Stock Symbol：6488

GlobalWafers Co., Ltd.

2021 Annual Report

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

Prepared by GlobalWafers Co., Ltd.

Issue Date: May 15, 2022

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

1. **Company Spokesman:**

Name of spokesman: Wei-Wen Chen
Job title: Vice President of Logistics and Administration Dept.
Tel.: (+886) 3- 577-2255
Email: GWCIR@sas-globalwafers.com

Name of deputy spokesman: Hsin-Yu Peng
Job title: Special Assistant in President's Office
Tel.: (+886) 3- 577-2255
Email: GWCIR@sas-globalwafers.com

2. **Address and Telephone Number of The Company Headquarter, Subsidiaries, and Plants** ：

Headquarter
Address: No.8, Industrial East Road 2, Hsinchu Science Park, Hsinchu, Taiwan
Tel: (+886)-3-577-2255

Chunan Plant
Address: No. 21, Kejung Rd., Chunan, Miaoli County, Hsinchu Science Park, Taiwan
Tel: (+886)-37-582-533

Taisil Branch
Address: No.2, Yanxin 1st Road, Hsinchu Science Park, Hsinchu, Taiwan
Tel: (+886)-3-578-3131

Japan Subsidiary
Niigata
Address: 6-861-5 Higashiko, Seiro, Kitakanbara District, Niigata Prefecture, Japan
Tel: (+81) 25-256-3200

Tokuyama
Address: 2-1-32 Eguchi, Shunan, Yamaguchi Prefecture, Japan
Tel: (+81) 834-41-3001

Sekikawa
Address: 278 Tatsutashin, Sekikawa, Iwafune District, Niigata Prefecture, Japan
Tel: (+81) 254-64-0254

Oguni Silicon Crystal Center
Address: 378 Ogunimachi, Oguni, Nishiokitama District, Yamagata Prefecture, Japan
Tel: (+81) 238-62-5926

Utsunomiya
Address: 11-2 Kiyohara Industrial Park, Utsunomiya City Tochigi Prefecture, Japan
Tel: (+81) 28 667 6333

Korea Subsidiary

Cheonan Plant

Address: 854, Manghyang-Ro, Seonggeo-eup, Sebuk-gu, Cheonan-Si, Chungcheongnam-do, 331-831 Korea

Tel: (+82) 41 550 4114

China Subsidiary

Kunshan Plant

Address: No. 303 Hanpu Road, Chengbei, Kunshan, Jiangsu, China

TEL:(+86) 512-5778-1262

Malaysia Subsidiary

Kuala Lumpur Plant

Address: Jalan SS 8/2, Sungai Way Free Industrial Zone, 47300 Petaling Jaya, Selangor Darul Ehsan, Malaysia

Tel: (+603) 7877 3277

Singapore Subsidiary

Address: Block D #01-41A, 11 Lorong 3 Toa Payoh, Singapore 319579

Tel: (+65) 6361 9720

US Subsidiary

Texas Plant

Address: 200 F.M. 1417 West Sherman, Texas, USA 75092

Tel: (+1) 903 957 1999

Missouri Plant

Address: 501 Pearl Drive, St. Peters, Missouri, USA 63376

Tel: (+1) 636 474 5000

Italy Subsidiary

Merano Plant

Address: Via Nazionale, 59, 39012 Merano (Bolzano), Italy

Tel: (+39) 0473 333 333

Novara Plant

Address: SpA Viale Gherzi, 31, 28100 Novara, Italy

Tel: (+39) 0321 33 4444

Denmark Subsidiary

Copenhagen Plant

Address: Siliciumvej 1, 3600 Frederikssund, Copenhagen, Denmark

Tel: (+45) 47 36 56 00

3. **Stock Transfer Agency**

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

4. **External Auditor**

Name of Accounting Firm: KPMG Taiwan
Name of CPAs: An-Chih Cheng, Mei-Yu Tseng
Address: 68F, No. 7, Sec. 5, Hsinyi Rd., Taipei, Taiwan
Website: http://www.kpmg.com.tw
Tel: +886-2-8101-6666

5. **The Name of Exchanges Where the Company's Securities are Traded Offshore, and the Method By Which To Access Information On Said Offshore Securities**

Global Depositary Receipt (GDR) Agency: Luxembourg Stock Exchange
Website: https://www.bourse.lu/security/US37891E1038/250465
Overseas Euro-Convertible Bonds : Singapore Exchange Limited
Website: https://www.sgx.com ; ISIN RegS: XS2344277178

6. **Company Website**

http://www.sas-globalwafers.com

Table of Contents

One. Letter to Shareholders

Dear Shareholders,

Thank you for sparing time to attend the Company's 2022 general shareholders' meeting. We also appreciate the care and support extended by you to the Company.

The strong growth of consumer products and the remote patterns brought by the pandemic drove the demands for semiconductors; with the contributions from the technology trends like AI, 5G, EV, GlobalWafers has produced with full capacity in the whole year. By actively allocating the capacities around the world, utilizing the flexible deployment of locations in each country, the Company has continuously delivered safely and steadily, to meet customers' needs and outperformed. The full year consolidated revenue for 2021 of GlobalWafers is NT$61.13 billion, or a 10.4% annual growth; the gross profit is NT$23.29 billion, and the operating profit is NT$17.69 billion; the profit before tax is NT$16.45 billion, and the net profit is NT$11.87 billion, with EPS after tax of NT$27.27 (EURO 50 million termination fee for the Siltronic acquisition was recognized in Q4, 2021, so the EPS of the quarter decreased by NT$3.5. Without this expense, the Company assumes the original EPS would have been NT$30.77). The full year revenue of 2021 breaks the threshold of NT$60 billion, a historic high. The full year gross margin is 38.1%, the second highest record; and the full year net profit margin is 28.9%, the third highest record!

The following is a summary report on the 2021 operation results, the 2022 business plan summary, future company development, external competition, regulatory environment and overall economic environment:

I. Operating Results in 2021

(I) Business Plan Implementation Results

Unit: NT$ thousands

Year Item	2021 (IFRSs)	2020 (IFRSs)	Percent Change (%)
Revenue	61,130,592	55,358,788	10.4%
Cost of goods sold	37,844,704	34,790,674	8.8%
Gross Profit	23,285,888	20,568,114	13.2%
Operating Expenses	5,592,496	5,281,265	5.9%
Operating Income	17,693,392	15,286,849	15.7%
Profit Before Tax	16,445,453	16,614,967	-1.0%
Net Profit	11,870,037	13,103,631	-9.4%

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

(II) Budget Implementation: The Company had not announced its financial forecast for 2021.

(III) Profitability analysis

Items			2021	2020
Financial Structure	Debt to asset ratio		69.71%	53.45%
	Long-term funds to PPE (PPE-plant, property, equipment)		352.31%	176.55%
Profitability Analysis	Return on Assets Ratio		9.85%	13.75%
	Return on Equity Ratio		26.44%	29.37%
	Percentage in Paid-in capital	Operating Profit	404.65%	349.61%
		Profit Before Tax	376.11%	379.99%
	Net Profit Margin		19.42%	23.67%
	After-tax earnings per share (NT$)		27.27	30.11

(IV) Financial Income and Expenditure

The Company's 2021 operating revenue is NT$61,130,592 thousands, the cost of goods sold is NT$37,844,704 thousands, the operating expenses is NT$5,592,496 thousands. The non-operating revenue and expenditure is net expenditure NT$1,247,939 thousands and profit before tax is NT$16,445,453 thousands, net profit after tax is NT$11,870,037 thousands, financial income and expenditure are normal.

(V) Research and Development Status

1. R&D expenditure in 2021

Unit: NT$ thousands

Item/Year	2021	2020
R&D Expenses	2,069,507	1,624,308
Revenue	61,130,592	55,358,788
R&D Expenses to Revenue (%)	3.39%	2.93%

2. R&D results in 2021

Name of technology or product

(1) Ultra low resistivity ingot with Phosphorus doped
(2) Ultra low resistivity ingot with Arsenic doped
(3) Ultra low resistivity ingot with Boron doped
(4) Ultra low resistivity ingot with Antimony wafers
(5) 300mm(110) and (111) special crystal orientation
(6) High off orientation wafering
(7) SOI substrate for 5G RF device application
(8) Low defects ultra-high flatness Silicon substrate for Advanced IC process
(9) Ultra high resistivity wafers with low oxygen

(10) Unpolished wafer and ultra thin wafer
(11) High reflectivity etching wafer
(12) SOI wafer and bounding wafer for high power electronic device
(13) Diffusion wafer and deep diffusion polished wafer
(14) High strength silicon substrate for GaN_HEMT application
(15) GaN Epi
(16) N type SiC wafer
(17) Semi insulating SiC Crystal and the wafer
(18) Taiko wafer
(19) 8“ floating zone gas doped wafers

3. Future R&D plan:
(1) SiC wafer high power automotive electronic device application
(2) Epi-substrate for GaN_HEMT application
(3) High strength and ultra thin silicon substrate with nano structure
(4) SOI substrate for next generation RF device application
(5) 12” EPI wafer
(6) Semi insulating SiC Crystal and the Wafer
(7) GaN on Si D mode power epi wafer
(8) GaN on SI-SiC RF epi wafer
(9) 8“ floating zone gas doped wafers

II. Summary of the Business Plan for 2022

(I) Operating Philosophy

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

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

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

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

(II) Estimated sales volume and the basis:

Based on the analysis of World Semiconductor Trade Statistics (WSTS), in 2021, the scale of the global semiconductor market, including discrete semiconductors, optoelectronics, sensors, and ICs, would reach US$552.961 billion, or grow 25.6% annually, reaching the new record-high. The outlook for 2022 is also optimistic. It is expected that the market scale will grow another 8.8% to US$601.490 billion, the first time breaching the threshold of US$600 billion and recording another new historic high.

By the product categories, in 2021, the global IC sales would reach US$460.841 billion, and the annual growth rate would be revised upwardly from 20.8% to 27.6%. The sales amount of the discrete will grow 26.5% from the previous year to US$30.100 billion, optoelectronics will grow 7.0% from the previous year to US$43.229 billion, and the sensors will grow 25.6% from the previous year to US$18.791 billion.

Although the production chain of electronics has been impacted by the material shortage recently, and the shipment momentum is slowing down, with the strong demands at the end-market, WSTS maintains the 2022 outlook that the global semiconductor market grows continuously; the market scale is revised upwardly from US$573.440 billion previously to US$601.490 billion, and the annual growth rate is maintained at 8.8%; in other words, the market breaches the threshold of US$600 billion for the first time and records another new historic high.

The impacts from COVID-19 on the global semiconductors are still uncertain as the pandemic is still developing, coupled with Russia-Ukraine war and global inflation, the abovementioned are the best forecasts that may be provided under the current circumstance.

(III) Important production and marketing policies:

(1) Deepen the cross-country technology integration platform and enhance the overall quality and customer satisfaction to fulfill the market demands.

(2) Actively engage in the development of compound semiconductors, and fully utilize the existing technologies to expand the leading advantages, to cut into the application of emerging technologies.

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

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

(5) Actively sign long-term agreements with key partners to enhance cooperation.

(IV) Development Strategies of the Company in the Future

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

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

(3) Construct a resilient and flexible local supply chain and diversify suppliers to respond to the pandemic and geopolitics impact swiftly.

(4) By applying the next-generation silicon and compound semiconductors developed with the Group’s edge-cutting technologies to become the top global semiconductor wafer supplier in terms of scale, with the most comprehensive products.

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

(6) Steadily augment operation scale via expansion to increase the competitiveness in the semiconductor wafer sector.

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

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

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

(3) The drastic changes in the international circumstance, emerging of COVID-19 variants, Russia-Ukraine war, global inflation and regional trade conflicts have shocked the macroeconomics. However, GlobalWafers has production facilities around the world and thus is able to allocate flexibly in responding to related regulations, lower taxes and operational costs. Our clients all over the world also effectively diversify the impacts from the pandemic to the revenue and lower the economic risks from overdependence on single area. GlobalWafers also keeps close relationships with customers and establishes a resilient local supply chain and business continuity plan (BCP) to cope with various challenges flexibly.

(4) Carbon neutrality is an international key issue. The governmental regulations, investment institutions, customers and the national policies of trade partners have increasingly scrutinized specifications for energy saving and carbon reduction. The power costs and the carbon tariff at the export destinations are a severe test for the survival ability of enterprises. GlobalWafers owns multiple solar power plants, and the subsidiaries around the world use clean energies to adapt the local policies, plus the profound operation and maintenance experience of solar energy from the parent, Sino-American Silicon Products Inc., GlobalWafers continuously and comprehensively applies various green solutions, expands the ratio of green power utilization, while monitoring various impacts from the extreme climate, to minimize the operating risks.

Looking to the future, while the outlook is promising, the challenges from the omicron variants, frictions from geopolitics, price hikes of raw materials and energies, and the clogged transportation system still remain. While the global trade diversifies, GlobalWafers actively enhances the local supplies, establishes multiple suppliers, and multiple production routes for better resilience to respond to the rapid evolvement with keen competition; meanwhile, GlobalWafers responds with agility to the drastically fluctuating macroeconomics, and innovates to lead the technology trends for continuously driving the growth momentum in this ever-evolving world.

Chairperson Hsiu-Lan Hsu

President Mark England

Chief Account Yu-Ting Lo

Two. Company Profile

I. Date of incorporation: October 18, 2011

II. Company history

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

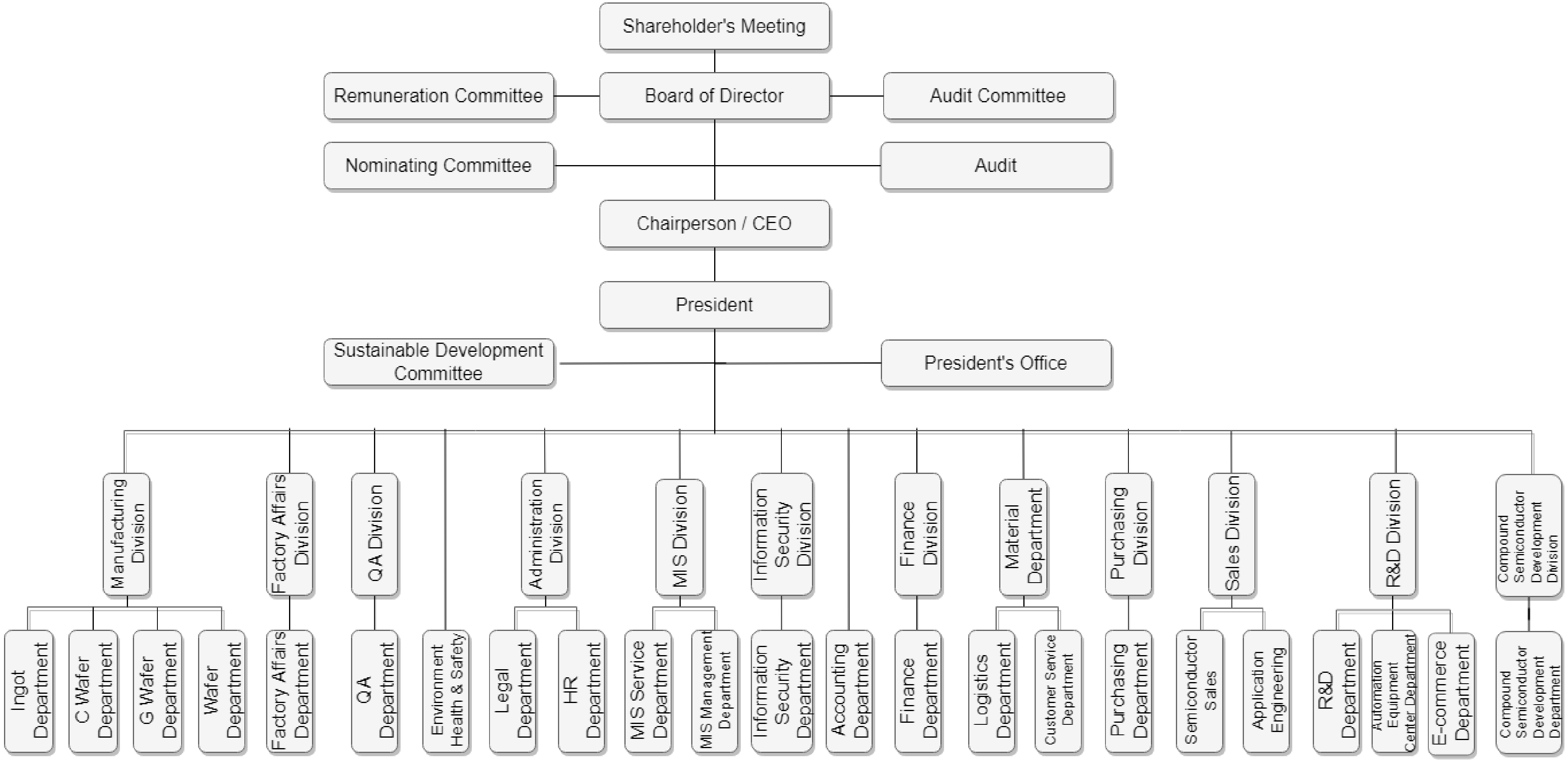
November 2018	The subsidiary, Taisil Electronic, received two silver top awards and one bronze top award of the “QCC Taiwan Continuous Improvement Award of 31st term” organized by the Corporate Synergy Development Center.
December 2018	President of the subsidiary, Taisil Electronic, Yin-sheng Hsueh received the “National Manager Excellence Award-Excellent President” for the 36th term organized by the Chinese Professional Management Association.
January 2019	GlobalWafers Hsinchu Plant passed the golden award certification for Green Building (renovation).
April 2019	Ranking in the Top 5% among TPEx-listed companies in the 2018 Corporate Governance Evaluation of fifth term organized by Securities and Futures Bureau.
May 2019	2019 Happy Enterprise Award of Technology Industries
July 2019	The Outstanding Cooperation Supplier Award ' From HHGrace
October 2019	Certified with the Green Factory Label by the Industry Development Bureau
November 2019	SGS ISO 45001 Plus Award
December 2019	Received the Golden Tower Award of the “2019 Taiwan Continuous Improvement Award” organized by the Corporate Synergy Development Center.
December 2019	The materials from the subsidiary of GlobalWafers, Taisil Electronic, received the Golden Tower Award of the “2019 Taiwan Continuous Improvement Award” organized by the Corporate Synergy Development Center.
April 2020	Ranking in the Top 5% among TPEx-listed companies in the 2019 Corporate Governance Evaluation of sixth term organized by Securities and Futures Bureau.
September 2020	Both the Hsinchu Plant and Chunan Plant won the Extra Excellency Award for “2020 Outstanding Enterprise of Waste Reduction and Circular Economy,” sponsored by the Science Park
December 2020	Received the Golden and Silver Tower Award in “2020 Taiwan Continuous Improvement” organized by the Corporate Synergy Development Center.
December 2020 to January 2022	On December 9, 2020, GlobalWafers resolved the tender offer for the outstanding ordinary shares of Siltronic AG with an offer price of EUR 125 per share via the subsidiary, GlobalWafers GmbH. Both parties entered the business combination agreement on December 9, 2020. On January 22, 2021, the final offer consideration was increased to EUR 145 per share, and achieved a final acceptance level of 70.27% at the end of the offer period, March 1, 2021. However, as of January 31, 2022, the approval from the German government was not obtained, the takeover offer and the agreements which came into existence as a result of the offer were not completed and lapsed.
March 2021	The Utsunomiya Plant (MJL) was awarded the “Eruboshi” label for the business promoting female participation and career advancement in the workplace.
March 2021	GlobalWafers is rated with long-term issuer's credit rating of "twAA-” and short-term issuer's credit rating of “twA-1+,” with the outlook “stable” by Taiwan Ratings.
April 2021	Ranking in the Top 5% among TPEx-listed companies in the 2020 Corporate Governance Evaluation of the seventh term organized by the Securities and Futures Bureau.
May 2021	Issuance of the 1st tranche of the unsecured corporate bonds
June 2021	Issuance of the first offshore euro convertible corporate bonds for USD1 billion
August 2021	Issuance of the 2nd tranche of the unsecured corporate bonds
November 2021	Awarded the Copper Award of “the Third Term of National Enterprise Environmental Protection Award” from the Environmental Protection Administration, Executive Yuan

November 2021	Awarded the Best Trading Contribution in the 2021 “Awards for Excellent Trading Businesses,” from the Bureau of Foreign Trade, MOEA
December 2021	Mr. Ming-huei Chien, CFO, was awarded the “National Manager Excellence Award-Excellent Financial Manager” from the 39th Chinese Professional Management Association
December 2021	Won one Gold Tower Award for the “2021 Taiwan Continuous Improvement Competition” held by the Corporate Synergy Development Center
April 2022	Ranking in the Top 5% among TPEx-listed companies in the 2021 Corporate Governance Evaluation of eighth term organized by Securities and Futures Bureau.

Three. Corporate Governance Report

I. Organization

(I) Organizational Structure



(II) Business of Major Departments

Department	Business Item
Chairperson	Set the Company's target, make management strategies, make the Company's management policies, and execute matters handed over by Board of Directors' resolutions and matters decided by shareholders' meeting
Audit Office	Check and evaluate the soundness, rationality and effectiveness of the Company's internal control system. Responsible for the promotion, auditing and reporting of the internal control system.
President and President's Office	Execute matters handed over by Board of Directors' resolutions, promote management system and project business, draft and make business plans, manage and supervise head of the department to achieve planning objectives, and evaluate and analyze business performance
Manufacturing Division	Responsible for product production, yield and abnormal management, raw material use and scrap management, site maintenance and safety implementation, manpower planning and training, and planning and implementation of capacity expansion, assessing and introducing new equipment and instrument, responsible for improving, maintaining and servicing the production equipment.
Factory Affairs Division	Construction, maintenance, and service of the plants and facilities.
Quality Assurance Division	Responsible for the formulation and management of product quality standards and inspection specifications, feeding, instrumentation, process and product quality inspection, and promotion of quality improvement activities.
Environment, Health & Safety	1. Define the labor safety & health management plans, and instruct related departments to implement the same. 2. Plan and supervise the labor safety & health audit and management conducted by various departments. 3. Plan and supervise the checkpoints and inspection on safety & health facilities. 4. Plan and implement the labor safety & health educational training. 5. Supervise the investigation, treatment, statistics and analysis on labors' occupational disasters. 6. Provide the information and suggestions about labor safety & health management. 7. Plan and supervise the execution of environmental protection plans.
Administration Division	1. Plan, recruit and reserve human resources; implement personnel regulations and systems, educational training and welfare policies. 2. Consultation about legal affairs and compliance.
MIS Division	1. Maintain software and hardware equipment related to information system. 2. Plan and execute computerization.
Information Security Department	Coordinate the establishment, implementation, risk management and compliance of the policies related to the cyber securities and protection
Information Security Division	Coordinate the establishment, implementation, risk management and compliance of the policies related to the cyber securities and protection.
Accounting Department	1. Establish, boost and control the preparation of the Company's annual budget, and review the results thereof. 2. Plan, establish, execute and amend the accounting system. 3. Preparation of financial structure, changes of income and accounting reports, and analysis and interpretation thereon. 4. Tax planning.
Finance Division	1. Allocate the Company's financial capital and negotiate with financial institutions for credit facilities. 2. Execute the plans related to any specific projects.
Material Division	1. Manage production schedules and arrange allocation of production capacity. 2. Handle customers' order and shipment, communication and after-services.
Purchasing	Execute the purchasing operations, evaluate new vendors, and manage raw materials and

Division	collaborative vendors.
Sales Division	1. Make marketing strategy, expand sales market, make communication with customers and provide after-sales service. 2. Responsible for collection of market information, customer service and product application, and assistance in the development and promotion of new products.
R&D Division	Research, develop and test products; improve production technologies, yield rate and production capacity; work with academic units to research, develop and improve production equipment.
Compound Semiconductor Division	leading technology and equipment development for wide band gap compound semiconductor materials such as SiC and GaN.

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

(I) Information of directors and supervisors

April 22, 2022; Unit: Share; %

Title	Nationality or Place of Registration	Name	Gender	Date of Election (Appointment)	Term of Office	Date of Initial Election	Shares Held at the Time of Election		Number of Shares Held Now		Shares Held by Spouse and Minor Children		Shares Held in the Name of Others		Main Experience (Education Background)	Concurrent Position in the Company and Other Companies at Present	Other Heads, Directors or Supervisors with Relations Such as Spouses or Parents			Notes
							Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio			Title	Name	Relationship	
Chairperson	Taiwan R.O.C.	Hsiu-Lan Hsu	Female	June 25, 2018	Three years	October 1, 2011	847,879	0.19%	847,879	0.19%	—	—	—	—	MA in Computer Science from University of Illinois / President of Sino-American Silicon Products Inc.	Note 1	VP, R&D and Manufacturing	Wen-Ching Hsu	Sister and Brother	Note 7
Director	Taiwan R.O.C.	SAS Representative: Ming-Kuang Lu	Male	June 25, 2018 June 25, 2018	Three years Three years	October 1, 2011 October 1, 2011	222,293,000 1,002,560	50.84% 0.23%	222,727,000 1,000,000	51.17% 0.23%	— 290,000	— 0.07%	— —	— —	Honorary Doctor of Engineering of National Chiao Tung University/Chairman of Sino-American Silicon/President of Lite-On Semiconductor Corp./President of Xuxing Science and Technology Corporation/Vice President of Xuli Corporation	Note 2	None None	None None	None None	—
Director	Taiwan R.O.C.	SAS Representative: Tan-Liang Yao	Male	June 25, 2018 June 25, 2018	Three years Three years	October 1, 2011 October 1, 2011	222,293,000 200,293	50.84% 0.05%	222,727,000 200,293	51.17% 0.05%	— 674	— 0.00%	— —	— —	MA in Management from Tamkang University / President of Sino-American Silicon Products Inc./ Assistant Vice President of the Manufacturing Division of Xuxing Science and Technology Corporation	Note 3	None None	None None	None None	—
Director	Taiwan R.O.C.	Kuo-Chow Chen	Male	June 25, 2018	Three years	May 26, 2014	665,773	0.15%	665,773	0.15%	—	—	—	—	Tainan Nan Ying Senior Commercial & Industrial Vocational School / Chairman of Nan Hai Corp. / Board Director of COTA Bank	Note 4	None	None	None	—
Independent Director	Taiwan R.O.C.	Jeng-Ywan Jeng	Male	June 25, 2018	Three years	June 25, 2018	—	—	—	—	—	—	—	—	PhD in Mechanical Engineering of University of Liverpool / Dean of Engineering College of National Taiwan University of Science and Technology / Founder of Taiwan Tech 3D., Co, Ltd. / Chairman of Additive Manufacturing Association of Taiwan	Note 5	None	None	None	—
Independent Director	Taiwan R.O.C.	Chung-Yu Wang	Male	August 24, 2021	Three years	August 24, 2021	—	—	—	—	—	—	—	—	Honorary Doctorate of Chemical Engineering in Chung Yuan University/ Advanced Management Program, Harvard University/Chairperson of Taisil Electronic Materials Corporation. Chairperson of China Steel Corporation/ Chairperson of Tong Lung Metal Industry Co., Ltd. Chairperson of Kaohsiung MRT	Note 6	None	None	None	—
Independent Director	Taiwan R.O.C.	Ming-Ren Yu	Male	August 24, 2021	Three years	August 24, 2021	—	—	—	—	—	—	—		MBA from New York University / Vice President of J.P. Morgan/ Coretronic Corporation CFO & President of Backlight Module Business Group / Executive Vice President of Yuanta Securities Co., Ltd. In Investment Banking Department/Senior Vice	Note 7	None	None	None	—

Title	Nationality or Place of Registration	Name	Gender	Date of Election (Appointment)	Term of Office	Date of Initial Election	Shares Held at the Time of Election		Number of Shares Held Now		Shares Held by Spouse and Minor Children		Shares Held in the Name of Others		Main Experience (Education Background)	Concurrent Position in the Company and Other Companies at Present	Other Heads, Directors or Supervisors with Relations Such as Spouses or Parents			Notes
							Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio			Title	Name	Relationship	
															President & Executive Director of FIH Mobile Limited					

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

Note 2: Director of Sino-American Silicon Products Inc., Chairman and CEO of Actron Technology Corporation, Representative of Institutional Director of Formerica Optoelectroincs Inc., Representative of Institutional Chairman of REC Technology Corporation, Representative of Institutional Chairman of Bigbest Solutions Inc., Director of GlobalWafers Holding Co., Ltd., Director of SAS Holding Co., Ltd, and Independent Director of LITE-ON Technology Corporation.

Note 3: Vice Chairman & President of Sino-American Silicon Products Inc. (concurrent), Representative of Institutional Director and Vice Chairman and Vice CEO of Actron Technology Corporation, Chairman & CEO of Crystalwise Technology Inc., Director of Shanghai Sawyer Shenkai Technology Material Co., Ltd., Director of SY Company LLC, Representative of Institutional Chairman of Sunrise PV Three Co., Ltd., Representative of Institutional Director of Taiwan Specialty Chemicals, Director of GlobiTech Incorporated, Director of GlobalWafers Japan Co., Ltd., Chairman of Kunshan Sino Silicon Technology Co., Ltd., Director of GWafers Singapore Pte. Ltd., Director of GlobalWafers Holding Co., Ltd., Director of SAS Holding Co., Ltd, Representative of Institutional Director of Sustainable Energy Solution Co.,Ltd., and Director of Yuan Hong Technical Materials Ltd..

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

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

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

Note 7: Vice President of Elite Material Co., Ltd.

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

The Chairman of the Company also serves as the Chief Executive Officer. This is in consideration of the Company's operating scale and to improve overall operating efficiency. The Company has separately appointed the position of President. The division of authorities between CEO and President is different. The CEO is for planning (the major function is to formulate the Company's operation guidelines, annual budget plan, important customer relationship maintenance, strategic alliance planning, reinvestment positioning planning and tracking of the actual achievement of the annual plan); the President is responsible for the execution (responsible for the execution, coordination of the company's business, and commands and supervises subordinates to achieve operational goals, while implementing the Company's policies and the operational strategies and related operational matters planned by the CEO); both of them complement each other; The Company's Chairman currently serves as the CEO; this will effectively implement the Company's development blueprint planned by the Board of Director to the planning and execution, as well as enable the Board of Directors to better grasp the Company's operation. More than half of the Board members of the Company do not serve concurrently as employees or managerial officers, and the Board of Directors has three independent director seats. Each functional committee member is held by independent directors, to fully discuss various important issues and make suggestions to the Board of Directors, for enhancing the supervisory function of the Board of Directors and implementing corporate governance.

Note 9: The shareholding is calculated based on the quantity of shares less the treasury stock.

1. Major shareholders of corporate shareholders:

Name of corporate shareholder	Major shareholder of corporate shareholder
Sino-American Silicon Products Inc.	Hong-Wang Investment Corporation (4.27%); J.P. Morgan Securities Plc(2.87%); Nan Shan Life Insurance Co., Ltd. (2.55%); Wei-Lian Technology Co., Ltd. (2.24%), The 1st Time in 2021 of Capital investment by Fubon Asset Management from New Labor Pension Fund (2.03%); China Life Insurance Co., Ltd. (2.02%); Ming-Kuang Lu (2.01%); Cathay Life Insurance Company, Ltd. (1.83%); Hong-Mao Investment Co., Ltd. (1.78%); Ching-Chao Chang (1.75%).

2. Major shareholders of corporate shareholders, who are juristic persons

Name of the juristic person	Major shareholder of the juristic person
Whole Global Investment Corporation	Wei-Lian Technology Co., Ltd. (39.02%), GlobalWafers (30.98%), Actron Technology Corporation (30.00%)
Wei-Lian Technology Co., Ltd.	Hong-Mao Investment Co., Ltd. (32.48%)
Hong-Mao Investment Co., Ltd.	Christian Chinese Trust, Hope and Love Foundation (17.50%), Peace Taiwan Trust, Hope and Love Culture and Education Foundation (17.50%), Social Welfare Charitable Trust Social Welfare Foundation (17.50%) and Weisheng Trust, Hope and Love Charity Foundation (17.50%).

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

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

Name \ Conditions	Professional qualification and experience	Independence status	Number of Other Public Issuing Companies in Which the Individual is Concurrently Serving as an Independent Director
Sino-American Silicon Products Corporation Representative: Tang-Liang Yao	Mr. Tang-Liang Yao obtained a master degree from the Business Administration Institute of Tamkang University. He served as the President of SAS, and Assistant President of Lite-On Power Semiconductor; currently, he is the Chairperson of Crystalwise, Vice Chairperson and President of SAS, as well as Vice Chairperson of Actron Technology Corporation. Mr. Yao has spent 40 years in the industry, with rich knowledge about production, manufacturing, and management. The multiple-year experience as an executive enables Mr. Yao to be very familiar about the operation and management of a company, with abundant cross-discipline corporate experience, to furnish unique insights and advice depending on different macroeconomic and industrial scenarios. Mr. Tang-Liang Yao does not have any of the circumstances in the subparagraphs of Article 30 of the Company Act.	Not Applicable	-
Kuo-Chow Chen	Mr. Kuo-Chow Chen graduated from Nanying Commerce and Industry, and served as Chairman of Nanhai Optoelectronics Technology Co., Ltd. and Director of Sanxin Commercial Bank. Mr. Kuo-Chow Chen is very familiar with the capital market and financial system, and he is also sensitive to the industry. He can provide instant views and insights on the company's operation direction and strategy, and provides adjustment directions and suggestions. Mr. Kuo-Chow Chen does not have any of the circumstances in the subparagraphs of Article 30 of the Company Act.	Not Applicable	-

Conditions / Name	Professional qualification and experience	Independence status	Number of Other Public Issuing Companies in Which the Individual is Concurrently Serving as an Independent Director
Jeng-Ywan Jeng	Mr. Jeng-Ywan Jeng obtained PhD in Machinery Engineering fro University of Liverpool, U.K.; currently he is Distinguished Professor and Director of the High Speed 3D Printing Research Center in National Taiwan University of Science and Technology. Mr. Jeng's research field includes additive manufacturing (3D printing or rapid prototyping), laser processing, corporate R&D patents and knowledge Management, cross-field integration. His broad knowledge is very beneficial to the Company's R&D direction and IP management. Mr. Jeng-Ywan Jeng does not have any of the circumstances in the subparagraphs of Article 30 of the Company Act, and qualified for the requirements of the professional qualification in Article 2 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	Mr. Jeng-Ywan Jeng is qualified for the requirements of the professional qualification in Article 3 and Article 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," including but not limited to: him/herself, spouse, or relative within the second degree of kinship serving as a director, supervisor, or employee of the company or any of its affiliates; himself, spouse, or relative within the second degree of kinship not holding the Company's shares (or under other's name); not serving as a director, supervisor, or employee of the companies having certain relationship with the Company; compensation received for providing auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate in the past two years not exceeding the statutory limit.	2

Conditions / Name	Professional qualification and experience	Independence status	Number of Other Public Issuing Companies in Which the Individual is Concurrently Serving as an Independent Director
Chung-Yu Wang	Mr. Chung-Yu Wang is an honorary PhD of Department of Chemical Engineering, Chung Yuan Christian University; he had served the Chairperson of many companies, including China Steel, Taisil Electronic, Tong Lung Metal, and Kaohsiung Rapid Transit Corporation. He also served as the Chairperson of Taiwan Steel & Iron Industries Association, ROC-USA Business Council, and Chinese International Economic Cooperation Association, as well as the president of World Steel Association. Mr. Wang also served as the member of the Legislative Yuan of 5th Term. His cross-industry and management experience brings the valuable reference and advices from different aspects. Mr. Chung-Yu Wang does not have any of the circumstances in the subparagraphs of Article 30 of the Company Act, and qualified for the requirements of the professional qualification in Article 2 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	Mr. Chung-Yu Wang is qualified for the requirements of the professional qualification in Article 3 of the " Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," including but not limited to: him/herself, spouse, or relative within the second degree of kinship serving as a director, supervisor, or employee of the company or any of its affiliates; himself, spouse, or relative within the second degree of kinship not holding the Company's shares (or under other's name); not serving as a director, supervisor, or employee of the companies having certain relationship with the Company; compensation received for providing auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate in the past two years not exceeding the statutory limit.	1

Conditions / Name	Professional qualification and experience	Independence status	Number of Other Public Issuing Companies in Which the Individual is Concurrently Serving as an Independent Director
Ming-Ren Yu	Mr. Ming-Ren Yu obtained MBA from New York University. He served as Vice President of JP Morgan Chase Bank, CEO and President of Backlight Modules Business Group of Coretronic Corporation; Executive VP of Yuanta Securities, and Senior VP and Executive Director of FIH Mobile Limited. Currently, he is the Vice President of Elite Material Co., Ltd. Mr. Yu has worked both in the banking and industry, and thus obtained broad finance knowledge and rich practical operations in the industry. Mr. Yu's expertise, knowledge, and finance specialty are essential to the fast-growing GlobalWafers. Mr. Ming-Ren Yu does not have any of the circumstances in the subparagraphs of Article 30 of the Company Act, and qualified for the requirements of the professional qualification in Article 2 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	Mr. Ming-Ren Yu is qualified for the requirements of the professional qualification in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," including but not limited to: him/herself, spouse, or relative within the second degree of kinship serving as a director, supervisor, or employee of the company or any of its affiliates; himself, spouse, or relative within the second degree of kinship not holding the Company's shares (or under other's name); not serving as a director, supervisor, or employee of the companies having certain relationship with the Company; compensation received for providing auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate in the past two years not exceeding the statutory limit.	-

(III) The board of directors' diversity and independence:

I. The board of directors' diversity

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

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

The implementation of diversity by board members is illustrated as follows

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

The Company's 5th-term Board of Directors consists of seven directors, including three independent directors. They include one female director, and also hold abundant educational backgrounds and experience in business administration, professional technology, business and finance, namely the knowledge, skills and literacy required by their job duties. Of the seven current directors of the Company, 14% are directors with employee status, 43% are independent directors, and 14% are female directors. Two of the three independent directors have a term of less than three years, and one between three and six years. The Company values the Board members' industrial experiences. The goal is to have the majority of directors have semiconductor related experience; among the current directors, 71% have semiconductor related experience. Further, the Company also values the proportion of the Board members' genders. The Company aims to elect at least one female director, and for the time being, the Company has one female director, accounting for 14% of the whole directors. In the future, based on various considerations of directors, the Company will strive to increase female directors.

II. The board of directors' independence:

The Company's 5th-term Board of Directors consists of seven directors, including three independent directors, accounting 43%. All independent directors are qualified for the independence requirement set forth in Article 3, and the concurrent post restriction set forth in Article 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." The composition of the board has no circumstances provided in paragraph 3 and 4 of Article 26-3, the Securities and Exchange Act (spouses or relatives within the second degree of kinship among directors). The composition of the board meets the independence requirement.

