation of foreign operations   | (1,503,580)   | (2) | 854,780    | 1   |
| 8370 | Share of other comprehensive income of associates and joint ventures accounted for using equity method (note 6(6))          | 275,843       | -   | (149,269)  | -   |
| 8399 | Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(18))     | (300,404)     | (1) | 107,421    | -   |
|      |   | (927,333)     | (1) | 598,090    | 1   |
| 8300 | <b>Other comprehensive income (after tax)</b>   | (841,189)     | (1) | 431,248    | 1   |
|      | <b>Total comprehensive income</b>   | \$ 12,794,467 | 22  | 14,065,019 | 24  |
|      | <b>Net income attributable to:</b>  |               |     |            |     |
|      | Shareholders of GlobalWafers Co., Ltd   | \$ 13,644,095 | 23  | 13,630,673 | 23  |
|      | Non-controlling interests   | (8,439)       | -   | 3,098      | -   |
|      |   | \$ 13,635,656 | 23  | 13,633,771 | 23  |
|      | <b>Total comprehensive income attributable to:</b>  |               |     |            |     |
|      | Shareholders of GlobalWafers Co., Ltd   | \$ 12,804,463 | 22  | 14,055,257 | 24  |
|      | Non-controlling interests   | (9,996)       | -   | 9,762      | -   |
|      |   | \$ 12,794,467 | 22  | 14,065,019 | 24  |
|      | <b>Earnings per share (NT dollars) (note 6(21))</b>   |               |     |            |     |
|      | Basic earnings per share  | \$ 31.35      |     | 31.18      |     |
|      | Diluted earnings per share  | \$ 31.21      |     | 31.04      |     |

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

GlobalWafers Co., Ltd. and subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to shareholders of GlobalWafers Co., Ltd.

|   | Retained earnings |                 |               |                 |                                  |                         | Other equity interest   |  |  |                             |           | Treasury shares | Total   | Non-controlling interests | Total equity |
|---|-------------------|-----------------|---------------|-----------------|----------------------------------|-------------------------|---|--|--|-----------------------------|-----------|-----------------|---------|---------------------------|--------------|
|   | Ordinary shares   | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Total retained earnings | Gains (losses)  |  |  | Total other equity interest |           |                 |         |                           |              |
|   |                   |                 |               |                 |                                  |                         | Exchange differences on translation of foreign financial statements | from equity instrument measured at fair value through other comprehensive income | Unrealized gains (losses) on available-for-sale financial assets |                             |           |                 |         |                           |              |
| Balance at January 1, 2018  | \$ 4,372,500      | 24,772,805      | 813,639       | 350,635         | 5,693,255                        | 6,857,529               | (2,069,569)   | -  | 112,663  | (1,956,906)                 | -         | 34,045,928      | 8,478   | 34,054,406                |              |
| Effects of retrospective application of new accounting standards  | -                 | -               | -             | -               | -                                | -                       | -   | 100,409  | (112,663)  | (12,254)                    | -         | (12,254)        | -       | (12,254)                  |              |
| Balance at January 1, 2018 after adjustments  | 4,372,500         | 24,772,805      | 813,639       | 350,635         | 5,693,255                        | 6,857,529               | (2,069,569)   | 100,409  | -  | (1,969,160)                 | -         | 34,033,674      | 8,478   | 34,042,152                |              |
| Net income for the year   | -                 | -               | -             | -               | 13,630,673                       | 13,630,673              | -   | -  | -  | -                           | -         | 13,630,673      | 3,098   | 13,633,771                |              |
| Other comprehensive income for the year   | -                 | -               | -             | -               | (183,277)                        | (183,277)               | 740,695   | (132,834)  | -  | 607,861                     | -         | 424,584         | 6,664   | 431,248                   |              |
| Comprehensive income for the year   | -                 | -               | -             | -               | 13,447,396                       | 13,447,396              | 740,695   | (132,834)  | -  | 607,861                     | -         | 14,055,257      | 9,762   | 14,065,019                |              |
| Appropriation and distribution of retained earnings:  |                   |                 |               |                 |                                  |                         |   |  |  |                             |           |                 |         |                           |              |
| Legal reserve   | -                 | -               | 527,472       | -               | (527,472)                        | -                       | -   | -  | -  | -                           | -         | -               | -       | -                         |              |
| Special reserve   | -                 | -               | -             | 782,961         | (782,961)                        | -                       | -   | -  | -  | -                           | -         | -               | -       | -                         |              |
| Cash dividends on ordinary shares   | -                 | -               | -             | -               | (4,372,500)                      | (4,372,500)             | -   | -  | -  | -                           | -         | (4,372,500)     | -       | (4,372,500)               |              |
| Increase in treasury stock  | -                 | -               | -             | -               | -                                | -                       | -   | -  | -  | -                           | (576,779) | (576,779)       | -       | (576,779)                 |              |
| Difference between consideration and the carrying amount of subsidiaries acquired or disposed             | -                 | (197)           | -             | -               | -                                | -                       | -   | -  | -  | -                           | -         | (197)           | (1,582) | (1,779)                   |              |
| Balance at December 31, 2018  | 4,372,500         | 24,772,608      | 1,341,111     | 1,133,596       | 13,457,718                       | 15,932,425              | (1,328,874)   | (32,425)   | -  | (1,361,299)                 | (576,779) | 43,139,455      | 16,658  | 43,156,113                |              |
| Net income for the year   | -                 | -               | -             | -               | 13,644,095                       | 13,644,095              | -   | -  | -  | -                           | -         | 13,644,095      | (8,439) | 13,635,656                |              |
| Other comprehensive income for the year   | -                 | -               | -             | -               | 58,602                           | 58,602                  | (1,201,619)   | 303,385  | -  | (898,234)                   | -         | (839,632)       | (1,557) | (841,189)                 |              |
| Comprehensive income for the year   | -                 | -               | -             | -               | 13,702,697                       | 13,702,697              | (1,201,619)   | 303,385  | -  | (898,234)                   | -         | 12,804,463      | (9,996) | 12,794,467                |              |
| Appropriation and distribution of retained earnings:  |                   |                 |               |                 |                                  |                         |   |  |  |                             |           |                 |         |                           |              |
| Legal reserve   | -                 | -               | 1,345,772     | -               | (1,345,772)                      | -                       | -   | -  | -  | -                           | -         | -               | -       | -                         |              |
| Cash dividends on ordinary shares   | -                 | -               | -             | -               | (10,880,925)                     | (10,880,925)            | -   | -  | -  | -                           | -         | (10,880,925)    | -       | (10,880,925)              |              |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | -                 | -               | -             | -               | 31,723                           | 31,723                  | -   | (31,723)   | -  | (31,723)                    | -         | -               | -       | -                         |              |
| Difference between consideration and the carrying amount of investment in associates acquired or disposed | -                 | 4,063           | -             | -               | -                                | -                       | -   | -  | -  | -                           | -         | 4,063           | -       | 4,063                     |              |
| Difference between consideration and the carrying amount of subsidiaries acquired or disposed             | -                 | (41)            | -             | -               | -                                | -                       | -   | -  | -  | -                           | -         | (41)            | (427)   | (468)                     |              |
| Balance at December 31, 2019  | \$ 4,372,500      | 24,776,630      | 2,686,883     | 1,133,596       | 14,965,441                       | 18,785,920              | (2,530,493)   | 239,237  | -  | (2,291,256)                 | (576,779) | 45,067,015      | 6,235   | 45,073,250                |              |