(II) President, assistant presidents, vice assistant presidents, and the supervisors of all the company's divisions and branch units:

April 22, 2022; Unit: Share; %

Title (Note 1)	Nationality	Name	Gender	Date of Election (Appointment)	Shareholding			Spouse & Minor Shareholding		Shares Held in the Name of Others		Experience (Education) (Note 2)	Concurrent Positions in Other Companies	Managers Who are Spouses or Within Two Degrees of Kinship			Notes
					Number of shares	Shareholding Ratio		Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio			Title	Name	Relationship	
CEO	Taiwan R.O.C.	Hsiu-Lan Hsu	Female	October 1, 2011	847,879	0.19%		–	–	–	–	MA in Computer Science from University of Illinois / President of Sino-American Silicon Products Inc.	Note 1	VP, R&D and Manufacturing	Wen-Ching Hsu	Sister and brother	Note 7
President	U.S.	Mark Lynn England	Male	October 1, 2014	–	–		–	–	–	–	University of Texas,Austin,Texas. BBA, Engineering Management/ GlobalWafers Co.Ltd. V.P., Sales & Marketing / Texas Instruments Manager,Product Engineering	Note 2	None	None	None	–
R&D Vice President Manufacturing Vice President	Taiwan R.O.C.	Wen-Ching Hsu	Male	September 2, 2014	17,778	0.00%		–	–	–	–	PhD, Institute of NanoEngineering and MicroSystems, National Tsing Hua University / Researcher, Chemical Engineering Institute, ITRI / VP, R&D Center, Sino-American Silicon	None	CEO	Hsiu-Lan Hsu	Sister and brother	–
Logistics Vice President	Taiwan R.O.C.	Wei-Wen Chen	Male	September 2, 2014	20,700	0.00%		–	–	–	–	Master of Finance, National Taiwan University / Master of Engineering, Cornell University / Senior Associate VP, Supply Chain Center, APAC, NXP Semiconductors	Note 3	None	None	None	–
Sales& Marketing Vice President	Taiwan R.O.C	Sheng-Hsiung Hung	Male	March 19, 2015	–	–		–	–	–	–	Master, Manufacturing Engineering, Boston University / VP, Marketing and R&D, Kunshan Sino Silicon Technology Co., Ltd.	Note 4	None	None	None	–
Procurement Vice President	Taiwan R.O.C.	Jing-Wen Chou	Female	July 1, 2016	4,150	0.00%		–	–	–	–	MBA, Long Island University / Procurement Manager, Wistron NeWeb Corporation / Project Manager, Symbol Technologes	None	None	None	None	–
Corporate Development Vice President	Taiwan R.O.C.	Chung-Wei Lee	Male	March 21, 2017	–	–		–	–	–	–	Master of Business Administration, Meiji University, Japan/Executive Vice President and President of Covalent Materials Taiwan/Associate of MITSUI & CO. (Taiwan), LTD.	Note 5	None	None	None	–
Sales& Marketing Assistant Director	Taiwan R.O.C.	Tien-wen Yu	Male	March 20, 2018	8,510	0.00%		–	–	–	–	Department of Business Administration, Taipei Junior College of Business / Vice Director, Marketing, Sino-American Silicon	None	None	None	None	–
CFO	Taiwan R.O.C.	Ming-Huei Chien	Male	September 2, 2014	19,730	0.00%		–	–	–	–	Master, Institute of Business Administration, National Taipei University / Manager, Sales Management, JihSun International Bank / Finance Manager, Sunrise Global	Note 6	None	None	None	–
Accounting Manager	Taiwan R.O.C.	Yu-Ting Lo	Female	March 23, 2018	–	–		–	–	–	–	Department of Accounting, National Cheng Kung University / Audit Manager, KPMG / Accounting Assistant Manager, LITE-ON Technology / Accounting Assistant Manager, Sunplus Innovation Technology	None	None	None	None	–
President of Taisil Branch	Taiwan R.O.C.	Yin-Sheng Shueh	Male	January 2, 2020	–	–		–	–	–	–	PhD., Graduate School of Material Engineering, Ohio State University/Taisil Electronic Materials Corp.	None	None	None	None	–
R&D Vice President of Taisil Branch	Taiwan R.O.C.	Liang-Chin Chen	Male	February 1, 2020	–	–		–	–	–	–	PhD, Graduate School of Chemical Engineering and Materials, University of Minnesota / Technical Director, Siltronic AG / VP, Engineering Technology and R&D, Taisil Electronic Materials Corp.	None	None	None	None	–
QA/Product Integration Vice President of Taisil Branch	Taiwan R.O.C.	Yao-Yi Huang	Male	February 1, 2020	–	–		–	–	–	–	Development of Electrical Engineering, Tamkang University / VP, QA and Product Integration, Taisil Electronic Materials Corp.	None	None	None	None	–

Production Vice President of Taisil Branch	Taiwan R.O.C.	Chun-Jung Huang	Male	February 1, 2020	–	–		–	–	–	–	Master, Institute Mechanical Engineering, National Cheng Kung University / VP, Production, Taisil Electronic Materials Corp.	None	None	None	None	–
Projects Vice President of Taisil Branch	Taiwan R.O.C.	Chun-Wei Huang	Male	February 1, 2020	–	–		–	–	–	–	Department of Power Mechanical Engineering, National Tsing Hua University / Associate VP, Project, Taisil Electronic Materials Corp.	None	None	None	None	–

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

Note 2: Director and President of GlobiTech Incorporated, Director of GlobalWafers Japan Co., Ltd., President of MEMC LLC, Director of GWafers Singapore Pte.Ltd., Director of GlobalWafers Singapore Pte., Ltd., and Director of MEMC Korea Company.

Note 3: Supervisor of GlobalWafers Japan Co., Ltd (concurrent), Supervisor of MEMC Japan Limited, Supervisor of Kunshan Sino Silicon Technology Co., Ltd., Director of Topsil GlobalWafers A/S, Independent Director of High Power Lighting Corp.

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

Note 5: Vice President of Corporate Development and Spokesperson of Sino-American Silicon Products Inc.

Note 6: Corporate Governance Officer of GlobalWafers Co., Ltd., Corporate Governance Officer of Sino-American Silicon Products Inc., Supervisor of Taiwan Specialty Chemicals, Representative of Institutional Supervisor of Sunrise PV Three Co., Ltd., Representative of Institutional Director of Sustainable Energy Solution Co.,Ltd., Director of GlobiTech Incorporated, Director of Kunshan Sino Silicon Technology Co., Ltd., Director of MEMC Electronic Materials S.p.A., Director of MEMC Electronic Materials Sdn. Bhd., Director of GlobalWafers GmbH, Representative of Institutional Director of Hong Wong Investment Corporation.

Note 7: Where the chairperson of the board of directors and the president or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto.

The Chairman of the Company also serves as the Chief Executive Officer. This is in consideration of the Company's operating scale and to improve overall operating efficiency. The Company has separately appointed the position of President. The division of authorities between CEO and President is different. The CEO is for planning (the major function is to formulate the Company's operation guidelines, annual budget plan, important customer relationship maintenance, strategic alliance planning, reinvestment positioning planning and tracking of the actual achievement of the annual plan); the President is responsible for the execution (responsible for the execution, coordination of the company's business, and commands and supervises subordinates to achieve operational goals, while implementing the Company's policies and the operational strategies and related operational matters planned by the CEO); both of them complement each other; The Company's Chairman currently serves as the CEO; this will effectively implement the Company's development blueprint planned by the Board of Director to the planning and execution, as well as enable the Board of Directors to better grasp the Company's operation. More than half of the Board members of the Company do not serve concurrently as employees or managerial officers, and the Board of Directors has three independent director seats. Each functional committee member is held by independent directors, to fully discuss various important issues and make suggestions to the Board of Directors, for enhancing the supervisory function of the Board of Directors and implementing corporate governance.

Note 8: The shareholding is calculated based on the quantity of shares less the treasury stock.

(III) Remuneration of Directors, Supervisors, President, and Vice President Paid in the Most Recent Year (2021)

1. Remunerations to general and independent directors

December 31, 2021 Unit: NT$ thousands

Title	Name	Remuneration of Directors: Remuneration (A) – The Company	Remuneration (A) – Companies in the consolidated financial statements	Severance Pay (B) – The Company	Severance Pay (B) – Companies in the consolidated financial statements	Director Remuneration (C) – The Company	Director Remuneration (C) – Companies in the consolidated financial statements	Business Execution Cost (D) – The Company	Business Execution Cost (D) – Companies in the consolidated financial statements	Sum up of 4 items (A+B+C+D) and its ratio to Net Income – The Company	Sum up of 4 items (A+B+C+D) and its ratio to Net Income – Companies in the consolidated financial statements	Relevant Remuneration Received by Directors Who are Also Employees: Salary, Bonuses, and Allowances (E) – The Company	Salary, Bonuses, and Allowances (E) – Companies in the consolidated financial statements	Severance Pay (F) – The Company	Severance Pay (F) – Companies in the consolidated financial statements	Employee Remuneration (G) – The Company – Cash	Employee Remuneration (G) – The Company – Stock	Employee Remuneration (G) – Companies in the consolidated financial statements – Cash	Employee Remuneration (G) – Companies in the consolidated financial statements – Stock	Sum up of 7 items (A+B+C+D+E+F+G) and its ratio to Net Income – The Company	Sum up of 7 items (A+B+C+D+E+F+G) and its ratio to Net Income – Companies in the consolidated financial statements	Compensation paid to directors from an invested company other than the company's subsidiary or from the parent company
Director	Hsiu-Lan Hsu Sino-American Silicon Products Corporation Representative: Ming-Kuang Lu Sino-American Silicon Products Corporation Representative: Tang-Liang Yao Kuo-Chou Chen	10	10	0	0	41,400	44,200	180	180	41,590 0.3504%	44,390 0.3740%	3,537	3,537	0	0	43,800	0	43,800	0	88,927 0.7492%	91,727 0.7728%	53,060
Independent Director	Jeng-Ywan Jeng Chung-Yu Wang Ming-Ren Yu Chi-Hsiung Cheng (Note) Hsien-Chin Chiu(Note)	2,180	2,180	0	0	3,600	3,600	135	135	5,915 0.0498%	5,915 0.0498%	0	0	0	0	0	0	0	0	5,915 0.0498%	5,915 0.0498%	0

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

Note: As the Company had fully re-elected the directors in the 2021 AGM, they were discharged after the re-election in the AGM on August 24, 2021.

Range of Remuneration

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

Note: As the Company had fully re-elected the directors in the 2021 AGM, they were discharged after the re-election in the AGM on August 24, 2021.

2.Remunerations paid to president and vice presidents in the recent year (2021)

December 31, 2021 Unit: NT$ thousands

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and allowances (C)		Employee compensation (D) (Note 2)				Sum up of 4 items (A+B+C+D) and its ratio to Net Income		Compensation paid to directors from an invested company other than the company's subsidiary or from the parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
CEO	Hsiu-Lan Hsu	39,133	45,817	864	864	50,275	50,275	89,650	0	91,150	0	179,922 1.52%	188,106 1.58%	1,500
President	Mark Lynn England													
Vice President	Wen-Ching Hsu													
Vice President	Wei-Wen Chen													
Vice President	Sheng-Hsiung Hung													
Vice President	Jing-Wen Chou													
Vice President	Chung-Wei Lee													
President of Taisil Branch	Yin-Sheng Hsueh													
Vice President of Taisil Branch	Liang-Chin Chen													
Vice President of Taisil Branch	Yao-Yi Huang													
Vice President of Taisil Branch	Chun-Jung Huang													
Vice President of Taisil Branch	Chun-Wei Huang													

Range of Remuneration

Range of Remuneration Paid to Presidents and Vice Presidents of the Company	Name of Presidents and Vice Presidents	
	The Company	Companies in the consolidated financial statements
Below NT$1,000,000	—	—
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	C.W. Lee	C.W. Lee
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)	—	—
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)	—	—
NT$5,000,000 ~ NT$9,999,999	Wei-Wen Chen/Sheng-Hsiung Hong	Wei-Wen Chen/Sheng-Hsiung Hong
NT$10,000,000 ~ NT$14,999,999	Mark Lynn England/Liang-Chin Chen/ Yao-Yi Huang/Chung-Jung Huang/Chun-Wei Huang	Liang-Chin Chen/Yao-Yi Huang/Chung-Jung Huang/Chun-Wei Huang
NT$15,000,000 ~ NT$29,999,999	Wen-Ching Hsu/Jing-Wen Chou/Yin-Sheng Hsueh	Mark Lynn England/ Wen-Ching Hsu/Jing-Wen Chou/Yin-Sheng Hsueh
NT$30,000,000~ NT$49,999,999	Hsiu-Lan Hsu	—
NT$50,000,000 ~ NT$99,999,999	—	Hsiu-Lan Hsu
More than NT$100,000,000	—	—
Total	A total of 12 persons	A total of 12 persons

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

December 31, 2021 Unit: NT$ thousands

	Title	Name	Stock	Cash amount	Total	The ratio of sum to net income (%)
Managerial Officer	CEO	Hsiu-Lan Hsu	—	99,750	99,750	0.84%
	President	Mark Lynn England				
	Vice President	Wen-Ching Hsu				
	Vice President	Wei-Wen Chen				
	Vice President	Sheng-Hsiung Hung				
	Vice President	Jing-Wen Chou				
	Vice President	Chung-Wei Lee				
	Sales Assistant VP	Tien-Wen Yu				
	Financial Assistant VP	Ming-Huei Chien				
	Accounting Assistant Manager	Yu-Ting Lo				
	President of Taisil Branch	Yin-Sheng Hsueh				
	Vice President of Taisil Branch	Liang-Chin Chen				
	Vice President of Taisil Branch	Yao-Yi Huang				
	Vice President of Taisil Branch	Chun-Jung Huang				
	Vice President of Taisil Branch	Chun-Wei Huang				

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

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

Unit: %

Job title	2021 Proportion of remuneration to income after tax (%)		2020 Proportion of remuneration to income after tax (%)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Director	0.40%	0.42%	0.36%	0.38%
President and Vice President	1.52%	1.58%	1.22%	1.37%

2. The policies, standards, and packages by which the remuneration was paid, the procedures through which the remuneration was determined, and its association with business performance and future risks:

(1) The remuneration of the directors of the Company includes three major items: directors' compensation, directors' remuneration, and service expense; these are handled pursuant to the Company's Articles of Incorporation and relevant regulations. The president and vice president's remuneration include of salary, bonus and employee remuneration, which are determined based on the company's Articles of Incorporation and approval authority.

(2) The procedures for determining remuneration

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

The Company established the Remuneration Committee on September 2, 2014. The Committee is engaged in reviewing the assessment on performance of directors and managerial officers, as well as the policies, standards, and packages by which the remuneration is paid, and reviewing the content and amount of directors and managerial officers' remunerations periodically, to report to the Board of Directors.

(3) The correlation with business performance and future risks

The performance appraisal and remuneration of the directors and managerial officers of the Company refer to their positions, participation in the Company's operations, personal performance contributions (including financial indicators such as revenue and profit achievement rate, and non-financial indicators such as laws and internal control compliance, or special achievement) and taking into account the usual standards of the peers, while comprehensively considering the amount of remuneration, payment methods, and future risks faced by the Company. It is are highly related to the Company's operating responsibilities and overall performance.

III. Implementation of Corporate Governance

(I) Operation of the Board of Directors

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

Title	Name	Attendance in Person	No. of presence by proxy	Actual presence (attendance) rate (%)	Notes
Chairperson	Hsiu-Lan Hsu	11	0	100%	5th Term (elected on August 24, 2021)
Director	Sino-American Silicon Products Corporation Representative: Ming-Kuang Lu	11	0	100%	
Director	Sino-American Silicon Products Corporation Representative: Tang-Liang Yao	11	0	100%	
Director	Kuo-Chow Chen	11	0	100%	
Independent Director	Jeng-Ywan Jeng	11	0	100%	
Independent Director	Chung-Yu Wang	3	0	100%	
Independent Director	Ming-Ren Yu	3	0	100%	
Independent Director	Chi-Hsiung Cheng	8	0	100%	Discharged on August 24, 2021
Independent Director	Hsien-Chin Chiu	8	0	100%	

Other mentionable items:

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

II. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:
   1. 26th Board Meeting, 4th Term, May 4, 2021
      - Proposal: Allocation of Directors' Remuneration of the Company of 2020
      - Recused directors: all directors recused separately
      - Reason of recusal and participation of vote: The proposal is voted one by one for each individual director; and each director recused him/herself for his/her own remuneration due to conflict of interest, not participating discussion and voting.
   2. 26th Board Meeting, 4th Term, May 4, 2021
      - Proposal: The Company's Allocation of Managers' Remuneration of 2020
      - Recused directors: Hsiu-Lan Hsu
      - Reason of recusal and participation of vote: Chairperson, Hsiu-Lan Hsu, also concurrently serves as the

CEO, a managerial officer position. She recused herself due to conflict of interest, not participating discussion and voting.

3. 27th Board Meeting, 4th Term, June 23, 2021
   - Proposal: the Company intents to purchase silicon raw material from the parent, Sino-American Silicon Products Inc.
   - Recused directors: Hsiu-Lan Hsu, Ming-Kuang Lu, Tang-Liang Yao
   - Reason of recusal and participation of vote: Chairperson Hsiu-Lan Hsu, and Director Ming-Kuang Lu and Director Tang-Liang Yao also serve as the Chairperson, Director, and Vice Chairperson of Sino-American Silicon Products Inc.; they recused themselves due to conflict of interest, not participating discussion and voting.
4. 1st Board Meeting, 5th Term, August 24, 2021
   - Proposal: Appoint the member of the fourth term Remuneration Committee
   - Recused directors: Jeng-Ywan Jeng, Chung-Yu Wang, Ming-Ren Yu
   - Reason of recusal and participation of vote: the independent directors, Mr. Jeng-Ywan Jeng, Mr. Chung-Yu Wang, and Mr. Ming-Ren Yu were the candidates of the Remuneration Committee members, so the recused themselves due to conflict of interest, not participating discussion and voting.
5. 3rd Board Meeting, 5th Term, December 7, 2021:
   - Proposal: Appoint the member of the second term Nomination Committee
   - Recused directors: Hsiu-Lan Hsu, Jeng-Ywan Jeng, Ming-Ren Yu
   - Reason of recusal and participation of vote: the Chairperson, Hsiu-Lan Hsu, and independent directors, Mr. Jeng-Ywan Jeng, and Mr. Ming-Ren Yu were the candidates of the Nomination Committee members, so the recused themselves due to conflict of interest, not participating discussion and voting.

III. Implementation of the Board of Directors Appraisal

Evaluation Cycle	Evaluation periods	Evaluation scope	Evaluation method	Evaluation method
Once a year	Evaluated the performance between January 1, 2021 to December 31, 2021	Board of directors Individual board member Functional committee (including Audit Committee, Remuneration Committee and Nomination Committee)	Self-evaluation within the Board of Directors Self-evaluation of board member Self-evaluation of functional committee	Evaluation of the Board of Directors Performance 1. The degree of participation in the company's operations. 2. Improvement in the quality of decision making by the board of directors. 3. The composition and structure of the board of directors. 4. The election of the directors and their continuing professional education. 5. Internal controls. Evaluation of the Individual Board Member Performance 1. Their grasp of the company's goals and missions. 2. Their recognition of director's duties. 3. Their degree of participation in the company's operations. 4. Their management of internal relationships and communication. 5. Their professionalism and continuing professional

				education. 6. Internal controls. Evaluation of the Functional Committee Performance 1. The degree of participation in the company's operations. 2. Their recognition of the duties of the functional committee. 3. Improvement in the quality of decision making by the functional committee. 4. The composition of the functional committee, and election and appointment of committee members. 5. Internal controls.

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

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

(II) Operations of Audit Committee or Supervisors' attendance to the Board meetings

Operations of Audit Committee:

The Company established the Audit Committee to replace supervisors on January 19, 2015.

The office of this term of Audit Committee members is from August 24, 2021 to August 23, 2024. During 2021, the Audit Committee had convened ten meetings (A), and the attendance of independent directors are as following:

Title	Name	Attendance in Person (B)	No. of presence by proxy	Actual attendance rate (%) (B/A)	Notes
Independent Director	Jeng-Ywan Jeng	10	0	100%	The third session (elected on August 24, 2021)
Independent Director	Chung-Yu Wang	2	0	100%	
Independent Director	Ming-Ren Yu	2	0	100%	
Independent Director	Chi-Hsiung Cheng	8	0	100%	Discharged on August 24, 2021
Independent Director	Hsien-Chin Chiu	8	0	100%	

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

Formation and operations of Audit Committee:
The Company's Audit Committee consists of 3 independent directors, and operates primarily in order to supervise the following matters:

(1) The fair expression of the Company's financial statements.
(2) Selection (dismissal) of the external auditor and his competence, qualification, independence and performance.
(3) Effective implementation of the Company's internal control.
(4) The Company's compliance with related laws and rules.
(5) Control over the Company's existing or potential risks.

Other mentionable items:

I. Where the operation of the Audit Committee meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, independent directors' dissent, qualified opinion, or material recommendations, resolution of the Audit Committee and the Company's handling of said resolution:
    (1) The matters referred to in Article 14-5 of the Securities and Exchange Act and resolutions:
    All of the motions have been approved by all members present at the Committee meetings and then by all directors present at the Boar meetings in 2021. The motions are stated as following (V. Annual operations of the Audit Committee).
    (2) Aside from said circumstances, resolution(s) not passed by the Audit Committee but receiving the consent of two-thirds of the whole directors: None.
II. In instances where a director recuses himself/herself due to a conflict of interest, the minutes shall clearly state the director's name, contents of motions, reason for not voting and actual voting counts: None.
III. Communication between independent directors and internal auditing officers as well as external auditors (such as items discussed, means of communication and results on the Company's finance and business, etc.):
    (I) Communication between independent directors and internal auditing officers, as well as external auditors
        1. The Company's internal auditing officers communicate with the Audit Committee members for the audit report result and their follow-up report periodically.
        2. The Company's external auditors report to independent directors the result of their audit or review on the financial statements of the Company and its subsidiaries, as well as other matters to be communicated as required by laws, at the Audit Committing meetings each quarter.

    (II) The summary of the communication between independent directors and internal auditing officers in 2021

Date	Focus of communication	Recommendations and results
March 16, 2021 Audit committee	2020 Internal audit report 2020 Statement of Declaration on Internal Control System	No objection.
May 4, 2021 Audit committee	Internal audit report of Q1 2021	No objection.
August 3, 2021 Audit committee	Internal audit report of Q2 2021	No objection.
November 2, 2021 Audit committee	Internal audit report of Q3 2021 2022 Internal audit plan	No objection.

(III) The summary of the communication between independent directors and external auditors in 2020

Date	Focus of communication	Recommendations and results
March 16, 2021 Audit committee	Report on the result of audit on 2020 consolidated financial statements and standalone financial statements, and review and communication about the effects of application of accounting principles and amendments to laws & regulations.	No objection.
May 4, 2021 Audit committee	Report on the result of audit on the consolidated financial statements of Q1 2021, and review and communication about the effects of application of accounting principles and amendments to laws & regulations.	No objection.
August 3, 2021 Audit committee	Report on the result of audit on the consolidated financial statements of Q2 2021, and review and communication about the effects of application of accounting principles and amendments to laws & regulations.	No objection.
November 2, 2021 Audit committee	Report on the result of audit on the consolidated financial statements of Q3 2021, and review and communication about the effects of application of accounting principles and amendments to laws & regulations.	No objection.

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

The Audit Committee held a total of ten meetings in 2021 to review the following motions:

1. Review on financial statements and accounting policies & procedures:
   Review on the 2020 financial statements, and Q1 to Q3 financial statements of 2021.
2. Appraisal on internal control system and validity thereof:
   Review on internal audit report and validity of 2020 internal control system;
3. Amendments to the procedures for acquisition or disposition of assets, derivatives trading, loaning of fund to others, endorsements or guarantees for others; transactions of substantial assets, derivatives, loaning of fund and endorsements or guarantees
4. Appointment (dismissal), remuneration, competence, independence and performance of external auditors:
   Review on the competence, independence and performance of external auditors in 2020
5. Appointment/dismissal of financial, accounting or internal audit managers;
6. Reviewing the Company’s acquisition of Siltronic AG’s equity

V. Annual operations of Audit Committee:

Session / Date of the Remuneration Committee	Content of motion	Matters listed in Article 14-5 of Securities and Exchange Law	Resolution results of the Audit Committee and the Company's Treatment of the Audit Committee's Opinions
2nd term	1. For the Company’s acquisition of Siltronic AG’s equity, it is intended to	V	Approved by all members

20th Meeting January 19, 2021	authorize the Chairperson to change the acquisition conditions based on the market changes and acquisition progress		present at the Audit Committee meeting and passed by all directors present at the Board meeting.
2nd term 21st February 1, 2021	1. The Company loans funds to the subsidiary, GlobalWafers GmbH	V	
2nd term 22nd March 16, 2021	1. Motion for report on Internal audit report.	V	
	2. Motion for assessment report on independence and performance of the Company's external auditors.	V	
	3. Motion for report on undertaking of derivatives trading.	V	
	4. The Company's business report and financial statements for 2020	V	
	5. Amendment to the Company's " Policies and Procedures for Financial Derivatives Transactions"	V	
	6. Amendment to the Company's " Acquisition or Disposal of Assets Procedure"	V	
	7. Declaration of Internal Control System of 2020	V	
	8. Amendment to the Company's "Internal Control System"	V	
	9. The Company's 2020 Certified Fees of CPAs	V	
	10. Capital increase of the subsidiary, Sunrise PV Electric Power Five	V	
	11. The Company applies commercial paper underwriting limit from a financial institute	V	
2nd term 23rd April 13, 2021	1. Apply for a credit line for the subsidiary GlobalWafers GmbH, the Company serves as a guarantor	V	
2nd term 24th April 21, 2021	1. The Company applies commercial paper underwriting limit from a financial institute	V	
	2. Proposal to issue domestic unsecured common corporate bonds	V	
	3. The Company intends to issue the first batch of overseas unsecured euro convertible corporate bonds for 2021.	V	
	4. To meet the Company's financial needs, it is proposed to conduct public offerings of securities.	V	
	5. Proposal of capital increase for the Singaporean subsidiary, GWafers Singapore Pte. Ltd	V	
2nd term 25th May 4, 2021	1. Motion for the Company's consolidated financial statements of Q1 2021.	V	
	2. Motion for report on Internal audit report.	V	
	3. Motion for report on undertaking of derivatives trading.	V	
	4. The 2020 earning distribution table and the proposal of the earning distribution for the latter half of 2020.	V	
	5. Apply bank credit line for the Company's subsidiary, and the Company serves as the guarantor.	V	
2nd term 26th June 23, 2021	1. Apply bank credit line for the Company's subsidiary, and the Company serves as the guarantor.	V	
	2. The proposal of making endorsement/guarantee to the subsidiary, GlobalWafers GmbH. As the subsidiary's net worth in the 2021 Q1 financial statement was lower than half of the paid-in capital, it is intended to take the follow-up control measures based on the Company's regulations for making endorsement/guarantee.	V	
	3. Proposal of the material capital expenditure of the Company and subsidiaries	V	
	4. Proposal that the Company intends to purchase polysilicon from the parent, Sino-American Silicon Products Inc.	V	
2nd term 27th August 3, 2021	1. Motion for the Company's consolidated financial statements of Q2 2021.	V	
	2. Motion for report on Internal audit report.	V	
	3. Motion for report on undertaking of derivatives trading.	V	
	4. Apply bank credit line for the Company's subsidiary, and issuance of a letter of support (LOS).	V	
	5. Apply bank credit line for the Company's subsidiary, and the Company serves as the guarantor.	V	
	6. The Company and the subsidiaries' overdue receivable were all actual transactions, so such receivables need not to be listed as fund loaning to others.	V	

	7. Amendment to the Company's "Accounting System"	V	
The third session 1st November 2, 2021	1. Motion for report on undertaking of derivatives trading.	V	
	2. Proposal of offering guarantee to a subsidiary.	V	
	3. Motion for report on Internal audit report.	V	
	4. Motion for the Company's consolidated financial statements of Q3 2021.	V	
	5. 2022 Internal audit plan	V	
	6. Establishment of Taisil Branch's internal control system.	V	
	7. Apply bank credit line for the Company's subsidiary, and the Company serves as the guarantor.	V	
	8. Cancelled to be a guarantor of a subsidiary for applying credit facility	V	
	9. Proposal of offering guarantee to a subsidiary for it to sign a long-term supply agreement with a customer, and receive the preayment.	V	
	10. Fund lending to subsidiaries	V	
	11. Proposal to establish the "Risk Management Policy and Procedures."	V	
The third session 2nd December 7, 2021	1. Establish the 2022 business plan	V	
	2. The Company's earnings allocation for the first half of 2021	V	
	3. Coping with the internal adjustment of the accounting firm, proposal to replace the CPAs.	V	
	4. Fund lending to subsidiaries	V	

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

Evaluation Item	Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
I. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has established and disclosed the Corporate Governance Best-Practice Principles on the website based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"	No significant difference
II. Shareholding structure & shareholders' rights of the Company				No significant difference
(I) Whether the Company has defined some internal operating procedure to deal with suggestions, questions, disputes and legal actions from shareholders, and implemented the procedure?	V		(I) The Company entrusts Shareholders Service Dept. of Yuanta Securities Co., Ltd. to handle the problems posed by shareholders on behalf of it, and also establishes the spokesman system to deal with related matters, as well as the pages specifically for Investors and Stakeholders on the website dedicated to accepting any questions or suggestions.	
(II) Whether the Company controls the list of major shareholders and the controlling parties of such shareholders?	V		(II) The Company controls the status of directors, managerial officers, and major shareholders holding more than 10% shareholding. The Company declares related information monthly on the Market Observation Post System (MOPS).	
(III) Whether the Company establishes or implements some risk control and firewall mechanisms between the Company and its affiliate?	V		(III) The Company's internal control covers the corporate risk management activities and operating activities. The Company establishes the "Regulations Governing Supervision on Subsidiaries of GlobalWafers" to fulfill the risk control mechanism against subsidiaries. Meanwhile, the Company also establishes the "Regulations Governing Management of Investment" and "Operating Procedure for Transactions of Group Members and Specific Companies with Related Parties" to govern the purchases/sales, acquisition or disposition of assets, endorsements/guarantees and loaning of fund by the affiliates. (IV) The Company establishes the "Procedure for Prevention of Insider	

Evaluation Item	Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(IV) Whether the Company has established internal policies that prevent insiders from trading securities based on non-public information?	V		Trading" to prohibit insiders from trading securities based on non-public information.	
III. Composition and Responsibilities of the Board of Directors (I) Whether the Board of Directors has diversified policies regulated and implemented substantively according to the composition of the members? (II) Whether the Company, in addition to establishing the Remuneration Committee and Audit Committee, pursuant to laws, is willing to establish any other functional committees voluntarily? (III) Does the company established the Regulations	 V V		(I) The Company's "Corporate Governance Best-Practice Principles" has expressly defined the formation of the Board members and ability to be held by the members. The Company has also established the diversified policy for the Board members. For the education and experience, professional quality, independence, and diversity of each director, please refer to "Three. Corporate Governance Report/II. Information of Directors" in the annual report. The information above is also disclosed in the Company's website. (II) The Articles of Incorporation expressly state that the Company may establish functional committees subordinated to the Board of Directors. Establishment and functions of the related committees shall comply with the regulations established by the competent authority. The functional committees which the Company have established are stated as following: The Remuneration Committee established in 2014 consists of 3 independent directors. The Audit Committee established in 2015 consists of 3 independent directors. The Corporate Sustainability Committee established in 2017 consists of the management team, and Chairman of Board acts as the Committee Chairman responsible for reporting the status and results to the Board of Directors periodically. In 2020, the Nomination Committee was established, consisting of the Chairman and two independent directors.	No significant difference

Evaluation Item	Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
Governing the Board Performance Evaluation and its evaluation methods, and does the company perform a regular performance evaluation each year and submit the results of performance evaluations to the Board of Directors and use them as reference in determining compensation for individual directors, their nomination, and additional office terms?	V		(III) The Company has established the "Regulations Governing Performance Appraisal on Board of Directors and Functional Committees". At the end of each year, according to the overall planning of President's Office, the performance appraisal on the entire Board of directors, individual Board member and functional committees (including Audit Committee, Remuneration Committee and Nomination Committee) will be carried out in the form of the internal self-appraisal questionnaire. The appraisal result will be reported to the Board of Directors and served as the reference for remuneration of individual director, and election or nomination of directors, and also the suggestions about improvement on the operations and functions of the Board of Directors and functional committees. The scope of appraisal covers the level of participation in the Company's operations, upgrading of the decision making of meetings, formation and structure of the Board of Directors and functional committees, election of directors and committee members, continuing education and internal control, et al.. The Company has completed the 2021 performance appraisal on the Board of Directors and functional committees. The appraisal report was already reported to the Board meeting on March 15, 2022 and disclosed on the Company's website.	
(IV) Whether the Company assesses the independence of the external auditor periodically?	V		(IV) The Company has established the "Regulations Governing Appraisal on Independence and Performance External Auditors". The Company will assess the external auditors' independence, competence and performance each year, and submit the assessment report to the Audit Committee and Board of Directors for approval. The Company has completed the 2021 appraisal on independence and performance of external auditors. The appraisal report was already reported to the	

Evaluation Item	Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			Audit Committee meeting and the Board meeting on March 15, 2022. The scope of appraisal on independence covers the 15 indicators, including whether the external auditors hold the position as directors/supervisor or managerial officers of customers, or any other positions which may render material effect to the audited cases, whether the external auditors have direct or indirect material financial interest with the Company, whether the external auditors have significant business relations and employment relations with the Company, and whether the external auditors promote, or act as the broker for, the stock or other securities issued by the Company. The performance indicators include service quality, level of profession and timeliness.	
IV. Do TWSE/TPEx Listed Companies appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?	V		The Company resolved at the Board meeting on May 7, 2019 that the Company's financial officer, Director Ming-huei Chien, should hold the position as the Company's corporate governance officer concurrently (who has the experience in the management of finance, shareholders' service and parliamentary procedures for TWSE/TPEx-listed companies for more than three years), responsible for leading and guiding the President's Office to process corporate governance-related affairs and provide directors with support. The functions to be performed by him include: 1. Convention of the Board meetings and shareholders' meetings under laws. 2. Preparation of the Board meeting and shareholders' meeting minutes. 3. Helping directors with their duties and continuing education. 4. Providing directors with the information needed to perform their duties. 5. Helping directors comply with laws. 6. Other requirements under the Articles of Incorporation.	No significant difference

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>The status of business executed by the corporate governance officer this year:
1. Set and plan the review on the corporate governance-related regulations, and add and amend the same to fulfill the compliance.
2. Provide the directors with the information needed to perform their duties, and help the directors with their compliance.
3. Help the new directors with their duties and provide related support.
4. Arrange the continuing education courses for individual directors (each director shall attend the training for at least 6 hours each year, provided that each new director shall attend the training for at least 12 hours in one year).
5. Plan each Board meetings, notify all directors at least within 7 days prior to the meetings, provide sufficient parliamentary information, and send the Board meeting minutes within 20 days after the meetings.
6. Pre-register the shareholders’ meetings pursuant to laws, produce the meeting notices, meeting handbook, annual reports and meeting minutes, and complete corporate registration in case of changes (amendments to the Articles of Incorporation, and election of directors).
The corporate governance officer should take at least twelve hours of continuing education courses per year. Status of the continuing education courses attended by the corporate governance officer until the date of publication of the annual report:
<table>
<tr><th>Training date</th><th>Sponsored by</th><th>Course Name</th><th>Number of Training Hours</th></tr>
<tr><td>September 1, 2021</td><td>Financial Supervisory</td><td>“13th Taipei Corporate Governance Forum” morning</td><td>3.0</td></tr>
</table>
</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td></td><td>Commission</td><td>session</td><td></td></tr>
<tr><td>September 1, 2021</td><td>Financial Supervisory Commission</td><td>“13th Taipei Corporate Governance Forum” afternoon session</td><td>3.0</td></tr>
<tr><td>September 15, 2021</td><td>Digital Governance Association</td><td>Seminar on Responsibility and Risk Management of Directors and Supervisors</td><td>3.0</td></tr>
<tr><td>October 18, 2021</td><td>Taipei Exchange</td><td>The advocacy conference on Insider Shareholdings in TPEx Listed Companies</td><td>3.0</td></tr>
</table></td><td></td></tr>
<tr><td>V. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?</td><td>V</td><td></td><td>The Company has appointed the spokesman and deputy spokesman, and also set up the stakeholder section on the Company’s website as the contact for various stakeholders. The dedicated personnel will be responsible for answering related questions. The Company also disclosed in its CSR report “Chapter One. Negotiation and Identification of Stakeholders” how to identify various stakeholders (including employees, customers, investors, suppliers, government entities and media, et al.), and the communication channels between the Company and various stakeholders, method of response, frequency of communication, and their concerns. The aforesaid information is disclosed in the Stakeholders Section of the Company’s website, and reported in the annual report of the “Corporate Sustainability Committee” to be submitted to the Board of Directors each year.</td><td>No significant difference</td></tr>
<tr><td>VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?</td><td>V</td><td></td><td>The Company entrusts Yuanta Securities Co., Ltd. to act as the Company’s shareholders service agent to handle shareholders service affairs on behalf of the Company.</td><td>No significant difference</td></tr>
<tr><td>VII. Information Disclosure
(I) Whether the Company has established a website</td><td>
V</td><td></td><td>
(I) The Company has set up the website dedicated to providing financial,</td><td>
No significant</td></tr>
</table>

Evaluation Item	Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
that discloses financial, business, and corporate governance-related information?			business, and corporate governance-related information.	difference
(II) Whether there are other means for disclosure adopted by the Company (e.g. set up an English website, with the personnel dedicated to gathering and disclosing relevant information, properly implement the spokesman system, and post the meetings minutes with institutional investors on the Company website, et al.)?	V		(II) The Company has set up an English website and designated dedicated personnel to collect and disclose the Company's information. Since the Company was listed on TWSE, it has completed the publication and regulatory filing of the relevant information pursuant to the requirements by the competent authority and related laws. The shareholders may access and learn the Company's information and important messages (including the information about meetings with institutional investors) on the MOPS or the Company's website. The Company does practice the spokesman and deputy spokesman systems.	No significant difference
(III) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?		V	(III) The Company has many of overseas subsidiaries and the accounting firm takes a long time to audit the annual financial statements. Therefore, the Company announce and declare the annual statements within the statutory period of three months after the end of the fiscal year. Because the quarterly financial statements are reviewed by the CPAs, the Company may arrange for an early announcement and report of the first, second, and third quarter financial statements and monthly operating conditions before the prescribed deadline, to improve the transparency and timeliness of the company's information disclosure.	All except the annual financial report
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor	V		(I) Employee rights and employee care: The Company is used to valuing the labor-management relationship and treating the employees in good faith, and also protect the employees' legal interests and rights pursuant to the Labor Standards Act. Meanwhile, the Company builds	No significant difference

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

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>(VIII) Maintenance of liability insurance for directors: The Company has taken out the liability insurance for its directors to enhance the protection on shareholders’ equity, and disclosed the relevant information in the corporate governance section on the MOPS.</td><td></td></tr>
<tr><td colspan="5">IX. Please specify the status of correction based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures against the remaining deficiencies:
According to the Corporate Governance Evaluation of 2021, the Company ranked at Top 5% among TPEx-listed companies. The corrections and remaining deficiencies are stated as following:
(I) Improvements
1. Established a functional committee (Nomination Committee) other than the statutory functional committees, where the majority is independent directors.
2. To define the successor cultivation planning for the Board members and key management.
3. To report ESG implementation and environmental performance overview indicators to the Board on a quarterly basis.
(II) Remaining deficiencies
1. Planned to increase the number of independent directors</td></tr>
</table>

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

1. Information of Remuneration Committee Members

March 31, 2022

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

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

3. Operations of Remuneration Committee

   (1) The Company's Remuneration Committee consists of three members and all independent directors.
   (2) The office of this term of Remuneration Committee members is from August 24, 2021 to August 23, 2024. During 2021, the Remuneration Committee had convened two meetings (A), and the attendance of independent directors are as following:

Title	Name	Attendance in Person (B)	No. of presence by proxy	Actual attendance rate (B/A)	Notes
Convener	Jeng-Ywan Jeng	2	0	100%	4th term (Appointed on August 24, 2021)
Board member	Chung-Yu Wang	0	0	-	
Board member	Ming-Ren Yu	0	0	-	
Board member	Chi-Hsiung Cheng	2	0	100%	Discharged on August 24, 2021
Board member	Hsien-Chin Chiu	2	0	100%	

Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the Remuneration Committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified): None.
2. For resolution(s) made by the Remuneration Committee with the committee members voicing opposing or qualified opinions on the record or in writing, please specify the meeting date and term, contents of motion, opinions of all members, and the Company's resolution of the members' opinions: None.
3. Operations of Remuneration Committee:

<table>
<tr><th>Session/Date of the Remuneration Committee</th><th>Content of motion</th><th>Resolution results</th><th>The Company's response to the Remuneration Committee's opinion</th></tr>
<tr><td>The third session
8th
March 16, 2021</td><td>1. Employee Remuneration and Director Remuneration Distribution Plan of the Company of 2020</td><td>Agreed and approved by all the members present</td><td rowspan="3">Submitted to the Board meeting and passed upon approval of the whole present directors unanimously.</td></tr>
<tr><td rowspan="2">The third session
9th
May 4, 2021</td><td>1. Allocation of Directors' Remuneration of the Company of 2020</td><td rowspan="2">Agreed and approved by all the members present</td></tr>
<tr><td>2. The Company's Allocation of Managers and Employees' Remuneration of 2020</td></tr>
</table>

(V) Information of members, and operation of the Nomination Committee

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

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

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

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

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

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

(4) Other matters resolved by the Board of Directors to be handled by the committee.