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

**GlobalWafers Co., Ltd. and subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2019 and 2018**  
**(Expressed in Thousands of New Taiwan Dollars)**

|   | <b>2019</b>        | <b>2018</b>        |
|---|--------------------|--------------------|
| <b>Cash flows from operating activities:</b>  |                    |                    |
| Income before income tax  | \$ 18,553,865      | 18,253,367         |
| <b>Adjustments:</b>   |                    |                    |
| <b>Adjustments to reconcile profit (loss):</b>  |                    |                    |
| Depreciation expenses   | 4,380,511          | 4,460,291          |
| Amortization expenses   | 364,830            | 354,779            |
| Expected credit losses  | 4,742              | 265                |
| Net loss (gain) on financial assets or liabilities at fair value through profit or loss | 286,218            | (55,950)           |
| Interest expense  | 71,714             | 108,013            |
| Interest income   | (723,336)          | (464,012)          |
| Dividend income   | (4,137)            | (1,077)            |
| Shares of profit of associates accounted for using equity method                        | (20,331)           | (14,439)           |
| Loss on disposal of intangible assets   | 1,141              | -                  |
| Loss (gain) on disposal of property, plant and equipment                                | 7,992              | (124,083)          |
| Provision for (reversal of) inventory valuation   | 123,286            | (62,627)           |
| <b>Total adjustments</b>  | <b>4,492,630</b>   | <b>4,201,160</b>   |
| <b>Changes in operating assets and liabilities:</b>                                     |                    |                    |
| Notes and accounts receivable (including related parties)                               | 1,081,878          | (1,356,799)        |
| Inventories   | 74,794             | 359,447            |
| Prepayments for purchase of materials   | (499,072)          | 339,011            |
| Other current assets  | (293,365)          | (275,810)          |
| Other financial assets  | 100,841            | (516,113)          |
| <b>Total changes in operating assets</b>  | <b>465,076</b>     | <b>(1,450,264)</b> |
| Contract liabilities  | (1,978,993)        | 14,839,499         |
| Notes and accounts payable (including related parties)                                  | (1,032,964)        | 600,953            |
| Provisions  | (1,544)            | (89,888)           |
| Net defined benefit liabilities   | (3,253)            | 37,537             |
| Other operating liabilities   | (475,528)          | 949,627            |
| <b>Total changes in operating liabilities</b>   | <b>(3,492,282)</b> | <b>16,337,728</b>  |
| <b>Total changes in operating assets and liabilities</b>                                | <b>(3,027,206)</b> | <b>14,887,464</b>  |
| <b>Total adjustments</b>  | <b>1,465,424</b>   | <b>19,088,624</b>  |
| Cash inflow generated from operations   | 20,019,289         | 37,341,991         |
| Interest received   | 747,584            | 428,181            |
| Dividends received  | 4,137              | 1,077              |
| Interest paid   | (67,369)           | (129,754)          |
| Income taxes paid   | (3,314,743)        | (1,462,773)        |
| <b>Net cash flows from operating activities</b>   | <b>17,388,898</b>  | <b>36,178,722</b>  |

(Continued)

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

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

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

**For the years ended December 31, 2019 and 2018**

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

|  | <b>2019</b>          | <b>2018</b>         |
|--|----------------------|---------------------|
| <b>Cash flows from investing activities:</b>   |                      |                     |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income | -                    | 8,732               |
| Proceeds from disposal of financial assets at fair value through other comprehensive income          | 79,178               | -                   |
| Acquisition of financial assets at fair value through other comprehensive income                     | -                    | (71,470)            |
| Proceeds from disposal of financial assets at fair value through profit or loss                      | 95,901               | -                   |
| Acquisition of financial assets at fair value through profit or loss                                 | (1,907,850)          | (98,853)            |
| Acquisition of investments accounted for using equity method   | (109,760)            | -                   |
| Cash dividends from investments accounted for using equity method                                    | 16,510               | 5,350               |
| Acquisition of property, plant and equipment   | (7,602,947)          | (6,696,362)         |
| Proceeds from disposal of property, plant and equipment  | 75,718               | 414,284             |
| Decrease (increase) in other financial assets  | (3,081,247)          | 70,154              |
| <b>Net cash flows used in investing activities</b>   | <b>(12,434,497)</b>  | <b>(6,368,165)</b>  |
| <b>Cash flows from financing activities:</b>   |                      |                     |
| Increase (decrease) in short-term borrowings   | 4,844,000            | (5,082,365)         |
| Increase in long-term borrowings   | -                    | 430,000             |
| Repayments of long-term borrowings   | (430,000)            | (4,276,333)         |
| Increase (decrease) in guarantee deposits received   | (145,941)            | 17,858              |
| Payment of lease liabilities   | (171,013)            | -                   |
| Cash dividends paid  | (10,880,925)         | (4,372,500)         |
| Cost of increase in treasury stock   | -                    | (482,609)           |
| Change in non-controlling interests  | (468)                | (1,779)             |
| <b>Net cash flows used in financing activities</b>   | <b>(6,784,347)</b>   | <b>(13,767,728)</b> |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>                                  | <b>(562,865)</b>     | <b>377,132</b>      |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | <b>(2,392,811)</b>   | <b>16,419,961</b>   |
| <b>Cash and cash equivalents at beginning of period</b>  | <b>35,214,323</b>    | <b>18,794,362</b>   |
| <b>Cash and cash equivalents at end of period</b>  | <b>\$ 32,821,512</b> | <b>35,214,323</b>   |



(English translation of standalone financial statements originally issued in Chinese is unaudited and for information purpose only; The Chinese version shall prevail.)

## **Independent Auditors' Report**

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

### **Opinion**

We have audited the parent company only financial statements of GlobalWafers Co., Ltd., ("The Company") which comprise the balance sheets as of December 31, 2019 and 2018, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position as of December 31, 2019 and 2018, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers

### **Basis for Opinion**

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

### **Key Audit Matters**

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

#### **1. Revenue recognition**

Please refer to note 4 (14) "Revenue recognition" for accounting policy and note 6 (19) "Revenue from contracts with customers" of the Parent company only financial statements for further information.

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Evaluation of investments accounted for using equity method

Please refer to the note 4 (9) "Investments in subsidiaries" for accounting policy, note 5 for accounting assumptions and estimation uncertainty, and note 6 (6) for further evaluation details.

Description of key audit matter:

The investments accounted for using equity method of the Company mainly arise from business combinations. Moreover, the impairment evaluation of goodwill is influenced by market conditions and governmental policies, it causes the uncertainty on the recoverable amount of goodwill. Therefore, investments accounted for using equity method is one of the key areas in our audit.

How the matter was addressed in our audit:

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

## **Responsibilities of Management and Those Charged with Governance for the Parent company only Financial Statements**

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

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

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

## **Auditors' Responsibilities for the Audit of the Parent company only Financial Statements**

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

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)  
March 17, 2020

#### **Notes to Readers**

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

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

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)  
GlobalWafers Co., Ltd.

Parent Company Only Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

|                            |   | December 31, 2019    |            | December 31, 2018 |            |                                 |  | December 31, 2019    |            | December 31, 2018 |            |
|----------------------------|---|----------------------|------------|-------------------|------------|---------------------------------|--|----------------------|------------|-------------------|------------|
| Assets                     |   | Amount               | %          | Amount            | %          | Liabilities and Equity          |  | Amount               | %          | Amount            | %          |
| <b>Current assets:</b>     |   |                      |            |                   |            | <b>Current liabilities:</b>     |  |                      |            |                   |            |
| 1100                       | Cash and cash equivalents (note 6(1))   | \$ 2,067,325         | 3          | 3,356,684         | 5          | 2100                            | Short-term borrowings (notes 6(10) and 8)  | \$ 9,886,000         | 13         | 5,042,000         | 7          |
| 1110                       | Financial assets at fair value through profit or loss — current (note 6(2))                 | 784                  | -          | 231,172           | -          | 2120                            | Financial liabilities at fair value through profit or loss — current (note 6(2)) | 216,514              | -          | -                 | -          |
| 1170                       | Notes and accounts receivable, net (note 6(4))  | 1,413,525            | 2          | 1,947,171         | 3          | 2130                            | Contract liabilities — current (note 6(19))                                      | 1,718,098            | 2          | 3,146,419         | 5          |
| 1180                       | Accounts receivable due from related parties, net (note 7)                                  | 1,768,115            | 2          | 2,010,825         | 3          | 2170                            | Notes and accounts payable   | 314,527              | -          | 481,563           | 1          |
| 130X                       | Inventories (note 6(5))   | 1,031,928            | 1          | 1,354,295         | 2          | 2180                            | Accounts payable to related parties (note 7)                                     | 8,782,585            | 12         | 12,855,058        | 18         |
| 1479                       | Other current assets  | 41,218               | -          | 153,069           | -          | 2201                            | Payroll and bonus payable  | 1,203,955            | 2          | 858,328           | 1          |
|                            |   | 6,322,895            | 8          | 9,053,216         | 13         | 2399                            | Other current liabilities (notes 6(12))  | 814,491              | 1          | 1,013,137         | 2          |
|                            |   |                      |            |                   |            |                                 |  | 22,936,170           | 30         | 23,396,505        | 34         |
| <b>Non-current assets:</b> |   |                      |            |                   |            | <b>Non-Current liabilities:</b> |  |                      |            |                   |            |
| 1513                       | Financial assets at fair value through profit or loss — non-current (note 6(2))             | 95,163               | -          | -                 | -          | 2527                            | Contract liabilities — non-current (note 6(19))                                  | 318,103              | 1          | 242,360           | -          |
| 1517                       | Financial assets at fair value through other comprehensive income — non-current (note 6(3)) | -                    | -          | 51,636            | -          | 2540                            | Long-term borrowings (notes 6(11) and 8)   | -                    | -          | 430,000           | 1          |
| 1550                       | Investments accounted for using equity method (note 6(6))                                   | 64,024,632           | 85         | 58,379,799        | 84         | 2622                            | Accounts Payable to related parties — non-current (note 7)                       | 4,140,000            | 5          | -                 | -          |
| 1600                       | Property, plant and equipment (notes 6(7), 7 and 8)   | 1,100,268            | 2          | 1,094,293         | 2          | 2600                            | Deferred tax liabilities and others (note 6 (12), (14) and (15))                 | 3,040,972            | 4          | 2,537,720         | 3          |
| 1755                       | Right-of-use assets (note 6(8))   | 65,910               | -          | -                 | -          |                                 |  | 7,499,075            | 10         | 3,210,080         | 4          |
| 1780                       | Intangible assets (note 6(9))   | 678,057              | 1          | 995,988           | 1          |                                 |  | 30,435,245           | 40         | 26,606,585        | 38         |
| 1980                       | Other financial assets — non-current (notes 8)  | 3,008,938            | 4          | 10,745            | -          |                                 | <b>Total liabilities</b>   |                      |            |                   |            |
| 1900                       | Other non-current assets (note 6(15))   | 206,397              | -          | 160,363           | -          |                                 | <b>Equity (note 6(16)):</b>  |                      |            |                   |            |
|                            |   | 69,179,365           | 92         | 60,692,824        | 87         | 3110                            | Ordinary shares  | 4,372,500            | 6          | 4,372,500         | 6          |
|                            |   |                      |            |                   |            | 3200                            | Capital surplus  | 24,776,630           | 33         | 24,772,608        | 36         |
|                            |   |                      |            |                   |            |                                 | Retained earnings:   |                      |            |                   |            |
|                            |   |                      |            |                   |            | 3310                            | Legal reserve  | 2,686,883            | 3          | 1,341,111         | 2          |
|                            |   |                      |            |                   |            | 3320                            | Special reserve  | 1,133,596            | 2          | 1,133,596         | 2          |
|                            |   |                      |            |                   |            | 3350                            | Unappropriated retained earnings   | 14,965,441           | 20         | 13,457,718        | 19         |
|                            |   |                      |            |                   |            |                                 |  | 18,785,920           | 25         | 15,932,425        | 23         |
|                            |   |                      |            |                   |            | 3400                            | Other equity interest  | (2,291,256)          | (3)        | (1,361,299)       | (2)        |
|                            |   |                      |            |                   |            | 3500                            | Treasury shares  | (576,779)            | (1)        | (576,779)         | (1)        |
|                            |   |                      |            |                   |            |                                 | <b>Total equity</b>  | 45,067,015           | 60         | 43,139,455        | 62         |
| <b>Total assets</b>        |   | <b>\$ 75,502,260</b> | <b>100</b> | <b>69,746,040</b> | <b>100</b> |                                 | <b>Total liabilities and equity</b>  | <b>\$ 75,502,260</b> | <b>100</b> | <b>69,746,040</b> | <b>100</b> |

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)  
GlobalWafers Co., Ltd.

**Parent Company Only Statements of Comprehensive Income**

**For the years ended December 31, 2019 and 2018**

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

|      |   | 2019          |      | 2018       |     |
|------|---|---------------|------|------------|-----|
|      |   | Amount        | %    | Amount     | %   |
| 4000 | <b>Operating revenue</b> (notes 6(19) and 7)  | \$ 12,456,803 | 100  | 13,740,705 | 100 |
| 5000 | <b>Operating costs</b> (notes 6(5), (20) and 7)   | 7,616,254     | 61   | 8,867,735  | 65  |
|      | <b>Gross profit from operations</b>   | 4,840,549     | 39   | 4,872,970  | 35  |
|      | <b>Operating expenses</b> (notes 6(20) and 7):  |               |      |            |     |
| 6100 | Selling expenses  | 149,108       | 1    | 227,070    | 2   |
| 6200 | Administrative expenses   | 473,170       | 4    | 218,393    | 2   |
| 6300 | Research and development expenses   | 622,864       | 5    | 545,264    | 3   |
| 6450 | Expected credit losses (note 6(4))  | 851           | -    | 411        | -   |
|      | <b>Total operating expenses</b>   | 1,245,993     | 10   | 991,138    | 7   |
|      | <b>Net operating income</b>   | 3,594,556     | 29   | 3,881,832  | 28  |
|      | <b>Non-operating income and expenses:</b>   |               |      |            |     |
| 7010 | Interest income   | 37,222        | -    | 50,068     | -   |
| 7020 | Other gains and losses, net (notes 6(21) and 7)   | (51,637)      | (1)  | 226,271    | 2   |
| 7050 | Interest expense (note 7)   | (153,373)     | (1)  | (188,224)  | (1) |
| 7375 | Share of gains of subsidiaries, associates and joint ventures accounted for using equity method (Note 6 (6))                | 12,039,142    | 97   | 12,124,336 | 88  |
|      |   | 11,871,354    | 95   | 12,212,451 | 89  |
|      | <b>Income before income tax</b>   | 15,465,910    | 124  | 16,094,283 | 117 |
| 7950 | Income tax expense (note 6 (15))  | 1,821,815     | 15   | 2,463,610  | 18  |
|      | <b>Net income</b>   | 13,644,095    | 109  | 13,630,673 | 99  |
| 8300 | <b>Other comprehensive income:</b>  |               |      |            |     |
| 8310 | <b>Items that may not be reclassified subsequently to profit or loss:</b>   |               |      |            |     |
| 8311 | Gains (losses) on remeasurements of defined benefit plans   | (4,156)       | -    | (9,153)    | -   |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income  | 27,542        | -    | 16,435     | -   |
| 8330 | Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method        | 80,810        | 1    | (203,007)  | (1) |
|      | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(15)) | 18,052        | -    | 28,883     | -   |
| 8349 |   | 86,144        | 1    | (166,842)  | (1) |
| 8360 | <b>Items that may be reclassified subsequently to profit or loss:</b>   |               |      |            |     |
| 8361 | Exchange differences on translation of foreign operations   | (1,502,023)   | (12) | 848,116    | 6   |
| 8380 | Share of other comprehensive income of associates and joint ventures accounted for using equity method                      | 275,843       | 2    | (149,269)  | (1) |
| 8399 | Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(15))     | (300,404)     | (2)  | (107,421)  | 1   |
|      |   | (925,776)     | (8)  | 591,426    | 4   |
| 8300 | <b>Other comprehensive income (after tax)</b>   | (839,632)     | (7)  | 424,584    | 3   |
|      | <b>Total comprehensive income</b>   | \$ 12,804,463 | 102  | 14,055,257 | 102 |
|      | <b>Earnings per share (NT dollars) (note 6 (18))</b>  |               |      |            |     |
| 9750 | Basic earnings per share  | \$ 31.35      |      | 31.18      |     |
| 9850 | Diluted earnings per share  | \$ 31.21      |      | 31.04      |     |

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)  
GlobalWafers Co., Ltd.