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

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

(2) The office of this term of Remuneration Committee members is from December 7, 2021 to August 23, 2024. During 2021, the Remuneration Committee had convened two meetings (A), and the attendance of independent directors are as following:

<table>
<tr><th>Title</th><th>Name</th><th>Professional qualification and experience</th><th>Attendance in Person (B)</th><th>No. of presence by proxy</th><th>Actual attendance rate (%) (B/A)</th><th>Notes</th></tr>
<tr><td>Convener</td><td>Hsiu-Lan Hsu</td><td rowspan="3">Please refer to the contents of "Three. Corporate Governance Report/ II. Information of directors / (II) Information disclosure for professional qualification and experience of directors and supervisors, and independent directors' independence."</td><td>1</td><td>0</td><td>100%</td><td rowspan="3">2nd term (Appointed on December 7, 2021)</td></tr>
<tr><td>Board member</td><td>Jeng-Ywan Jeng</td><td>1</td><td>0</td><td>100%</td></tr>
<tr><td>Board member</td><td>Ming-Ren Yu</td><td>0</td><td>0</td><td>-</td></tr>
<tr><td>Board member</td><td>Hsien-Chin Chiu</td><td>-</td><td>1</td><td>0</td><td>100%</td><td>Discharged on August 24, 2021</td></tr>
<tr><td colspan="7">The chair of the Committee, Chairperson Hsiu-Lan Hsu is the convener of the Nomination Committee; she has the expertise of operation and management, M&A, and corporate governance, meeting the professional ability required by the Committee.

Other mentionable items:</td></tr>
</table>

Specify the meeting date, session, proposal description, advice or dissent by the Nomination Committee member, the resolution of the Nomination Committee, and the Company's treatment of the Nomination Committee's opinions.

Session/Date of the Nomination Committee	Content of motion	Resolution results	The Company's response to the Nomination Committee's opinion
1st Term 1st March 16, 2021	1. Performance Evaluation of the Company's Board of Directors and Functional Committee 2. Nomination and review of director candidates	Agreed and approved by all the members present	Submitted to the Board meeting and passed upon approval of the whole present directors unanimously.

(VI) Promotion of sustainable development, and variance from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies , and the reason for any such variance

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
I. Did the company have established the governance framework for promoting sustainable development, and a dedicated (concurrent) unit in charge of promoting sustainable development, and the senior management is authorized by the board of directors for handling, as well as the status of board of directors' oversight?	V		The Company has established the Corporate Sustainability Development Committee in June 2017, the highest-level sustainable development decision-making center within the Company. It is responsible for coordinating and comprehensively managing all aspects of the Company's development directions and goal formulation related to ESG (environmental, social, and governance) sustainable development in all aspects, to pursue the sustainable development and fulfill social responsibilities. The Company's Corporate Sustainability Development Committee is chaired by the Chairperson, the Corporate Governance Officer is the director general, and representatives from each functional organization are designated to serve the members. Through the cross-function integration, the ESG-related goals, policies and development strategies are formulated, the implementation programs are promoted, and the implementation effectiveness is reviewed and improved continuously; the regular annual meeting of all members are convened every year, to review the achievement of the relevant goals for the previous year, and set the goals for the coming year. The Corporate Sustainability Committee is supervised by the board of directors. In addition to the annual report by the chair to the board of directors on the implementation of sustainable development and the achievement of goals, it also reports performance indicators and related data on environmental issues to the board of directors every quarter. The board of directors supervises the goal-setting for sustainable development and reviews the implementation, while giving relevant advices and guidance based on the content of the report.	No significant difference
II. Does the Company follow materiality principle to	V		The Company has prescribed the "Risk Management Policy and Procedures"	No significant difference

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?			approved by the board of directors. The board of directors is the highest risk management unit, based on the overall operating strategies and operating environment, aims to comply with laws and regulations, promote and implement the Company's holistic risk management, and bear the ultimate responsibility for risk management; the senior management is responsible for planning, commanding, and deploying the implementation of risk management decisions by the board of directors, and coordinating interaction and communication for the cross-departmental risk management; each functional unit is responsible for analyzing, managing and monitoring related risks within their respective units; the internal audit is an independent unit that assists the board of directors to monitor the implementation of the risk management mechanism, to ensure the effective implementation of the risk control mechanism and procedures. The scope of risk management includes hazard risk, operational risk, financial risk, strategic risk, compliance risk/contract risk, environmental risk and other risks. Through the effective implementation of risk management processes (including risk identification, risk measurement, risk monitoring, risk reporting, and risk response), the Company's risk management mechanism is realized. The Corporate Sustainability Committee of the Company conducts risk assessments on environmental, social and corporate governance issues related to the Company's operations based on the principle of materiality, and prescribes relevant risk management strategies. The identified ESG risk issues include "environment aspect: climate change risks, and environmental protection risks; social aspects: occupational health and safety risks, labor health risks, and labor-management relations risks; corporate governance aspects: various risks in operation and investment, challenges for internal and external stakeholders relationship maintenance and communications, enhancement of the board of directors' functions, and risks of legal	

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			compliance." Please refer to "Chapter II, Governance and Operation / 2.4 Risk Management" in the Company's Sustainability Report for various risks and corresponding risk management strategies (https://www.sas-globalwafers.com/csr-download-tw/). The Company regularly assesses risks every year. The risk assessment boundary covers all the Company's operations and production bases, and the assessment is reported to the board of directors annually. The latest report was made to the board of directors on August 3, 2021.	
III. Environmental Topic (I) Has the Company set an environmental management system designed to industry characteristics?	V		The Company insists the promotion of ISO 14001 Environment Management System," and "ISO 50001 Energy Management System, "GlobalWafers introduces the concept of product lifecycles, and starts from improving the manufacturing process and product design stage in order to truly achieve reduction of source raw materials. The Company accommodates the environment and energy management system, to determine the goal of energy saving and material saving every year, while continuously implementing water recycling and waste reduction measures, to treasure resources and reduce uses of resources, and achieving the effect of reducing greenhouse gas emissions. For information regarding the certifications of "ISO 14001 Environmental Management System" and "ISO 50001 Energy Management System" obtained by each production bases, please refer to our website "Corporate Social Responsibility / Environmental Health and Safety Management / Related Certifications." (https://www.sas-globalwafers.com/ehs-management-system/).	No significant difference
(II) Does the company endeavor to improve the energy utilization efficiency and use renewable materials which have low impact on the environment?	V		The Company, by promoting the "ISO 14001 environmental management system," has introduced the product life cycle concept in order to reduce raw material consumption and waste output, and achieve the goal of sustainable operation and environmental protection. Each plant, based on different	No significant difference

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			process characteristics, uses recycled materials as much as possible. The recycled materials used in each plant include silicon raw materials, cutting fluids (carriers), product packaging cartons and wafer cassette. The major raw material used in the production of the Company is the silicon material; by using the material at both ends recovered in the plant as much as possible during the crystal growth stage, not only the costs of purchasing materials is saved, but also waste generated is reduced. Please refer to the Company's Sustainability Report "Chapter IV. Sustainable Environment / 4.3 Reduction from the Source" for the utilization of recycled materials" (https://www.sas-globalwafers.com/csr-download-tw/).	
(III) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?	V		The Company complies with the framework recommended in the Task Force on Climate-Related Financial Disclosures Recommendation (TCFD) promulgated by the Financial Stability Board, and discloses climate change-related information, assess the risks and opportunities of climate change for the Company, potential financial impacts, and corresponding strategies and countermeasures based on the four core elements, including governance, strategy, risk management, indicators and goals. For the detailed information on the Company's climate change risk and opportunity analysis, please refer to the Company's Sustainability Report "Chapter II, Governance and Operations / 2.4 Risk Management" (https://www.sas-globalwafers.com/csr-download-tw/).	No significant difference
(IV) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies?	V		The Company inventories and tracks the volume of greenhouse gas emissions, water consumption, waste, the use of recycled materials, and power consumption every year. Please refer to the Company's Sustainability Report "Chapter IV. Sustainable Environment /4.1.1 Greenhouse Gas; 4.2 Waste Management; 4.3.1 Reuse of Raw Materials; 4.3.2 Energy Management; 4.3.3 Water Resources Management" for the relevant data and coverage of information	No significant difference

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			(https://www.sas-globalwafers.com/csr-download-tw/). The Company boosts various measures subject to the effect produced by operating activities, in order to mitigate the impact posed by the Company's operation to the natural environment. The Company established the energy management system (ISO 50001:2018) for the energy saving and carbon reduction and the greenhouse gas inspection (ISO 14064:2018) for greenhouse gas reduction, conducted the water footprint assessment (ISO 14046:2014) for reduction of water consumption and assessed the clean production. All of said operations passed the certification by a third party contracted by the Company (the GHG emissions has passed the certification by a third party for the recent two years). For the verification information, please refer to the official website "Corporate Social Responsibility/Environmental Safety and Hygiene Management/Related Certifications" (https://www.sas-globalwafers.com/ehs-management-system/). The Company supports Taiwan's net-zero transformation with real actions, promises to use 100% renewable energy by 2050, and set phased goals supplemented by a climate blueprint: 20% in 2030, 35% in 2035, and 50% in 2040 for renewable energy use, to gradually implement the long-term goal of using 100% renewable energy by 2050. The Company has set annual targets, short-term, medium-term and long-term targets for power consumption, greenhouse gas emissions, water consumption, and waste, respectively. For relevant target information and achievements, please refer to the Company's Sustainability Report "Chapter II. Sustainable Performance Overview" (https://www.sas-globalwafers.com/csr-download-tw/). The Company achieves the set goals through the following promotion measures: i. Consumption of energy and resources and GHS emission reduction: the main source of greenhouse gas emissions of the Company is electricity. Therefore, the reduction of	

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			electricity use and the improvement of energy efficiency are the top priorities of the Company. Through the introduction of ISO 50001 energy management system, the Company monitors and measures significant energy utilization equipment, proposes improvement action plan and conduct regular tracking on performance of improvement measures, as well as promotion energy saving internally, in order to achieve the goals of continued improvement, energy saving and carbon reduction. ii. Reduce water consumption: The Company's water-saving measures management process is mainly divided into plant system and process equipment for itemized management. It is continuously improving the efficiency of the process wastewater recycling system, and regularly holding internal water-saving discussion and improvement meetings and promoting water-saving. iii. Waste management: The Company values waste management, from process improvement and source reduction to reduce the output of waste (including air pollution source emissions), and recycles in the plants, to reduce the volume of newly purchased raw materials, while reducing the generation of waste. iv. Pollution prevention: The Company aggressively promote green product and green production, and reduce raw material consumption through manufacturing process and technology enhancement. We not only reduce pollution discharge at the source, we also lower operation costs, reduce resource consumption and mitigate impact to	

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			environment.	
IV. Social Topic (I) Whether the Company establishes the related management policies and procedures in accordance with the relevant laws and international human rights conventions?	V		The Company complies with all human rights disclosed by the United Nation conventions, such as the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, the Global Compact, the International Labor Convention, the Convention on the Elimination of All Forms of Discrimination against Women, and the Employment Services Act, the Company has formulated personnel appointment methods, clearly expressed the prohibition of child labour and related remedial measures; and strictly prohibited any illegal discrimination of employees, including race, class, language, thought, religion, party, native place, place of birth, skin color, age, gender, sexual orientation, marriage, appearance, facial features, nationality, disability, pregnancy, trade union membership, and concealed veteran status in recruitment and actual work. The operation activities in respective countries comply with all local labor laws which include various acts preventing human trafficking and slavery systems. The Company implements safe working conditions, and will never tolerate any modern slavery, and insists that all commercial transactions, business relations, supply chain activities, personnel recruitment and appointment comply with ethical standards, with integrity as the top priority. It also provides relevant training courses for all employees to strengthen their awareness of human rights. The basic wages, working hours, vacations, pension payments, labor health insurance payments and occupational hazard compensation of employees in the Company comply with the relevant provisions of the Labor Standard Law. It has established the Staff Benefit Committee to handle various welfare matters through the Welfare Committee elected by the staffs. It regularly holds labor meetings to understand the ideas of both sides, in order to achieve a win-win situation.	No significant difference

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			The Company conducts risk assessments regarding human rights and labor rights pursuant to the regulations set by the "Responsible Business Alliance" every year to continuously improve the Company's implementation, and also provides assessment reports to customers if requested by the customers. There have been no human rights incident complaints (forced labor, child labor, discrimination, harassment, and violation of freedom of association) from our operating locations in the past 3 years. In terms of training, new recruits will receive human rights training upon onboard; employees in service are arranged for courses on workplace violence, and sexual harassment prevention and promotion from time to time. In 2021, total 6,320 attendees attended and 9,603 training hours spent for the related courses.	
(II) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	V		The Company fairly decides and distributes employees' remunerations from the annual profit, if any, for 3%~15%, as set for in the Articles of Incorporation, and the performance of individual employee pursuant to the "Employee Remuneration Distribution Procedures." It seeks to properly reflect the operating performance or results on the employees' remunerations. The Company establishes the procedures of attendance, specifies the paid leaves entitled by employees. All employees of the Company are entitled to labor insurance, health insurance, group insurance, pension contribution and other fringe benefits. The fringe benefits include year-end bonus, gifts for birthday and festivities, year-end banquet, subsidies for matrimony, bereavement, and other celebration, tourist traveling in home country and abroad, emergency relief fund, scholarship, paternal subsidy, meals, stock offering for the employees, and complete set of education and training. The Company also establishes the Employee Caring Program (ECP) team, to integrate and planning for the improvement of holistic employees' benefits through the cross-function team, so that any employee may select from	No significant difference

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			proper resources to help when facing personal difficulties. In 2021, the trust of employee shareholding was also added. Employees may evaluate on their own whether to join or not, and participants are given rewards equal to 100% of the amount contributed by themselves. The Company is also committed to implementing a friendly and equal workplace environment, equal pay and work for both genders, with fair promotion opportunities. In 2021, female staff accounted for 28% of all employees, and female managers accounted for 22% of all management.	
(III) Whether the Company provides its employees with a safe and healthy work environment, and regularly implements employee safety and health education measures?	V		The Company provides a comfortable, safe and healthy working environment. It also conducts inspections on the working environment on a regular basis, and annually organizes employee health checks as well as training on health and safety for its employees. In 2021, there were 11,151 attendees received health and safety education and trainings. We have also provided education and training for employees engaging in noise, organic solvent, and specific chemical substance exposure conditions that are particularly hazardous to health; issued appropriate safety protection equipment; and implement pre-employment physical exam as well as in-service annual physical exam health management to ensure the safety and health of employees at work. At present, there has been no occupational disease involving employees engaged in special operations. The Company has obtained the Occupational health and safety management system (ISO 45001:2018), please refer to our website "Corporate Social Responsibility / Environmental Health and Safety Management / Related Certifications" for the details of the certification. (https://www.sas-globalwafers.com/ehs-management-system/). The Company's occupational hazard statistics analysis data are generated based on disability injuries statistics indicator published by the Ministry of Labors and GRI. One million work hours being the base line, our statistics are	No significant difference

Evaluation Item	Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			mainly based on the Disabling Frequency Rate, (FR), Disabling Severity Rate (SR), Occupational Disease Rate (ODR) and Absence Rate (AR) (with disabling injury statistics excluding traffic accidents outside factories). In 2021, there were three work-related disability incidents in Taiwan, and 16 work-related disability incidents in overseas plants. The global Disabling Frequency Rate (FR) was 1.36, and the Disabling Severity Rate (SR) was 29. There was no occurrence of occupational diseases and work-related death; all occupational disaster incidents have been investigated and analyzed, and corresponding improvement measures have been implemented. The Company have regularly implemented occupational health and safety education and training for employees and contractors to effectively prevent occupational disasters; and conducted work environment inspections and internal/external audits in order to review the Company's environmental, safety, and sanitary operations. The goal is to ensure environmental safety for workers and achieve the zero-accident target. For detailed information on occupational disaster statistics and management, please refer to “Chapter V. Friendly Workplace / 5.2.4 Occupational Disaster Management” in the Company's Sustainability Report (https://www.sas-globalwafers.com/csr-download-tw/).	
(IV) Has the Company established effective career development training plans?	V		Each year the Company establishes annual education training program based on our operation strategies and short/mid/long term goals, and consider talent cultivation and technology inheritance as our key task. We strengthen our talent database in order to keep track of the talent dynamics and development direction in the group. We host various types of training courses, academia-industry collaboration and research projects, in order for our employees to stay tuned to real-time global political and economic trends and status, technology updates, while supplementing the training with job substitutes, job rotation and on-the-job training to strengthen different	No significant difference

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			professional capacity of our employees. The Company provides diversified training system encompassing the following five categories: competency training for new recruits, professional competency training, general management competency training, intellectual property training, and health and safety management training. This system provides suitable training courses for employees in their different stages of career development, so that the Company and employees will be adaptive to the ever evolving world, and own the knowledge, skills, and capabilities go along with the time. In 2021, total 295 classes of function training for new recruits were conducted, attended by 1,092 persons, with total 1,571 hours; 1,426 classes of professional function training were conducted, attended by 12,513 persons, with total 24,830 hours; 767 classes of general function training were conducted, attended by 39,749 persons, with total 6,482 hours.	
(V) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set polices to protect consumers or customers' rights and appeal procedures?	V		The Company's products and services complies with the relevant regulations and standards applicable to the Company's industry; through the supplier management, it is ensured that the supply chain adopts the industrial standards and policies like the "Responsible Business Alliance" (RBA), "conflict minerals," "silicon raw materials without forced labor," "environment friendly products" (RoHS, REACH, WEEE) , among other things, to fulfill the social and environmental responsibility; the Company is also committed to comply with product standard and operational regulations in plants required by customers, to achieve the promises with full force, and maintain quality relationships. The Company also has a legal compliance unit in place, to ensure that commercial conditions, products, processes and services to meet the requirements of competition laws and relevant export control regulations with jurisdiction. Before working with any customer, the Company shall sign a non-disclosure agreement (NDA) approved by the legal department, and personnel shall not disclose the known trade secrets to others, nor shall they inquire or collect	No significant difference

Evaluation Item	Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			trade secrets not related to their duties, in order to fully protect the confidential and sensitive information of both parties. The Company has established the “Process of Customer Complaints Management” to maintain good communications with its customers, as well as effective appealing procedures regarding products and service.	
(VI) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?	V		The Company has established the "Supplier’s Code of Conduct,” and the suppliers are required to sign the “Supplier Commitment Letter,” requiring suppliers to comply with relevant regulations in terms of anti-bribery and corruption, social and environmental responsibility, conflict-free minerals, compliance with trade laws and regulations, and non-infringement. In the "purchase order," suppliers are also required to comply with the Responsible Business Alliance (RBA), including the requirements of green regulations such as RoHS, REACH and WEEE, and not to use the conflict minerals, promotions of engagement in green procurement, environmental protection, and occupational safety and health, intellectual property rights, and labor human rights., Also, there is the "External Supplier Evaluation and Appraisal Procedures", including written reviews, on-site evaluations, monthly evaluations, process monitoring, qualification evaluation and continuous evaluation and assistance, and regularly or from time to time audits suppliers. There is also an annual evaluation mechanism for performance evaluation.	No significant difference
V. Does the Company refer to international reporting rules or guidelines to prepare Sustainability Report to disclose non-financial information of the Company? Has the said Report acquire 3rd certification party verification or statement of assurance?	V		The Company refers to the “Sustainability Reporting Standards” issued by the Global Reporting Initiative (GRI) and the indicators for semiconductor industry in the “Sustainability Accounting Standards” issued by the Sustainability Accounting Standards Board (SASB), as well as the "Compiling the sustainability report in accordance with the category indicators of the semiconductor industry and the “Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies” to prepare the sustainability report. The Company’s 2021	No significant difference

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Status</th><th rowspan="2">Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>Sustainability Report was inspected by DNV GL Business Assurance Co., Ltd. It complies with the core options in the GRI Standards, and the requirements for moderate level of assurance. The 2021 Sustainability Report is disclosed on MOPS and the Company's website “CSR Social Responsibility/ Download the Sustainability Report.”
(https://www.sas-globalwafers.com/csr-download-tw/).</td><td></td></tr>
<tr><td colspan="5">VI. If the Company has established the sustainable development principles based on “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies”, please describe any discrepancy between the Principles and their implementation:
The Company has established the “Sustainable Development Best-Practice Principles” and devoted to promote the sustainable development, which has no significant difference with the Rules.</td></tr>
<tr><td colspan="5">VII. Other important information to facilitate better understanding of the Company’s promotion of sustainability development:
(1) Environmental protection: It is everyone's responsibility to promote environmentally friendly and low-carbon activities. Therefore, in addition to improving the process of energy conservation and control, the Company actively implements waste separation and resource recycling, promotes energy conservation and carbon reduction, and invests in equipment related to energy conservation and emissions reduction.
(2) Social welfare: Social welfare activities participated by the Company in 2021 include
(1) “Send love to rural villages - stacking your love to repair Shilei” event, donated total NT$259,000 to Shilei Elementary School in Jianshi Township, Hsinchu County.
(2) “Bath in Scent for Hot Summer” event, donated total NT$288,000 to the Hsinchu County Branch of the Red Cross.
(3) “Love Breakfast Adoption” event, donated total NT$102,000 to Zhuxing Elementary School and Zhunan Elementary School in Miaoli County.
(4) “Endless Generations Project - Fostering Children in Taiwan Fund for Children and Families” event, donated total NT$238,000 to Yilan Center of Taiwan Fund for Children and Families
(5) Events including “Public Welfare in the Pandemic - Food Box of Love,” “Accompanying them - College Student Education Aiding Program,” “Warm Winter Garden Party - Love is Limitless,” donated total NT$421,000 to Hsinchu Center of Taiwan Fund for Children and Families.
(6) "Consultation and Care Program for Peace of Mind from the Epidemic", donated a total of 149,000 yuan to Hsinchu Lifeline Association.
(7) “Support in the Pandemic - Assistance Fund for Underprivileged Family with Special Circumstance” and “2022 Emergency Medical Subsidy Program,” donated total NT$176,000 to Yilan branch of World Vision Taiwan.
(8) “Raising funds for supports in cold winter,” donated total NT$104,000 to Miaoli Center, Taiwan Fund for Children and Families
(9) The Mid-Autumn Festival moon cake donation charity event, donating to Shi-Guang Correctional Institution, Hua Guang Intelligent Development Center, and Private Xiang</td></tr>
</table>

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

Yuan Memorial Correctional Institution, totaling NT$81,000

(10) 2021 annual beach cleaning and forest protection event - Longfeng Fishing Port Beach in Chunan, Miaoli County, attended by 123 people, and about total 500 kilograms of waste were cleaned up.

3. Consumer rights: For customers, the Company has internally established the "Customer Complaint Management Procedure" to provide customers with a channel to express their complaints, and externally signed contracts such as supply contracts and quality contracts with its customers, in order to fully ensure customer's rights and interests.
4. Human rights: For a long time, the Company is committed to promote the equal rights at work regardless of race, gender and age. It also provides opportunities for employees' individual development, allow them to freely express their opinions, and respect the dignity of individuals.
5. Safety and health: The Company devoted its efforts to promote safety and health policy, continuously improve the production process and working environment in the aim of achieving zero disasters, and continue to improve occupational safety and health performance through joint efforts of all its employees.
6. Employee Health Care: The Company conducts health checkups on a regular basis for employees to understand their health status in order to protect and improve their health. In addition to setting up detection and alarm equipment at appropriate locations, the Company also regularly conducts operating environment testing as a basis for improving the workplace environment, in order to control the physical working environment of employees and evaluate the exposure of hazardous factors.
7. Plant pandemic prevention: In 2021, the world has been still under the disturbance of COVID-19 pandemic, the Company monitored the pandemic evolution via the internal pandemic containment panel, and took the plant pandemic prevention measures. Under the side-by-side cooperation of various departments, pandemic prevention operations in the plant area were fully undertaken; the pandemic prevention strategies were formulated, and the management of hierarchical measures and inventory of resources for pandemic prevention were carried out. The Company has regularly held meetings to formulate pandemic prevention measures, to ensure healthy and safe workplace. The relevant pandemic prevention measures are as follows:
   (1) Pandemic prevention information: in order to enable employees to correctly grasp the real-time information of pandemic prevention, the health management center regularly issues global pandemic information and in-plant pandemic prevention measures, so that employees may quickly receive correct pandemic prevention information.
   (2) Health monitoring: Full body temperature monitoring is carried out at the accesses of each plant. If there is a fever or a history of suspected contact, entry into the plant is completely prohibited, and an internal electronic questionnaire survey will be conducted simultaneously with the central command center to track the confirmed case's footprint, as implementing the initiative of employees' report and voluntary health management.
   (3) Visitor management: use emails and hard-copy announcements to inform the supply chain vendors about the prevention measures for entering the plants, and require those who enter the plant to complete the entry health declaration form, and wear a mask for protection employee safety.
   (4) Office pandemic prevention: in order to avoid crowding of people that increases the risk of infection, office workers have taken a number of contingency measures, including: checkboard seating, isolation rooms, triage, working from home, among other measuers, to reduce population density and reduce frequency of contact among employees

Evaluation Item	Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(5) Eat with peace of mind: in order to provide employees with a safe dining environment, pandemic prevention dining routes are planned, with plastic table partitions and disposable lunch boxes; the dining area are divided by unit to ensure that the safety of dining in the plants. (6) Disinfection in the plant area: formulate the disinfection and cleaning measures in public areas, increase internal ventilation and exhaust, encourage opening windows in confined spaces, and put plastic films on commonly used buttons, add partitions in canteens, add hand sanitizer dispensers, and post the correct hand-washing slogans in the restrooms. (7) Employee care: For high-risk groups, tracking is taken and the temperature re-examination and follow-up control is conducted. The outpatient services of psychologists is provided when necessary to help employees resolve negative emotions and stress.				

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

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
I. Establishment of ethical corporate management policies and programs				No significant difference
(I) Does the company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(I) The Company has the "Ethical Corporate Management Best Practice Principles" and the "Code of Conduct," specifying the tangible content of ethical management policy and are approved by the Board of Directors. In addition, the "Operational Procedures and Guidelines for Ethical Corporate Management" and the "Procedures of Handling Reports of Illegal, Unethical, and Dishonest Conduct", approved by the Chairman, to implement the ethical management policy. The Company's standard contract clearly requires the counterparts of transactions to comply with the ethical management policy. The Board of Directors and senior management all have signed statement to actively implement the commitments in the ethical management policy. The Company also implements so in the internal management and business activities, including requiring employees to comply with the ethical management policy in the employment conditions.	
(II) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the "Ethical Corporate Management Best	V		(II) In the "Integrity Management Operating Procedure and Action Guideline", the Company has established the risk assessment mechanism for the unethical conducts listed in Article 7, Paragraph 2 of the "Code of Integrity Management," including the data collection through the annual compliance self-assessment, qualitative interview, and tracking of emails by the IT department, for regular analysis and assessment, to identify these who with higher risks, and conduct individual investigation if required, with assistance of the audits from the internal audit units. So that the preventive	

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
Practice Principles for TWSE/GTSM Listed Companies"? (III) Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and appealing procedures, and periodically reviews and revises such policies?	 V		programs to forbid offering and accepting bribery, providing illegal political donation or improper benefits, infringement of intellectual property rights, and unfair competition may be established, to ensure the Company's operation is consistent to the Code of Integrity Management. Within the scope of business activities, all employees are obliged to cooperate with the compliance office for the investigation related to the said unethical conducts. (III) Pursuant to the "Ethical Corporate Management Best Practice Principles," the Company has established the "Code of Ethical Conduct" and "Ethical Management and Guidelines for Conduct" and the "Procedures of Handling Reports of Illegal, Unethical, and Dishonest Conduct," specifying that no improper benefit shall be accepted, nor anything unethical or illegal may be conducted. These regulations also require to promote the importance of ethical conducts to directors and employees. The said programs are regularly reviewed for its adequacy and effectiveness based on the methods determined by the assessing mechanism of unethical conduct risk, and adjusted or amended when needed.	
II. Fulfill operations integrity policy (I) Whether the company has assessed the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?	 V		 (I) The Company's Ethical Corporate Management Best-Practice Principles has clearly stipulated that before business contacts the legitimacy of counterparties in business transactions and the existence of records of unethical conducts should be taken into account, so as to avoid transaction with those involved in unethical conducts. In addition, pursuant to the "Operational Procedures and Guidelines for Ethical Corporate Management," before establish a business relationship with others, an ethical management assessment must be done. The Marketing	No significant difference

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			Department uses the "Evaluation Chart for Client/Distributor/Agency's Ethical Management," and the Procurement Department uses the "Evaluation Chart for Suppliers' (and Their Distributors/Agencies) Ethical Management" for quantified implementation in writing. The contracts to be signed with business counterparts shall specify the ethical management terms, to ensure the counterparts conform to the Company's ethical management policy.	
(II) Whether the company has set up a unit which is dedicated (or concurrent) to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?	V		(II) The Company has established the Compliance Section under the Legal Department, in charge of promoting ethical management policy, establishing the programs to preventing unethical conducts, and supervising the implementation. The compliance officer reports the implementation to the Board of Directors once a year. The auditors may also supervise the implementation during the routine audit, and report to the Board of Directors if any abnormality is found. Implementation during the year. (1) Formulation and review of policies relating to ethical corporate management The Company has set up the "Ethical Corporate Management Best-Practice Principles", "Code of Ethical Conduct" and "Ethical Management and Guidelines for Conduct" and the "Procedures of Handling Reports of Illegal, Unethical, and Dishonest Conduct" which clearly stipulates that matters such as obtaining illegitimate interests, violations of integrity or unlawful behaviors may not be accepted. The above internal regulations are reviewed and updated on an irregular basis by the Compliance Office with reference to external regulations and internal implementation status, for adjustment and amendment	

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			from time to time. (2) Internal and external policy propaganda Relevant important internal regulations such as the "Ethical Corporate Management Best-Practice Principles", "Code of Ethical Conduct," "Ethical Management and Guidelines for Conduct," and "Procedures of Handling Reports of Illegal, Unethical, and Dishonest Conduct" have been announced on the Company's official website and internal websites for inquiries from external and parties. The Company also requires its suppliers to sign a "Supplier Code of Conduct and Promise Note" for the compliance with the laws and regulations, ethic, environment and quality specifications, which include regulations relevant to good faith management. (3) Reporting channels, treatment, and protection of whistle-blowers The Company has set up the "Procedures of Handling Reports of Illegal, Unethical, and Dishonest Conduct", which develop a disciplinary and appeal system for handling violations of the code of ethics in management, and establishes and discloses the employee suggestion box, e-mail address and complaint hotline on in the plant, the Company's external and internal website to encourage internal and external personnel to report on unethical behavior or misconduct. Anonymous whistleblowing is permitted. The identity and content of whistleblowing are strictly kept confidential, and the HR unit will verify and handle. Any one violate the ethical management requirements will be treated based on the severity of the violation. Report may be made to the competent authorities or law enforcement if required.	

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(III) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		(4) Education and training The Company formulates and conducts training regularly. The attendees and hours of trainings in 2021 are listed as the following: 1. One hour of education and training was conducted for all directors, management a department level or higher, and new employees on the "Insider Education and Training." The contents include insider trading law analysis (constitutive elements, major news disclosure method and time period, judicial opinions) and insider equity transfer law analysis (The obligation to declare before/after the event, and maintaining the number of shares held by directors and supervisors). 2. A two-hour of "Ethical Corporate Management Training" for all directors, managers at department level or above, and new recruits was conducted; the content includes trade secret protection, issues of competition law, anti-bribery and corruption, conflict of interest prevention, and KYC/export control, among other major compliance issues closely related to the technology industries. 3. A 20-minute training was conducted on "the case of Largan v. Ability Opto-Electronics for infringement on Trade Secrets" for the managers in the semiconductor business system; the content included an introduction to the Trade Secrets Act, an analysis of the violations in the case, and the enlightenments (Dos and Don'ts). (III) In the "Code of Ethical Conduct," the Company specifies the employees shall deal with the business in an objective and efficient manner, refrain	

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(VI) To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically? (V) Does the company regularly hold internal and external educational trainings on operational integrity?	V V		from obtaining improper benefits for him/herself, others, or other business by exploiting his/her position in the Company, as the policy to prevent conflict of interest. In the "Operational Procedures and Guidelines for Ethical Corporate Management," it specifies the directors shall recuse themselves in the Board meetings if proposals involves their own interests. In addition, the Company prepares different channels to report conflicts of interest: directors or independent directors shall state such to the President or the corporate governance officer; managerial officers shall report to the compliance unit; the rest of the colleagues should report to the immediate supervisor and the Compliance Section, and the immediate supervisor should guide them appropriately. (IV) The Company has established the accounting system and internal control system to be implemented. The audit plans including subject, scope, items, frequencies are prepared based on the assessment of unethical conduct, to audit the compliance with the ethical conduct program. The audit outcome shall be reported to the senior management and the dedicated ethical management unit, with the audit report submitted to the Board of Directors. In addition, to ensure the continuous effectiveness of the design and execution of such system, the Company reviews and amends the system annually, as the basis to evaluate the effectiveness of the internal control system, and the preparation of statement of internal control system. (V) The Company regularly formulates and conducts trainings, including laws and regulations related to corporate governance, ethical management, and business conducts. For "ethical management" and "prevention of insider trading" courses, the current directors, managerial officers, or other	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			employees deemed in need of such trainings shall attend at least every two years. New directors and managerial officers shall attend within three months upon taking positions. New employees shall attend in the consolidated orientation prepared by the human resources. In addition, pursuant to the “Operational Procedures and Guidelines for Ethical Corporate Management," the Chairman and the corporate governance officers are arranged to communicate the importance of ethic to directors, managerial officers, and supervisors in the Board meetings or supervisors’ meetings. The related trainings offered in 2021 including: “Insider Education and Training,” “Ethical Corporate Management Training,” and “the case of Largan v. Ability Opto-Electronics for infringement on Trade Secrets.” For the specific descriptions, please refer to the description in above (II) (4). The total cumulative attendees of these courses were 993.	
III. Operation of the Company's reporting system (I) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up? (II) Whether the company has established standard operation procedures for investigating the	V V		(I) In the “Procedures of Handling Reports of Illegal, Unethical, and Dishonest Conduct,” the Company specifies the system, including internal and external whistleblowing channels by establishing the suggestion box, email box, and complaint hotline, and the handling principles, to implement the ethical management policy. Whistleblowing is accepted by the spokesperson, HR officers, or legal staff. Once the case is established, the handling unit will investigate and handle pursuant to the “Procedures of Handling Reports of Illegal, Unethical, and Dishonest Conduct.” If the allegation is verified as truth, the whistleblower may be awarded if the case is material. (II) In the “Procedures of Handling Reports of Illegal, Unethical, and Dishonest Conduct,” the Company specifies the investigation and handling process	No significant difference

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?			corresponding to the alleged parties and involvement. The whistle-blowing is strictly kept confidential, and all possible efforts are made to protect the whistleblowers, while giving counterpart chance to appeal, in order to secure the legal rights of both parties. If the allegation is verified as truth, the alleged party will be required to cease the conduct immediately and proper actions will be taken. The related units will be required to review and furnish corrective measures to prevent the incident from repeating. The Legal Department will review the whistleblowing, handling and follow up, and report to the Board of Directors.	
(III) Does the company provide proper whistleblower protection?	V		(III) Pursuant to the "Procedures of Handling Reports of Illegal, Unethical, and Dishonest Conduct," the Company handles whistle-blowing in confidential. All possible efforts are made to protect the whistleblowers, to keep their identities absolutely confidential, so they will not be treated improperly due to whistleblowing. The staff handle whistleblowing will declare in writing that they will keep the content of whistleblowing and whistle-blower's identity confidential.	
IV. Enhancing Information Disclosure (I) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	V		(I) The Company has a website to disclose the related corporate culture, operation guidelines, "Ethical Corporate Management Best-Practice Principles", "Code of Ethical Conduct," "Ethical Management and Guidelines for Conduct," and "Procedures of Handling Reports of Illegal, Unethical, and Dishonest Conduct" and implementation of ethical management.	No significant difference
V. If the company has established the ethical corporate management policies based on the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the policies and their implementation: The Company has established the "Ethical Corporate Management Best-Practice Principles" which clearly regulates the matters to be followed by the Company's staff.				