Parent Company Only Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

|   | Retained earnings   |                   |                  |                  |                                  |                         | Other equity interest   |  |  |                             |                  |                   |
|---|---------------------|-------------------|------------------|------------------|----------------------------------|-------------------------|---|--|--|-----------------------------|------------------|-------------------|
|   |                     |                   |                  |                  |                                  |                         | Gains (losses)  |  |  |                             |                  |                   |
|   | Ordinary shares     | Capital surplus   | Legal reserve    | Special reserve  | Unappropriated retained earnings | Total retained earnings | Exchange differences on translation of foreign financial statements | from equity instrument measured at fair value through other comprehensive income | Unrealized gains (losses) on available-for-sale financial assets | Total other equity interest | Treasury shares  | Total equity      |
| <b>Balance at January 1, 2018</b>   | \$ 4,372,500        | 24,772,805        | 813,639          | 350,635          | 5,693,255                        | 6,857,529               | (2,069,569)   | -  | 112,663  | (1,956,906)                 | -                | 34,045,928        |
| Effects of retrospective application of new accounting standards  | -                   | -                 | -                | -                | -                                | -                       | -   | <u>100,409</u>   | <u>(112,663)</u>   | <u>(12,254)</u>             | -                | <u>(12,254)</u>   |
| Balance at January 1, 2018 after adjustments  | <u>4,372,500</u>    | <u>24,772,805</u> | <u>813,639</u>   | <u>350,635</u>   | <u>5,693,255</u>                 | <u>6,857,529</u>        | <u>(2,069,569)</u>  | <u>100,409</u>   | -  | <u>(1,969,160)</u>          | -                | <u>34,033,674</u> |
| Net income for the year   | -                   | -                 | -                | -                | 13,630,673                       | 13,630,673              | -   | -  | -  | -                           | -                | 13,630,673        |
| Other comprehensive income for the year   | -                   | -                 | -                | -                | <u>(183,277)</u>                 | <u>(183,277)</u>        | <u>740,695</u>  | <u>(132,834)</u>   | -  | <u>607,861</u>              | -                | <u>424,584</u>    |
| Comprehensive income for the year   | -                   | -                 | -                | -                | <u>13,447,396</u>                | <u>13,447,396</u>       | <u>740,695</u>  | <u>(132,834)</u>   | -  | <u>607,861</u>              | -                | <u>14,055,257</u> |
| Appropriation and distribution of retained earnings:  |                     |                   |                  |                  |                                  |                         |   |  |  |                             |                  |                   |
| Legal reserve   | -                   | -                 | 527,472          | -                | (527,472)                        | -                       | -   | -  | -  | -                           | -                | -                 |
| Special reserve   | -                   | -                 | -                | 782,961          | (782,961)                        | -                       | -   | -  | -  | -                           | -                | -                 |
| Cash dividends on ordinary shares   | -                   | -                 | -                | -                | (4,372,500)                      | (4,372,500)             | -   | -  | -  | -                           | -                | (4,372,500)       |
| Increase in treasury stock  | -                   | -                 | -                | -                | -                                | -                       | -   | -  | -  | -                           | (576,779)        | (576,779)         |
| Difference between consideration and the carrying amount of subsidiaries acquired or disposed             | -                   | <u>(197)</u>      | -                | -                | -                                | -                       | -   | -  | -  | -                           | -                | <u>(197)</u>      |
| <b>Balance at December 31, 2018</b>   | 4,372,500           | 24,772,608        | 1,341,111        | 1,133,596        | 13,457,718                       | 15,932,425              | (1,328,874)   | (32,425)   | -  | (1,361,299)                 | (576,779)        | 43,139,455        |
| Net income for the year   | -                   | -                 | -                | -                | 13,644,095                       | 13,644,095              | -   | -  | -  | -                           | -                | 13,644,095        |
| Other comprehensive income for the year   | -                   | -                 | -                | -                | <u>58,602</u>                    | <u>58,602</u>           | <u>(1,201,619)</u>  | <u>303,385</u>   | -  | <u>(898,234)</u>            | -                | <u>(839,632)</u>  |
| Comprehensive income for the year   | -                   | -                 | -                | -                | <u>13,702,697</u>                | <u>13,702,697</u>       | <u>(1,201,619)</u>  | <u>303,385</u>   | -  | <u>(898,234)</u>            | -                | <u>12,804,463</u> |
| Appropriation and distribution of retained earnings:  |                     |                   |                  |                  |                                  |                         |   |  |  |                             |                  |                   |
| Legal reserve   | -                   | -                 | 1,345,772        | -                | (1,345,772)                      | -                       | -   | -  | -  | -                           | -                | -                 |
| Cash dividends on ordinary shares   | -                   | -                 | -                | -                | (10,880,925)                     | (10,880,925)            | -   | -  | -  | -                           | -                | (10,880,925)      |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | -                   | -                 | -                | -                | 31,723                           | 31,723                  | -   | (31,723)   | -  | (31,723)                    | -                | -                 |
| Difference between consideration and the carrying amount of investment in associates acquired or disposed | -                   | 4,063             | -                | -                | -                                | -                       | -   | -  | -  | -                           | -                | 4,063             |
| Difference between consideration and the carrying amount of subsidiaries acquired or disposed             | -                   | <u>(41)</u>       | -                | -                | -                                | -                       | -   | -  | -  | -                           | -                | <u>(41)</u>       |
| <b>Balance at December 31, 2019</b>   | <u>\$ 4,372,500</u> | <u>24,776,630</u> | <u>2,686,883</u> | <u>1,133,596</u> | <u>14,965,441</u>                | <u>18,785,920</u>       | <u>(2,530,493)</u>  | <u>239,237</u>   | -  | <u>(2,291,256)</u>          | <u>(576,779)</u> | <u>45,067,015</u> |

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)  
GlobalWafers Co., Ltd.

**Parent Company Only Statements of Cash Flows**  
**For the years ended December 31, 2019 and 2018**  
**(Expressed in Thousands of New Taiwan Dollars)**

|   | <b>2019</b>         | <b>2018</b>         |
|---|---------------------|---------------------|
| <b>Cash flows from operating activities:</b>  |                     |                     |
| Income before income tax  | \$ 15,465,910       | 16,094,283          |
| <b>Adjustments:</b>   |                     |                     |
| Adjustments to reconcile profit (loss):   |                     |                     |
| Depreciation expenses   | 197,206             | 149,974             |
| Amortization expenses   | 317,931             | 317,931             |
| Expected credit losses  | 851                 | 411                 |
| Net loss (gain) on financial assets or liabilities at fair value through profit or loss | 287,032             | (71,962)            |
| Interest expense  | 153,373             | 188,224             |
| Interest income   | (37,222)            | (50,068)            |
| Dividend income   | (4,137)             | (1,077)             |
| Shares of profit of associates accounted for using equity method                        | (11,838,621)        | (12,098,939)        |
| Loss (gain) on disposal of property, plant and equipment                                | 349                 | (1,747)             |
| Provision for (reversal of) inventory valuation   | 13,727              | 5,784               |
| <b>Total adjustments</b>  | <b>(10,909,511)</b> | <b>(11,561,469)</b> |
| <b>Changes in operating assets and liabilities:</b>                                     |                     |                     |
| Notes and accounts receivable (including related parties)                               | 775,505             | (1,379,687)         |
| Inventories   | 299,764             | 354,486             |
| Prepayments for purchase of materials   | 113,260             | 66,828              |
| Other operating assets  | 8,910               | 3,276               |
| <b>Total changes in operating assets</b>  | <b>1,197,439</b>    | <b>(955,097)</b>    |
| Contract liabilities  | (1,352,578)         | 440,485             |
| Notes and accounts payable (including related parties)                                  | (768,082)           | 969,254             |
| Net defined benefit liabilities   | (6,146)             | (16,085)            |
| Other operating liabilities   | 320,897             | 438,096             |
| <b>Total changes in operating liabilities</b>   | <b>(1,805,909)</b>  | <b>1,831,750</b>    |
| <b>Total changes in operating assets and liabilities</b>                                | <b>(608,470)</b>    | <b>876,553</b>      |
| <b>Total adjustments</b>  | <b>(11,517,981)</b> | <b>(10,684,816)</b> |
| Cash inflow generated from operations   | 3,947,929           | 5,409,467           |
| Interest received   | 37,733              | 48,977              |
| Dividends received  | 4,137               | 1,077               |
| Interest paid   | (149,314)           | (189,412)           |
| Income taxes paid   | (1,315,543)         | (280,696)           |
| <b>Net cash flows from operating activities</b>   | <b>2,524,942</b>    | <b>4,989,413</b>    |

(Continued)



(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)  
GlobalWafers Co., Ltd.

**Parent Company Only Statements of Cash Flows(Continued)**

**For the years ended December 31, 2019 and 2018**

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

|  | <b>2019</b>         | <b>2018</b>         |
|--|---------------------|---------------------|
| <b>Cash flows from investing activities:</b>   |                     |                     |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income | -                   | 8,732               |
| Proceeds from disposal of financial assets at fair value through other comprehensive income          | 79,178              | -                   |
| Acquisition of financial assets at fair value through other comprehensive income                     | -                   | (71,470)            |
| Proceeds from disposal of financial assets at fair value through profit or loss                      | 95,901              | -                   |
| Acquisition of financial assets at fair value through profit or loss                                 | (31,194)            | (98,853)            |
| Acquisition of investments accounted for using equity method   | (109,913)           | (1,779)             |
| Proceeds from return of capital of subsidiaries and cash dividends received from subsidiaries        | 5,145,843           | 8,539,547           |
| Cash dividends from investments accounted for using equity method                                    | 16,510              | 5,350               |
| Acquisition of property, plant and equipment   | (205,543)           | (812,481)           |
| Proceeds from disposal of property, plant and equipment  | 459                 | 11,823              |
| Decrease (increase) in refundable deposit  | 11                  | (11)                |
| Decrease (increase) in other financial assets  | (2,998,204)         | 84,869              |
| <b>Net cash flows used in investing activities</b>   | <b>1,993,048</b>    | <b>7,665,727</b>    |
| <b>Cash flows from financing activities:</b>   |                     |                     |
| Increase (decrease) in short-term borrowings   | 4,844,000           | (5,079,350)         |
| Increase in long-term borrowings   | -                   | 430,000             |
| Repayments of long-term borrowings   | (430,000)           | (4,276,333)         |
| Increase in account payables to related parties  | 667,000             | 3,380,400           |
| Payment of the principal portion of lease liabilities  | (7,424)             | -                   |
| Cash dividends paid  | (10,880,925)        | (4,372,500)         |
| Cost of increase in treasury stock   | -                   | (482,609)           |
| <b>Net cash flows used in financing activities</b>   | <b>(5,807,349)</b>  | <b>(10,400,392)</b> |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | <b>(1,289,359)</b>  | <b>2,254,748</b>    |
| <b>Cash and cash equivalents at beginning of period</b>  | <b>3,356,684</b>    | <b>1,101,936</b>    |
| <b>Cash and cash equivalents at end of period</b>  | <b>\$ 2,067,325</b> | <b>3,356,684</b>    |

## Attachment 6

### GlobalWafers Co., Ltd.

#### Earnings Distribution Statement Year 2019

(Unit: NTD)

| Items  | Amount          |
|--|-----------------|
| Beginning unappropriated retained earnings   | 1,231,020,361   |
| Plus : Net income of 2019  | 13,644,095,204  |
| Plus : Current change on defined benefits remeasurements.                                      | 58,602,065      |
| Plus : Disposal on equity instruments at fair value through other comprehensive profit or loss | 31,723,095      |
| Minus: Provision as legal reserve  | (1,373,442,036) |
| Minus: Provision as special reserve  | (1,157,658,995) |
| Earnings available for distribution  | 12,434,339,694  |
| Item of distribution:  |                 |
| Minus: Share dividends - cash* <sup>1</sup>  | (9,575,214,000) |
| Ending unappropriated earnings   | 2,859,125,694   |

Note 1: To be distributed through unappropriated earnings, share dividends NT\$ 9,575,214,000 are issued in cash, cash dividend is NT\$22 per share.

Chairperson:



President:



Chief Account:



## Attachment 7

### GlobalWafers Co., Ltd.

#### Articles of Incorporation Comparison Chart

| Article | Before  | After  | Remark  |
|---------|---|--|---|
| 7       | <p><u>The share certificates of the Company shall all be name-bearing share certificates and signed or sealed by no less than three directors.</u></p> <p><u>The share certificates shall be issued after being certified by authority concerned or its approved certificate organizations.</u></p> <p>The Company may not print share certificates for <u>the new issuance</u>. Registers of share certificates shall contact the share certificates' depository and clearing organizations and follow the regulations of that enterprise.</p> | <p>The Company may not print share certificates for <u>the issuance</u>. Registers of share certificates shall contact the share certificates' depository and clearing organizations and follow the regulations of that enterprise.</p>  | Amend the article to be consistent with Company Act and actual practice             |
| 30      |   | <p><u>The surplus earning distribution or loss off-setting proposal is to be proposed at the close of each half fiscal year.</u></p>   | Amend the surplus earning distribution or loss off-setting frequency as half a year |
| 30-1    |   | <p><u>The proposal of surplus earning distribution or loss off-setting for the half fiscal year, together with the business report and financial statements, shall be forwarded to the audit committee for their auditing, and afterwards be submitted to the board of directors for approval.</u></p> <p><u>If the company distributes surplus earning in the form of cash in accordance with the above provision</u></p> | Amend the surplus earning distribution or loss off-setting frequency as half a year |

|      |   |   |                    |
|------|---|---|--------------------|
|      |   | <a href="#">shall be approved by a meeting of the board of directors.</a><br><br><a href="#">If such surplus earning is distributed in the form of new shares issued by the company, it shall be approved by the shareholder meeting then distribute.</a>   |                    |
| 30-2 | <u>(30)</u><br>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. <ul style="list-style-type: none"> <li>i. Business report</li> <li>ii. Financial statements</li> <li>iii. Proposal of earning distribution or loss coverage.</li> </ul> | <u>(30-2)</u><br>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. <ul style="list-style-type: none"> <li>i. Business report</li> <li>ii. Financial statements</li> <li>iii. Proposal of earning distribution or loss coverage.</li> </ul> | Adjust order       |
| 35   | This articles of Incorporation is established on June 17 <sup>th</sup> , 2011<br>(Omit)<br>The 9th amendment on June 25th, 2018<br>The 10th amendment on June 25th, 2019<br>Implement after approvals from the meeting of stockholders  | This articles of Incorporation is established on June 17 <sup>th</sup> , 2011<br>(Omit)<br>The 9th amendment on June 25th, 2018<br>The 10th amendment on June 25th, 2019<br><a href="#">The 11th amendment on June 23th, 2020</a><br><br>Implement after approvals from the meeting of stockholders   | Add amendment date |