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
Other accusation cases and penalties are also clearly set out in relevant measures. There is no significant difference between the policies and the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies”.				
VI. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (under situations such as review and revision of regulations): 1. The Company complies with the Company Act, the Securities and Exchange Acts, the Business Entity Accounting Act, the Political Donations Act, the Anti-Corruption Act, the Government Procurement Act, the Act on Recusal of Public Servants Due to Conflicts of Interest, and other regulations for public companies and business related laws and regulations. Such compliance is the basic precondition to implement the ethical management. The Company all makes all possible efforts to comply with the environment and quality policy with high standards. 2. The Company has set up provisions related to avoidance of directors' conflicts of interests in the “Rules of Procedure for Board of Directors Meetings”. If any director or a juristic person represented by a director is an interested party with respect to any agenda item, when the relationship is likely to prejudice the interests of the Company, the director may express their opinion and answer queries, but may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter. 3. The Company has established the “Management Procedure to Prevent Insider Trading,” specifying that insiders, quasi-insiders, information receivers, upon actually knowing of any information that will have a material impact on the price of the securities of the issuing company, after the information is precise, and prior to the public disclosure of such information or within 18 hours after its public disclosure, shall not purchase or sell, in the person's own name or in the name of another, shares of the company that are listed on an exchange or an over-the-counter market, or any other equity-type security of the company, or the non-equity-type corporate bonds of such company that are listed on an exchange or an over-the-counter market, so that anyone knowing material information will not violate the regulations of insider trading due no ignorance to laws. In addition, to cope with the announcement of TWSE on December 8, 2021 regarding the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies,” before the publication date of the annual report, the board of directors approved to amend the “Management Procedures to Prevent Insider Trading,” adding the restriction that the directors, managerial officers, and the natural persons appointed as a proxy to exercise duties specified in Paragraph 1, Article 27 of the Company Act, are forbidden to trade their shares during the lock period from 30 days prior to the announcement of annual financial statements, and 15 days prior to the announcement of quarterly financial statements. The Company requested the President Office to inform the persons subject to the provisions the lock period forbidding trading after arranging dates of board meetings; the President Office also review the compliance of the concerned persons when reporting the equity every month. 4. The Company has established the “Procedures for Handling Material Inside Information,” for good internal material information handing and disclosing mechanism, while ensuring the consistency and accuracy of the information announced externally. The Procedures specifies that no director, supervisor, managerial officer, or				

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
employee of this Corporation may inquire about or collect any non-public material inside information of this Corporation not related to their individual duties from a person with knowledge of such information, nor may they disclose to others any non-public material inside information of this Corporation of which they become aware for reasons other than the performance of their duties. 5. On November 2, 2021, to cope with the practical demands for operation and management, the fourth amendment to the "Code of Ethical Conduct" was approved by the board of directors, adding the provisions regarding reporting the destruction of public assets and the handling thereof, to implement the protection of the Company's assets, and increase the attentions of employees when using the Company's assets, so that the Company's assets may be effectively and legally used for the Company's business, and the operating expenses are not increased due to negligence				

(VIII) If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched: The company sets the “Corporate Social Responsibility Best-Practice Principles” according to the “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies”, and such rules can be searched on MOPS or the Company’s official website (https://www.sas-globalwafers.com/corporate).

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

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

Name	Training date	Sponsored by	Training Course	Number of Training Hours
Hsiu-Lan Hsu	September 1, 2021	Financial Supervisory Commission	“13th Taipei Corporate Governance Forum” morning session	3
	September 1, 2021	Financial Supervisory Commission	“13th Taipei Corporate Governance Forum” afternoon session	3
Ming-Kuang Lu	September 1, 2021	Financial Supervisory Commission	“13th Taipei Corporate Governance Forum” morning session	3
	October 28, 2021	Taiwan Corporation Governance Association	Practical operation of incentive tools for the employees of the public companies	3
Tang-Liang Yao	September 1, 2021	Financial Supervisory Commission	“13th Taipei Corporate Governance Forum” morning session	3
	September 1, 2021	Financial Supervisory Commission	“13th Taipei Corporate Governance Forum” afternoon session	3
Kuo-Chow Chen	September 1, 2021	Financial Supervisory Commission	“13th Taipei Corporate Governance Forum” morning session	3
	September 1, 2021	Financial Supervisory Commission	“13th Taipei Corporate Governance Forum” afternoon session	3
Jeng-Ywan Jeng	September 1, 2021	Financial Supervisory Commission	“13th Taipei Corporate Governance Forum” morning session	3
	September 1, 2021	Financial Supervisory Commission	“13th Taipei Corporate Governance Forum” afternoon session	3
Chung-Yu Wang	March 23, 2021	Taiwan Independent Director Association	Enhancing the board of directors’ functions from the corporate governance 3.0	3
	September 1, 2021	Financial Supervisory Commission	“13th Taipei Corporate Governance Forum” morning session	3
	October 19, 2021	Taiwan Independent Director Association	Group governance, and inheritance and planning of family business	3
Ming-Ren Yu	April 28, 2021	Taiwan Corporation Governance Association	The accelerators for corporate sustainability: CSR, ESG, and SDGS	3
	June 18, 2021	Taiwan Investor Relations Institute	Information war of corporate: the practical analysis of attack and defense for trade secrets	3
	July 28, 2021	Taiwan Corporation Governance Association	How the digital transformation of corporate covers intelligence, security, and riks, for triple-win situation	3
	September 1, 2021	Financial Supervisory Commission	“13th Taipei Corporate Governance Forum” afternoon session	3

(X) Internal Control System Execution Status:

1. Declaration of Internal Control

GlobalWafers Co., Ltd.

Declaration of Internal Control System

Report date: March 15, 2022

For the internal control system of 2021, based on the results of our inspection, we hereby declare as follows:

I. The Company knows that it is the responsibility of the Board of Directors and managers to establish, implement and maintain the internal control system, which has been established by the Company. The purpose is to reasonably ensure the operation effectiveness and efficiency (including profit, performance and security of assets), and achieving the objectives such as reliability, timeliness, transparency and compliance with relevant norms and regulations of the reporting.

II. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three objectives. Moreover, due to the change of environment and circumstances, the effectiveness of the internal control system may change accordingly. The Company's internal control system has a self-monitoring mechanism. Once the deficiencies are identified, the Company will take corrective action.

III. The Company judges whether the design and implementation of the internal control system are effective according to the judgment item of the effectiveness of the internal control system stipulated in the Treatment Guidelines for the Establishment of Internal Control System for Public Issuing Companies (hereinafter referred to as "Treatment Guidelines"). According to the process of management control, the judgment item of the internal control system adopted by the Treatment Guidelines is divided into five elements: 1. control environment; 2. risk evaluation; 3. control operation; 4. information and communication; and 5. supervision operation. Each element also includes several items. For the above items, please refer to the provisions of the Treatment Guidelines.

IV. The Company has adopted the above judgment item of internal control system to evaluate the effectiveness of the design and implementation of the internal control system.

V. Based on results of the above evaluation, the Company believes that the internal control system (including the supervision and management of subsidiaries) in Note 2 of December 31st, 2021 including understanding the effect of operation, the extent to which the efficiency objectives have been achieved and reporting, is reliable, timely and transparent. The design and execution complying with relevant norms, decrees and regulations and following the relevant internal control system are effective and can reasonably ensure the achievement of the above objectives.

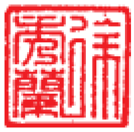
VI. This declaration will be the main content of the annual report and the public instructions of the Company and made public to the outside world. If the above disclosure has anything false or concealed, it will involve the legal liability of Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.

VII. This declaration has been approved by the Board of Directors on March 15, 2022. Among the seven directors, none of them has any objection and agreed to the content of this decleration. The rest of them agree with the content of this declaration and make this declaration.

GlobalWafers Co., Ltd.

Chairperson: Hsiu-Lan Hsu Signature/Seal

President: Mark Lynn England Signature/Seal



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

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

(XII) Important resolutions of the shareholders' meeting and the Board of Directors in recent years and up to the date of publication of the annual report:

1. Important resolutions and its implementation status of the 2021 annual shareholders meeting (August 24, 2021):

Important resolutions	Implementation Status
1. Approval of the amendments to the "Procedures for the Election of Directors"	Implemented according to revised provisions after the resolution of the shareholders' meeting.
2. Amendment to "the Operational Procedures for Engaging in Derivative Trading" was approved.	Implemented according to revised provisions after the resolution of the shareholders' meeting.
3. The revision of the Company's "Procedures for Acquisition or Disposal of Assets".	Implemented according to revised provisions after the resolution of the shareholders' meeting.
4. Approved the proposal to conduct public offerings of securities, to meet the Company's financial needs.	After the resolution of the shareholders' meeting, based on the overall consideration of funds, it is not proceeded upon the expiry.
5. Comprehensive re-election of the board of directors.	Approved by the Hsinchu Science Park Bureau of the Ministry of Science and Technology on September 3, 2021 after the resolution of the shareholders' meeting.
6. Approval of the lifting of non-competition restriction on the newly elected directors.	Approved by the shareholders' meeting to lift the non-competition restriction on the newly elected directors.
7. The recognition of the Business Report and Financial Statements, and Table of Earning Distribution of 2020 was approved.	Resolved by the Shareholders' meeting

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

Date	Important resolutions
January 19, 2021	1. For the Company's acquisition of Siltronic AG's equity, it is intended to authorize the Chairperson to change the acquisition conditions based on the market changes and acquisition progress
February 1, 2021	1. Fund lending to subsidiary, GlobalWafers GmbH.
March 16, 2021	2. 2020 Employee and Director Remuneration Distribution Plan 3. 2020 business report and financial statements 4. Amendments to the "Procedures for the Election of Directors" 5. Amendment to the Company's "Policies and Procedures for Financial Derivatives Transactions" 6. Amendment to the Company's "Acquisition or Disposal of Assets Procedure"

Date	Important resolutions
	7. Re-election of the entire board of directors. 8. Approval of the lifting of non-competition restriction on the newly elected directors 9. Nomination and review of candidate list for directors 10. Approved matters relevant to the nomination of listed candidates for independent directors in the 2021 annual shareholders' meeting 11. Approved the 2021 shareholders' meeting procedures, written proposals made by shareholders and relevant matters. 12. Approved the 2021 shareholders' meeting agenda and relevant matters. 13. "Declaration of Internal Control System" of 2020 14. Amendment to the Company's "Internal Control System" 15. 2020 Certified Fees of CPAs 16. Approved the credit lines and foreign exchange quotas provided by the financial institution 17. Capital increase of the subsidiary, Sunrise PV Electric Power Five 18. The Company applies commercial paper underwriting limit from a financial institute 19. Motion for Promotion.
April 13, 2021	1. Provision of Credit Line by Financial Institution 2. Apply for a credit line for the subsidiary GlobalWafers GmbH, the Copmany serves as the guarantor
April 21, 2021	1. The Company applies commercial paper underwriting limit from a financial institute 2. Proposal to issue domestic unsecured common corporate bonds 3. The Company intends to issue the first batch of overseas unsecured euro convertible corporate bonds for 2021. 4. To meet the Company's financial needs, it is proposed to conduct public offerings of securities. 5. Proposal of capital increase for the Singaporean subsidiary, GWafers Singapore Pte. Ltd. 6. Determine the 2021 shareholders' meeting agenda and relevant matters (discussion items added)
May 4, 2021	1. The 2020 earning distribution table and the proposal of the earning distribution for the latter half of 2020. 2. Approved the credit lines and foreign exchange quotas provided by the financial institution 3. Apply bank credit line for the Company's subsidiary, and the Company serves as the guarantor. 4. Approval of non-profit distribution for the subsidiary MEMC Korea Company in 2020 5. Allocation of Directors' Remuneration of the Company of 2020 6. The Company's Allocation of Managers and Employees Remuneration of 2020
June 23, 2021	1. Approved the credit lines and foreign exchange quotas provided by the financial institution 2. Apply bank credit line for the Company's subsidiary, and the Company serves as the guarantor. 3. The proposal of making endorsement/guarantee to the subsidiary, GlobalWafers GmbH. As the subsidiary's net worth in the 2021 Q1 financial statement was lower than half of the paid-in capital, it is intended to take the follow-up control measures based on the Company's regulations for making endorsement/guarantee.

Date	Important resolutions
	4. Proposal of the material capital expenditure of the Company and subsidiaries 5. Proposal that the Company intents to purchase silicon raw material from the parent, Sino-American Silicon Products Inc.
August 3, 2021	1. Approved the credit lines and foreign exchange quotas provided by the financial institution 2. Apply bank credit line for the Company's subsidiary, and issuance of a letter of support (LOS). 3. Apply bank credit line for the Company's subsidiary, and the Company serves as the guarantor. 4. The Company and the subsidiaries' overdue receivable were all actual transactions, so such receivables need not to transfer to fund lending to others. 5. Amendments to the Company's "Procedures for the First Transfer of Treasury Stock to Employees". 6. Amendments to the Company's "Accounting System" 7. Determine the time, venue, and related matters for the postponed convention of 2021 AGM 8. Proposal of application to join the RE100, the global corporate renewable energy initiative (100% utilization of renewable energy).
August 24, 2021	1. Re-election of the Chairperson 2. Appoint the member of the fourth term Remuneration Committee
November 2, 2021	1. Motion for the Company's consolidated financial statements of Q3 2021. 2. Approved the credit lines and foreign exchange quotas provided by the financial institution 3. 2022 Internal audit plan 4. Establishment of Taisil Branch's internal control system. 5. Approval of applying bank loan for the Company's subsidiary, and the Company serves as the guarantor. 6. Cancelled to be a guarantor of a subsidiary for applying credit facility 7. Proposal of offering guarantee to a subsidiary for it to sign a long-term supply agreement with a customer, and receive the prepayment. 8. Fund lending to subsidiaries 9. Proposal to establish the "Risk Management Policy and Procedures." 10. Amendments to the Company's "Code of Ethical Conduct" 11. Amendment to the Company's "Measures for Compliance." 12. Change of the Company's Acting Spokesperson
December 7, 2021	1. Establish the 2022 business plan 2. The Company's earnings allocation for the first half of 2021 3. Appoint the member of the second term Nomination Committee 4. Coping with the internal adjustment of the accounting firm, proposal to replace the CPAs. 5. Approved the credit lines and foreign exchange quotas provided by the financial institution 6. Amendment to the Company's "Measures for Business Rights and Responsibilities" 7. Amendments to the "Procedures of Application to Suspend and Resume Trading." 8. Amendment to the "Self-Discipline Standards for Disclosing Information on M&A" 9. Fund lending to subsidiaries
January 12, 2022	1. The Company expects to sell the Danish subsidiary indirectly owned 100%, Topsil GlobalWafers A/S to Shanghai Advanced Silicon Technology Co. 2. Proposal of offering guarantee to a subsidiary for it to sign a long-term supply agreement with a customer, and receive the prepayment.

Date	Important resolutions
January 28, 2022	1. Proposal of the material capital expenditure of the Company and subsidiaries
March 15, 2022	1. Employee Remuneration and Director Remuneration Distribution Plan of the Company of 2021 2. The Company's business report and financial statements for 2021 3. Revision of the Company's "Articles of Incorporation". 4. Revision of the Company's "Procedures for Acquisition or Disposal of Assets" 5. Amendment of the "Procedure for the Distribution of Employees' Remuneration" 6. Amendment to the Company's "Management Procedures for Preventing Insider Transactions" 7. Amendment to the "Corporate Governance Best Practice Principles" 8. Amendment to the "Corporate Social Responsibility Best Practice Principles" 9. To meet the Company's financial needs, it is proposed to conduct public offerings of securities. 10. Approved the 2022 shareholders' meeting agenda and relevant matters. 11. Approved the 2022 shareholders' meeting procedures, written proposals made by shareholders and relevant matters. 12. Approved the credit lines and foreign exchange quotas provided by the financial institution 13. The Company applies commercial paper underwriting limit from a financial institute 14. Declaration of Internal Control System of 2021 15. 9. The Company's 2021 Certified Fees of CPAs 16. Proposal of offering guarantee to a subsidiary for it to sign a long-term supply agreement with a customer, and receive the prepayment. 17. Fund lending to subsidiaries 18. The Company and the subsidiaries' overdue receivable were all actual transactions, so such receivables need not to transfer to loaning of funds to others. 19. Capital increase of the German subsidiary, GlobalWafers GmbH 20. Approval of employee promotions
May 3, 2022	1. Motion for the Company's consolidated financial statements of Q1 2022. 2. The 2021 earning distribution table and the proposal of the earning distribution for the latter half of 2021. 3. Cash dividend issuance via special reserve 4. Approved the credit lines and foreign exchange quotas provided by the financial institution 5. Apply bank credit ine for the Company's subsidiary, and the Company serves as the guarantor. 6. The proposal of making endorsement/guarantee to the subsidiary, GlobalWafers GmbH. As GlobalWafers GmbH's net worth in the 2021 Q1 financial statement was lower than half of the paid-in capital, it is intended to take the follow-up control measures based on the Company's regulations for making endorsement/guarantee. 7. The Japanese subsidiary, GlobalWafers Japan Co., Ltd. Proposal of no distribution of the earnings from 2016-2021 8. Amendment to "Rules of Procedure for Shareholders Meetings" 9. Schedule planning of "Sustainable Development Mapping for TWSE/TPEx Listed Companies" 10. Allocation of Directors' Remuneration of the Company of 2021 11. The Company's Allocation of Managers and employees Remuneration of 2021

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

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

IV. Information Regarding Audit Fees:

Unit: NTD thousands

Accounting Firm	Name of accountant	Period Covered by CPA's Audit	**Audit Fee**	**Non-audit Fee**	**Total**	Remarks
KPMG	An-Chih Cheng Mei-Yu Tseng	January 1, 2021 ~ December 31, 2021	7,560	Accounting related assurance service NT$6,300 Taxation related service NT$3,730	17,590	

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

(II) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefore shall be disclosed: Not applicable.

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

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

VII. Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders in Last Year and as of the Date of this Annual Report:

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

Unit: Shares

Title	Name	2021		Current year to April 22, 2022		Remarks
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged	
Chairperson	Hsiu-Lan Hsu	—	—	—	—	Took the office on January 19, 2015
Director	Sino-American Silicon Products Inc.	—	—	—	—	
	Representative: Ming-Kuang Lu	—	—	—	—	Took the office on January 19, 2015
	Representative: Tang-Liang Yao	—	—	—	—	Took the office on January 19, 2015
Director	Chen Kuo-Chou	—	—	—	—	Took the office on January 19, 2015
Independent Director	Jeng-Ywan Jeng	—	—	—	—	Took the office on June 25, 2018
Independent Director	Chung-Yu Wang	—	—	—	—	Took the office on August 24, 2021
Independent Director	Ming-Ren Yu	—	—	—	—	Took the office on August 24, 2021
President	Mark Lynn England	—	—	—	—	Took the office on October 1, 2014
Manager	Wen-Ching Hsu	—	—	—	—	Took the office on September 2, 2014
Manager	Wei-Wen Chen	—	—	—	—	Took the office on September 2, 2014
Manager	Sheng-Hsiung Hung	—	—	—	—	Took the office on September 2, 2014
Manager	Jing-Wen Chou	2,250	—	—	—	Took the office on July 1, 2016
Manager	Chung-Wei Lee	—	—	—	—	Took the office on March 21, 2017
Manager	Tien-Wen Yu	—	—	—	—	Took the office on March 20, 2018
Financial manager	Ming-Hui Chien	—	—	—	—	Took the office on September 2, 2014
Accounting Manager	Yu-Ting Lo	—	—	—	—	Took the office on March 23, 2018
President of Taisil branch	Yin-Sheng Hsueh	—	—	—	—	Took the office on January 2, 2020
Manager of Taisil branch	Liang-Chin Chen	—	—	—	—	Took the office on February 1, 2020
Manager of Taisil branch	Yao-Yi Huang	—	—	—	—	Took the office on February 1, 2020
Manager of Taisil branch	Chun-Jung Huang	—	—	—	—	Took the office on February 1, 2020
Manager of Taisil branch	Chun-Wei Huang	—	—	—	—	Took the office on February 1, 2020

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

(II) Shares Trading with Related Parties: None.

(III) Shares Pledge with Related Parties: None.

VIII. Relationship Information of the Top 10 Shareholders among who are Related Parties:

Date: April 22, 2022, Unit: Share; %

Name	Shareholding		Shareholding under spouse or underage children		Shareholding under other		Top 10 shareholders among who are related parties		Remarks
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Name	Relation-ship	
Sino-American Silicon Products Inc.	222,727,000	51.17%	-	-	-	-	None.	None.	
	1,000,000	0.23%	290,000	0.07%	-	-	None.	None.	
JPMorgan Chase Bank N.A. Taipei Branch in custody for Capital Income Builder	12,495,660	2.87%	-	-	-	-	None.	None.	
Cathay Life Insurance Company, Ltd.	9,619,000	2.21%	-	-	-	-	None.	None.	
New Labor Pension Fund	8,002,000	1.84%	-	-	-	-	None.	None.	
Fubon Life Insurance Co., Ltd.	6,534,000	1.50%	-	-	-	-	None.	None.	
American Funds Global Balanced Fund	4,500,000	1.03%	-	-	-	-	None.	None.	
JPMorgan Chase Bank N.A. Taipei Branch in custody for Capital World Growth and Income Fund	4,000,000	0.92%	-	-	-	-	None.	None.	
HSBC hosting Employees' Provident Fund —EPF MSCI	3,110,000	0.71%	-	-	-	-	None.	None.	
Vanguard Emerging Markets Stock Index Fund A Series Of Vanguard International Equity Index Funds	2,966,810	0.68%	-	-	-	-	None.	None.	
The account of the second 2009 old labor pension fund discretionary investment by Fubon Asset Management Co., Ltd.	2,737,000	0.63%	-	-	-	-	None.	None.	

Note: The shareholding is calculated based on the quantity of shares less the treasury stock.

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

December 31, 2021

Unit: Thousand shares; %

Reinvested entities (Note 1)	Investment by GWC		Investments directly or indirectly controlled by directors, supervisors and managers		Total investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
GlobalWafers Inc.	0.01	100.00%	-	-	0.01	100.00%
GlobalSemiconductor Inc.	25,000	100.00%	-	-	25,000	100.00%
GlobalWafers Japan Co., Ltd.	128	100.00%	-	-	128	100.00%
GWafers Singapore Pte. Ltd.	541,674	100.00%	-	-	541,674	100.00%
Sunrise PV Four Co., Ltd.	104,500	100.00%			104,500	100.00%
Sunrise PV Electric Power Five Co., Ltd.	27,800	100.00%			27,800	100.00%
GlobalWafers Holding Co., Ltd.	25,000	100.00%			25,000	100.00%
Hong-Wang Investment Company	30,976	30.98%	-	-	30,976	30.98%
Kunshan Sino Silicon Technology Co., Ltd.	-	-	(Note 2)	100.00%	(Note 2)	100.00%
MEMC Japan Ltd.	-	-	750	100.00%	750	100.00%
Topsil GlobalWafers A/S	-	-	1,000	100.00%	1,000	100.00%
Topsil Semiconductor sp z o.o.	-	-	0.1	100.00%	0.1	100.00%
GlobalWafers Singapore Pte. Ltd.	-	-	299,445	100.00%	299,445	100.00%
GlobalWafers B.V.	-	-	0.1	100.00%	0.1	100.00%
MEMC Electronic Materials S.p.A.	-	-	65,000	100.00%	65,000	100.00%
MEMC Electronic Materials France SarL	-	-	0.5	100.00%	0.5	100.00%
MEMC Korea Company	-	-	25,200	100.00%	25,200	100.00%
GlobiTech Incorporated.	-	-	1	100.00%	1	100.00%
MEMC LLC	-	-	-	100.00%	-	100.00%
MEMC Electronic Materials Sdn. Bhd.	-	-	1,036	100.00%	1,036	100.00%
MEMC Ipoh Sdn. Bhd.			612,300	100.00%	612,300	100.00%
GlobalWafers GmbH			25	100.00%	25	100.00%

Note 1: These represent investments accounted for using the equity method.

Note 2: No shares, as it is a limited company.

Four. Capital Overview

I. Capital and Shares

(I) Source of capital stock

1. Type of stock

December 31, 2021; Unit: Share

Type of Stock	Authorized Capital			Notes
	Issued Shares	Un-issued Shares	Total	
Registered common stock	437,250,000	162,750,000	600,000,000	This stock belongs to TPEx listed stock.

2. The formation of capital

December 31, 2021; Unit: NTD; Share

Month / Year	Par Value	Authorized Capital		Paid-in Capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
October 2011	10	300,000,000	3,000,000,000	180,000,000	1,800,000,000	Established with 1,800,000,000 of capital	None	Note 1
May 2012	10	400,000,000	4,000,000,000	317,500,000	3,175,000,000	Capital increase by cash of 1,375,000,000	None	Note 2
January 2015	10	400,000,000	4,000,000,000	349,250,000	3,492,500,000	Capital increased by cash 317,500,000	None	Note 3
September 2015	10	400,000,000	4,000,000,000	369,250,000	3,692,500,000	Capital increased by cash 200,000,000	None	Note 4
May 2017	10	600,000,000	6,000,000,000	437,250,000	4,372,500,000	Capital increased by cash 680,000,000	None	Note 5

Note 1: Approved by the Science Park Administration on Oct 18, 2011 Yuan-Shang-Zi No. 1000030345.
Note 2: Approved by the Science Park Administration on May 16, 2012 Yuan-Shang-Zi No. 1010014266.
Note 3: Approved by the Science Park Administration on Feb 25, 2015 Zhu-Shang-Zi No. 1040005439.
Note 4: Approved by the Science Park Administration on Oct 15, 2015 Zhu-Shang-Zi No. 1040029649.
Note 5: Approved by the Science Park Administration on May 17, 2017 Zhu-Shang-Zi No. 1060012613.

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

(II) Shareholder structure

1. Shareholder Structure

April 22, 2022; Unit: Person; Share; %

Shareholders Structure	Government Institutions	Financial Institutes	Other Juridical Persons	Natural Persons	Foreign institutes and foreigners	Total
No. of people	5	99	217	34,207	774	35,302
Shareholding (shares)	13,436,000	34,967,810	228,442,086	43,502,561	114,888,543	435,237,000
Holding Percentage (%)	3.09%	8.03%	52.49%	9.99%	26.40%	100%

Note: The shareholding is calculated based on the quantity of shares less the treasury stock.

(III) Shareholding Distribution Status

April 22, 2022; Unit: Person; Share; %

Class of Shareholding	Number of Shareholders	Shareholding (shares)	Shareholding ratio
1 ~ 999	20,736	2,566,400	0.59%
1,000 ~ 5,000	12,724	21,382,648	4.91%
5,001 ~ 10,000	803	6,080,952	1.40%
10,001 ~ 15,000	265	3,360,876	0.77%
15,001 ~ 20,000	143	2,613,854	0.60%
20,001 ~ 30,000	144	3,604,732	0.83%
30,001 ~ 40,000	87	3,073,057	0.71%
40,001 ~ 50,000	53	2,407,472	0.55%
50,001 ~ 100,000	118	8,532,941	1.96%
100,001 ~ 200,000	78	11,254,427	2.59%
200,001 ~ 400,000	64	18,524,390	4.26%
400,001 ~ 600,000	25	11,748,855	2.70%
600,001 ~ 800,000	18	12,562,035	2.89%
800,001~ 1,000,000	8	7,191,876	1.65%
Over 1,000,001	36	320,332,485	73.59%
Total	35,302	435,237,000	100.00%

Note: The shareholding is calculated based on the quantity of shares less the treasury stock.

(IV) Major Shareholders

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

April 22, 2022; Unit: Share; %

Shares / Name of Major Shareholders	Shareholding (shares)	Percentage (%)
Sino-American Silicon Products Inc.	222,727,000	51.17%
JPMorgan Chase Bank N.A. Taipei Branch in custody for Capital Income Builder	12,495,660	2.87%
Cathay Life Insurance Company, Ltd.	9,619,000	2.21%
New System Labor Pension Fund	8,002,000	1.84%
Fubon Life Insurance Co., Ltd.	6,534,000	1.50%
American Funds Global Balanced Fund	4,500,000	1.03%
JPMorgan Chase Bank N.A. Taipei Branch in custody for Capital World Growth and Income Fund	4,000,000	0.92%
HSBC hosting Employees' Provident Fund－EPF MSCI	3,110,000	0.71%
Vanguard Emerging Markets Stock Index Fund A Series of Vanguard International Equity Index Funds	2,966,810	0.68%
The account of the second 2009 old labor pension fund discretionary investment by Fubon Asset Management Co., Ltd.	2,737,000	0.63%

Note: The shareholding is calculated based on the quantity of shares less the treasury stock.

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

Unit: NT$; Thousand Shares

<table>
<tr><th colspan="3">Year / Category</th><th>2020</th><th>2021</th><th>2022 up to March 31</th></tr>
<tr><td rowspan="3">Market price per unit</td><td colspan="2">Highest Market Price</td><td>742.00</td><td>972.00</td><td>906.00</td></tr>
<tr><td colspan="2">Lowest Market Price</td><td>290.00</td><td>606.00</td><td>606.00</td></tr>
<tr><td colspan="2">Average Market Price</td><td>424.31</td><td>797.79</td><td>727.89</td></tr>
<tr><td rowspan="2">Net Worth Per Share</td><td colspan="2">Before Distribution</td><td>101.45</td><td>104.84</td><td>108.64</td></tr>
<tr><td colspan="2">After Distribution</td><td>83.45</td><td>88.84</td><td>–</td></tr>
<tr><td rowspan="3">Earnings per Share</td><td colspan="2">Weighted average shares</td><td>435,237</td><td>435,237</td><td>435,237</td></tr>
<tr><td rowspan="2">Earnings per Share</td><td>Before retrospective adjustment</td><td>30.11</td><td>27.27</td><td>4.01</td></tr>
<tr><td>After retrospective adjustment</td><td>30.03</td><td>25.97</td><td>4.01</td></tr>
<tr><td rowspan="2">Dividend</td><td colspan="2">Cash dividend</td><td>18.0</td><td>16.0</td><td>–</td></tr>
<tr><td>Free Dividends</td><td>Dividends from Retained Earnings</td><td>–</td><td>–</td><td>–</td></tr>
</table>

		Dividends from Capital Surplus	–	–	–
	Accumulated Undistributed Dividends		–	–	–
Return on Investment	Price / Earnings Ratio		14.09	29.26	–
	Price / Dividend Ratio		23.57	49.86	–
	Cash Dividend Yield Rate		4.24%	2.01%	–

(VI) Dividend Policy and Implementation Status

1. Dividend Policy

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

(1) Make up losses.

(2) Set aside ten percent of such profits as a legal reserve. Unless the cumulative legal reserve is equivalent to the Company's total capital stock.

(3) Appropriate or reverse the special reserve in accordance with the law or regulations or the requirements of the competent authorities;

(4) After the current year profit deducts the aforesaid three items, shall there be remaining profit, plus the undistributed profits from previous years, the Board of Directors may propose the profit distribution. When distributing in cash, pursuant to paragraph 5 of Article 240, of the Company Act, it is authorized that the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. If the distribution is in the format of issuing new shares, it shall be resolved by the shareholders' meeting for distribution.

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

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

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

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

Pursuant to the Articles of Incorporation, the Board of Directors is authorized to resolve to distribute earning and capital reserve in cash after the end of each half-year. The respective amounts and payment dates of 2021 cash dividends of each half year approved by the Board of Directors are demonstrated in the table below:

2021	Approval Date (year/month/date)	Payment Date (year/month/date)	Cash Dividends Per Share (NT$)			Total Amount (NT$)
			Earning	capital reserve	Total	
First Half	2021/12/07	2022/02/11	8.0	0	8.0	3,481,896,000
Second Half	2022/05/03	2022/08/05	6.7196	1.2804	8.0	3,481,896,000
Total			16.0			6,963,792,000

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

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

(VIII) Compensation to employees and directors:

1. Ratio or scope of compensation to employees and directors, as set forth in the Company's Articles of Incorporation:
   Please refer to the dividend policy in (XI.1) above.
2. The estimated amount of compensation to employees and directors for the current period shall be calculated based on number of employee shares of stock considering any accounting discrepancy between the actual distributed amount of employee stock dividend and estimated figure:

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

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

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

3. Where the Board of Directors passes the allocation of remuneration:

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

Employees' and directors' remuneration adopted by resolution of the Board of Directors on March 15, 2022 is as follows:
Employees' remuneration: NT$440,455,864, all distributed in cash.
Director's remuneration: NT$45,000,000, all distributed in cash.
There is no difference between the actual distribution of employees' remuneration and directors' remuneration and the recognized amount in financial statements of 2021.

(2) The proportion of employees' remuneration to be allocated by shares in the total of net income after tax and employees' remuneration for individuals or Standalone Financial Reports in the current period: None.

4. The actual distribution of employees' remuneration and directors' remuneration in the previous year (including the number of shares allocated, the amount of shares and the share price), and differences, the reasons and treatment when it is different from recognized employees' remuneration and directors' remuneration: The Board of Directors resolved the distribution of employees' remuneration and directors' remuneration of 2020 in the meeting on March 16, 2021 as the following:

Unit: NT$

Category	Resolution of the Board of Directors	Actual distribution	Difference	Reasons for difference
Employee cash Bonus	463,952,806	463,952,806	None	N/A.
Remuneration to directors	44,500,000	44,500,000	None	N/A.

(IX) The Company's Buying Back of its Shares (execution completed)

March 31, 2022

Buy-back batch	First
Purpose of share buy-back	Transfer shares to the Company's employees
Estimated buy-back period	Oct 31, 2018 to Dec 28, 2018
Estimated buy-back Interval Price	NT$250-NT$300
Type and quantity of shares repurchased	Common shares 2,013,000
Amount of shares repurchased	NT$576,778,850
The percentage of bought back shares to the expected shares to be bought back (%)	50.33%
Number of shares retired and transferred	0
Accumulated number of outstanding shares	2,013,000 shares
Ratio of accumulated number of outstanding shares to the total number of issued shares (%)	0.46%

II. Issuance of Corporate Bonds:

As of March 31, 2022

Type of corporate bonds	Tranche 1, 2021 Unsecured common corporate bonds	Tranche 2, 2021 Unsecured common corporate bonds	Offshore 1st unsecured convertible corporate bonds
Issuance date	May 11, 2021	August, 19, 2021	June 1, 2021
Denomination	NT$ 1,000,000	NT$ 1,000,000	US$ 200,000
Issuance and trading place	Taipei Exchange	Taipei Exchange	Singapore Exchange
Par Value	Issued at 100% of the par value	Issued at 100% of the par value	Issued at 100% of the par value
Total amount	NT$6,500,000,000	Bond A: NT$7,100,000,000 Bond B: NT$5,400,000,000	US$1,000,000,000
Interest rate	Fixed at 0.62% per annum	Bond A: fixed at 0.50% per annum Bond B: fixed at 0.60% per annum	0.0%
Maturity	Five years, mature on May 11, 2026	Bond A: Three years, mature on August 19, 2024 Bond B: Five years, mature on August 19, 2026	Five years, mature on June 1, 2026
Guarantor	None	None	None
Trustee	Taipei Fubon Commercial Bank Co., Ltd.	Taipei Fubon Commercial Bank Co., Ltd.	Citicorp International Limited
Underwriter	Yuanta Securities, KGI Securities	Yuanta Securities, KGI Securities	Nomura International (Hong Kong) Limited

		Fubon Securities	DBS Bank Ltd. UBS AG Hong Kong Branch
Certifying lawyer	Yi-Cheng Law Firm Kuo, Huei-Ji, Esq.	Yi-Cheng Law Firm Kuo, Huei-Ji, Esq.	Tsar and Tsai Law Firm Jackie Lin, Esq.
Certifying CPA	KPMG United Accounting Firm Cheng-chien Chen, CPA	KPMG United Accounting Firm An-chih Cheng, CPA	KPMG United Accounting Firm Cheng-chien Chen, CPA
Repayment method	Repay the debt and the accrued interest outright	Repay the debt and the accrued interest outright	Unless the Company redeems, buys back and cancels the bonds early, or the corporate bond holders exercise their right of conversion, the Company will redeem the corporate bonds in USD, at the sum of the par value plus the yield of -0.25% annual percentage rate (calculated every six months). The redemption amount at the maturity, will be translated into NTD at a fixed exchange rate (USD/TWD= 27.9120), and then amount in NTD will be translated back into USD at the exchange rate at the time for redemption.
Outstanding principal	NT$6,500,000,000	Bond A: NT$7,100,000,000 Bond B: NT$5,400,000,000	US$1,000,000,000
Terms of redemption or early repayment	None	None	(I) From the next day when three full years pass since the issuance day, and before the maturity date, if the closing price (translated into USD at the exchange rate at the time) of the issuer's common shares, for 20 business days in 30 business day in row (in case of ex-right or ex-dividend, the closing price between the ex-right or ex-dividend trading day to ex-right or ex-dividend base date, shall be assumed as the price before the ex-right or ex-dividend) reaches 130% of the sum of the early redemption price multiplied by the conversion price at that time (translated

			into USD at the fixed exchange rate agreed on the pricing date), and then divided by the par value of the corporate bonds, the issuer may redeem all or part of the corporate bonds early at the early redemption amount; (II) When 90% of the corporate bonds are redeemed, bought back and cancelled, or the bond holder exercise the right of conversion, the issuer may redeem all but not part of the outstanding bonds at the early redemption amount; or (III) When any change in laws and regulations of Republic of China causes the issuer to bear higher taxes due to the corporate bonds, or to pay additional interest expenses, or to increase costs, the issuer may redeem all but not part of the bonds at the early redemption amount. The corporate bond holders may opt not to have the bonds in their possession to redeemed early by the issuer; provided this option will exempt such holders from claiming any extra taxes or fees against the issuer.
Restrictions	None	None	None
Name of credit rating institution, date of rating, and outcome of the corporate bond rating	N/A.	N/A.	N/A.
Other rights attached: Converted common shares, GDRs, or other negotiable securities	N/A.	N/A.	None

	Method of issuance and conversion	None	None	Please refer to MOPS (Investment Section - Debt and Credit)
Possible dilution resulted from the method of issuance and conversion and issuance terms, and the effects on the existing shareholders		None	None	Shall these corporate bonds be fully converted, the share capital may be diluted approximately 5.92%, not a material dilution affecting the shareholders' equity.
Custodian for the exchanged underlying asset		None	None	None

Information of Convertible Corporate Bonds

Type of corporate bonds		Offshore 1st unsecured convertible corporate bonds	
Item \ Year		At issuance	The year ended March 31, 2022
Market price of conversion	Highest	US$ 106.07	US$ 107.64
	Lowest	US$ 105.98	US$ 96.37
	Average	US$ 106.06	US$ 101.74
Conversion price		NT$ 1,040.20	NT$ 1,018.54
Issuance date and conversion price at the issuance		Issued on: June 1, 2021 Conversion price at the issuance NT$ 1,040.20	
Method to fulfill the conversion obligation		Issue new shares	

III. Preferred Stocks: None.

IV. Global Depository Receipts (GDR):

March 31, 2022

Item \ Issue date	April 26, 2017
Issue date	April 26, 2017
Issuance and listing	Luxembourg Stock Exchange
Total amount issued	US$469,200,000
Unit issuing price	The GDR transaction price is US$6.9 per unit
Units issued	68,000,000 units

Source of negotiable securities	Common shares of GlobalWafers Co., Ltd
Amount of negotiable securities	68,000,000 shares
Rights and obligations of GDR holders	The rights and obligations of GDR holders shall be handled in accordance with relevant R.O.C. laws and regulations and relevant provisions in the deposit contract. The following particulars are specified in the deposit contract: (I) The status of exercising voting rights Unless otherwise specified by relative laws and regulations, GDR holders may exercise voting rights of the GlobalWafers' common Shares in accordance with the deposit contract and the relevant R.O.C. laws and regulations. (II) Dividend distribution, pre-emptive rights for new shares and other rights Unless otherwise agreed in the deposit contract, GDR holders shall in principle enjoy the same dividend distribution and allotment of shares as the shareholders of GlobalWafers' common stock. Regarding the distribution of GlobalWafers' stock dividends, the depository institution will issue GDRs to the GDR holder based on the proportion of the holder's original shares in accordance with the deposit contract and relevant laws, or increase GlobalWafers' common shares represented in each GDR, or sell the stock dividends on behalf of GDR holders, and distribute the proceeds (after deducting taxes and related expenses) to the GDR holder When GlobalWafers increase its capital by cash or other stock warrants, GDR holders shall, in compliance with the R.O.C. and other relevant laws and regulations, enjoy the same dividend distribution and allotment of shares as the shareholders of GlobalWafers' common stock. Hence, the depository institution shall, under the agreement of the deposit contract and relevant laws, provide such rights to the GDR holder in accordance with the provisions of the deposit contract, or sell the right on behalf of the GDR holder and distribute the proceeds of sale (after deducting taxes and related expenses) to the GDR holders.
Trustee	N/A.
Depository bank	CitiBank, N.A.
Custodian bank	First Commercial Bank
Outstanding balance	476,220 units
Treatment of expenses incurred at issuance and thereafter	(I) GDR issue cost: Unless otherwise specified by relative laws and regulations or otherwise agreed by the issuing company and the foreign lead underwriter and depository institutions, the issuance costs and expenses of all GDRs are borne by the issuing company, including legal expenses, charges and fee for the listing of securities, financial advisory fees and other related expenses. (II) Expenses incurred during the effective period of GDR

			Unless otherwise specified by relative laws and regulations or otherwise agreed by the issuing company and the foreign lead underwriter and depository institutions. The charges and fee for the listing of securities, information disclosure and other related expenses of each year during the effective period of GDR shall be borne by the issuing company.
Important conventions about depository and escrow agreement			-
Market price per unit	2021	Highest	USD 33.40
		Lowest	USD 22.20
		Average	USD 28.57
	The year ended March 31st, 2022	Highest	USD 32.20
		Lowest	USD 21.20
		Average	USD 26.08

V. Employee Stock Warrants: None.

VI. New Restricted Employee Shares: None.

VII. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

VIII. The Status of Implementation of Capital Allocation Plans:

For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits, descriptions of the plans and status of implementation:

(I) Offshore 1st unsecured convertible corporate bonds

1. Plan description

(1) Approval date and letter No. of the competent authority: Jin-Guan-Zheng-Fa-Zhi No.1100342091, dated May 19, 2021, by Financial Supervisory Commission.