## Attachment 8

### GlobalWafers Co., Ltd.

#### Procedures for Endorsement and Guarantee Comparison Chart

| Article | Before   | After  | Remark  |
|---------|--|--|---|
| 6       | <p><b>Amount</b><br/>The amount of endorsement/guarantee provided by the Company is subject to the following limits:</p> <ol style="list-style-type: none"> <li>1 The aggregate amount of endorsement/guarantee provided by the Company is limited to 300% of its net worth specified in the latest financial statement.</li> <li>2 The amount of endorsement/guarantee for one single company provided by the Company is limited to 10% of its net worth specified in the latest financial statement. However, the amount of endorsement/guarantee for any subsidiaries is limited to <u>100%</u> of its net worth.</li> <li>3 The limits of the Company and its subsidiaries' endorsement/guarantee to any single enterprise shall not exceed 1,000% of the Company's net worth specified in the latest financial statement.</li> <li>4 For endorsement /guarantee deriving from business relations, the amount provided to any single party shall not exceed the total business amount between the party and the Company in the most recent year or over the</li> </ol> | <p><b>Amount</b><br/>The amount of endorsement/guarantee provided by the Company is subject to the following limits:</p> <ol style="list-style-type: none"> <li>1 The aggregate amount of endorsement/guarantee provided by the Company is limited to 300% of its net worth specified in the latest financial statement.</li> <li>2 The amount of endorsement/guarantee for one single company provided by the Company is limited to 10% of its net worth specified in the latest financial statement. However, the amount of endorsement/guarantee for any subsidiaries is limited to <u>300%</u> of its net worth.</li> <li>3 The limits of the Company and its subsidiaries' endorsement/guarantee to any single enterprise shall not exceed 1,000% of the Company's net worth specified in the latest financial statement.</li> <li>4 For endorsement /guarantee deriving from business relations, the amount provided to any single party shall not exceed the total business amount between the party and the Company in the most recent year or over the</li> </ol> | Amend amount of endorsement/guarantee of single subsidiary to cope with group operation and subsidiary management |

|   |   |  |  |
|---|---|--|--|
|   | <p>twelve-month period before the extension of endorsement/guarantee. Business amount refers to the total purchase or sales whichever is higher. If the business relation between the party and the Company is not sales/purchase, both parties shall sign contract and the amount of endorsement/guarantee shall not exceed the total amount of that contract.</p> <p>The net value mentioned above is subject to the data in the financial statements most recently reviewed by the CPA.</p>  | <p>twelve-month period before the extension of endorsement/guarantee. Business amount refers to the total purchase or sales whichever is higher. If the business relation between the party and the Company is not sales/purchase, both parties shall sign contract and the amount of endorsement/guarantee shall not exceed the total amount of that contract.</p> <p>The net value mentioned above is subject to the data in the financial statements most recently reviewed by the CPA.</p>   |  |
| 7 | <p><b>Authorization</b></p> <p>Any endorsement/guarantee provided by the Company shall be approved <u>beforehand by the Board of Directors</u>. A pre-determined limit of US\$1 million to single enterprise is delegated to the Chairperson by the Board of Directors to facilitate execution. Such endorsement/guarantee shall be reported to the most upcoming Board Meeting for ratification.</p> <p>If the Company needs to provide endorsement/guarantee exceeding the amount permitted in the Article 6 in the Procedure owing to operation necessity, provided that the prior approval from the Board of the Directors is obtained, and more than half of the directors shall be the joint guarantors for the loss of the company resulting from the amount in excess of the permitted endorsement/guarantee amount. The Company shall also revise the Procedure accordingly and submit</p> | <p><b>Authorization</b></p> <p>Any endorsement/guarantee provided by the Company shall <u>require the approval of one-half or more of all audit committee members, and furthermore shall be submitted for a resolution by the board of directors, if the approval of one-half or more of all audit committee members as required is not obtained, the endorsement/guarantee may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting</u>. A pre-determined limit of US\$1 million to single enterprise is delegated to the Chairperson by the Board of Directors to facilitate execution. Such endorsement/guarantee shall be reported to the most upcoming Board Meeting for ratification.</p> | <p>Amend the article pursuant to Article 8 of “Regulations Governing Loaning of Funds and Making of Endorsements /Guarantees by Public Companies ”; regulate the authorization limit of the o the subsidiaries in which the Company holds 100% of the voting shares to cope with</p> |

|    |   |   |   |
|----|---|---|---|
|    | <p>it to the Shareholders Meeting for ratification. If the Shareholders Meeting does not pass the resolution for ratification, the company shall adopt a plan to discharge the amount in excess within a certain period.</p> <p><u>If the Company has independent Directors, the Board shall fully take each individual director's opinions into consideration and record each director's reasons for pros and cons in the minutes when the company provides endorsement and/or guarantee to outside parties.</u></p> <p>Before each of the companies, in which the Company holds more than 90% voting shares directly or indirectly, may make endorsements and/or guarantees for each other in accordance of Article 4, item 2, the proposal shall be submitted to the Board of Directors for approval. The limits to the companies in which the Company holds 100% of the voting shares directly or indirectly do not follow the same rule.</p> | <p><u>The limit of the above authorization is US\$10 million to the subsidiaries in which the Company holds 100% of the voting shares directly or indirectly.</u></p> <p>If the Company needs to provide endorsement/guarantee exceeding the amount permitted in the Article 6 in the Procedure owing to operation necessity, provided that the prior approval from the Board of the Directors is obtained, and more than half of the directors shall be the joint guarantors for the loss of the company resulting from the amount in excess of the permitted endorsement/guarantee amount. The Company shall also revise the Procedure accordingly and submit it to the Shareholders Meeting for ratification. If the Shareholders Meeting does not pass the resolution for ratification, the company shall adopt a plan to discharge the amount in excess within a certain period.</p> <p>Before each of the companies, in which the Company holds more than 90% voting shares directly or indirectly, may make endorsements and/or guarantees for each other in accordance of Article 4, item 2, the proposal shall be submitted to the Board of Directors for approval <u>in compliance with paragraph 1.</u> The limits to the companies in which the Company holds 100% of the voting shares directly or indirectly do not follow the same rule.</p> | group operation and subsidiary management |
| 16 | <p>The procedure was approved on October 25, 2011.</p> <p>The 1st amendment was made on</p>   | <p>The procedure was approved on October 25, 2011.</p> <p>The 1<sup>st</sup> amendment was made on</p>  | Add amendment date                        |

|  |   |   |  |
|--|---|---|--|
|  | <p>December 20, 2011.</p> <p>The 2<sup>nd</sup> amendment was made on June 25, 2013.</p> <p>The 3<sup>rd</sup> amendment was made on January 19, 2015.</p> <p>The 4<sup>th</sup> amendment was made on June 23, 2015.</p> <p>The 5<sup>th</sup> amendment was made on February 20, 2017.</p> <p>The 6<sup>th</sup> amendment was made on June 25, 2019.</p> | <p>December 20, 2011.</p> <p>The 2<sup>nd</sup> amendment was made on June 25, 2013.</p> <p>The 3<sup>rd</sup> amendment was made on January 19, 2015.</p> <p>The 4<sup>th</sup> amendment was made on June 23, 2015.</p> <p>The 5<sup>th</sup> amendment was made on February 20, 2017.</p> <p>The 6<sup>th</sup> amendment was made on June 25, 2019.</p> <p><a href="#"><u>The 7<sup>th</sup> amendment was made on June 23, 2020.</u></a></p> |  |
|--|---|---|--|



## Attachment 9

### GlobalWafers Co., Ltd.

#### Independent Director Candidate

|   |   |
|---|---|
| Name                                      | Hsien-Chin Chiu   |
| Education                                 | Ph.D., Electrical Engineering, National Central University  |
| Current Job                               | Professor, Electronics Engineering, Chang Gung University.  |
| Con-current Job<br>(Independent Director) | None  |
| Experience                                | Senior engineer, Win Semiconductors Corp.<br>Associate Professor, Electronics Engineering,<br>Chang Gung University |
| Shares<br>(GlobalWafers)                  | 0   |

## **Appendix 1**

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

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

##### **Article 1**

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

##### **Article 2**

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

##### **Article 3**

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

##### **Article 4**

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

##### **Article 5**

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

##### **Article 6**

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

## **Article 7**

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

## **Article 8**

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

## **Article 9**

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

## **Article 10**

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

**Article 11**

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

**Article 12**

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

**Article 13**

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

**Article 14**

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

**Article 15**

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

**Article 16**

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

**Article 17**

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

**Article 18**

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

**Article 19**

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

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

**Article 20**

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

**Article 21**

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

**Article 22**

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

## **Appendix 2**

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

#### **Ethical Corporate Management Best Practice Principles**

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

The Ethical Corporate Management Best Practice Principles ("Principles") is promulgated to assist the company to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices.