(2) Total funds required for the plan: US$1,000,000 thousand.

(3) Fund sources for the plan: placement of the offshore 1st unsecured convertible corporate bonds, for total US$1,000,000 thousand to be raised. The plan has completed the placement on June 1, 2021, and upload the information to MOPS.

(4) Usage of funds: US$1,000,00,000 for material procurement in the local currency

(5) Project and expected execution progress

Unit: US$ Thousand

Project	Expected completion date	Total funds required		Expected funds utilization plan					
				2021		2022			
				Q3	Q4	Q1	Q2	Q3	Q4
Material procurement in the local currency	Q4, 2022	USD	1,000,000	143,245	145,635	167,501	191,273	193,120	159,226
		NTD	28,535,000	4,087,496	4,155,695	4,779,641	5,457,975	5,510,679	4,543,514

Note: the exchange rate is estimated at NT$28.535: US$1

(6) Planned benefits:

Upon the completion of the placement in Q2, 2021, the Company would have the funds to procure materials in original currency, which would be helpful to the development in future years. Based on the amount to be used for procuring materials in the original currency, US$1,000,000 thousand (equivalent to NT$28,535,000 thousand), and the USD borrowing interest rate of 0.8% offered by the banks with business relationships, it is expected to save the interest expenditure by US$8,000 thousand, equivalent to NT$228,280 thousand (at the exchange rate of US$1: NT$28.535) annually. The saving would relieve the financial burdens properly and improve the solvency, positive to the Company's future operations.

2. Implementation

(1) Execution progress of funds (%)

Unit: US$ Thousand

Project	Status of implementation		Q1 2022	As of March 31, 2022	Reason of being ahead or behind the schedule, and remedies
Material procurement in the original currency (USD)	Amount spent	Expected	167,501	456,381	The main reason is that the corporate bonds were fully placed as early as at early June, so the funds were used to pay for the material procurement in the original currency, and the procurement was increased due to the order demands. Consequently, the fund utilization ran ahead of the schedule.
		Actual	177,686	689,583	
	Execution progress (%)	Expected	16.75%	45.64%	
		Actual	17.77%	68.96%	
Material procurement in the original currency (translated into NTD)	Amount spent	Expected	4,779,641	13,022,832	
		Actual	5,070,270	19,677,252	
	Execution progress (%)	Expected	16.75%	45.64%	
		Actual	17.77%	68.96%	

Note: the exchange rate is estimated at NT$28.535: US$1

The Company's 1st unsecured Euro-Convertible Bonds have been completed of the placement on June 1, 2021. The placement amount is US$1,000,000 thousand. As of March 31, 2022, the amount spent on the material procurement in the local currency was US$689,583 thousand (equivalent to NT$19,677,252 thousand at the provisional exchange rate on the filing day); the execute progress is 68.96%, ahead of the schedule. The main reason is that the funds were raised faster than expected and the procurement increased as the orders demanded. As proved by the random inspection of the related certificates by the underwriter, there has been no material irrgularity.

(2) Achievement of benefits

The raised funds were fully used on the material procurement in the oroginal currency, and since the funds were raised faster than expected, the execution progress also ran ahead of the schedule. From the view of saving interest expenditure for the material procurement in the original currency, based on the potentially saved interest after the funds were raised, the planned benefit is not materially different from the actual achievementnt.

Five. Operational Highlights

I. Business Activities

(I) Scopes of the business

1. The main operational categories of the company

CC01080 Electronics Components Manufacturing
C801990 Other Chemical Materials Manufacturing
F119010 Wholesale of Electronic Materials (for out of area operation only)
F219010 Retail Sale of Electronic Materials (for out of area operation only)
F401010 International Trade
Research, design, development and manufacturing and sales of the following products:

1. Semiconductor silicon materials and components
2. Silicone compound
3. Silicon carbide compound
4. Concurrently engaged in import and export related to the previous business.

2. Sales Proportion

Unit: NT$ thousands

Year / Product item	2020		2021	
	Net operating revenues	Proportion (%)	Net operating revenues	Proportion (%)
Semiconductor wafer	55,138,940	99.6%	60,623,123	99.2%
Semiconductor ingot	113,541	0.2%	361,301	0.6%
Electricity fee Revenue	4,239	-	27,439	-
Other	102,068	0.2%	118,729	0.2%
Total	55,358,788	100.00%	61,130,592	100.00%

3. Current product line

A. Ultra low resistivity ingot with Phosphorus doped
B. Ultra low resistivity ingot with Arsenic doped
C. Ultra low resistivity ingot with Boron doped
D. Ultra low resistivity ingot with Antimony wafers
E. 12” (110) and (111) special crystal orientation
F. High off orientation wafering
G. SOI substrate for 5G RF device application
H. Low defects ultra-high flatness Silicon substrate for Advanced IC process
I. Ultra high resistivity wafers with low oxygen
J. Polished wafer and Epi wafer
K. Anneal wafer
L. Unpolished wafer and ultra thin wafer
M. High reflectivity etching wafer
N. SOI wafer and bounding wafer for high power electronic device
O. Diffusion wafer and deep diffusion polished wafer
P. High strength silicon substrate for GaN_HEMT application
Q. FZ wafer
R. NTD wafer
S. GaN Epi

T. N type SiC wafer
U. Semi insulating SiC Crystal and the wafer
V. Taiko wafer
W. 8” floating zone gas doped wafers

4. New product development projects
A. SiC wafer high power automotive electronic device application
B. Epi-substrate for GaN_HEMT application
C. High strength and ultra thin silicon substrate with nano structure
D. SOI substrate for next generation RF device application
E. 300mm EPI wafer
F. Semi insulating SiC Crystal and the Wafer
G. GaN on Si D mode power epi wafer
H. GaN on SI-SiC RF epi wafer
I. 8“ floating zone gas doped wafers

(II) Industry Overview

1. Industry status and development

A. Global demand for semiconductors

Semiconductor Trade Statistics (WSTS) notes that the robust development of the global semiconductor industry in 2021 drives the global economy out of glooming shadow of the pandemic, the sales of the whole year reaches USD555.89 billion, or growing about 26.2% from 2020. This double-digit growing trend is likely to continue into 2022; it is expected that the whole year sales of 2022 will exceed the threshold of USD600 billion and hit USD613.52 billion, or growing at 10.4% annually. Although the shortage of raw materials slows down the shipment momentum, the strong demands in the end-market and rising prices will lead the semiconductor industry to record new highs; Sensor has the largest growth, with an expected annual growth rate of 17.2%; followed by Logic with the expected annual growth rate of 17.1%. The Analog closely follows with the expected annual growth rate of 14.1%.

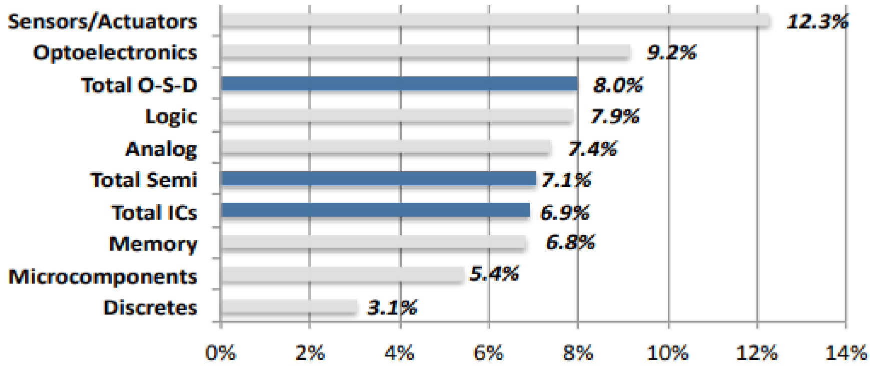
Fall 2021 Q4 Update	Amounts in US$M			Year on Year Growth in %		
	2020	2021	2022	2020	2021	2022
Americas	95,366	121,481	141,386	21.3	27.4	16.4
Europe	37,520	47,757	52,918	-5.8	27.3	10.8
Japan	36,471	43,687	47,928	1.3	19.8	9.7
Asia Pacific	271,032	342,967	371,291	5.1	26.5	8.3
Total World - $M	440,389	555,893	613,523	6.8	26.2	10.4
Discrete Semiconductors	23,804	30,337	33,275	-0.3	27.4	9.7
Optoelectronics	40,397	43,404	46,844	-2.8	7.4	7.9
Sensors	14,962	19,149	22,442	10.7	28.0	17.2
Integrated Circuits	361,226	463,002	510,962	8.4	28.2	10.4
Analog	55,658	74,105	84,539	3.2	33.1	14.1
Micro	69,678	80,221	89,709	4.9	15.1	11.8
Logic	118,408	154,837	181,257	11.1	30.8	17.1
Memory	117,482	153,838	155,458	10.4	30.9	1.1
Total Products - $M	440,389	555,893	613,523	6.8	26.2	10.4

Source: Semiconductor Trade Statistics (WSTS) (March 18, 2022)

The market survey institution, IC insight, forecasts that the global semiconductor market will grow 11% in 2022; it is not only a double-digit growth for three years in a row, but also the first three-year growth recorded in 25 years. After the explosive growth, the semiconductor market will slow down progressively. Combining with the cycle factors of semiconductor market, it is forecasted the CAGR between 2022 to 2026 will slow down to 7.1%.

Although Sensor and Actuator account for less than 4% of the global semiconductor market sales, benefiting from the emergence of wearable devices and gradually increasing loading rates that support multi-level measurement and machine learning, related components have grown significantly. The compound annual growth rate (CAGR) is expected to reach 12.3% to US$24.3 billion In the IC market, the logic IC is benefited from the surge in demands for automotive chips and industrial chips, and the CAGR is estimated to reach 7.9%. Compared to the overall IC market growth rate of 6.9%, the performance is outstanding.

The CAGR of product sales in the semiconductor market from 2022 to 2026



Source: Market research institution, IC Insight (February 10, 2022)

In 2021, the semiconductor market was deeply affected by the demand-supply imbalance, resulting in delays in the delivery of various products, with automotive chips suffered the most. According to the survey institution IDC, as the industrial inventory gradually returns to normal levels, the issues of shortages and imbalanced chip supply in 2021 are expected to be mitigated in the first half of 2022.

Although most survey institutions indicated that 2022 is expected to continue the growth momentum of the semiconductor market in 2021, the International Monetary Fund (IMF) warned that the recovery process of the global economy would be subject to the pandemic movement, energy price fluctuations, fiscal policies of various countries, and volatilities in financial markets triggered by interest rate hikes. Coupled with the increasingly intensified geopolitical risks, the order of the global financial market will be disturbed. In the coming year, all semiconductor manufacturers must pay close attention to the directions of related risks and change their operational strategies timely.

B. Overview of the wafer industry

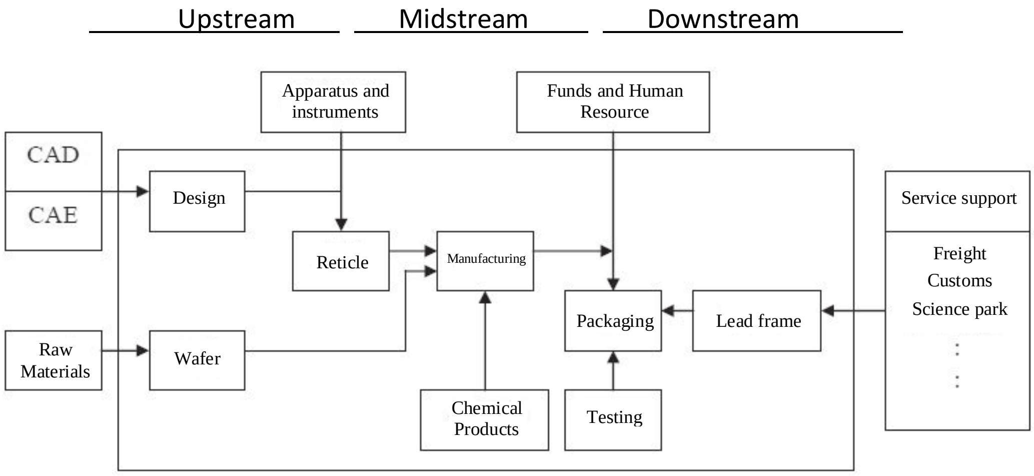
The semiconductor manufacturing process includes IC design, IC wafer fabrication, IC packaging and IC testing. The overall structure of the semiconductor industry is divided into upstream, midstream and downstream, among which IC design belongs to the upstream semiconductor industry, IC wafer fabrication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

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

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

2. Industry relevance of upstream, midstream and downstream companies

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



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

3. Various product development trends

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

A. Global macroeconomic trends

The global economy has recovered from the COVID-19 outbreak in 2019, and economic activities have gradually normalized. Coupled with the continuous improvement of vaccination, the global economic growth momentum has been boosted. Provided, the fiscal measures are gradually tightening, Omicron variants, geopolitical friction and soaring raw material prices cast a shadow over the economic growth in 2022. World Bank has forecasted the global economic growth for 2022 will be 4.1%, and the developed economies will grow 3.8%, while developing and emerging market economies will grow 4.6%. Although the economic growths of various countries are still positive, compared to growth in 2021, the global recovery momentum is weakening.

	2019	2020	2021e	2022f	2023f
World	**2.6**	**-3.4**	**5.5**	**4.1**	**3.2**
Advanced economies	**1.7**	**-4.6**	**5.0**	**3.8**	**2.3**
United States	2.3	-3.4	5.6	3.7	2.6
Euro area	1.6	-6.4	5.2	4.2	2.1
Japan	-0.2	-4.5	1.7	2.9	1.2
Emerging market and developing economies	**3.8**	**-1.7**	**6.3**	**4.6**	**4.4**
East Asia and Pacific	5.8	1.2	7.1	5.1	5.2
China	6.0	2.2	8.0	5.1	5.3
Europe and Central Asia	2.7	-2.0	5.8	3.0	2.9

Source: World Bank - Global Economic Prospects (Jan 2022)

B. US macroeconomic trends

The market research institution, IHS Markit, forecasts that the GDP growth of the U.S. in 2022 will be 4.1%. World Bank's forecast is 3.7%, while Economist Intelligence Unit's forecast is 3.8%. While declining from 2021, the overall performance is strong.

In regard to the job market, the U.S. Bureau of Labor Statistics reported that the U.S.

unemployment rate in December 2021 was 3.9%, the lowest since the pandemic. The Consumer Price Index (CPI) of December 2021 grew 7.0% from 12 months ago, and 0.20% from the previous month. The core CPI, excluded food and energy, was 5.5%, and grew 0.6% from the previous month.

Regarding the near-term economic outlook in the U.S., the Purchase Manager Index, released by the Institute of Supply Management (ISM), in the month of December 2021, the manufacturing PMI was 58.7 and the service sector PMI was 62.0. Both were higher than the expansion baseline of 50%, meaning that the trend of expansion largely continued.

C. Europe's macroeconomic trends

The market research institution, IHS Markit, forecasted that the GDP growth of the Eurozone in 2022 will be 3.7%. World Bank's forecast is 3.9%, while Economist Intelligence Unit's forecast is 4.2%; the overall performance is only next to 2021, with a strong growth trend.

For the job market in Europe, the unemployment rate in November 2021, reported by Eurostat, was 7.2%. The December 2021 CPI, also reported by Eurostat, grew 5.0% from 12 months ago, and the core inflation in Eurozone is 2.7%. Currently, financing rates in Europe, marginal lending rates, and deposit rates are still relatively low. However, the European Central Bank (ECB) has no plan to raise interest rates any sooner.

For the economic outlook of Europe, the Economic Sentiment Indicator (ESI) reported by the EU Commission, was 114.5 and 115.3 for EU and Eurozone, respectively, in December 2021. Under the ESI, the consumer, service, and retail sectors all recorded a declined sentiment index for EU and Eurozone and the ESI index was impacted thus; the manufacturing and construction index grew. The overall European economy is in an expansion phase, but whether the trend continues is to be monitored.

D. Japan's macroeconomic trends

The Bank of Japan forecasts that the GDP growth rate in 2022 will be 3.8%, and the World Bank estimates that Japan's GDP growth rate will be 2.9% in 2022, up 1.2% from 2021. Japan's manufacturing industry is benefited from a significant increase in orders, resulting in double-digit monthly growth of manufacturing orders in November 2021, up 12.9% from the previous month, while non-manufacturing orders fell 0.8% month-on-month.

Japan's Ministry of Finance announced that in December 2021, total imports were 8,463.8 billion yen, growing for the 11th consecutive month, while the total export volume was 7,881.4 billion yen, the 10th consecutive month of growth. According to the JIBUN BANK Japan Manufacturing Purchasing Managers Index (PMI), cited by market survey institution IHS Markit, the growth rate of employment indicators is the highest since April 2018, but the growth of output and new orders has gradually moderated, and the business confidence in the overall future economic environment continues to decline, leading the PMI index to decline to 54.3.

For the leading indicators, the leading indicator of Japan is 103.0 in November 2021, only the final-demand goods inventory, industrial producers' inventory, and M2 monetary supply declined, and other indicators grew positively. For Japan's economic outlook, the three-month moving average of leading indicators was 101.6, and seven-month was 102.3, a decrease of 0.07 points from October.

E. China's macroeconomic trends

China's National Bureau of Statistics released that the 2021 gross domestic production (GDP) is 8.1%, and the output growth of industries with annual revenue of 20 million CNY or more from their main business operations grew 9.6% year on year. The market research institution, IHS Markit, forecasts that the GDP growth of China in 2022 will be 5.4%, while World Bank's forecasts the GDP growth of China in 2022 will be 5.1%.

For consumption, the total amount of social consumer goods retail in 2021 was CNY 44.823 trillion, or a 12.5% increase from 2020. In terms of investment, the full year fixed asset investment in 2021 (agriculture households excluded) grew 4.9% year on year, and the private fixed asset investment grew 7% from the previous year. China's General Administration of Customs reported that the trade amount in 2021 was USD2,687.53 billion, or 30.1% growth from 2020. The export amount was USD3,363.96 billion, with a growth rate of 29.9%. The top three export destinations were the U.S. (16.6%), EU (15.5%) and ASEAN (14.6%) in December; the total share of the three regions was 46.7%.

For production and business activities, the manufacturing industry was affected by indicators such as the recovery of the industrial chain and the shorter supply shipment time. In December, the PMI index increased by 0.2% to 50.3% month-on-month, while the non-manufacturing PMI was 52.7%.

F. Taiwan's macroeconomic trends

Taiwan Institute of Economic Research forecasts that Taiwan's economic growth rate will be 4.10% in 2022, mainly relying on the support of private consumption. While exports and private investments maintain a strong trend, they are affected by the relatively high base period, and thus the contribution to economic growth declines; therefore, the growth is expected to be lower than in 2021.

For the export performance, thanks to the effect of rising semiconductor prices, the demand for chips continued to be strong. In addition, the demands for servers and notebooks remained strong, so the annual exports growth rate of electronic components, information communication and audio-visual products continued to grow. For the conventional industries, the suspension of large-scale plastic chemical plants in North America has led the PVC materials to be eagerly sought after. With the relatively high base period, the export momentum of the conventional industries gradually slowed down. For imports, affected by the fall in international crude oil and resurging raw material prices, the annual growth rate of agricultural and industrial raw materials and capital equipment imports declined, which in turn affected the overall import growth. In 2021, the total amount of export surplus will exceed US$65.421 billion, an increase of 10.92%; and it is estimated that in 2022, the export and import amount will increase by 3.75% and 3.42%, respectively.

For domestic production, benefiting from the demands for applications such as 5G, high-performance computing, Internet of Things and automotive electronics, the output of semiconductors and other related electronic components remained at the high-end, boosting the growth of manufacturing production. Manufacturing production in 2021 increased by 14.06%, while industrial production increased by 13.22%. For the price performance, the annual growth rate of CPI for the whole year of 2021 is 1.96%, the highest growth rate since 2009; the annual growth rate of WPI is 9.42%, a record high in 41 years.

4. Industry competition

In the semiconductor wafer industry, barriers to entry are high to the other potential competitors due to high concentration of capital and technology. In recent years, the Company has become the third largest wafer supplier in the world through acquisition of Topsil and SunEdison and expansion of equipment. The Company’s Business operations have achieved economies of scale and its process technology has won the trust and quality recognition from international manufacturers. Furthermore, the Company would become more flexible in meeting customers' demand on high quality products and different delivery time frames by integrating technologies and production capacity of subsidiaries around the world. Although the pandemic has shocked to the economics, but it also drove new commercial behaviors and life styles, while stimulating the development of basic network communications, such as clouds and servers. As the accelerating 5G constructions are expected to trigger mobile phone replacement, accelerate the digitized remote/life styles and the automobile market that may recover due to no-man driving and EV development, it is expected that the global semiconductor chip demands will be hot.

(III) Overview of Technology and R&D

We have been continuously endeavoring to improve the technologies of silicon monocrystalline ingot growth and silicon wafer precision machining and by cooperating with academic research institutes and university professionals, we have accumulated explosive energy in innovating new technologies as well as new products. With years of devoting to the technology development in the projects of “Silicon monocrystalline ingot growth and silicon wafer precision machining” and “Silicon epitaxy deposition technology and SOI wafer bonding technology,” we have fulfilled or exceeded the international standards in the fields, such as the productivity of monocrystalline ingot growth, lowering the resistivity of ingot, ingot defect control, ingot quality improvement, reducing argon usage, improvement of wafer flatness, atomic-level handling technique for polished wafer surface, homogeneous/heterogeneous epitaxial technique, homogeneous/heterogeneous wafer bonding technique, improvement of wafer strength with reducing wafer thickness, improvement of energy consumption and water usage, reducing of materials usage and waste. After Covalent Material-silicon, Topsil and Sun Edison semi joining GlobalWafers, we integrate and redistribute the technologies and resources among subsidiaries and have reached several remarkable indices with regard to the development of process technology, research and development of new products and most importantly, the customers’ qualifications as well. We have not only passed the evaluation of the Tier 1 customers in cutting-edge manufacturing processes but also have been selected as the best supplier by important customers. The customers have certainly demonstrated GWC's success in R&D.

In process technology, we have developed our own advanced process control system and have implemented it in the key process steps. This process control technology not only optimizes the stability of the process but also makes the manufacturing process for low-defect and ultra-flat wafers possible.

In new product development, we have achieved unprecedented milestones, for instances, we have developed 12-inch N-type heavily doped semiconductor with ultra-low resistivity for high power IC components, RF-SOI and CTL-SOI for 4G and 5G communication applications, the next generation wide band-gap material GaN on silicon and on SiC wafers, and the customized internal-impurity-agglomerated special wafer - the Engineered Customizable Application Specific “ECAS®”

wafer (ECAS).

For the future silicon-based materials, GlobalWafers will continue the investment in the research and development of the advanced monocrystalline ingot growth, novel process for wafer slicing and nano-grade ultra-flat polishing technique. All these unique technologies will definitely be our cornerstones for us to surpass Moore’s law in the future.

The technology development of wide band-gap material will be based on our technologies on silicon wafers, making GlobalWafers a full range wafer supplier.

In addition, GlobalWafers is also actively expanding its patent portfolio to protect its intellectual properties procured from R&D and has obtained more than 1,400 patents worldwide. These R&D achievements will enforce us to progress and become the leading wafer supplier in the world.

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

Unit: NT$ thousands

Item/Year	2020	2021	As of March 31, 2022
R&D expenses	1,624,308	2,069,507	486,993
Net operating revenues	55,358,788	61,130,592	16,306,525
R&D expenses as a percentage of net revenue (%)	2.93	3.39	2.99

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

Year	Name of technology or product
2020	1. Reclaim wafer manufacturing technology for ultra-thin SiC wafer 2. Semi insulating SiC crystal and the wafer 3. GaN epi structure and process optimization technology 4. Smart Wafer Quality Measurement Image Judgement Technology 5. Silicon substrate for next generation process 6. AI development in Shape Neutral wafer development 7. AI development in ingot oxygen concentration tuning 8. New polishing technology introduction 9. New lapping/grinding technology introduction 10. Tiny particle control technology of 12” wafer for the cutting-edge device 11. Advanced AI technology for supporting to improve labor efficiency and productivity in mass production 12. New evaluation technology for lower detection limit for heavy metal contamination
2021	1. CCZ Ultra low resistivity Antimony doped ingot 2. 12” N/N+/LTO EPI for Automobile/Mobile Phone Power Application 3. 12” P/P+/LTO EPI for CIS and Power Application 4. 12” (110) special crystal orientation for advanced IC technology 5. 12” special wafer for advanced fiber-optics integrated devices 6. 12” (111) special wafer for advanced MiniLED and MicroLED technology 7. Special wafer for Automobile/Mobile Phone BCD Power Device 8. Development of Low energy consumption crystal puller hot zone

	9. Develop polishing slurry recycle process 10. Develop water-saving diamond wire slicing process 11. High efficiency low pollution dust capture technology for silicon crystal growth 12. Fully automated floating zone crystal pulling based on advanced predictive modelling 13. Develop high resolution Image recognition technology for crystal 14. AI development in ingot diameter tuning 15. Develop high deposition rate low defect technology for SiC crystal 16. Develop high throughput low warp slicing technology for SiC wafer 17. Low damage layer wafering technology development for SiC wafer

(IV) Long-term and short-term business development programs

1. Long-term program
   A. The Group's high-end leading technology is utilized to develop chips matching next-generation product utilization. Development shall move towards large size advanced manufacturing process, heavily-doped crystal pulling and power semiconductor epitaxy technology, as well as becoming the world's largest silicon wafer supplier.
   B. Accelerate the development of next-generation application products, such as GaN/Si/SiC, and actively expand the new blue sea.
   C. The Company will keep close attention to market trends and the industrial fluctuation, adjust business strategies when necessary, continue to develop high-value products, and carry out patent protection measures to strengthen the Company’s competitiveness.
   D. Strengthen the operation performance of all businesses, continue with the cross-region integration of the production technology, procurement, production capacity and marketing in each country.
   E. Develop chips in line with next-generation products by the use of cutting-edge technologies from Europe, the United States, Korea and Japan, in order to have a strong and irreplaceable position in the market.
   F. Consolidate the design and raw material requirements for new products and materials by seeking a strategic alliance between technology and sales.
   G. Based on the current stable outstanding management performance, steadily expands the Company’s operation scale via strategic alliance or acquisitions.

2. Short-term program
   A. Strengthen R&D links with downstream customers, develop high-efficiency niche products with core technology capabilities, and actively reduce manufacturing costs to increase profit margins.
   B. Acceleration of the production performance of 12” products, and increase the global market share of 8” and 12” wafer.
   C. Combine the technology, resources and various possibilities within the Group to debottleneck of each plant and maximize product capacity, deepen the multinational technology integration platform, and comprehensively improve quality and customer satisfaction to meet market demand.
   D. Stabilize the supply of key raw materials and parts to ensure good production quality and on-time delivery so that the production line runs smoothly.

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

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

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

II. Market, Product and Sale

(I) Market Analysis

1. Distribution areas of major commodities

Unit: NT$ thousands

Region		2020		2021	
		Sales	Rate (%)	Sales	Rate (%)
Sales in domestic market		10,739,224	19.4%	11,128,010	18.2%
Export sales	Asia	27,835,758	50.3%	31,567,591	51.6%
	The Americas	7,231,434	13.1%	8,132,016	13.3%
	Other	9,552,372	17.2%	10,302,975	16.9%
Total		55,358,788	100.00%	61,130,592	100.00%

2. Market share

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

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

According to SEMI ORG, a market survey institution, silicon wafer shipments in 2021 increased by 14% compared to 2020, and total revenue increased by 13%, to a historical record of US$12.6 billion. To respond to the strong demands for wafer products in the semiconductor market, various manufacturers have increased capital expenditures, and have actively expanded and upgraded production capacities. SEMI ORG forecasts that the global front-end fab equipment spending will increase by 18% to a new record, US$107 billion, in 2022. Taiwan's spending is the strongest, with total spending increasing by 56% to US$35 billion, followed by Korea and China, respectively, with total spending of US$26 billion and US$17.5 billion.

For the production capacity estimates, SEMI ORG forecasts that the global wafer equipment will grow by 8% and 6% in 2022 and 2023, respectively, leading the monthly production capacity to 29 million wafers (8 inches) in 2023. It is expected to mitigate the chip shortage and drive the continual expansion of the semiconductor industry.

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

4. Competitive Edge

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

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

B. Possession of advanced production process technology

We have been continuously endeavoring to improve the technologies of silicon monocrystalline ingot growth and silicon wafer precision machining, and by cooperating with academia research institutes and university professionals, we have accumulated explosive energy in innovating new technologies as well as new products. With years devoted to the technology development in the projects of “Silicon monocrystalline ingot growth and silicon wafer precision machining” and “Silicon epitaxy deposition technology and SOI wafer bonding technology,” we have fulfilled or exceeded the international standards in the fields, such as the productivity of monocrystalline ingot growth, lowering the resistivity of ingot, ingot defect control, ingot quality improvement, reducing argon usage, improvement of wafer flatness, atomic-level handling technique for polished wafer surface, homogeneous/heterogeneous epitaxial technique, homogeneous/ heterogeneous wafer bonding technique, improvement of wafer strength with reducing wafer thickness, improvement of energy consumption and water usage, reducing of material usage and waste. After Covalent Material-silicon, Topsil and SunEdison Semiconductor-joining GlobalWafers, we integrate and redistribute the technologies and resources among subsidiaries, and have reached several remarkable indices with regard to the development of process technology, research and development of new products, and most importantly, the customers’ qualifications as well. We have not only passed the evaluation of the Tier 1 customers in cutting-edge manufacturing processes but also have been selected as the best supplier by important customers. The customers have certainly demonstrated GWC's success in R&D.

In process technology, we have developed our own advanced process control system and have implemented it in the key process steps. This process control technology not only optimizes the stability of the process but also makes the manufacturing process for low-defect and ultra-flat wafers possible.

In new product development, we have achieved unprecedented milestones, for instances, we have developed 12-inch N-type heavily doped semiconductor with ultra-low resistivity for high power IC components, RF-SOI and CTL-SOI for 4G and 5G communication applications, the next generation wide band-gap material GaN on silicon and on SiC wafers, and the customized internal-impurity-agglomerated special wafer - the Engineered Customizable Application Specific “ECAS®” wafer (ECAS).

For the future silicon-based materials, GlobalWafers will continue the investment in the research and development of the advanced monocrystalline ingot growth, novel process for wafer slicing and nano-grade ultra-flat polishing technique. All these unique technologies will definitely be our cornerstones for us to surpass Moore’s law in the future.

The technology development of wide band-gap materials will be based on our technologies on silicon wafers, making GlobalWafers a full range wafer supplier.

In addition, GlobalWafers is also actively expanding its patent portfolio to protect its intellectual properties procured from R&D and has obtained more than 1600 patents worldwide. These R&D achievements will enforce us to progress and become the leading wafer supplier in the world.

The Company concentrates in the crystal growth of silicon wafer materials and precision processing improvement, and could upgrade technological know-how and development of new products quickly through cooperation with the academe and research institutions. After years of investment in the development of "Single crystalline silicon growth technology and wafer precision processing technology", the Company has emerged as the benchmarking firm in the productivity of single crystalline silicon, reduction of crystal resistance, crystal defect density control, upgrade of crystal quality, reduced use of argon, enhancement of the flatness of wafer, atomic grade wafer surface polishing treatment technology, homogeneous/heterogeneous epitaxy technology, homogenous/heterogeneous wafer connection technology, enhancement of wafer strength with less thickness, energy efficiency, water consumption efficiency, reduced use of materials, and reduced wastes, and even surpassed the standards of international indicators. In addition to the above, the GlobalWafers has also paid attention to the protection of the intellectual property rights of the Company through patent registration. At present, the Company has more than 1,725 valid patents. This brilliant result of research and development has been highly recognized by the customers worldwide.

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

The Company has concentrated in the research and development of the technologies and production of semiconductor grade silicon products and related fields ever since its establishment and has established production sites in America, Europe and Asia. The Company has 17 plants in nine countries of the world with the economy of scale in production capacity. The engineers and the line staff are well-seasoned in production process and operations. In addition, the Company has managed its production process effectively under the diversified mode of operation in dispersion that helps to improve the production efficiently significantly. The unit cost becomes relatively low.

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

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

E. Diversity of products

The Company is a professional semiconductor grade silicon wafer manufacturer and has 3”~12” product line for the complete process of pulling, slicing, grinding, polishing, cleaning and epi turnkey, products span from epi, polished wafer, anneal wafer, diffusion wafer, SOI, SiC and GaN… The Company also provides total solutions and customized services for the diverse needs of customers. The Company has the advantage of being a leader in the industry, given its stable quality, sound performance, complete product line and short lead-time in research, development and design with flexibility.

F. Stable and health financial structure

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

5. Factor favorable and unfavorable for the development in the long run

A. Favorable factors

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

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

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

The continued development of the IoT containing smart appliances, wearables, and smart cities has emerged as the prime force driving for the revenue of semiconductors. Likewise, the 5G is about to activate a new mode of mobile web and change the form of wireless communication forever. The development of new technologies like the 5G, AI, and IoT will link together a number of consumer electronics, mobile devices, network communication equipment and PC application markets, which previously developed in their own solitudes. This is particularly the case for the demand of 8” and 12” silicon wafers. Wafers under the size of 6” will thrive as the demand for automotive and daily use is on the growth. The demand for silicon wafer materials will grow in line with the growth in demand for semiconductors.

(c) Product development meets market needs

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

B. Unfavorable factors and the response

(a) Economic cycle of the semiconductor industry

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

The Response Policy:

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

(b) Changes to international situations

The international situations have changed drastically recently. COVID-19 development and regional trade conflicts shocked macroeconomics significantly.

The Response Policy:

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

(c) The risk of shortage in key materials

With the vigorous development of the semiconductor industry, the demand for silicon wafers has rapidly increased, and the transportation system has also been affected by the epidemic. If suppliers cannot cooperate in a timely manner or shipments are blocked, it will result in a shortage of raw materials and lead to production disruption.

The Response Policy:

The key material for the Company – polycrystalline silicon, is purchased from world-renowned makers and bound by supply agreement for assurance of stable quality and sufficient quantity of material supply. In addition, to avoid the supply chain interruption due to the over-reliance on single supplier, the Company has established multiple suppliers for key raw materials, and invite the suppliers to join the sustainability alliance for producing low-carbon green products, in order to avoid material shortages and production interruptions.

(d) Exchange rate risk

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

The Response Policy:

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

(e) Risk of transportation costs

Countries have adopted countermeasures such as blocking borders in an attempt to curb the COVID-19. Global ports and harbors are in a stalemate due to the shortage of containers and the shutdown of terminals. Not only the transportation costs, but also the overall production costs have increased and eroded GlobalWafers' profits.

The Response Policy:

The Company owns production facilities in Europe, Americas, and Asia; through the flexible allocation and transportation, the best logistic arrangements are achieved. Meanwhile, with the advantages of the scale economics, the price negotiation levers are added. Under the existing dense logistic network, the most suitable solutions are measured to minimize the transportation costs.

(f) Competitor entrance

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

The Response Policy:

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

(g) Climate change

The frequency of extreme climate is increasing, bringing the potential concerns of drought and water shortage. The hot weather also increases the power consumption. However, the semiconductor process requires great water consumption, and relies on stable power supply. If the water supply and power supply are insufficient, production may be affected.