The Principles are applicable to business groups and organizations of the company, which comprise its subsidiaries, any foundation to which the company's direct or indirect contribution of funds exceeds 50% of the total funds received, and other institutions or juridical persons which are substantially controlled by such company ("business group").

##### **Article 2 (Ethical Conduct)**

When engaging in commercial activities, directors, supervisors, managers, employees, and mandataries of the Company or persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.

##### **Article 3 (Definition of Benefit)**

"Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

##### **Article 4 (Compliance with Laws and Regulations)**

The company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act,

Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/TPEX listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

#### **Article 5 (Policy)**

The company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain approval from the board of directors, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

#### **Article 6 (Prevention Program)**

The company shall in its own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training.

When establishing the prevention program, the company shall comply with relevant laws and regulations of the territory where the company and its business group are operating.

In the course of developing the prevention programs, the company is advised to negotiate with staff, important trading counterparties, or other stakeholders.

#### **Article 7 (Preventive Range)**

When establishing the prevention program, the company shall establish a risk assessment mechanism against unethical conduct, analyze and assess business activities within the business scope which may be at a higher risk of being involved in an unethical conduct on a regular basis, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.

The prevention program established by the company shall refer to prevailing domestic and foreign standards or guidelines and at least include preventive measures against the following:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

## **Article 8 (Promise and Enforcement)**

The Company shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Company and its respective business group shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

## **Article 9 (Commercial activities)**

The company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, the company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with their agents, suppliers, clients, or other trading counterparties, the company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the company may at any time terminate or rescind the contracts.

## **Article 10 (No Bribery)**

When conducting business, the company and its directors, supervisors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

## **Article 11 (No Political Donation)**

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the company and its directors, supervisors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.



#### **Article 12 (No Inappropriate Donation/Sponsorship)**

When making or offering donations and sponsorship, the company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

#### **Article 13 (Unreasonable Present/Hospitality/benefits)**

The company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

#### **Article 14 (No Intellectual Property Infringements)**

The company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

#### **Article 15 (No unfair Practices on Competition)**

The company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

#### **Article 16 (Prevention of Products/ Services Liabilities to Stakeholders)**

In the course of research and development, procurement, manufacture, provision, or sale of products and services, the company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.

## **Article 17 (Organization and Responsibility)**

The directors, managers, employees, mandataries, and substantial controllers of the company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the company designates Audit Department to be responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs, in charge of the following matters, and shall report to the board of directors on an annual basis:

1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

## **Article 18 (Procedure and Guideline)**

The company and its directors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

## **Article 19 (Training and Evaluation)**

The company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, supervisors, managers, and other stakeholders attending or present at board

meetings to voluntarily explain whether their interests would potentially conflict with those of the company.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of the company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The company's directors, supervisors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

#### **Article 20 (Report and discipline)**

The company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal audit unit of the company shall, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans including auditees, audit scope, audit items, audit frequency, etc., and carry out audits accordingly regarding the compliance with the prevention programs. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

#### **Article 21 (Procedures for Ethical Management and Guidelines for Conduct)**

The company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, supervisors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:

1. Standards for determining whether improper benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.

7. Handling procedures for violations of the Principles.
8. Disciplinary measures on offenders.

## **Article 22 (Improvement)**

The chairperson, general manager, or senior management of the company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

The company shall regularly organize training and awareness programs for directors, supervisors, managers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

## **Article 23 (Whistle-blowing System)**

The company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the company to submit reports.
2. Dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or senior management shall be reported to the independent directors or the audit committee. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
4. Confidentiality of the identity of whistle-blowers and the content of reported cases and undertakings regarding anonymous reportings.
5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
6. Whistle-blowing incentive measures.

When material misconduct or likelihood of material impairment to the company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors or the audit committee in written form.

#### **Article 24 (Disciplinary and Appellant System)**

The company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

#### **Article 25 (Information Disclosure)**

The company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. They shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on their company websites, annual reports, and prospectuses, and shall disclose their ethical corporate management best practice principles on the Market Observation Post System.

#### **Article 26 (Review and Amendment on Ethical Corporate Management Policies and Measures)**

The company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

#### **Article 27 (Enforcement)**

The ethical corporate management best practice principles of the company shall be implemented after the board of directors grants the approval, and shall be reported to supervisors and at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.

When the ethical corporate management best practice principles are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration of each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

After establishing Audit Committee, the regulations regarding supervisors are applied in the audit committee.

#### **Article 28 (Dates of Enactment and Amendments)**

The Procedures were enacted on March 20, 2014.

The first amendment was made on November 13, 2014.

## **Appendix 3**

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

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

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

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

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

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

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

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

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

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

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

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

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

The GWC staff shall prevent engaging in below activities

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

### 3. Competing with the company.

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

## **Article 6 (Confidentiality)**

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

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

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

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

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

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

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

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

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

The company shall raise awareness of ethics internally and encourage employees to report to a company audit committee, manager, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct, and employees should provide enough information for company to properly deal with. The company shall handle the cases in confidentiality and make employees aware that the company will use its best efforts to ensure the safety of informants.

Details of report procedure shall be handled in accordance with "Procedure for Reporting Unethical or Illegal Conduct" of the Company

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



When directors, independent directors or managers violate the code of ethical conduct, the company shall handle the matter in accordance with relevant regulations, and shall without delay disclose on the Market Observation Post System (MOPS) the title of the violator, dates and reasons for the violation, the provisions of the code violated, and the disciplinary actions taken.

For GWC staff apart from the aforesaid, if the circumstance concerned is material and there is a likelihood that the interests of the Company would be prejudiced, the Company shall disclose on the Market Observation Post System (MOPS) the title of the violator, dates and reasons for the violation, the provisions of the code violated, and the disciplinary actions taken.

If the violator defined in the article considers the discipline is improper and impacts his/her legal rights, the violator can appeal via complaint system for remedy.

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

If any individual is necessary to be exempted from compliance with the code, the exemption requires board resolution, and that information on the name and title of the person entitled to such exemption, the date on which the board of directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to avoid any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.

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

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

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

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

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

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

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

The Procedures were enacted on March 20, 2014.

The Procedures were revised on November 13, 2014.

The Procedures were revised on March 19, 2019.

## **Appendix 4**

# **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

C801990 Other Chemical Materials Manufacturing

F119010 Wholesale of Electronic Materials (only in areas outside Hsinchu Science Park)

F219010 Retail Sale of Electronic Materials (only in areas outside Hsinchu Science Park)

F401010 International Trade

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

1. Silicon-based semiconductor materials and their components
2. Silicon Compound
3. Silicon Carbide Compound
4. Import-export activities related to the above mentioned business.

#### **Article 3**

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

#### **Article 4**

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

#### **Article 5**

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

## **Chapter II. Capital Stock**

### **Article 6**

The total capital stock of the Company shall be in the amount of NTD10,000,000,000, divided into 1,000,000,000 shares, at NTD10 par value, and may be issued separately. The Board of Directors is entitled to make resolutions to decide whether or not the unissued shares to be issued depending on actual needs.