The Response Policy:

GlobalWafers deeply understands the impact and constraints of climate change on the operating environment. When making operational decisions, it evaluates risk scopes and takes them into account, to quickly implement emergency response plans to combat challenging water conditions. Through active water conservation measures and management, GlobalWafers has successfully responded to the water shortage crisis, avoided production interruption, as well as provide continuous and stable supply to global customers. Moreover, GlobalWafers has multiple solar power plants, and subsidiaries in various countries also adopt green energy pursuant to local energy policies, is committed to increasing the proportion of green power.

(II) The Production Procedures of Main Products

1. Major Products and Their Application

Products	Main Usage
Semiconductor wafer	Main ingredient of semiconductor devices, and manufactured into discrete devices, integrated circuits and optoelectronics after different processes such as polishing, diffusion, etching, and packaging and testing. Widely applied in discrete including diode, rectifier, transistor, TVS, thyristor and MOSFET and integrated circuits and optoelectronics like MEMS 、Power Device, consumer electronics and LOGIC IC

2. Process Flow:

Wafering

Poly-Si → Ingot Growth → Cropping →Grinding → Slicing → As-cut Wafer Cleaning → Thermal Process → Edge Grinding → Lapping → Lapped Wafer Cleaning → Inspection → Packaging

Cystallite

Bare Wafer -> Diffusion -> Sand Blasting -> Cleaning -> Ni plating -> Sintering -> Ni plating -> Au plating -> Dicing -> Packaging

Polishing

Lapping → Etching → Pre-Polishing Inspection → Polishing → Pre0Cleaning → Inspection → Final Cleaning → Surface Scanning → Inspection → Packaging

(III) Supply Status of Main Materials

Product	Major Raw Materials	Source of Supply	Supply Situation
Wafer	Polysilicon	Company g	Good
Wafer	Polysilicon	Company d	Good

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

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

Unit: NT$ 1,000

Item	2020				2021			
	Name	Amount	Proportion to annual net purchase (%)	Relationship with the issuer	Name	Amount	Proportion to annual net purchase (%)	Relationship with the issuer
1	Company g	1,061,951	7.0%	Parent Company	Company g	2,090,471	12.2%	Parent Company
2	Company d	1,912,976	12.7%	None	Company d	1,860,818	10.9%	None
	Other	12,128,119	80.3%		Other	13,156,183	76.9%	
	Net purchase	15,103,046	100.0%		Net purchase	17,107,472	100.0%	

Note to the changes:

The principal business of the Company and the subsidiaries is the manufacturing and sale of silicon crystal materials and silicon is the key ingredient. There is no significant change in the ranking of the suppliers in the last 2 periods.

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

Unit: NT$ 1,000

Item	2020				2021			
	Name	Amount	Proportion to annual net sale (%)	Relationship with the issuer	Name	Amount	Proportion to annual net sale (%)	Relationship with the issuer
1	Company C	10,936,309	19.8%	None	Company C	12,789,073	20.9%	None
	Other	44,422,479	80.2%		Other	48,341,519	79.1%	
	Net sale	55,358,788	100.00%		Net sale	61,130,592	100.00%	

Note to the changes:

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

(V) Production over the Last Two Years:

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

Year / Production volume and value / Key items (or by department)	2020			2021		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Semiconductor wafer	57,744	52,792	34,012,309	60,978	57,035	35,689,395
Semiconductor ingot	354	233	1,257,199	344	299	1,429,890
Total	-	-	35,269,507	-	-	37,119,286

(VI) Shipments and Sales over the Last Two Years:

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

Year / Sale volume and value / Key items (or by department)	2020				2021			
	Domestic sale		Export sale		Domestic sale		Export sale	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Semiconductor wafer	9,706	9,938,406	32,514	45,166,332	10,606	10,218,521	37,416	50,404,601
Semiconductor ingot	-	-	25	167,426	-	340	51	360,961
Electricity Income	-	4,239	-	-	-	27,439	-	-
Other	-	18,537	-	63,848	-	19,681	-	99,048
Total		9,961,182		45,397,606		10,265,981		50,864,611

Note: Other items are mostly the sale of crystal rods and materials. There is a wide array of products and the price varied significantly. The calculation of sale volume is omitted.

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

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

III. Human Resources

Year		2020	2021	March 31, 2022
Number of employees	Staff	732	936	907
	Manufacturing	860	738	737
	Total	1,592	1,674	1,644
Average age		40.69	40.83	41.1
Average Years of Service (year)		11.60	11.50	11.6
Education %	Doctors	0.82	0.78	0.79
	Masters	13.07	13.08	13.56
	Bachelor's Degree	47.55	47.91	47.63
	Senior high schools and below	38.57	38.23	38.02

Note: Subsidiaries are not included

IV. Environmental Protection Expenditures

1. According to the Law, a Company Shall Apply Permission for Pollution Facilities Placement, Pollutant Emission; Pay Prevention Fee; Set up Environmental Department, above Explanations are as below: the Company Has Applied Permission for Pollution Facilities Placement and Set up Environmental Department to Deal with Related Matters.
2. Environmental Protection Expenditure in the Most Recent Year:
   Environmental Protection Expenditure in 2021:
   The total cost of air pollution prevention and maintenance was NT$152,443thousand.
   The total cost of treatment and maintenance of industrial wastewater was NT$360,350 thousand.
   The total cost of industrial waste treatment and maintenance was NT$178,157 thousand.
   The total cost of other environmental protection expenditures was NT8,632 thousand.
3. The improvement of pollution control in the most recent year to the day this report was printed. If there was any dispute deriving from pollution related matters, specify the response process: None.
4. The loss (including indemnity) caused by pollution to the environment, the total amount of penalty in the most recent year to the day this report was printed, and disclose the policy in response (including corrective action plan) to the situation and possible spending (including the loss deriving from the failure to take action in response to the situation, penalty, and the estimated amount of indemnity. If it is not possible to make reasonable estimation, explain with evidence):
   The Malaysian subsidiary MEMC Electronic Materials Sdn. Bhd.
   (1) Date of Disposition: June 13, 2021
   (2) Notice of Disposition No.: 017278
   (3) Description of violation: the competent staff failed to oversee the operation of industrial effluent treatment system (IETS) during the Sunday-shift, and thus the company was penalized with US$476.
   (4) Correction: as required by laws, the qualified staff with related qualification certificates / permits were added to operate the system.
5. The effect of pollution and corrective action plan on the earnings, competitive position, and capital expenditure of the Company, and the major expenditure on environmental protection budget in the 2 years ahead: None.

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

V. Labor Relations

(I) Employee Benefits, Training, Education, Retirement Policy, Executions and Labor Negotiations and Measures to Protect Employee Rights.

1. Employee Benefits:

(1) Provide high quality salary and fair reward, promotion methods to confirm all the colleagues to the company's contribution. Besides common benefit-labor, health and group insurances and pension, the company also provides bonus for new year, festivals, birthday, and year-end party, cash premiums for wedding/funeral, travel allowance, Emergency assistance, scholarship, birth reimbursement, lunch and complete training. Since 2021, we also added employee stock ownership trusts. Employees can evaluate whether to join or not, and participants will be given 100% of the incentives according to the amount allocated by themselves.

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

(3) The Company recognizes the health of all employees is vital to work efficiency and morale, and hopes to create a safe working environment through the care of employees. Since 2020, the Employee Care Program has been established to enhance overall employee benefits through the formation of cross-departmental groups to develop a holistic plan with programmes in four aspects: work, health, life and welfare.

2. Training and Practice

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

3. Retirement Policy

(1) Two types for retirement: voluntary and mandatory.

Voluntary retirement: employees who have more than 15 years of seniority of services and at the age of 55, or who have more than 25 years of seniority of service, or who have more than 10 years of seniority of service and at the age of 60.

Compulsory retirement: employees who are at the age of 65 on May 14 2008 or beyond, or physically or mentally disabled that cannot perform the assigned duties shall be compelled to retire.

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

(3) Standard for payment of pension:

The old system: Two basis points for each year of service. For employees who have more than 15 years of service, one basis point will be given for each additional year of service up to 45 basis points. Seniority of service covering a period of less than half a year will be taken as half a year, and the period of half a year or more will be taken as a whole year. An additional 20% on top of the amount calculated according to the preceding subparagraph shall be given to workers forced to retire due to disability incurred from the execution of their duties.

New system: Those who selected the new retirement system after July 2005 will still be based on the old system of retirement in the calculation of the seniority of services before July 2005 and on the new system after July 2005.

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

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

The Company has established the "Occupational Safety and Health Management Function" in accordance with the Occupational Safety and Health Act with the appointment of occupational safety and health administrators. In addition, the Company has also instituted the "Regulations Governing Occupational Safety and Health". The work environment at plant sites and the protection of the health and safety of personnel are specified below:

(1) Regulations and policies governing work environment:

- All workers should pay attention to the physical and mental health for proper adjustment at all times and makes hygiene a good habit.
- The workplace shall be kept clean and tidy at all times.
- Smoking, betel nut chewing and intake of alcoholic beverages at workplace are strictly prohibited.
- Smoking is permitted only at designated area. No littering of cigarette buds.
- Use proper protective gears when handling hazardous substances.
- Proper labeling of hazardous substances and do not cause any damage to the substances.
- Proper facility for drinking water should be installed at workplace with routine cleanup and inspection of water quality.
- Annual disinfection of the whole plant site.
- The toilets should be properly ventilated and disinfected.
- All employees must observe the 6S rules of environmental hygiene and make it a habit.
- No spitting and response to the call of nature on shop floor, no indiscriminating discard of cigarette buds and not littering.

(2) The protection of the safety of personnel

- Follow related safety standard, operation procedure and procedure inspection checklist in performing different forms of duties and conduct routine inspection.

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

5. Labor-Management coordination

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

6. Measures to Protect Employee Rights

The Company has a viable management system with various rules and regulations explicitly stated. The content covers the rights and obligations, as well as the benefits of the employees. The content of benefits is subject to routine review and adjustment to protect the rights of all employees.

(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

The company has a harmonious relationship with labors, and disputes are also mediated according to the mediation procedure. In the most recent year and as of the printing date of the annual report, there was no loss due to labor disputes, and no fines were imposed for violating Labor Standards Act and the legal compliance department assists in the formulation and implementation of company regulations to comply with labor laws.

VI. Cyber Security Management

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

The Company established the Cyber Security Division on March 1, 2022 officially, to coordinate the prescription, implementation, risk management and compliance of cyber security and safeguard related policies. The Company appoints the Chief Information Security Officer (CISO) to supervise the implementation of the cyber security operation company-wide, and the effectiveness of the cyber security management mechanism. The CISO also reports the cyber security management operations related to the overall cyber security management organization, and the implementation performance of the system. The overall cyber security management related information security management operations, and the implementation effect of the system shall be reported to the chairperson.

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

The main axis of information security strategy includes information security governance (executed according to the management measures for information security policy with timely introduction of new technologies to improve information security governance ability), compliance with laws (regular review of new regulations, and introduction of new technology products to enhance information security management), and application of science and technology (cooperation with well-known professional information security manufacturers to improve information security management ability). Through close combination, mutual support, and continuous improvement and optimization, the overall information security defense ability is improved.

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

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

1. Information System Security Management
   - Install endpoint protection software on servers and personal computers or laptops, and automatically update virus definitions or signatures.
   - Construct email security gateway equipped with information security modules such as spam filtering, malicious file detection, and phishing email detection in order to enhance email attack protection.
   - Important systems and databases are regularly backed up and stored off-site to ensure data availability.

- The information system vulnerability scanning is conducted periodically and the system loopholes are fixed.
- The computer operation systems or servers are updated for securities based on the cyber risks.
- Establish a firewall in the internal network and set up firewall rules to protect important information systems.
- Perform annual disaster recovery exercise drill for important application systems.

2. Information System Access Control
   - Strictly control the application system and file access permissions to ensure information confidentiality.
   - Formulate and implement account/password complexity principles, and update passwords regularly to ensure the validity of identity authentication.
   - For employees who have resigned and changed departments, the information departmentl adjusts the permissions according to documents to ensure real-time and correct data permission & authorization.
   - Established the management procedures for non-employees (suppliers and contractors) to apply accounts and access the systems. Once the application is approved, the access will be granted for them to enter the system, and the handling status is recorded.
   - No personal terminal device is permitted to be connected with any external storage medium.
   - Personal computers are prohibited from connecting to the Company's network and resources, and the device authentication management mechanism is established.

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

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

Every year, the Company conducts the “Cyber Security Related Trainings” to all employees. In 2021, 14 sessions for 14 hours were provided. The cyber security dedicated personnel (2 designated people now) must receive at least 15 hours of professional cyber security trainings per person per year.

Considering that information security insurance is still a new type of insurance, which involves the relevant supporting facilities such as information security grade testing institutions, claim recognition and non-payment conditions, the coverage of the information security insurance will be further reviewed. The follow-up objectives will be to give priority to complete related norms of information security, make regular information security inspections, continuously strengthen information security protection and establish the joint defense mechanism, to be more active in the training of information security talents, and increase the training hours of information security-related courses year by year, so as to improve the ability of information security control and management.

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

The Japanese subsidiary wholly owned by the Company, GlobalWafers Japan Co., Ltd. (hereafter “GWJ”) has four plants in Japan in place (Niigata Plant, Tokuyama Plant, Sekikawa Plant, and Oguni Crystal Growth Center). Of which, Tokuyama Plant detected the virus attacking its servers on February 28 2022, while other three plants were not affected, only the shared data center was affected moderately. However, with the complete backup mechanism of the Company, operation was fully resumed by the end of March 2022.

While the four concerned plants were suspended for production for a short period, with the good information backup system built by the Company, and the supports of the Group, part of orders of GWJ were shifted to other subsidiaries around the world for production, and thus the effect on the Company’s finance and operation is immaterial.

Although the incident did not cause any material damage to the Company, the Company will continue to improve and enhance the information security defense and emplyess’ awareness of cyber security. The future directions of improvement are as following:

- Set up the dedicated information security unit (established on March 1, 2022 officially).
- The Company reviewed the Information and Cyber Security Management Procedures, and published such to each subsidiary for implementation. A third-party professional consultant has been engaged to review the Information and Cyber Security Management Procedures together.
- Enhance the promotions and trainings of cyber security concepts to employees.
- Add more firewalls to minimize the infected scope by effectively limiting the infected area after being attacked.
- The information security diagnosis is conducted annually, and correct and prevent the potential information security vulnerabilities based on the diagnosis outcomes.

VII. Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Land Lease Agreement	Hsinchu Science Park Administration	2021.01.01～2040.12.31	Area: 4,633 m^2	Only for designated purpose
Land Lease Agreement	Hsinchu Science Park Administration	2018.01.29～2037.12.31	Area: 12,004.74 m^2	Only for designated purpose
Land Lease Agreement	Hsinchu Science Park Administration	2020.02.01～2039.12.31	Area: 47,632.03 m^2	Only for designated purpose
Supplier Agreement	Supplier d	2022.01.01~ 2026.12.31	Silicon Raw Materials Agreement	None
Supply Agreement	Customer C	2017~ 2027	Silicon wafer supply agreement	None

Six. Financial Information

I. Five-Year Financial Summary

(I) Condensed Balance Sheet and Comprehensive Income Statement

1. Condensed Balance Sheet

(1) IFRS (consolidated)

Unit: NT$ 1,000

Item \ Year		Financial information of the last 5 years					
		2017	2018	2019	2020	2021	Financial information as of 2022 March 31
Current Assets		35,110,873	53,200,515	51,492,745	49,586,369	88,664,515	93,368,813
Funds & Long-Term Investments		28,202,304	30,887,035	34,697,367	37,111,052	33,943,256	34,994,814
Intangible Assets		3,939,134	3,649,397	3,227,583	2,797,463	2,365,551	2,365,616
Other Assets		2,980,026	2,085,174	7,168,058	5,356,733	25,671,654	19,076,384
Total Assets		70,232,337	89,822,121	96,585,753	94,851,617	150,644,976	149,805,627
Current Liabilities	Before Distribution	22,251,273	24,422,441	26,910,651	29,331,386	31,058,295	27,092,485
	After Distribution	26,623,773	35,303,366	37,791,576	33,683,756	34,540,191	30,574,381
Non-current Liabilities		13,926,658	22,243,567	24,601,852	21,365,331	73,955,178	75,427,329
Total Liabilities	Before Distribution	36,177,931	46,666,008	51,512,503	50,696,717	105,013,473	102,519,814
	After Distribution	40,550,431	57,546,933	62,393,428	55,049,087	108,495,369	106,001,710
Equity attributable to owners of parent							
Capital Stock		4,372,500	4,372,500	4,372,500	4,372,500	4,372,500	4,372,500
Capital Surplus	Before Distribution	24,772,805	24,772,608	24,776,630	23,470,919	25,174,389	25,174,389
	After Distribution	24,772,805	24,772,608	23,470,919	23,470,919	24,617,112	24,617,112
Retained Earnings	Before Distribution	6,857,529	15,932,425	18,785,920	18,622,398	22,796,950	24,542,786
	After Distribution	1,174,596	5,051,500	9,210,706	14,270,028	19,872,331	21,618,167
Other Equity		(1,956,906)	(1,361,299)	(2,291,256)	(1,734,138)	(6,135,557)	(6,227,083)
Treasury Stock		-	(576,779)	(576,779)	(576,779)	(576,779)	(576,779)
Non-controlling Equity		58,478	16,658	6,235	-	-	-
Total Shareholders' Equity	Before Distribution	34,054,406	43,156,113	45,073,250	44,154,900	45,631,503	47,285,813
	After Distribution	28,371,473	32,275,188	34,192,325	39,802,530	42,149,607	43,803,917

Note: The financial information in the period of 2017~2021 was audited. The financial information in 2022 Q1 was reviewed by CPA.

(2) IFRS (standalone)

Unit: NT$ 1,000

Item \ Year		Financial information of the last 5 years				
		2017	2018	2019	2020	2021
Current Assets		13,460,511	9,053,216	6,322,895	18,580,837	53,099,897
Property, plant and equipment		411,784	1,094,293	1,100,268	4,370,269	5,633,883
Intangible assets		1,313,919	995,988	678,057	360,228	184,082
Other assets		47,078,130	58,602,543	67,401,040	59,344,576	66,247,029
Total assets		62,264,344	69,746,040	75,502,260	82,655,910	125,164,891
Current Liabilities	Before Distribution	21,671,662	23,396,505	22,936,170	25,913,394	14,920,536
	After Distribution	26,044,162	34,277,430	33,817,095	30,265,764	18,402,432
Non-current Liabilities		6,546,754	3,210,080	7,499,075	12,587,616	64,612,852
Total Liabilities	Before Distribution	28,218,416	26,606,585	30,435,245	38,501,010	79,533,388
	After Distribution	32,590,916	37,487,510	41,316,170	42,853,380	83,015,284
Equity attributable to owners of the parent						
Capital stock		4,372,500	4,372,500	4,372,500	4,372,500	4,372,500
Capital surplus	Before Distribution	24,772,805	24,772,608	24,776,630	23,470,919	25,174,389
	After Distribution	24,772,805	24,772,608	23,470,919	23,470,919	24,617,112
Retained Earnings	Before Distribution	6,857,529	15,932,425	18,785,920	18,622,398	22,796,950
	After Distribution	1,174,596	5,051,500	9,210,706	14,270,028	19,872,331
Other equity		(1,956,906)	(1,361,299)	(2,291,256)	(1,734,138)	(6,135,557)
Treasury share		-	(576,779)	(576,779)	(576,779)	(576,779)
Non-Controlling Interests		-	-	-	-	-
Total Equity	Before Distribution	34,045,928	43,139,455	45,067,015	44,154,900	45,631,503
	After Distribution	28,362,995	32,258,530	34,186,090	39,802,530	42,149,607

Note: The financial information in the period of 2017~2021 was audited.

2. Condensed Statement of Income

(1) IFRS (consolidated)

Unit: NT$ 1,000

Item \ Year	Financial information of the last 5 years					Financial information in 2022 to March 31
	2017	2018	2019	2020	2021	
Revenue	46,212,601	59,063,510	58,094,331	55,358,788	61,130,592	16,306,525
Gross Profit	11,807,766	22,298,844	22,846,721	20,568,114	23,285,888	6,947,825
Operating Income	7,413,542	17,578,051	17,897,221	15,286,849	17,693,392	5,891,307
Non-Operating Income & Expenses	(538,843)	675,316	656,644	1,328,118	(1,247,939)	(5,587,620)
Net Income (Loss) Before Tax	6,874,699	18,253,367	18,553,865	16,614,967	16,445,453	303,687
Income Before Income Tax from Continuing Operations	5,278,207	13,633,771	13,635,656	13,103,631	11,870,037	1,745,836
Loss from Discontinuing Operation	-	-	-	-	-	-
Net Income (Loss)	5,278,207	13,633,771	13,635,656	13,103,631	11,870,037	1,745,836
Other Comprehensive Income (After Tax)	18,274	431,248	(841,189)	347,092	(4,262,638)	(91,526)
Total Comprehensive Income	5,296,481	14,065,019	12,794,467	13,450,723	7,607,399	1,654,310
Net Income Attributable to the Shareholder of the Company	5,274,723	13,630,673	13,644,095	13,103,614	11,870,037	1,654,310
Net Income Attributable to Non-Controlling Interests	3,484	3,098	(8,439)	17	-	-
Comprehensive Income Attributable to the Shareholder of the Company	5,328,810	14,055,257	12,804,463	13,450,706	7,607,399	1,654,310
Comprehensive Income Attributable to Non-Controlling Interests	(32,329)	9,762	(9,996)	17	-	-
Earnings Per Share	12.68	31.18	31.35	30.11	27.27	4.01

Note: The financial information in the period of 2017~2021 was audited. The financial information in 2022 Q1 was reviewed.

(2) IFRS (standalone)

Unit: NT$ 1,000

Year / Item	Financial information of the last 5 years				
	2017	2018	2019	2020	2021
Revenue	9,280,321	13,740,705	12,465,803	22,506,100	25,572,294
Gross Profit	2,172,052	4,872,970	4,840,549	9,166,598	10,575,012
Operating Income	1,495,352	3,881,832	3,594,556	6,697,030	8,135,020
Non-Operating Income & Expenses	4,531,292	12,212,451	11,871,354	8,214,401	6,062,346
Net Income (Loss) Before Tax	6,026,644	16,094,283	15,465,910	14,911,431	14,197,366
Income Before Income Tax from Continuing Operations	5,274,723	13,630,673	13,644,095	13,103,614	11,870,037
Loss from Discontinuing Operation	-	-	-	-	-
Net Income (Loss)	5,274,723	13,630,673	13,644,095	13,103,614	11,870,037
Other Comprehensive Income (After Tax)	54,087	424,584	(839,632)	347,092	(4,262,638)
Total Comprehensive Income	5,328,810	14,055,257	12,804,463	13,450,706	7,607,399
Net Income Attributable to the Shareholder of the Company	5,274,723	13,630,673	13,644,095	13,103,614	11,870,037
Net Income Attributable to Non-Controlling Interests	-	-	-	-	-
Comprehensive Income Attributable to the Shareholder of the Company	5,328,810	14,055,257	12,804,463	13,450,706	7,607,399
Comprehensive Income Attributable to Non-Controlling Interests	-	-	-	-	-
Earnings Per Share	12.68	31.18	31.35	30.11	27.27

Note: The financial information in the period of 2017~2021 was audited.

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

1. Auditors’ Names and Opinions for Last Five Years

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

Year	Accounting Firm	Names of CPAs retained as external auditors	Remarks
2017	KPMG	Cheng-Chien Chen, An-Chih Cheng	Unqualified opinion
2018	KPMG	Cheng-Chien Chen, An-Chih Cheng	Unqualified opinion
2019	KPMG	Cheng-Chien Chen, An-Chih Cheng	Unqualified opinion
2020	KPMG	Cheng-Chien Chen, An-Chih Cheng	Unqualified opinion
2021	KPMG	An-Chih Cheng, Mei-Yu Tseng	Unqualified opinion

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

Year	Accounting Firm	Names of CPAs retained as external auditors	Remarks
2017	KPMG	Cheng-Chien Chen, An-Chih Cheng	Unqualified opinion
2018	KPMG	Cheng-Chien Chen, An-Chih Cheng	Unqualified opinion
2019	KPMG	Cheng-Chien Chen, An-Chih Cheng	Unqualified opinion
2020	KPMG	Cheng-Chien Chen, An-Chih Cheng	Unqualified opinion
2021	KPMG	An-Chih Cheng, Mei-Yu Tseng	Unqualified opinion

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

II. Five-Year Financial Analysis

(I) Financial Analysis –IFRS (consolidated)

Items of analysis (Note 2) \ Year		Financial analysis of the last 5 years (Note 1)					Financial information as of 2022/3/31
		2017	2018	2019	2020	2021	
Financial Structure (%)	Ratio of Liabilities to Assets	51.51	51.95	53.33	53.45	69.71	68.44
	Ratio of Long-Term Capital to Property, Plant & Equipment	170.13	211.74	200.81	176.55	352.31	350.66
Solvency (%)	Current Ratio	157.79	217.83	191.35	169.06	285.48	344.63
	Quick Ratio	122.53	188.36	163.45	142.50	254.92	309.52
	Times Interest Earned Ratio	18.26	169.99	259.72	226.58	54.44	3.65
Operating Ability	Accounts Receivable Turnover (Turns)	5.92	6.88	6.68	6.84	7.12	7.03
	Average Collection Period	62	53	55	53	51	52
	Inventory Turnover (Turns)	4.42	4.88	4.83	4.65	4.89	4.77
	Accounts Payable Turnover (Turns)	7.32	8.04	8.11	9.06	9.39	9.25
	Average Days in Sales	83	75	76	78	75	77
	Property, Plant & Equipment Turnover (Turns)	1.56	2.00	1.77	1.54	1.72	1.89
	Total Assets Turnover (Turns)	0.70	0.74	0.62	0.58	0.50	0.43
Profitability	Return on Total Assets (%)	8.53	17.14	14.69	13.75	9.85	3.51
	Return on Shareholders' Equity (%)	21.18	35.32	30.91	29.37	26.44	15.03
	Pre-tax Income to Paid-in Capital Ratio (%)	157.22	417.46	424.33	379.99	376.11	159.71
	Profit Ratio (%)	11.42	23.08	23.47	23.67	19.42	10.71
	Earnings Per Share ($)	12.68	31.18	31.35	30.11	27.27	4.01
Cash Flow	Cash Flow Ratio (%)	73.14	148.14	64.62	49.65	94.34	31.45
	Cash Flow Adequacy Ratio (%)	171.48	246.86	184.77	154.48	170.96	159.45
	Cash Reinvestment Ratio (%)	18.15	30.16	5.82	3.26	16.19	3.54
Leverage	Operating Leverage	1.68	1.27	1.27	1.36	1.33	1.25
	Financial Leverage	1.05	1.01	1.00	1.00	1.02	1.02

Explain the changes in the financial ratios of the last 2 years:

1. Ratio of liability to asset, and ratio of long-term capital to property, plant and equipment: during the period, the corporate bonds were issued, and the long-term agreement entered with customers resulted in the increase in the prepayment received, and thus the liabilities increase inherently; therefore the ratio of liability to asset, and ratio of long-term capital to property, plant and equipment went up.
2. Current ratio and quick ratio: mainly because the cash position increased due to the issuance of corporate bonds, resulting the current ratio and quick ratio to increase.
3. Interest coverage ratio: mainly because the valuation loss of overseas investment and compensation loss were recognized during the period, resulting in decrease in the interest coverage ratio.

	4. Return on Assets: mainly because the corporate bonds were issued resulting in increase in total assets, the return on assets decreased consequently. 5. Cash flow ratio and cash reinvestment ratio: mainly because the long-term agreements entered with customers resulted in the increase in the prepayment received, increasing the cash inflow from operating activities, the cash flow ratio and cash reinvestment ratio increase consequently.

Note 1: The financial information in the period of 2017~2021 was audited. The financial information in 2022 Q1 was reviewed.

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

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

(II) Financial Analysis – IFRS (standalone)

Items of analysis (Note 2) \ Year		Financial analysis of the last 5 years (Note 1)				
		2017	2018	2019	2020	2021
Financial Structure (%)	Ratio of Liabilities to Assets	45.32	38.15	40.31	46.58	63.54
	Ratio of Long-Term Capital to Fixed Assets	9,857.76	4,235.57	4,777.57	1,298.38	1,956.81
Solvency (%)	Current Ratio	62.11	38.69	27.57	71.70	355.88
	Quick Ratio	53.69	32.41	23.01	64.35	328.49
	Times Interest Earned Ratio	22.03	86.51	101.84	57.55	36.56
Operating Ability	Accounts Receivable Turnover (Turns)	3.46	4.19	3.49	5.61	4.74
	Average Collection Period	105	87	105	65	77
	Inventory Turnover (Turns)	4.45	5.66	6.20	8.84	7.16
	Accounts Payable Turnover (Turns)	2.07	2.63	2.62	4.07	3.55
	Average Days in Sales	82	64	59	41	51
	Property, plant, and equipment turnover	24.85	18.25	11.35	8.23	5.11
	Total Assets Turnover (Turns)	0.17	0.21	0.17	0.28	0.25
Profitability	Return on Total Assets (%)	10.61	20.90	18.97	16.86	11.74
	Return on equity (%)	21.17	35.32	30.94	29.37	26.44
	EBT to paid-in capital ratio (%)	137.83	368.08	353.71	341.03	324.70
	Profit Ratio (%)	56.83	99.20	109.53	58.22	46.42
	Earnings Per Share ($)	12.68	31.18	31.35	30.11	27.27
Cash flow	Cash Flow Ratio (%)	21.38	21.33	11.01	18.41	57.61
	Cash Flow Adequacy Ratio (%)	78.63	87.81	59.26	56.41	65.82
	Cash Reinvestment Ratio (%)	8.82	1.34	-15.93	-7.97	0.66
Leverage	Operational Leverage	1.27	1.12	1.14	1.18	1.13
	Financial Leverage	1.23	1.05	1.04	1.04	1.05

Explain the changes in the financial ratios of the last 2 years:

1. Ratio of liability to asset, and ratio of long-term capital to property, plant and equipment: during the period, the corporate bonds were issued, and the long-term agreements entered with customers resulted in the increase in the prepayment received, and thus the liabilities increase inherently; therefore the ratio of liability to asset, and ratio of long-term capital to property, plant and equipment went up.
2. Current ratio and quick ratio: mainly because the cash position increased due to the issuance of corporate bonds, resulting the current ratio and quick ratio to increase.
3. Interest coverage ratio: mainly because the valuation loss of overseas investment and compensation loss were recognized during the period, resulting in decrease in the interest coverage ratio.
4. Average days in sales: the average inventories during the period increased year on year (the Company merged with the then subsidiary Taisil in last February), so the average days in sales increased.

	5. Net profit margin: mainly because the valuation loss of overseas investment and compensation loss were recognized during the period, resulting in decrease in the net profit margin. 6. Cash flow ratio and cash reinvestment ratio: mainly because the long-term agreements entered with customers resulted in the increase in the prepayment received, increasing the cash inflow from operating activities, the cash flow ratio and cash reinvestment ratio increase consequently.

Note 1: The financial information in the period of 2017~2021 were audited.

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

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

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

GlobalWafers Co., Ltd
Audit Committee’s Audit Report

The Board of Directors has prepared the Company’s 2021 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 Cheng, An-Chih, CPA, and Tseng, Mei-Yu, 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:

____

Jeng-Ywan Jeng

May 3, 2022

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

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

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

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

I. Financial Status

Unit: NT$1,000

Item / Year	2021	2020	Difference	
			Amount	Change in percentage (%)
Current Assets	88,664,515	49,586,369	39,078,146	79%
Property, Plant & Equipment	33,943,256	37,111,052	(3,167,796)	-9%
Intangible Assets	2,365,551	2,797,463	(431,912)	-15%
Other Assets	25,671,654	5,356,733	20,314,921	379%
Total Assets	150,644,976	94,851,617	55,793,359	59%
Current Liabilities	31,058,295	29,331,386	1,726,909	6%
Non-current Liabilities	73,955,178	21,365,331	52,589,847	246%
Total Liabilities	105,013,473	50,696,717	54,316,756	107%
Capital	4,372,500	4,372,500	0	0%
Capital Surplus	25,174,389	23,470,919	1,703,470	7%
Retained Earnings	22,796,950	18,622,398	4,174,552	22%
Total Equity	45,631,503	44,154,900	1,476,603	3%

1. Analysis of the difference greater than 20% in the last 2 years:
   (1) Cash and non-current liabilities: due to the issuance of corporate bonds during the period.
   (2) Retained earnings: mainly due to the continuous profit during the period.
2. Significant influence and the plan for response: None.

II. Operating Results

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

Unit: NT$ 1,000

Item \ Year	2021	2020	Changes in amount	Change in percentage (%)
Total Net Revenues	61,130,592	55,358,788	5,771,804	10%
Gross Profit	23,285,888	20,567,114	2,718,774	13%
Operation Profit	17,693,392	15,286,849	2,406,543	16%
Non-Operating Income and Expense	(1,247,939)	1,328,118	(2,576,057)	-194%
Profit before Tax	16,445,453	16,614,967	(169,514)	-1%
Income Tax Expense	4,575,416	3,511,336	1,064,080	30%
Net Profit	11,870,037	13,103,631	(1,233,594)	-9%
Other Comprehensive Income	(4,262,638)	347,092	(4,609,730)	-1328%
Total Comprehensive Income	7,607,399	13,450,723	(5,843,324)	-43%

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

(1) Non-operating income and expenses: mainly because the valuation loss of overseas investment and compensation loss were recognized during the period.

(2) Income tax expenses: mainly are the recognized tax incentives from the overseas fund returned to Taiwan in the same period last year.

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

III. Cash Flow:

(I) Analysis of the changes in cash flow in the most recent year (2021)

(1) Financial analysis

Unit: NT$ 1,000

Cash balance at the beginning of period (1)	From operation in current period Net cash flow (2)	Cash outflow (inflow) in current period (3)	Amount of cash surplus (short) (1)+(2)-(3)	Remedy for cash short	
				Investment plan	Wealth management plan
22,439,481	29,301,561	(14,153,380)	65,894,422	NA	NA

Analysis of the change in cash flow of current period:

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

(2) Investing activities: in the year, with purchased fixed assets and financial asset measured at fair value through the profit and loss, and there was net cash outflow from the investing activities.

(3) Financing activities: in the year, the corporate bonds were issued, and there was net cash inflow from the financing activities.

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

(III) Analysis of cash flow in the year ahead (2022)

Unit: NT$ 1,000

Cash balance at the beginning of period (1)	Projected net cash flow from operation of the period (2)	Projected cash outflow (inflow) volume of the year (3)	Projected amount of cash surplus (short) (1)+(2)-(3)	Remedy for projected cash short	
				Investment plan	Wealth management plan
65,894,422	31,613,339	26,419,061	71,088,700	NA	NA

1. Analysis of cash flow in the year ahead:
   (1) Operation: continued profit is expected with net cash inflow from operation.
   (2) Investment: the purchase of R&D/Production equipment to meet operation needs will result in net cash outflow from investment.
   (3) Financing: the payment of cash dividend will result in net cash outflow from financing.
2. Remedy for projected cash short: None.

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

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

(I) Reinvestment policy:

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

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

Unit: NT$ 1,000

Names of investee companies	Recognized investment gain (loss) in 2021	Main reason for profit or loss	Corrective action plan
GlobalWafers Inc.	1	The business condition is normal	None.
GlobalSemiconductor Inc.	455,025	The business condition is normal	None.
GlobalWafers Japan Co., Ltd.	1,795,279	Business and profits are stable	None.
GWafers Singapore Pte. Ltd.	5,467,460	The business condition is normal	None.
Sunrise PV Four Co., Ltd.	4,948	The business condition is normal	None.
Sunrise PV Electric Power Five Co., Ltd.	(1,527)	The business condition is normal	None.
GlobalWafers Holding Co., Ltd.	469	The business condition is normal	None.
Hong-Wang Investment Company	68,396	The business condition is normal	None.
Kunshan Sino Silicon Technology Co., Ltd.	459,207	The business condition is normal	None.
MEMC Japan Ltd.	198,616	Business and profits are stable	None.
Topsil Semiconductor sp z o.o.	-	The business condition is normal	None.
GlobalWafers Singapore Pte. Ltd.	5,466,903	Business and profits are stable	None.
GlobalWafers B.V.	3,809,075	The business condition is normal	None.
MEMC Electronic Materials S.p.A.	850,595	Business and profits are stable	None.
MEMC Electronic Materials France SarL	625	The business condition is normal	None.
MEMC Korea Company	2,184,873	Business and profits are stable	None.
GlobiTech Incorporated	895,489	Business and profits are stable	None.
MEMC Ipoh Sdn. Bhd.	(109)	The business condition is normal	None.
GlobalWafers GmbH	(171,165)	The business condition is normal	None.
Topsil GlobalWafers A/S	137,093	The business condition is normal	None.
MEMC LLC	279,273	The business condition is normal	None.
MEMC Electronic Materials Sdn. Bhd.	68,216	The business condition is normal	None.

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

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

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

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

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

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

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

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

A. Development of 12" silicon substrate with nano manufacturing process
B. Development of technology for special substrates of high voltage for EV
C. Development of technology for substrates used in new-generation sensing component and communication component.

For R&D expenses, the budget are arranged according to the development schedule of new products and new technologies. The R&D expense spent in 2020 and 2021 was accounted 2.93% and 3.39% in the total operating revenue, respectively. In the future, such expenses will be adjusted based on the operation and market conditions, to keep the Company's competitive edges in the industry.

Type	Expected R&D Costs (thousand NTD)	Description of the R&D project
R&D of process improvement	400,000	1. Design and development low-energy consuming hot field for crystal growth 2. Development of low-pollution wire cutting process 3. Improvement to advanced crystal-growing/wafer manufacturing process yield
R&D of quality improvement	450,000	1. Development of crystal defect control and measuring technology 2. Development of ultra-flat silicon wafer processing technology 3. Polishing technology for the surface defects of wafers 4. Development of surface polishing technology for the atomic-grade wafers 5. Development of RFSOI manufacturing process yield technology 6. LT-FTIR Development Low Temperature FT-IR mesuremenst method for heavily doped silicon monocrystalline with low carbon/oxygen concentration 7. Development of Photoluminescence and FT-IR mesuremenst method for silicon monocrystalline with low carbon concentration 8. Low Stacking fault epitaxial wafer using ultra low resistivity <0.9 mΩ-cm crystal with Phosphorous doped crystal.
R&D of equipment improvement	450,000	1. Development of automated and digitized manufacturing system 2. Development and design of crystal furnace with high productivity and crystal quality 3. Development and design of low energy-consumption manufacturing process equipment 4. Development and design of brand new 300mm crystal furnace 5. Development of pilot forecasting system prior to wafer manufacturing process 6. Development of next-generation CMP lap disks 7. Development of inspection method for the surface of tiny LPD silicon 8. Next generation 200mm FZ puller for Power applications
New product development	1,000,000	1. Semi insulated and larger Diameter SiC crystal/wafer development

Type	Expected R&D Costs (thousand NTD)	Description of the R&D project
		2. Development of SOI substrate for next generation RF device application 3. Development of heteroepitaxy technology 4. Development of ECAS wafer with low carbon, low defect, and proximately IG structure for next generation 3D memory and CMOS image sensor 5. Development of Pulse Photoconductivity method (PPCM) for CMOS image sensor with higher resolution 6. Ultra thin and larger Diameter Taiko wafer development 7. 8” GaN epi wafer development 8. 4” and 6” GaN on SiC epi wafer development 9. SiC epi wafer development 10. 8” floating zone gas doped wafers for power applications with +/-7% resistivity tolerance 11. 12” floating zone crystal pulling

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

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

(V) The influence of technology (including information security risks) and industrial change on the financial position and the operation of the Company, and the response:

The Company pays close attention to the changes in technologies of the industry at all times, and keeps abreast of the trend of the market with assessment on possible influence on the operation of the whole Group. Yet, there has been no significant change in technology and the industry in recent years that caused significant influence on the financial position and operation of the Company and its subsidiaries.

The Company has established the information security safeguard measures related to networks and computers, and ensure their suitability and effectiveness via the continuous reviews and assessments on the information security management methods and procedures. The Company continues to enhance the information security safeguard measures, seeking to protect the Company from malware and hacker attacks. A complete backup mechanism is in place, seeking to resume the normal operation of system in very short time after being attacked, for the minimum damage.

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

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

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

On December 9, 2020, GlobalWafers resolved the tender offer for the outstanding ordinary shares of Siltronic AG with an offer price of EUR 125 per share via the subsidiary, GlobalWafers GmbH. Both parties entered the business combination agreement on December 9, 2020. On January 22, 2021, the final offer consideration was increased to EUR 145 per share, and achieved a final acceptance level of 70.27% at the end of the offer period, March 1, 2021. However, as of January 31, 2022, the approval from the German government was not obtained, the takeover offer and the agreements which came into existence as a result of the offer were not completed and lapsed.

Although the takeover failed, the funds originally intended for takeover were deployed to the capacity expansion, focusing on large-sized wafers and compound semiconductors, to position at the advanced process. The in-house technology growth is enhanced with the active internal expansion, and the robust financial structure is maintained, plus the excellent operating capabilities, all these are helpful to GlobalWafers for seeking the next suitable target, for robustly expanding the operating scale via the strategic alliances or M&A.

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

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

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

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

(X) The influence of the massive transfer of equity shares by or the replacement of Directors, Supervisors, or shareholders holding more than 10% of the shares, the risk, and response: None.

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

(XII) Law suits or non-contentious matters

1. Major law suits, non-contentious matters, or administrative actions with ruling or pending on court ruling to the day this report was printed, and the ruling result may cause significant influence on the shareholders’ equity or stock price of the Company. Disclose the subject matter of contention, the amount involved, the date of the commencement of legal proceeding, the key parties concerned, and the status: None.
2. The Directors, President, the deputy agents, shareholders holding more than 10% of the shares and subsidiaries involved in law suits, non-contentious matters, or administrative actions with ruling or pending on court ruling to the day this report was printed, and the ruling result may cause significant influence on the shareholders’ equity or stock price of the Company: None.

(XIII) Other major risks and response:

1. Management of intellectual properties and risk countermeasures:

Intellectual Property Management Strategy

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

Intellectual Property Management System

Since foundation, the Company adopt the same approach of the parent company, Sino-American Silicon, values the intellectual property rights extremely. In 2013, the Company started to introduce the "Taiwan Intellectual Property Management System (TIPS)" to enhances the regulations governing the IP management gradually, including:

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

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

Potential risks and counter strategies:

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

2021 Execution of Intellectual Properties

Intellectual property (IP) policy	Summary of the execution
Improve the IP management capability	For the newly recruited of each department, the IP right trainings are provided, which cover diversified contents, including the introduction of IP rights, the Company's confidentiality management mechanism, strategies for searching patents, making of patent map, TIPS execution guidelines, and trainings for TIPS internal auditors.
Enhance positioning of product patents	In 2021, the HQs have applied for 108 patents, 33 of them were approved. As a whole, the WBG products and technologies had higher weight, about 77%. For the compound semiconductors in the past years alone, the cumulative patents are 216.
Complete classified secrete management mechanism	The total TIPS internal audits of the year were 220, with total five deficiencies and total 14 suggestions for observation. The cause analyses, corrective and preventive measures were conducted and taken, for preventing repetition of the same issue.

List and Applications of the Intellectual Property Rights

Currently, GlobalWafers (overseas included) has achieved 1,725 effective patents globally, and the certified patents are aggregated to 1,130. The directions of the Group's patent positioning cover the key technologies of crystal growth, wafering process, quality inspections, among other things, for various key products (with different materials and sizes). Other than demonstrating the technological capabilities, it also creates the opportunities of strategies alliances, enhances the overall competitiveness, and obtains the trusts and recognitions from customers.

For the aforesaid IP management planning and implementations, the Company reports to the board of directors at least once a year. The latest reporting date was November 2, 2021.

VII. Additional information: None

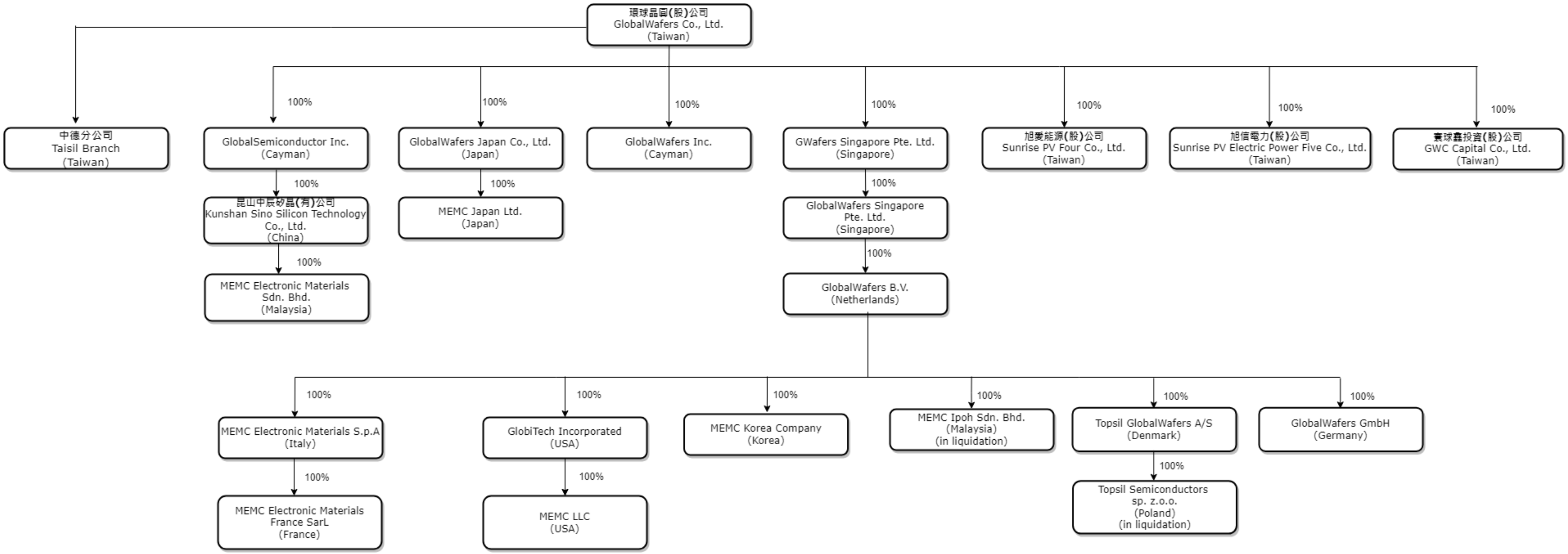
Eight. Special Disclosure

I. Affiliated Businesses

(I) Affiliated Business Consolidated Business Report

1. Affiliated Company Chart

2021.12.31



2. Relationship with Affiliated Companies and Share Crossholdings

December 31, 2021

Enterprise name	Date of incorporation	Address	Paid-in Capital	Principal business or Products
Taisil branch.	2020/02/01	No. 2, Creation Road 1, HsinChu Science Park, Hsinchu, Taiwan	-	Semiconductor silicon wafer manufacturing and trading
GlobalWafers Inc.	2011/05/03	2nd Floor, The Grand Pavilion Commercial Centre, 802 West Bay Road, P.O. Box 10338,Grand Cayman KY1-1003, Cayman Islands	USD 1	Business investment and triangular trade center with subsidiaries in China
GlobalSemiconductor Inc.	2011/05/03	2nd Floor, The Grand Pavilion Commercial Centre, 802 West Bay Road, P.O. Box 10338,Grand Cayman KY1-1003, Cayman Islands	USD 26,555,000	Reinvestments in various businesses
GlobalWafers Japan Co., Ltd.	1991/06/18	6-861-5 Seiro-machi Higashiko, Kitakanbara-gun, Niigata 957-0197 Japan	JPY 6,967,000,000	Semiconductor silicon wafer manufacturing and trading
GWafers Singapore Pte. Ltd.	2016/02/02	120 Robinson Road, #08-01, Singapore 068913	USD 541,673,910	Reinvestments in various businesses
Topsil GlobalWafers A/S	2016/07/01	Siliciumvej 1, 3600 Frederikssund, Copenhagen, Denmark	DKK 1,000,000	Semiconductor silicon wafer manufacturing and trading
Kunshan Sino Silicon Technology Co., Ltd.	1999/08/17	No. 303, Hanpu Road, Chengbei High Tech Industrial Park, Kunshan, Jiangsu, China	USD 26,555,000	Silicon ingots and silicon wafer processing and trade
MEMC Japan Ltd.	1979/12/11	11-2 Kiyohara Industrial Park, Utsunomiya City, Tochigi 3213296 Japan	JPY 100,000,000	Semiconductor silicon wafer manufacturing and trading
Topsil Semiconductor sp z o.o.	2008/10/01	133 Wolczynska St., 01-919 Warsaw, Poland	PL 5,000	Semiconductor silicon wafer manufacturing and trading
GlobalWafers Singapore Pte. Ltd.	2013/12/20	120 Robinson Road, #08-01, Singapore 068913	SGD 1 USD544,875,100.82	Investment, marketing and trading
GlobalWafers B.V.	2013/11/26	Evert van de Beekstraat 1-104, 1118 CL Schiphol, The Netherlands	USD 100	Reinvestments in various businesses
MEMC Electronic Materials SpA	1960/01/29	Viale Gherzi, 31 28100 Novara, Italy	EUR 31,200,000	Semiconductor silicon wafer manufacturing and trading
MEMC Electronic Materials France SarL	1998/07/27	5-7 BLD EDGAR QUINET 92700 COLOMBES, France	EUR 16,000	Trading
MEMC Korea Company	1990/12/18	854, Manghyang-ro, Sunggeo-eup, Cheonan-si, Chungchongnam-do, Korea	KRW 126,000,000,000	Semiconductor silicon wafer manufacturing and trading
GlobiTech Incorporated	1998/12/15	200 FM 1417 West/Sherman, TX 75092, USA	USD 1	Epitaxial silicon wafer production and trade of epitaxy foundry business
MEMC LLC	2013/08/28	501 Pearl Drive St. Peters, MO 63376, USA	USD 10	Research and development, manufacturing, and sale of semiconductor silicon wafer.
MEMC Electronic Materials Sdn Bhd	1972/06/15	Sungai Way Free Industrial Zone, 47300 Petaling Jaya, Selangor Darul Ehsan, Malaysia	MYR 1,036,203	Research and development, manufacturing, and sale of semiconductor silicon wafer.
MEMC Ipoh Sdn Bhd.	2007/10/10	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No 8, Jalan Kerinchi, Kuala Lumpur	MYR 612,300,000	Research and development, manufacturing, and sale of semiconductor silicon wafer.

Enterprise name	Date of incorporation	Address	Paid-in Capital	Principal business or Products
GlobalWafers GmbH	2020/01/17	Theresienhöhe 30, c/o Youco24 Corporate Services GmbH, 80339 Munich	EUR 25,000	Reinvestments in various businesses
Sunrise PV Four Co., Ltd.	2017/04/14	2F., No. 1, Sec. 2, Ligong 1st Rd., Wujie Township, Yilan County, Taiwan	NTD 1,045,000,000	Power generation
Sunrise PV Electric Power Five Co., Ltd.	2019/11/21	2F., No. 1, Sec. 2, Ligong 1st Rd., Wujie Township, Yilan County, Taiwan	NTD 278,000,000	Power generation
GlobalWafers Holding Co., Ltd.	2020/09/21	2F., No. 1, Sec. 2, Ligong 1st Rd., Wujie Township, Yilan County, Taiwan	NTD 250,000,000	Reinvestments in various businesses

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

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

5. List of Directors, Supervisors and Presidents of Affiliated Companies

December 31, 2021

Enterprise name	Title	Name or representative	Quantity of shareholding	
			Quantity of shares (1,000 shares)	Proportion
Taisil branch	President	Yin-Sheng Hsueh	-	-
GlobalWafers Inc.	Director	Hsiu-Lan Hsu	0.01	100%
GlobalSemiconductor Inc.	Director	Hsiu-Lan Hsu	25,000	100%
GlobalWafers Japan Co., Ltd.	Chairperson	Hsiu-Lan Hsu	128	100%
	Director and President	Katsuaki Koutari		
	Vice chairperson	Takashi Araki		
	Director	Mark Lynn England		
	Director	Tang-Liang Yao		
	Supervisor	Wei-Wen Chen		
GWafers Singapore Pte. Ltd.	Chairperson	Hsiu-Lan Hsu	541,674	100%
	Director	Mark Lynn England		
	Director	Tang-Liang Yao		
	Director	Chen Ye Huang		
Kunshan Sino Silicon Technology Co., Ltd.	Chairperson	Tang-Liang Yao	-	100%
	Vice chairperson	Hsiu-Lan Hsu		
	Director and President	Ching-Chang Chin		
	Director	Sheng-Hsiung Hung		
	Director	Ming-Hui Chien		
	Supervisor	Wei-Wen Chen		
MEMC Japan Ltd.	Chairperson	Hsiu-Lan Hsu	750	100%
	Director and President	Katsuaki Koutari		
	Director	Toru Kobayashi		
	Director	Hironobu Nakazawa		
	Director	Toshiharu Kondo		
	Supervisor	Wei-Wen Chen		
Topsil GlobalWafers A/S	Chairperson	Hsiu-Lan Hsu	1,000	100%
	Director	Wei-Wen Chen		
	Director and President	Hans Peder Mikkelsen		
	Director	Mauro Pedrotti		
	Director	Liang Shi		
Topsil Semiconductor sp z o.o.	Director	Hans Peder Mikkelsen	0.1	100%
GlobalWafers Singapore Pte. Ltd.	Director	Hsiu-Lan Hsu	299,445	100%
	Director	Mark Lynn England		
	Director	Chen Ye Huang		
GlobalWafers B.V.	Director	Hsiu-Lan Hsu	0.1	100%
	Director	Liang Shi		
MEMC Electronic Materials S.p.A	Chairperson and CEO	Mauro Pedrotti	65,000	100%
	Director	Ming-Hui Chien		
	Director	Jyh-Shyng Lu		
	Director	Prof. Gianluigi Tosato		
	Supervisor	Richard Murphy		
	Supervisor	PierMario Barzaghi		
	Supervisor	Eleonora Guerriero		

MEMC Electronic Materials France SarL	Director	Marco Maffe	0.5	100%
MEMC Korea Company	Chairperson	Charlie Cho	25,200	100%
	Director	Hsiu-Lan Hsu		
	Director	Mark Lynn England		
	Supervisor	Jyh-Shyng Lu		
GlobiTech Incorporated	Chairperson and CEO	Hsiu-Lan Hsu	1	100%
	Director	Tang-Liang Yao		
	Director	Mark Lynn England		
	Director and President	Ming-Hui Chien		
	Director	Curtis Hall		
MEMC LLC	President	Mark Lynn England	-	100%
	Vice President	Rick Boston		
MEMC Electronic Materials, Sdn Bhd	Director	Ching-Chang Chin	1,036	100%
	Director	Tony Wang		
	Director	Joanne Leong		
	Director	Ming-Hui Chien		
MEMC Ipoh Sdn. Bhd.	Director	Ching-Chang Chin	612,300	100%
	Director	Tony Wang		
	Director	Joanne Leong		
GlobalWafers GmbH	Director	Ming-Hui Chien	25	100%
Sunrise PV Four Co., Ltd.	Chairperson	Hsiu-Lan Hsu	104,500	100%
	Director	Ming-Hui Chien		
	Director	Hsiu-Ling Hsu		
Sunrise PV Electric Power Five Co., Ltd.	Chairperson	Ming-Hui Chien	27,800	100%
GlobalWafers Holding Co., Ltd.	Chairperson	Hsiu-Lan Hsu	25,000	100%
	Director	Ming-Kuang Lu		
	Director	Tang-Liang Yao		

6. Operation Highlights of Affiliated Companies

Financial status and operation of affiliated companies

2021.12.31; Unit: NT$1,000

Enterprise name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Profit	Net income after tax in current period	EPS (after taxation)
GlobalWafers Inc.	3	1,772	—	1,772	—	—	1	—
GlobalSemiconductor Inc.	735,042	2,259,762	—	2,259,762	—	(321)	459,294	—
GlobalWafers Japan Co., Ltd.	1,675,564	20,792,803	4,341,195	16,451,608	12,090,329	2,234,709	1,795,646	—
GWafers Singapore Pte. Ltd.	14,993,534	45,561,100	295	45,560,805	—	(4,156)	5,462,710	—
Topsil GlobalWafers A/S	4,237	2,138,841	327,501	1,811,340	1,582,312	144,441	137,093	—
Kunshan Sino Silicon Technology Co., Ltd.	1,016,360	2,595,530	397,276	2,198,254	2,426,254	399,421	459,207	—
MEMC Japan Ltd.	24,050	3,583,985	2,201,279	1,382,706	4,329,964	347,511	198,616	—
Topsil Semiconductor sp z o.o.	35	—	—	—	—	—	—	—
GlobalWafers Singapore Pte. Ltd.	15,082,143	68,786,402	28,197,664	40,588,738	21,266,916	2,081,344	5,466,903	—
GlobalWafers B.V.	3	44,395,863	2,978,886	41,416,977	—	(63,373)	3,809,075	—
MEMC Electronic Materials S.p.A.	977,184	11,227,504	2,548,914	8,678,590	11,082,488	1,039,407	850,595	—
MEMC Electronic Materials France SarL	501	6,403	4,373	2,030	—	1,251	625	—
MEMC Electronic Materials GmbH (Note 1)	—	—	—	—	—	—	—	—
MEMC Korea Company	2,961,000	20,040,156	2,756,237	17,283,919	11,817,297	2,577,419	2,184,873	—
GlobiTech Incorporated	—	10,720,707	943,998	9,776,708	6,177,784	709,160	895,489	—
MEMC LLC	—	5,153,201	1,048,558	4,104,644	2,821,768	(245,160)	279,273	—
MEMC Electronic Materials Sdn. Bhd.	6,868	1,130,594	267,768	862,827	1,671,355	91,768	68,216	—
MEMC Ipoh Sdn. Bhd.	4,058,093	3,413	65	3,348	—	(81)	(109)	—
GlobalWafers GmbH	783	12,754,436	12,915,941	(161,505)	—	(53,317)	(171,165)	
Sunrise PV Four Co., Ltd.	1,045,000	1,181,804	131,684	1,050,119	23,937	3,903	4,948	—
Sunrise PV Electric Power Five Co., Ltd.	278,000	298,741	22,421	276,319	3,502	(2,287)	(1,527)	—
GlobalWafers Holding Co., Ltd.	250,000	250,537	134	250,403	—	(80)	469	—

Note 1: The cancellation procedure of MEMC GmbH was completed in December of 2021.

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

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

II. Private Placement Securities in the Most Recent Years: None.

III. The Shares in the Company Held or Disposed of By Subsidiaries in the Most Recent Years: None.

IV. Other Necessary Supplement:

The promise execution status after the Company became listed

Promise after listing at TPEx	Fulfillment of promise
The Company promises to add below in “Acquisition or Disposal of Assets Procedure” The Company shall not give up capital increase in future years to GlobalSemiconductor Inc.(GSI)、GlobalWafers Inc.(GWI) and GWafers Inc.(GWafers). GSI shall not give up capital increase in future years to Kunshan Sino Silicon Technology Co., Ltd. (SST) GWI shall not give up capital increase in future years to GlobiTech Incorporated GWafers shall not give up capital increase in future years to GlobalWafers Japan Co., Ltd. If the aforesaid companies have to give up capital increase or dispose of above mentioned subsidiaries due to consideration of strategic alliance or other factors in the future, it shall acquire OTC’s consent as well as submit to the Board of Directors for special resolution approval. Also, if the Procedure is amended, the Company shall make material announcement in MOPS and submit to TPEx for recordation. The procedure should be disclosed in material announcements in MOPS and submit to TPEx for recordation if modification is made.	The Board and the Shareholders Meeting of the Company passed the motion of amendment to the “Acquisition or Disposal of Assets Procedure” of the Company on 2015.11.09 and 2016.06.22, respectively – with the addition of the aforementioned promise for listing at TPEx. Subsidiaries GWafers Inc. and GlobalWafers Japan Co., Ltd. have been officially merged on 2018.01.01 for integration of group enterprises. The Board and the Shareholders Meeting of the Company passed the motion of amendment to the promises of listing at TPEx contained in the “Acquisition or Disposal of Assets Procedure” of the Company on 2018.03.20 and 2018.06.25, respectively, in response to the organizational adjustment, and entered the update information to MOPS for disclosure of materiality and report to TPEx in writing. The equity shares of subsidiary GlobiTech Incorporated were transferred from subsidiary GlobalWafers Inc. to subsidiary GlobalWafers B.V., and still remained a wholly-owned subsidiary of the Company. As such, the Board approved the motion of amendment to the “Acquisition or Disposal of Assets Procedure” in the aspect of promises of listing at TPEx on 2019.03.19, and will be disclosed in material announcements in MOPS and submit to TPEx for recordation upon approved by 2019.6.25 shareholder meeting. In response to government policy to attract overseas funds repatriation and enhance Group capital efficiency, the Board approved the motion of repatriation of offshore funds on 2019.12.10. Under such framework, the subsidiary, GWI, will complete its earning distribution and sell its shareholding over the subsidiary, GWafers Singapore Pte. Ltd.（GWS）to the Company and be liquidated after 2 years. The Company still holds 100% shareholding of GWS and its subsidiaries after GWI consummates the liquidation, bringing no impact

	to the company's overall shareholding structure and consolidated profit and loss. As such, GWC will submit the motion of amendment to the "Acquisition or Disposal of Assets Procedure" in the aspect of promises of listing at TPEx on the nearest BoD after the liquidation completes, and it will be disclosed in material announcements in MOPS and submit to TPEx for recordation upon approved by shareholder meeting.

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

Attachment 1.
2021 Consolidated Financial Statements with Independent Auditors' Report

Stock Code:6488

GlobalWafers Co., Ltd. and Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020

Address:	No.8, Industrial East Road 2, Science-Based Industrial Park, Hsinchu, Taiwan, R.O.C.
Telephone:	(03)5772255

Table of contents

Representation Letter

The entities that are required to be included in the combined financial statements of GlobalWafers Co., Ltd. as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements", as endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements are included in the consolidated financial statements. Consequently, GlobalWafers Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: GlobalWafers Co., Ltd.
Chairman: Doris Hsu
Date: March 15, 2022

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of GlobalWafers Co., Ltd. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, 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, 2021 and 2020, 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 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue recognition

   Please refer to note 4(15) "Revenue recognition" for accounting policy and note 6(19) "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. Goodwill impairment assessment

Please refer to the note 4(13) “Impairment of non-financial assets” for accounting policy, note 5 “Significant accounting assumptions and judgments, and major sources of estimation uncertainty” for goodwill impairment assessment, and note 6(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 critical. The assessment procedures, including identification of cash-generating units, valuation models, selection of key assumptions and calculations of recoverable cash inflows, depend on the management’s subjective judgments, which contained uncertainty in accounting estimations. Consequently, this is one of the key areas in our audit.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included assessing triggering events identified by the management for impairment indicators existing in a cash-generating unit, assessing whether the 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 test and other relevant information have been appropriately disclosed.

Other Matter

The Company has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, 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 the management.

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2022

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.

GlobalWafers Co., Ltd. and subsidiaries

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(1))	$ 65,894,422	44	22,439,481	24
1110	Financial assets at fair value through profit or loss－current (note 6(2))	3,450	-	5,656,668	6
1170	Notes and accounts receivable, net (note 6(4))	9,048,069	6	7,962,618	8
1180	Accounts receivable due from related parties, net (note 7)	69,645	-	74,812	-
130X	Inventories (note 6(5))	7,295,021	5	7,207,731	8
1476	Other financial assets－current (notes 8 and 9)	3,753,000	2	5,588,381	6
1479	Other current assets (notes 6(10) and 7)	2,600,908	2	656,678	1
	Total current assets	88,664,515	59	49,586,369	53
	Non-current assets:				
1513	Financial assets at fair value through profit or loss－non-current (note 6(2))	18,368,712	12	117,204	-
1517	Financial assets at fair value through other comprehensive income－non-current (note 6(3))	185,073	-	101,475	-
1550	Investments accounted for using equity method (note 6(6))	1,691,344	1	1,202,176	1
1600	Property, plant and equipment (notes 6(7), 7 and 8)	33,943,256	23	37,111,052	39
1755	Right-of-use assets (note 6(8))	705,346	-	657,121	1
1780	Intangible assets (note 6(9))	2,365,551	2	2,797,463	3
1840	Deferred tax assets (note 6(15))	1,887,241	1	2,230,787	2
1980	Other financial assets－non-current (notes 8 and 9)	1,328,297	1	260,393	-
1900	Other non-current assets (note 6(10))	1,505,641	1	787,577	1
	Total non-current assets	61,980,461	41	45,265,248	47
	Total assets	**$ 150,644,976**	**100**	**94,851,617**	**100**

		December 31, 2021		December 31, 2020	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(11))	$ 6,264,000	4	9,871,000	10
2120	Financial liabilities at fair value through profit or loss－current (note 6(2))	198,479	-	45,953	-
2130	Contract liabilities－current (note 6(19))	7,322,051	5	3,639,970	4
2170	Notes and accounts payable	4,032,930	3	3,640,950	4
2180	Accounts payable to related parties (note 7)	307,520	-	254,514	-
2201	Payroll and bonus payable	2,403,861	2	2,408,567	3
2216	Dividends payable	3,481,896	3	3,481,896	4
2230	Current tax liabilities	2,111,964	1	2,035,186	2
2399	Other current liabilities (note 6(13))	4,935,594	3	3,953,350	4
	Total current liabilities	31,058,295	21	29,331,386	31
	Non-Current liabilities:				
2527	Contract liabilities－non-current (note 6(19))	21,312,889	14	13,088,058	14
2500	Financial liabilities at fair value through profit or loss－non-current (notes 6(2), (12) and 8)	178,637	-	-	-
2530	Convertible bonds payable (note 6(12))	26,143,969	17	-	-
2531	Ordinary bonds payable (note 6(12))	18,980,771	13	-	-
2570	Deferred tax liabilities (note 6(15))	4,797,611	3	4,942,689	5
2670	Other non-current liabilities (note 6(13))	705,286	1	852,997	1
2640	Net defined benefit liabilities (note 6(14))	1,836,015	1	2,481,587	3
	Total non-current liabilities	73,955,178	49	21,365,331	23
	Total liabilities	105,013,473	70	50,696,717	54
	Equity (note 6(16))**:**				
	Equity attributable to shareholders of GlobalWafers Co., Ltd.**:**				
3110	Ordinary share	4,372,500	3	4,372,500	5
3200	Capital surplus	25,174,389	16	23,470,919	25
	Retained earnings:				
3310	Legal reserve	5,349,684	4	4,060,325	4
3320	Special reserve	1,734,138	1	2,291,256	2
3350	Unappropriated retained earnings	15,713,128	10	12,270,817	13
		22,796,950	15	18,622,398	19
3400	Other equity interest	(6,135,557)	(4)	(1,734,138)	(2)
3500	Treasury shares	(576,779)	-	(576,779)	(1)
	Total equity	45,631,503	30	44,154,900	46
	Total liabilities and equity	**$ 150,644,976**	**100**	**94,851,617**	**100**

See accompanying notes to consolidated financial statements.

GlobalWafers Co., Ltd. and subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021		2020	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue** (notes 6(19) and 7)	$ 61,130,592	100	55,358,788	100
5000	**Operating costs** (notes 6(5), (20) and 7)	37,844,704	62	34,790,674	63
	Gross profit from operations	23,285,888	38	20,568,114	37
	Operating expenses (notes 6(20) and 7)**:**				
6100	Selling expenses	1,440,578	2	1,233,877	2
6200	Administrative expenses	2,082,733	4	2,431,832	4
6300	Research and development expenses	2,069,507	3	1,624,308	3
6450	Expected credit losses (gains) (note 6(4))	(322)	-	(8,752)	-
	Total operating expenses	5,592,496	9	5,281,265	9
	Net operating income	17,693,392	29	15,286,849	28
	Non-operating income and expenses:				
7100	Interest income (note 6(21))	142,808	-	243,546	-
7020	Other gains and losses (notes 6(21) and 7)	(1,083,006)	(2)	1,158,228	2
7050	Finance costs (notes 6(12), (21) and 7)	(307,741)	(1)	(73,656)	-
		(1,247,939)	(3)	1,328,118	2
	Income before income tax	16,445,453	26	16,614,967	30
7950	Income tax expense (note 6(15))	4,575,416	7	3,511,336	6
	Net income	11,870,037	19	13,103,631	24
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss**:				
8311	Gains (losses) on remeasurements of defined benefit plans	173,476	-	(248,547)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	537,528	1	617,826	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(15))	34,695	-	(38,521)	-
	Total items that may not be reclassified subsequently to profit or loss	676,309	1	407,800	1
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign operations (note 6(6))	(6,158,184)	(10)	(75,886)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(15))	1,219,237	2	15,178	-
	Total items that may be reclassified subsequently to profit or loss	(4,938,947)	(8)	(60,708)	-
8300	**Other comprehensive income (after tax)**	(4,262,638)	(7)	347,092	1
	Total comprehensive income	**$ 7,607,399**	**12**	**13,450,723**	**25**
	Net income attributable to:				
	Shareholders of GlobalWafers Co., Ltd	$ 11,870,037	19	13,103,614	24
	Non-controlling interests	-	-	17	-
		$ 11,870,037	**19**	**13,103,631**	**24**
	Total comprehensive income attributable to:				
	Shareholders of GlobalWafers Co., Ltd	$ 7,607,399	12	13,450,706	25
	Non-controlling interests	-	-	17	-
		$ 7,607,399	**12**	**13,450,723**	**25**
	Earnings per share (NT Dollars) (note 6(18))				
	Basic earnings per share	**$**	**27.27**		**30.11**
	Diluted earnings per share	**$**	**25.97**		**30.03**

See accompanying notes to consolidated financial statements.

GlobalWafers Co., Ltd. and subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to shareholders of GlobalWafers Co., Ltd.												
			Retained earnings				Other equity interest						
	Ordinary shares	**Capital surplus**	**Legal reserve**	**Special reserve**	**Unappropriated retained earnings**	**Total retained earnings**	**Exchange differences on translation of foreign financial statements**	**Gains (losses) from equity instrument measured at fair value through other comprehensive income**	**Total other equity interest**	**Treasury shares**	**Total**	**Non-controlling interests**	**Total equity**
Balance at January 1, 2020	$ 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
Net income for the year	-	-	-	-	13,103,614	13,103,614	-	-	-	-	13,103,614	17	13,103,631
Other comprehensive income for the year	-	-	-	-	(210,026)	(210,026)	(60,708)	617,826	557,118	-	347,092	-	347,092
Comprehensive income for the year	-	-	-	-	12,893,588	12,893,588	(60,708)	617,826	557,118	-	13,450,706	17	13,450,723
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	1,373,442	-	(1,373,442)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	1,157,660	(1,157,660)	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(13,057,110)	(13,057,110)	-	-	-	-	(13,057,110)	-	(13,057,110)
Cash dividends distribution from capital surplus	-	(1,305,711)	-	-	-	-	-	-	-	-	(1,305,711)	-	(1,305,711)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(6,252)	(6,252)
Balance at December 31, 2020	4,372,500	23,470,919	4,060,325	2,291,256	12,270,817	18,622,398	(2,591,201)	857,063	(1,734,138)	(576,779)	44,154,900	-	44,154,900
Net income for the year	-	-	-	-	11,870,037	11,870,037	-	-	-	-	11,870,037	-	11,870,037
Other comprehensive income for the year	-	-	-	-	138,781	138,781	(4,938,947)	537,528	(4,401,419)	-	(4,262,638)	-	(4,262,638)
Comprehensive income for the year	-	-	-	-	12,008,818	12,008,818	(4,938,947)	537,528	(4,401,419)	-	7,607,399	-	7,607,399
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	1,289,359	-	(1,289,359)	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(7,834,266)	(7,834,266)	-	-	-	-	(7,834,266)	-	(7,834,266)
Reversal of special reserve	-	-	-	(557,118)	557,118	-	-	-	-	-	-	-	-
Equity component of convertible bonds	-	1,703,470	-	-	-	-	-	-	-	-	1,703,470	-	1,703,470
Balance at December 31, 2021	$ 4,372,500	25,174,389	5,349,684	1,734,138	15,713,128	22,796,950	(7,530,148)	1,394,591	(6,135,557)	(576,779)	45,631,503	-	45,631,503

See accompanying notes to consolidated financial statements.

GlobalWafers Co., Ltd. and subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

		2021	2020
Cash flows from operating activities:			
Income before income tax	$	16,445,453	16,614,967
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expenses		5,686,691	5,165,290
Amortization expenses		210,393	356,495
Expected credit losses (gains)		(322)	(8,752)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss		341,769	(457,641)
Interest expense		307,741	73,656
Interest income		(142,808)	(243,546)
Dividend income		(284,293)	(2,210)
Shares of profit of associates accounted for using equity method		(68,396)	(36,809)
Loss on disposal of property, plant and equipment		(15,269)	5,559
Provisions for inventory valuation (reversal of gains)		(19,493)	144,385
Total adjustments		6,016,013	4,996,427
Changes in operating assets and liabilities:			
Notes and accounts receivable (including related parties)		(1,079,657)	110,868
Inventories		(18,577)	(490,308)
Prepayments for purchase of materials		(2,680,114)	-
Other operating assets		24,643	221,566
Other financial assets		(8,739)	(40,290)
Total changes in operating assets		(3,762,444)	(198,164)
Contract liabilities		12,544,383	(3,472,070)
Notes and accounts payable (including related parties)		382,470	57,983
Net defined benefit liabilities		(428,837)	(495,042)
Other operating liabilities		927,065	85,024
Total changes in operating liabilities		13,425,081	(3,824,105)
Total changes in operating assets and liabilities		9,662,637	(4,022,269)
Total adjustments		15,678,650	974,158
Cash inflow generated from operations		32,124,103	17,589,125
Interest received		120,737	242,694
Dividends received		284,293	2,210
Interest paid		(62,258)	(70,946)
Income taxes paid		(3,165,314)	(3,199,524)
Net cash flows from operating activities		29,301,561	14,563,559

(Continued)

See accompanying notes to consolidated financial statements.

GlobalWafers Co., Ltd. and subsidiaries

Consolidated Statements of Cash Flows(Continued)

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	$ -	(95,357)
Acquisition of financial assets at fair value through profit or loss	(13,579,261)	(5,611,917)
Proceeds from disposal of financial assets at fair value through profit or loss	124	2,103,746
Cash dividends from associates accounted for using equity method	33,158	18,270
Acquisition of property, plant and equipment	(5,590,544)	(8,167,167)
Proceeds from disposal of property, plant and equipment	64,104	97,282
Increase in refundable deposits	-	(1,288)
Acquisition of intangible assets	(6,256)	(3,631)
Increase in other financial assets	798,254	(1,811,690)
Net cash flows used in investing activities	(18,280,421)	(13,471,752)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(3,607,000)	(15,000)
Proceeds from issuing bonds	46,812,845	-
Decrease in guarantee deposits received	(35,031)	(156,249)
Payment of lease liabilities	(180,213)	(159,280)
Cash dividends paid	(7,834,266)	(10,880,925)
Change in non-controlling interests	-	(6,252)
Net cash flows from (used in) financing activities	35,156,335	(11,217,706)
Effect of exchange rate changes on cash and cash equivalents	(2,722,534)	(256,132)
Net increase (decrease) in cash and cash equivalents	43,454,941	(10,382,031)
Cash and cash equivalents at beginning of period	22,439,481	32,821,512
Cash and cash equivalents at end of period	**$ 65,894,422**	**22,439,481**

See accompanying notes to consolidated financial statements.

GlobalWafers Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

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

1. Company history

GlobalWafers Co., Ltd. (the "Company") had been a semiconductor operating unit of Sino-American Silicon Products Inc. ("SAS") and the Company, along with its assets and liabilities, was spun off from SAS on October 1, 2011. The Company was incorporated in October 18, 2011, and authorized by the Hsinchu Science Park Bureau (HSPB). Its registered office is located at No. 8, Industrial East Road 2, Science-Based Park, Hsinchu, Taiwan (R.O.C.). As of December 31, 2021, the consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The Group engages mainly in the research, development, production, design, and sales of semiconductor ingots and wafers, and is also engaged in the technology and management consulting service for related products.

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

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

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

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

These consolidated financial statements were authorized for issue by the Board of Directors on March 15, 2022.