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

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

Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, are entitled to receive the treasury stocks the Company repurchased pursuant to the Company Act.

Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, are entitled to receive share subscription warrant of the Company.

Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, are entitled to subscribe new shares issued by the Company.

Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, are entitled to receive restricted shares issued by the Company.

### **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.

The Company may not print share certificates for the new issuance. Registers of share certificates shall contact the share certificates' depositary and clearing organizations and follow the regulations of that enterprise.

### **Article 8**

Delete

### **Article 9**

Delete

#### **Article 10**

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

#### **Article 11**

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

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

#### **Article 12**

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

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

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

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

#### **Article 13**

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

#### **Article 14**

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

#### **Article 15**

Each share of stock shall be entitled to one vote, but shareholders who has no voting right and under

restrictions consistent with the circumstances set forth in Article 179 of Company Act and related regulations should follow the rules.

#### **Article 16**

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

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

#### **Article 17**

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

#### **Article 18**

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

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

#### **Article 19**

1. The Company shall have seven to eleven directors. Director election is subject to the provisions of Article 192-1 of the Company Act in that a candidate nomination system shall be adopted, and that shareholders meeting shall elect directors from among the those listed in the slate of independent director candidates.

All directors shall serve for a term of three years and shall be eligible for re-election. The total shares held by all directors shall be in compliance with the relevant regulations provided by the securities authority.

2. The aforesaid directors shall have at least three independent directors, and furthermore shall be no fewer than one-fifth of the director seats. The professional qualification, shareholding, part-time job limitation, nomination and election method and other requirements for independent directors shall be handled in compliance with the relevant regulations provided by the securities authority.

#### **Article 20**

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

## **Article 21**

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

## **Article 22**

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

Unless otherwise provided for in the Company Act, resolutions in the Board of Directors meeting shall be adopted by a majority vote in the meeting attended by a majority of Directors. Any director who is unable to attend a Board of Directors' meeting shall appoint another director as his/her proxy by a power of attorney listing the scope of empowerment. A director may serve as proxy for only one absent director.

## **Article 23**

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

## **Article 24**

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

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

## **Article 25**

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

## **Article 26**

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

## **Article 26-1**

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

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

### **Article 27**

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

### **Article 28**

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

## **Chapter VI. Accountings**

### **Article 29**

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

### **Article 30**

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

- iv. Business report
- v. Financial statements
- vi. Proposal of earning distribution or loss coverage.

### **Article 31**

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

The entitled employees of the aforementioned employee remuneration include the employees of parents or subsidiaries of the company 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.

## **Article 32**

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. When the distribution is cash, pursuant to Article 240, subparagraph 5 of the Company Act, the Company authorizes the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. If the distribution is new share issuance, it shall be approved by the shareholders' meeting and distribute.

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 33**

Pursuant to Article 241 of the Company Act, , the Company distributes its legal reserve and the capital reserve in whole or in part, by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash.

When the distribution is cash, the Company authorizes the board to resolve after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. If the distribution is new share issuance, it shall be approved by the shareholders' meeting and distribute.

## **Chapter VII. Supplementary Provisions**

## **Article 34**

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

## **Article 35**

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

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

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



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

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

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

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

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

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

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

The 10th amendment on June 25<sup>th</sup>, 2019

Implement after approvals from the meeting of stockholders

## **Appendix 5**

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

#### **Procedures for Endorsement and Guarantee**

##### **Article 1**

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

##### **Article 2**

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

##### **Article 3**

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

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

##### **Article 4**

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

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

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

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

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

##### **Article 5**

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

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

## **Article 6 Amount**

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

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

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

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

## **Article 7 Authorization**

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

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

resolution for ratification, the company shall adopt a plan to discharge the amount in excess within a certain period.

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

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

## **Article 8 Announcement**

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

The term "Date of occurrence" means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

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

## **Article 9 Internal Control**

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

## **Article 10 Procedure**

- 1 When providing endorsement/guarantee to another company, the Company may require the endorse/guarantee company to submit application form to the Company's Finance Department. Finance Department shall conduct a credit survey and keep the record of risk assessment. After passage by the Finance Department, it shall be submitted to President and Chairperson for approval. Collateral shall be obtained when necessary.
- 2 The Finance Department shall make credit investigation and impact assessment based on the possibility of operation risk. The items to be evaluated include:
  - (1) The necessity of and reasonableness of endorsements/guarantees.
  - (2) Credit status and risk assessment of the entity for which the endorsement/guarantee is made.
  - (3) Whether the accumulated amount of endorsement and guarantee is still within the limit.
  - (4) Whether collateral must be obtained and appraisal of the value thereof.
  - (5) The impact on the company's business operations, financial condition, and shareholders' equity.
  - (6) Whether it is in compliance with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and the procedure.
- 3 Finance Department shall establish and maintain a reference book for endorsement/ guarantee matters and shall record in details for future reference including the recipient, amount, date of passage by the Board of Directors or decision by the Chairperson of the Board of Directors as authorized, date of the endorsement/guarantee and the abovementioned assessment data.
- 4 Finance Department shall assess and recognize, if any, contingent losses brought about by the endorsement/guarantee, to adequately disclose information in the financial statements, and to provide external auditors with necessary information for conducting due auditing and issuing auditing report.
- 5 If, due to changes of circumstances, the amount and the party to whom the Company provided endorsement and/or guarantee no longer satisfies the criteria set forth in “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and the Procedures herein, a corrective plan shall be provided to the Audit Committee and the proposed corrections shall be implemented within the period specified in the plan.
- 6 When the net value of endorsed or guaranteed companies lower than 50% of its paid-in capital, subsequent precautions of control shall be established by the financial department and be reported to the Board of Directors. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, the paid-in capital shall be calculated with the sum of the share capital plus paid-in capital in excess of par shall be substituted

## **Article 11 Seal Management**

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

## **Article 12 Cancellation**

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

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

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

## **Article 14**

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

#### **Article 15**

After passage by more than half of all audit committee members and submitted to the board of directors for a resolution, the Procedure shall be submitted to the shareholders meeting for approval. If any director expresses an objection and there is a record or written statement of the objection, the Company shall forward the director's objection to the shareholders meeting for discussion. The same procedures shall apply to any amendments to the Procedure.

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

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

#### **Article 16 :**

The procedure was approved on October 25, 2011.

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

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

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

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

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

The 6<sup>th</sup> amendment was made on June 25, 2019.

## **Appendix 6**

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

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

##### **Article 1**

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

##### **Article 2**

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

##### **Article 3**

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

##### **Article 4**

The Company's directors elections shall be conducted in accordance with the candidate nomination system specified in Article 192-1 of the Company Act.

##### **Article 5**

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

##### **Article 6**

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



## **Article 7**

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

## **Article 8**

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

## **Article 9**

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

## **Article 10**

Ballots shall be deemed void under the following conditions:

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

## **Article 11**

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

## **Article 12**

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

**Article 13**

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

**Article 14**

This Procedure was enacted on January 19, 2015.

First amendment on June 25, 2019

## Appendix 7

### GlobalWafers Co., Ltd.

#### Shareholdings of Directors

- 1 As of book closure date (2020/4/25), total issued shares is 437,250,000 shares, the minimum numbers of shares required to be held by all directors is at least 4.574%, equivalent to 16,000,000 shares in accordance with Article 2 of “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”
- 2 The company has established audit committee, the regulation of supervisors’ shareholding numbers are not applicable.
- 3 The numbers of shares held by the directors individually as recorded as of the book closure date for that shareholders' meeting (2020/4/25) are shown as below table.

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

## **Appendix 8**

### **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, matters more than one will not be included in the discussion proposal.
2. Submission period applicable to common shareholders of GWC starts from April 17 to April 27, 2020. The Company has made a public announcement on MOPS.
3. The Company has not received any proposal from shareholders yet.