3. New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

● Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

● Amendments to IAS 16 “Property, Plant and Equipment－Proceeds before Intended Use”

● Amendments to IAS 37 “Onerous Contracts－Cost of Fulfilling a Contract”

● Annual Improvements to IFRS Standards 2018–2020

● Amendments to IFRS 3 “Reference to the Conceptual Framework”

(3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	**Content of amendment**	**Effective date per IASB**
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

4. Summary of significant accounting policies:

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

(1) Statement of compliance

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

(2) Basis of preparation

A. Basis of measurement

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

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

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

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

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

B. Functional and presentation currency

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

(3) Basis of consolidation

A. Principles of preparation of the consolidated financial statements

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

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

B. List of subsidiaries in the consolidated financial statements

			Percentage of Ownership		
Name of Investor	**Name of Subsidiary**	**Business**	**December 31, 2021**	**December 31, 2020**	**Note**
The Company	Global Semiconductor Inc. (GSI)	Investment activities	100%	100%	
The Company	GlobalWafers Inc. (GWI)	Investment activities	100%	100%	
The Company	GlobalWafers Japan Co., Ltd. (GWJ)	Manufacturing and trading of silicon wafers	100%	100%	
The Company	GWafers Singapore Pte. Ltd. (GWafers Singapore)	Investment activities	100%	100%	
The Company	Sunrise PV Four Co., Ltd. (SPV4)	Electricity activities	100%	100%	
The Company	Sunrise PV Five Co., Ltd. (SPV5)	Electricity activities	100%	100%	
The Company	GlobalWafers Holding Co., Ltd. (GWH)	Investment activities	100%	100%	

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership December 31, 2021	Percentage of Ownership December 31, 2020	Note
GSI	Kunshan Sino Silicon Technology Co., Ltd. (SST)	Processing and trading of ingots and wafers	100%	100%	
GWJ	MEMC Japan Ltd. (MEMC Japan)	Manufacturing and trading of silicon wafers	100%	100%	
SST	MEMC Electronic Materials Sdn Bhd (MEMC Sdn Bhd)	Research and development, manufacturing and trading of silicon wafers	100%	100%	
GWafers Singapore	GlobalWafers Singapore Pte. Ltd. (GWS)	Investment, marketing and trading activities	100%	100%	note (1)
GWS	GlobalWafers B.V. (GWBV)	Investment activities	100%	100%	
GWBV	MEMC Electronic Materials, SpA (MEMC SpA)	Manufacturing and trading of silicon wafers	100%	100%	
MEMC SpA	MEMC Electronic Materials France SarL(MEMC SarL)	Trading	100%	100%	
MEMC SpA	MEMC Electronic Materials GmbH (MEMC GmbH)	Trading	-%	100%	note(2)
GWBV	MEMC Korea Company (MEMC Korea)	Manufacturing and trading of silicon wafers	100%	100%	
GWBV	MEMC Ipoh Sdn Bnd (MEMC Ipoh)	Manufacturing and trading of silicon wafers	100%	100%	
GWBV	GlobiTech Incorporated (GTI)	Manufacturing and trading of epitaxial wafers and silicon wafers	100%	100%	
GWBV	Topsil Globalwafers A/S (Topsil A/S)	Manufacturing and trading of silicon wafers	100%	100%	
GWBV	GlobalWafers GmbH (GW GmbH)	Manufacturing and trading of silicon wafers	100%	100%	

			Percentage of Ownership		
Name of Investor	Name of Subsidiary	Business	December 31, 2021	December 31, 2020	Note
GTI	MEMC LLC	Research and development, manufacturing and trading of silicon wafers	100%	100%	
Topsil A/S	Topsil Semiconductor sp z o.o. (Topsil PL)	Manufacturing and trading of silicon wafers	100%	100%	

Note: The Group's organizational restructuring was as follows:

(1) The original name was SunEdison.

(2) MEMC GmbH was dissolved in December 2021.

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

(4) Foreign currencies

A. Foreign currency transactions

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

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

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

B. Foreign operations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(6) Cash and cash equivalents

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

(7) Financial instruments

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

A. Financial assets

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

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

(a) Financial assets measured at amortized cost

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

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

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

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

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

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

(c) Fair value through profit or loss (FVTPL)

All the above financial assets not classified as amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost, or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(d) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivables, guarantee deposits paid and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured by 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date；and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECL are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

(e) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(d) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

(e) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(f) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(g) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

C. Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(8) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average-cost method and includes expenditure incurred in acquiring the inventories, production or conversion cost, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses necessary to make the sale.

(9) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under additional paid in capital. If the additional paid in capital resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(10) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(a) Buildings: 2 to 56 years

(b) Machinery and equipment: 1 to 20 years

(c) Other equipment and leased assets: 1 to 40 years

(d) Buildings constitute mainly buildings, mechanical and electrical power equipment, and related engineering, wastewater treatment and sewage system, etc. Each such part is depreciated based on its useful life of 25 to 56 years, 25 years, and 4 to 15 years, respectively.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(11) Lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A. As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(a) fixed payments, including in-substance fixed payments;

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(c) amounts expected to be payable under a residual value guarantee; and

(d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

(a) there is a change in future lease payments arising from the change in an index or rate; or

(b) there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee; or

(c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

(d) there is a change of its assessment on whether it will exercise an extension or termination option; or

(e) there are any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right of use asset, or in profit and loss if the carrying amount of the right of use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right of use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group has elected not to recognize right of use assets and lease liabilities for short term leases with 12 months or less and leases of low value assets, including other equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

(a) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

(b) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(c) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and

(d) there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

B. As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(12) Intangible assets

A. Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(13) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or a CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(14) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as interest expense.

A. Site restoration

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land and the related expense are recognized when the land is contaminated. A provision for site restoration of lease land and the related expense are recognized over the term of the lease.

B. Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(15) Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

The accounting policies for the Group's main types of revenue are explained below.

A. Sale of goods

The Group engages mainly in the research, development, production, design, and sales of semiconductor ingots and wafers. The Group recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered, as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

B. Services

The Group provides services to its customers. Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

Revenue recognition for fixed-price contracts is based on the ratio of services actually provided to total services as of the reporting date, which is determined by the percentage of labor performed to the total amount of labor to be performed.

If the situation changes, the estimates of revenue, cost, and degree of completion will be revised, and the increase or decrease in the period when the management is aware of the change in the situation will be reflected in profit or loss.

(16) Government grants and government subsidies

The Group recognizes an unconditional government grant as other income when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(17) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed as the related service is provided.

B. Defined benefit plans

The Group’s net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(18) Share-based payment

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

(19) Income tax

Income taxes comprise current taxes and deferred taxes. Except for items related to business combinations, or items recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized except for the following:

A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

C. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

A. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(a) the same taxable entity; or

(b) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(20) Earnings per share

The Group discloses the Company’ s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee remuneration that could be settled in the form of stock.

(21) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimations and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in the accounting estimates during the period and the impact of those changes in the following period.

There is no critical judgment made in applying accounting policies.

The accounting policies which involved the estimation and assumption uncertainty that may cause adjustments in the subsequent period and have been updated to reflect the impact of COVID-19 are as below:

Goodwill impairment assessment

The assessment of the impairment of goodwill requires the Group to make subjective judgment to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amounts of the relevant CGUs. Please refer to note 6(9) for further description of the assessment of goodwill impairment.

The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss.

The Group's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

The Group strives to use the observable market inputs when measuring assets and liabilities. The hierarchy of the fair value categorized by the valuation techniques used is as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For any transfer within the fair value hierarchy, the Group recognizes the transfer on the reporting date. For the assumption used in fair value measurement, please refer to note 6(22) of the financial instruments.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	$ 5,130	8,618
Demand deposits	17,992,884	18,171,462
Time deposits	46,690,182	3,604,213
Repurchase agreement	1,206,226	655,188
	$ 65,894,422	22,439,481

Please refer to note 6(22) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

(2) Financial assets and liabilities at fair value through profit or loss

	December 31, 2021	December 31, 2020
Financial assets mandatorily measured at fair value through profit or loss－current:		
Forward exchange contracts	$ 3,450	52,356
Stocks listed on domestic markets	-	5,604,312
	$ 3,450	5,656,668
Financial assets mandatorily measured at fair value through profit or loss－non-current:		
Privately offered funds	$ 195,163	117,204
Overseas securities held	18,173,549	-
	$ 18,368,712	117,204
Financial liabilities designated as at fair value through profit or loss－current:		
Forward exchange contracts	$ 198,479	11,672
Swap exchange contracts	-	34,281
	$ 198,479	45,953
Financial liabilities designated as at fair value through profit or loss－non-current:		
Embedded derivatives of convertible bonds	$ 178,637	-

Please refer to note 6(21) for the amount remeasured at fair value through profit or loss.

During the year ended December 31, 2021 and 2020, the dividends of $276,229 thousand and $2,210 thousand, respectively, were incurred from investments in financial assets mandatorily measured at fair value through profit or loss.

The Group uses derivative instruments to hedge certain currency risk arising from the Group's operating activities. The Group held the following derivative instruments, which were not qualified for hedge accounting, and accounted them as mandatorily measured at fair value through profit or loss financial assets and held-for-trading financial liabilities as of December 31, 2021 and 2020:

	December 31, 2021			
	Contract amount (in thousands)		Currency	Maturity date
Forward exchange contracts sold	USD	29,550	USD to EUR	January 26, 2022~ March 25, 2022
Forward exchange contracts sold	USD	1,930	USD to KRW	January 28, 2022
Forward exchange contracts purchased	JPY	50,000	JPY to EUR	February 25, 2022
Forward exchange contracts purchased	JPY	208,426	JPY to KRW	January 28, 2022
Forward exchange contracts purchased	EUR	5	EUR to KRW	January 28, 2022
Forward exchange contracts purchased	JPY	14,000,000	JPY to NTD	January 25, 2022~ May 26, 2022

	December 31, 2020			
	Contract amount (in thousands)		Currency	Maturity date
Forward exchange contracts sold	USD	24,100	USD to EUR	January 26, 2021~ February 25, 2021
Forward exchange contracts sold	USD	2,560	USD to KRW	January 29, 2021
Forward exchange contracts purchased	JPY	20,000,000	JPY to NTD	January 20, 2021~ June 11, 2021
Forward exchange contracts purchased	JPY	50,000	JPY to EUR	February 25, 2021
Forward exchange contracts purchased	JPY	245,381	JPY to KRW	January 29, 2021
Forward exchange contracts purchased	EUR	111	EUR to KRW	January 29, 2021
Swap exchange contracts	USD	80,000	USD to NTD	January 29, 2021~ February 3, 2021

(3) Financial assets at fair value through other comprehensive income

		December 31, 2021	December 31, 2020
Equity investment in domestic entities	$	185,073	101,475

The Group designated the equity investments shown above as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.

For the year ended December 31, 2021 and 2020, the dividend income of $8,064 thousand and $0 thousand, respectively, related to equity investments at fair value through other comprehensive income, was recognized, respectively.

For market risk, please refer to note 6(22).

The financial assets mentioned above were not pledged as collateral.

(4) Notes and accounts receivable, net

		December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable	$	122,250	149,634	168,881
Accounts receivable		8,932,587	7,820,329	7,928,927
Accounts receivable-fair value through other comprehensive income		-	-	7,487
Less: allowance for sales discounts and returns		(6,768)	(7,345)	(15,676)
	$	9,048,069	7,962,618	8,089,619

The Group applied the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

The credit loss provision of power plant segment was determined as follows:

	December 31, 2021			
		Gross amount of notes and accounts receivable	Weighted-average loss rate	Credit loss allowance
Current	$	9,020	0%	-

	December 31, 2021			
		Gross amount of notes and accounts receivable	Weighted-average loss rate	Credit loss allowance
Current	$	1,988	0%	-

The credit loss provision of semiconductor segment (including related parties) was determined as follows:

	December 31, 2021			
	Gross amount of notes and accounts receivable		Weighted-average loss rate	Credit loss allowance
Current	$	8,904,782	0%	-
1 to 30 days past due		196,553	0%	-
31 to 60 days past due		4,978	0%	-
61 to 90 days past due		60	0%	-
91 to 120 days past due		-	0%	-
121 to 150 days past due		1,306	0%	-
151 to 180 days past due		-	0%	-
More than 181 days past due		6,768	100%	6,768
	$	9,114,447		6,768

	December 31, 2020			
	Gross amount of notes and accounts receivable		Weighted-average loss rate	Credit loss allowance
Current	$	7,956,346	0%	-
1 to 30 days past due		76,019	0%	-
31 to 60 days past due		1,755	33%	577
61 to 90 days past due		83	0%	-
121 to 150 days past due		-	0%	-
151 to 180 days past due		-	0%	-
More than 181 days past due		6,768	100%	6,768
	$	8,040,971		7,345

The movements in the allowance for doubtful accounts related to notes and accounts receivable were as follows:

	2021		2020
Balance on January 1	$	7,345	15,676
Impairment losses (gains) recognized		(322)	(8,752)
Foreign exchange losses (gains)		(255)	421
Balance on December 31	$	6,768	7,345

The notes and accounts receivable mentioned above were not pledged as collateral.

(5) Inventories

		December 31, 2021	December 31, 2020
Finished goods	$	1,627,502	2,414,530
Work in progress		2,276,601	1,470,148
Raw materials		3,390,918	3,323,053
	$	**7,295,021**	**7,207,731**

Components of operating costs were as follows:

		2021	2020
Cost of sales	$	37,771,783	34,524,415
Provisions for inventory valuation loss (reversal of gains)		(19,493)	144,385
Unallocated fixed manufacturing expense		92,414	121,874
	$	**37,844,704**	**34,790,674**

The inventories mentioned above were not pledged as collateral.

(6) Investments accounted for using equity method

A summary of financial information for investments accounted for using the equity method at the reporting date is as follows:

		December 31, 2021	December 31, 2020
Associates	$	**1,691,344**	**1,202,176**

A. Associates

The associates of the Group accounted for using the equity method were individually insignificant, and their summarized financial information included in the consolidated financial statements of the Group was as follows:

		December 31, 2021	December 31, 2020
The carrying amount of investments in the individually insignificant associates	$	**1,691,344**	**1,202,176**

		2021	2020
Amount of individually insignificant associates' interests attributable to the Group:			
Net income	$	68,396	36,809
Other comprehensive income (loss)		453,930	611,708
Total	$	**522,326**	**648,517**

For the years ended December 31, 2021 and 2020, the cash dividends of the invested companies were $33,158 thousand and $18,270 thousand, respectively, which were recognized as deductions of investments accounted for using the equity method.

B. Collateral

The investments accounted for using equity method mentioned above were not pledged as collateral as of December 31, 2021 and 2020.

(7) Property, plant and equipment

A. The movements of cost and depreciation of the property, plant and equipment of the Group were as follows:

	Land	Buildings	Machinery and equipment	Other equipment	Construction in progress and equipment awaiting inspection	Total
Cost:						
Balance at January 1, 2021	$ 2,733,191	18,001,372	61,716,645	4,288,522	1,586,391	88,326,121
Additions	-	5,368	6,977	529,746	5,029,164	5,571,255
Disposals	-	(273,862)	(15,971,285)	(364,695)	(3,290)	(16,613,132)
Reclassification	60,539	350,270	1,549,522	1,011,376	(2,929,419)	42,288
Transfer and others	(2,391)	(164)	(54,872)	(7,515)	(4,570)	(69,512)
Effect of changes in exchange rates	(300,532)	(1,635,701)	(6,282,589)	(344,884)	(133,237)	(8,696,943)
Balance at December 31, 2021	**$ 2,490,807**	**16,447,283**	**40,964,398**	**5,112,550**	**3,545,039**	**68,560,077**
Balance at January 1, 2020	$ 2,841,533	16,516,799	49,230,253	3,534,394	8,798,532	80,921,511
Additions	-	35,871	455,254	356,647	6,726,691	7,574,463
Disposals	-	(33,882)	(717,038)	(116,914)	-	(867,834)
Reclassification and transfer	(23,626)	1,769,783	11,021,899	1,021,771	(13,822,990)	(33,163)
Effect of changes in exchange rates	(84,716)	(287,199)	1,726,277	(507,376)	(115,842)	731,144
Balance at December 31, 2020	**$ 2,733,191**	**18,001,372**	**61,716,645**	**4,288,522**	**1,586,391**	**88,326,121**
Depreciation :						
Balance at January 1, 2021	$ -	8,734,310	40,288,093	2,192,666	-	51,215,069
Depreciation for the year	-	668,406	4,463,458	388,666	-	5,520,530
Disposals	-	(269,489)	(15,942,111)	(356,697)	-	(16,568,297)
Reclassification	-	117,524	(636,642)	519,118	-	-
Effect of changes in exchange rates	-	(925,375)	(4,427,124)	(197,982)	-	(5,550,481)
Balance at December 31, 2021	**$ -**	**8,325,376**	**23,745,674**	**2,545,771**	**-**	**34,616,821**
Balance at January 1, 2020	$ -	8,261,026	36,167,515	1,795,603	-	46,224,144
Depreciation for the year	-	690,922	4,014,388	298,816	-	5,004,126
Disposals	-	(24,948)	(710,203)	(29,842)	-	(764,993)
Reclassification and transfer	-	(19,086)	(551,845)	590,777	-	19,846
Effect of changes in exchange rates	-	(173,604)	1,368,238	(462,688)	-	731,946
Balance at December 31, 2020	**$ -**	**8,734,310**	**40,288,093**	**2,192,666**	**-**	**51,215,069**

	Land	Buildings	Machinery and equipment	Other equipment	Construction in progress and equipment awaiting inspection	Total
Carrying amounts:						
Balance at December 31, 2021	$ 2,490,807	8,121,907	17,218,724	2,566,779	3,545,039	33,943,256
Balance at January 1, 2020	$ 2,841,533	8,255,773	13,062,738	1,738,791	8,798,532	34,697,367
Balance at December 31, 2020	$ 2,733,191	9,267,062	21,428,552	2,095,856	1,586,391	37,111,052

B. Collateral

For the years ended December 31, 2021 and 2020, the property, plant and equipment was pledged as collateral for long-term borrowings and credit lines. Please refer to note 8.

(8) Right-of-use assets

The Group leases many assets including land, buildings, machinery and other equipment. The carrying amounts on right-of-use assets were presented below:

	Land	Buildings	Machinery	Other equipment	Total
Cost：					
Balance at January 1, 2021	$ 567,936	146,862	1,409	243,149	959,356
Additions	55,250	20,151	287	162,570	238,258
Reclassification	-	-	-	(2,539)	(2,539)
Disposals and transfer	-	(14,434)	(1,385)	(122,312)	(138,131)
Effect of changes in exchange rates	(2,884)	(17,114)	(27)	(25,023)	(45,048)
Balance at December 31, 2021	$ 620,302	135,465	284	255,845	1,011,896
Balance at January 1, 2020	$ 575,509	147,201	37,494	166,884	927,088
Additions	-	1,685	-	44,295	45,980
Reclassification	-	-	(35,358)	35,358	-
Transfer and transfer	(7,746)	(1,114)	(116)	(5,036)	(14,012)
Effect of changes in exchange rates	173	(910)	(611)	1,648	300
Balance at December 31, 2020	$ 567,936	146,862	1,409	243,149	959,356

		Land	Buildings	Machinery	Other equipment	Total
Depreciation and impairment losses:						
Balance at January 1, 2021	$	69,110	56,945	929	175,251	302,235
Depreciation		39,120	27,515	513	99,013	166,161
Reclassification		-	-	-	(2,539)	(2,539)
Disposals and transfer		-	(14,434)	(1,385)	(121,464)	(137,283)
Effect of changes in exchange rates		1,791	(6,850)	(16)	(16,949)	(22,024)
Balance at December 31, 2021	$	**110,021**	**63,176**	**41**	**133,312**	**306,550**
Balance at January 1, 2020	$	37,923	29,253	10,237	78,618	156,031
Depreciation		39,714	29,739	730	90,981	161,164
Reclassification		-	-	(9,735)	9,735	-
Disposals and transfer		(8,531)	(1,325)	(116)	(4,943)	(14,915)
Effect of changes in exchange rates		4	(722)	(187)	860	(45)
Balance at December 31, 2020	$	**69,110**	**56,945**	**929**	**175,251**	**302,235**
Carrying amounts:						
Balance at December 31, 2021	$	**510,281**	**72,289**	**243**	**122,533**	**705,346**
Balance at January 1, 2020	$	**537,586**	**117,948**	**27,257**	**88,266**	**771,057**
Balance at December 31, 2020	$	**498,826**	**89,917**	**480**	**67,898**	**657,121**

(9) Intangible assets

Intangible assets included trademarks, patents and computer software. The cost and amortization of the intangible assets of the Group were as follows:

		Goodwill	Patents and trademarks	Development costs	Computer software	Total
Cost:						
Balance at January 1, 2021	$	2,327,364	1,757,731	296,841	69,839	4,451,775
Additions		-	-	-	6,256	6,256
Reclassification		-	-	-	525	525
Effect of changes in exchange rates		(221,241)	(3,535)	(24,018)	(1,981)	(250,775)
Balance at December 31, 2021	$	**2,106,123**	**1,754,196**	**272,823**	**74,639**	**4,207,781**
Balance at January 1, 2020	$	2,421,056	1,702,745	104,671	-	4,228,472
Additions		-	-	-	3,631	3,631
Reclassification		-	61,616	185,985	69,827	317,428
Effect of changes in exchange rates		(93,692)	(6,630)	6,185	(3,619)	(97,756)
Balance at December 31, 2020	$	**2,327,364**	**1,757,731**	**296,841**	**69,839**	**4,451,775**

	Goodwill	Patents and trademarks	Development costs	Computer software	Total
Amortization:					
Balance at January 1, 2021	$ -	1,384,540	207,941	61,831	1,654,312
Amortization for the year	-	192,907	13,699	3,787	210,393
Effect of changes in exchange rates	-	(3,314)	(17,460)	(1,701)	(22,475)
Balance at December 31, 2021	$ -	1,574,133	204,180	63,917	1,842,230
Balance as of January 1, 2020	$ -	997,181	3,708	-	1,000,889
Amortization for the year	-	331,480	14,436	2,866	348,782
Reclassification	-	61,616	185,985	69,827	317,428
Effect of changes in exchange rates	-	(5,737)	3,812	(10,862)	(12,787)
Balance at December 31, 2020	$ -	1,384,540	207,941	61,831	1,654,312
Carrying amounts:					
Balance at December 31, 2021	$ 2,106,123	180,063	68,643	10,722	2,365,551
Balance at January 1, 2020	$ 2,421,056	705,564	100,963	-	3,227,583
Balance at December 31, 2020	$ 2,327,364	373,191	88,900	8,008	2,797,463

Goodwill impairment testing

For the purpose of impairment testing, goodwill was allocated to the semiconductor business segment. The Group’ s goodwill has been tested for impairment at least once at the end of each annual reporting period and the recoverable amount is determined based on discounted cash flows.

For the years ended December 31, 2021 and 2020, the recoverable amount of the semiconductor business was estimated based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU.

As of December 31, 2021 and 2020, the recoverable amount was greater than its carrying amount and no impairment loss was recognized.

The key assumptions used in the estimation of value in use were as follows.

	December 31, 2021	December 31, 2020
Discount rate	4.97%	7.89%
Growth rate	2.46%	3.42%

The discount rate was a pre-tax measure based on the rate of ten-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specific CGU.

Cash flow projections are based on five-year financial budgets estimated by the management.

The intangible assets mentioned above were not pledged as collateral.

(10) Other assets－current and non-current

	December 31, 2021	December 31, 2020
Prepayment for materials	$ 3,261,805	632,057
Refundable tax and overpaid tax	390,564	331,234
Others	454,180	480,964
	$ 4,106,549	1,444,255

(11) Short-term borrowings

	December 31, 2021	December 31, 2020
Unsecured borrowings	$ 6,264,000	9,871,000
Unused credit lines	$ 26,576,668	16,225,687
Range of interest rates at year end	0.2%	0.56%~0.6446%

The Group did not provide the bank with assets pledged as collateral for its short-term borrowings.

(12) Bonds payable

The details of bonds payable were as follows:

	December 31, 2021
Unsecured ordinary bonds	$ 18,980,771
Unsecured convertible bonds	26,143,969
Total	$ 45,124,740

On April 21, 2021, the Group's Board of Directors resolved to issue the first unsecured ordinary bonds for the year ended December 31, 2021, and issued through the Taipei Fubon Commercial Bank Co., Ltd. on May 11, 2021. The Group issued the five-year unsecured ordinary bonds, amounting to $6,500,000 thousand and the coupon rate is consistent with a fixed rate of 0.62% and with the maturity date on May 11, 2026.

On April 21, 2021, the Group's Board of Directors resolved to issue the second unsecured ordinary bonds for the year ended December 31, 2021, and issued through the Taipei Fubon Commercial Bank Co., Ltd. on August 19, 2021. The Group issued the three-year and five-year unsecured ordinary bonds, amounting to $12,500,000 thousand, which were divided into A and B bonds, depending on the different issuance conditions. The issuance amounts were $7,100,000 thousand and $5,400,000 thousand, respectively, with coupon rate 0.5% and 0.6%, and the maturity dates were August 19, 2024 and August 19, 2026, respectively.

On April 21, 2021, the Group's Board of Directors resolved to issue the first unsecured overseas convertible bonds on the Singapore Exchange Limited, which had been approved by the Financial Supervisory Commission with approval No.1100342091 on May 19, 2021. The Group issued the five-year unsecured convertible bond, amounting to US$1,000,000 thousand without coupon rate, with the maturity date on June 1, 2026.

The details of unsecured convertible bonds were as follows:

	December 31, 2021
Total convertible bonds issued	$ 27,565,891
Unamortized discounted convertible bonds payable	(1,421,922)
Cumulative converted amount	-
Convertible bonds balance at year-end	**$ 26,143,969**
Embedded derivative – call and put options, included in financial liabilities at fair value through profit or loss	**$ 178,637**
Proceeds from issuance (less transaction cost amounted to $77,517 thousand)	$ 27,834,483
Equity components (less transaction cost allocated to equity component of $4,744 thousand)	(1,703,470)
Embedded derivatives instruments－put/ call options (transaction cost allocated $473 thousand)	(169,791)
Liability components at the issuance date (less transaction cost allocated to liability component of $72,300 thousand)	25,961,222
Interest expense at an effective interest rate of 1.2%	182,747
Liability components at December 31, 2021	**$ 26,143,969**

Except for early redemptions, repurchases and cancellations, exercise of conversion rights by the bondholders, statutory requirements and the cessation of transfer period as otherwise provided in the Trust Deed, from the day following the three months after the issuance of the bonds to (1) ten days before the maturity date or (2) the fifth business day prior to the date of early redemption of the bonds (hereinafter referred to as the "conversion period"), the bondholders may request the issuing company to convert the bonds into shares of common stock newly issued by the issuing company in accordance with the provisions of the relevant laws and the Trust Deed.

The conversion price was 140% of the closing price of the Company’s common shares on the Taipei Exchange on the pricing date, which was NT$1,040.12. The number of common shares to be delivered upon conversion of any bond will be determined by the principal amount of the bonds multiplied by the fixed exchange rate, which is NT$27.912 to US$1, which was determined on the pricing date and divided by the conversion price in effect on the date of conversion. After the issuance of the bonds, the conversion price shall be adjusted in accordance with the relevant anti-dilution provisions of the contract. However, due to the payment of cash dividends by the Group, the conversion price of the bonds was adjusted from NT$1,040.20 to NT$1,028.46 on July 22, 2011, the day after the ex-dividend base date, in accordance with the aforementioned provisions.

As of December 31, 2021, the first adjustment to the conversion price of the bonds has been executed.

The above-mentioned convertible bonds included liabilities and equity components. The equity component was recognized as the capital surplus. The effective interest rate originally recognized for the liability component was 1.2%.

(13) Lease liabilities

The carrying amounts of lease liabilities of the Group were as follows:

	December 31, 2021	December 31, 2020
Current	$ 150,941	92,842
Non-current	$ 560,232	576,129

For the maturity analysis, please refer to note 6(22) “Financial instruments”.

The amounts recognized in profit or loss were as follows:

	For the year ended December 31,	
	2021	2020
Interest on lease liabilities	$ 9,172	8,794
Variable lease payments not included in the measurement of lease liabilities	$ 3,698	1,786
Expenses relating to short-term leases	$ 10,490	6,172
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 3,944	736

The amounts recognized in the statement of cash flows were as follows:

	For the year ended December 31,	
	2021	2020
Total cash outflow for leases	$ 198,345	176,768

Land leases' additional rent payments that are based on changes in local price indices and the public facilities construction costs re-invested annually in each park will be adjusted after being assessed.

(14) Employee benefits

A. Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value was as follows:

		December 31, 2021	December 31, 2020
Total present value of obligations	$	(7,494,835)	(8,125,593)
Fair value of plan assets		5,658,820	5,644,006
Recognized liabilities for defined benefit obligations	**$**	**(1,836,015)**	**(2,481,587)**

The plans entitle a retired employee to receive a pension benefit based on years of service prior to retirement.

(a) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group’s Bank of Taiwan labor pension reserve account balance amounted to $360,575 thousand, as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

Under the employee defined benefit plans of the Group’s subsidiary in Korea, the plan assets comprised of time deposits bearing annual interest rates ranging from 1.74%~2.20%.

In Italy, the Group’s subsidiary contributes an amount to the National Social Security Institute (INPS) for the employee defined benefit plan.

Under the employee defined benefit plans of the entities located in the United States, plan assets are comprised of trust funds with different grades of risks and returns. Plan asset portfolio consists of a variety of financial instruments including cash, equity securities, and income funds.

(b) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations of the Group were as follows:

		2021	2020
Defined benefit obligation at January 1	$	8,125,593	8,413,828
Current service costs and interest cost		406,718	231,060
Re-measurements for defined benefit obligations			
—Actuarial gains and losses arising from experience adjustments		212,435	155,471
—Actuarial gains and losses resulting from changes in demographic assumptions		(104,082)	280,829
—Actuarial gains and losses resulting from changes in financial assumptions		(79,354)	83,476
Past service credit		-	6,459
Benefits paid		(600,380)	(463,540)
Expected settlement of benefit obligations		-	(424,645)
Effects of changes in exchange rates		(466,095)	(157,345)
Defined benefit obligation at December 31	$	7,494,835	8,125,593

(c) Movements in fair value of defined benefit plan assets

The movements in fair value of the defined benefit plan assets of the Group were as follows:

		2021	2020
Fair value of plan assets at January 1	$	5,644,006	5,463,438
Interest revenue		82,833	125,523
Re-measurements for defined benefit obligations			
—Return on plan asset (excluding interest revenue)		249,816	491,454
Contributions made		442,881	253,801
Benefits paid		(500,694)	(308,756)
Expected settlement of benefit obligations		-	(191,699)
Effects of changes in exchange rates		(260,022)	(189,755)
Fair value of plan assets at December 31	$	5,658,820	5,644,006

(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

		2021	2020
Current service costs	$	312,285	94,242
Net interest of defined benefit obligation		11,600	11,295
Past service credit		-	6,459
	$	323,885	111,996
Operating cost	$	295,330	78,108
Selling expenses		9,814	10,978
Administration expenses		10,393	11,982
Research and development expenses		8,348	10,928
	$	323,885	111,996

(e) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.28%~3.29%	0.03%~3.06%
Future salary increase rate	1.6%~5.7%	0.8%~5.75%

The estimated amount of contribution to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $165,646 thousand.

The weighted-average durations of the defined benefit obligation are 4.19 years to 10.5 years.

(f) Sensitivity analysis

When the actuarial assumptions had changed 0.25% as of the December 31, 2021 and 2020, the impact on the present value of the defined benefit obligation would be as follows:

		Impact on defined benefit obligations	
Actuarial assumptions		Increased by 0.25%	Decreased by 0.25%
December 31, 2021			
Discount rate	$	(138,568)	145,873
Future salary increase rate	$	55,144	(51,201)
December 31, 2020			
Discount rate	$	(188,734)	200,367
Future salary increase rate	$	67,641	(61,906)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in previous periods. There was no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

B. Defined contribution plans

The Group contributes at the rate of 6% of each employee's monthly wages for the Company's domestic subsidiaries to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group's contribution to the Bureau of Labor Insurance requires no additional legal or constructive obligations thereafter.

The total periodic pension costs of other subsidiaries were recognized as current expenses in accordance with the local regulations of their respective jurisdictions where they are domiciled.

The Company's domestic subsidiaries' pension costs incurred from contributions to the defined contribution plan were $64,653 thousand and $61,339 thousand for the years of 2021 and 2020, respectively. Such contributions were made to the Bureau of the Labor Insurance.

The Group recognized the pension costs of $251,670 thousand and $189,711 thousand for its overseas subsidiaries in the years of 2021 and 2020, respectively.

(15) Income tax

A. Income tax expense

The components of income tax expenses in 2021 and 2020 were as follows:

	2021	2020
Current tax expense	$ 3,238,417	3,437,666
Deferred tax expense	1,336,999	73,670
	$ 4,575,416	**3,511,336**

The amounts of income tax (benefit) recognized in other comprehensive income in 2021 and 2020 were as follows:

	2021	2020
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit obligations	**$ 34,695**	**(38,521)**
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign financial statements	**$ (1,219,237)**	**(15,178)**

Reconciliations of income tax and income before income tax for 2021 and 2020 were as follows:

	2021	2020
Income before income tax	$ 16,445,453	16,614,967
Income tax using the Company's domestic tax rate	3,289,091	3,322,993
Effect of tax rates in foreign jurisdictions	383,215	431,352
Shares of profit of foreign subsidiaries accounted for using equity method	1,558,500	1,797,820
Tax effect of permanent differences	315,188	(165,394)
Investment tax credits	(363,578)	(606,077)
Changes in unrecognized temporary differences and others	(607,000)	(721,417)
Tax-refunded for repatriated offshore funds to Taiwan	-	(547,941)
	$ 4,575,416	3,511,336

B. Deferred tax assets and liabilities

(a) The deferred tax assets have not been recognized in respect of the following items:

	December 31, 2021	December 31, 2020
Tax effect of deductible temporary differences	$ 701,464	678,731

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

(b) The deferred tax liabilities have not been recognized in respect of the following items:

	December 31, 2021	December 31, 2020
Aggregate amount of temporary differences related to investments in subsidiaries	$ (2,151,112)	(1,535,975)

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as at December 31, 2021 and 2020. Also, the management considers it is probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences were not recognized as deferred tax liabilities.

(c) Recognized deferred tax assets and liabilities

		January 1, 2021	Recognized in profit or loss	Recognized in other comprehensive income	Effect of changes in exchange rates	December 31, 2021
Assets:						
Allowance for inventory valuation	$	259,559	24,640	-	(22,267)	261,932
Defined benefit obligations		332,741	(11,305)	(1,648)	5,922	325,710
Unrealized exchange losses		17,471	(74,152)	-	46	(56,635)
Equity-method investments		12,556	(2,547)	-	-	10,009
Depreciation differences of property, plant and equipment		501,317	146,490	-	(62,293)	585,514
Expected credit loss of accounts receivable		147,548	(1,518)	-	(15,507)	130,523
Others		959,595	(236,484)	-	(92,923)	630,188
	$	2,230,787	(154,876)	(1,648)	(187,022)	1,887,241
Liabilities:						
Equity method investments	$	(3,075,516)	(927,212)	1,186,190	-	(2,816,538)
Depreciation differences of property, plant and equipment		(1,253,801)	(142,773)	-	116,572	(1,280,002)
Others		(613,372)	(112,138)	-	24,439	(701,071)
	$	(4,942,689)	(1,182,123)	1,186,190	141,011	(4,797,611)

		January 1, 2020	Recognized in profit or loss	Recognized in other comprehensive income	Effect of changes in exchange rates	December 31, 2020
Assets:						
Allowance for inventory valuation	$	163,197	70,708	-	25,654	259,559
Defined benefit obligation		448,658	(140,599)	(4,718)	29,400	332,741
Loss carryforwards		106,800	(105,208)	-	(1,592)	-
Unrealized exchange losses		127,732	(62,918)	-	(47,343)	17,471
Equity method investments		60,889	(24,793)	(23,540)	-	12,556
Depreciation differences of property, plant and equipment		163,567	304,418	-	33,332	501,317
Expected credit loss of accounts receivable		91,619	(1,621)	-	57,550	147,548
Others		692,578	231,768	-	35,249	959,595
	$	1,855,040	271,755	(28,258)	132,250	2,230,787
Liabilities:						
Equity method investments	$	(2,932,566)	(224,907)	81,957	-	(3,075,516)
Depreciation differences of property, plant and equipment		(852,033)	(76,594)	-	(325,174)	(1,253,801)
Others		(960,980)	(43,924)	-	391,532	(613,372)
	$	(4,745,579)	(345,425)	81,957	66,358	(4,942,689)

C. Assessment of tax filings

As of December 31, 2021, income tax returns of the Company for the years through 2019 were assessed by the tax authority.

(16) Capital and other equity

A. Ordinary shares

As of December 31, 2021 and 2020, the authorized ordinary shares of the Company amounted to \$6,000,000 thousand, which was divided into 600,000 thousand shares, with a par value of \$10 per share, of which \$200,000 thousand was reserved for employee stock options, convertible preferred stock, and convertible corporate bonds. The issued and outstanding shares of ordinary shares amounted to \$4,372,500 thousand.

The Company increased capital in GDRs of \$680,000 thousand, and issued 68,000 thousand shares of ordinary shares on the Luxembourg on April 26, 2017. The price issued per share was US\$6.9. The total issuance amount is US\$469,200 thousand. The cash increase was approved by the Financial Supervisory Commission and the record date of capital increase was on April 26, 2017. All shares issued were paid and registered. The total amount issued was equivalent to \$14,141,688 thousand on the day’ s closing exchange rates. The total premium amounting to \$13,355,424 thousand was recognized on capital surplus after deducting the related issuance cost of \$106,264 thousand.

B. Capital surplus

The balances of capital surplus were as follows:

		December 31, 2021	December 31, 2020
Additional paid-in capital	$	23,406,252	23,406,252
Employee stock options		60,727	60,727
Equity component of convertible bonds		1,703,470	-
Difference between the consideration and the carrying amount of subsidiaries’ share acquired or disposed		3,940	3,940
	$	25,174,389	23,470,919

According to the R.O.C Company Act, capital surplus can firstly be used to offset a deficit, and only the realized capital surplus can be used to increase the ordinary shares or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus arising from premium on issuance of capital stock and the fair value of donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, to increase ordinary shares by transferring paid-in capital in excess of par value should not exceed 10% of the total ordinary shares outstanding.

According to the R.O.C Company Act Section 241, the capital surplus may be distributed as cash dividends or stock dividends to the shareholders in proportion to the number of shares held. Distribution of capital surplus, by way of cash dividends, should be approved by the Board of Directors in a meeting attended by two-thirds of the total number of directors, with half of the directors' agreement, and reported during the shareholders' meeting. The distribution of earnings through issuance of new shares shall be resolved during the stockholders' meeting.

Based on the resolution approved during the Board of Directors meeting on March 17, 2020, the cash dividends of $1,305,711 thousand, at $3 per share, will be distributed out of capital surplus. Related information is available at the Market Observation Post System.

C. Retained earnings

On June 23, 2020, the amendment to the Company's Articles of Incorporation was approved during the stockholders' meeting. The proposal of surplus earning distribution or loss off-setting for the first half fiscal year, together with the business report and financial statements, shall be forwarded to the audit committee for auditing before the end of the second half of the fiscal year; thereafter, be submitted to the Board of Directors for approval.

Distribution of earnings, by way of cash, shall be approved in the Board of Directors meeting. The distribution of earnings through issuance of new shares shall be resolved in the stockholders' meeting.

According to the Company's Articles of Incorporation, earnings distribution on a semiannual basis shall be distributed in the following order:

(a) Offset the cumulative deficits;

(b) 10% of the current-period earning should be set aside for legal reserve, until the accumulated legal reserve equals the Company's issued capital;

(c) Set aside special reserve in accordance with relevant laws or regulations or as requested by the authorities;

(d) After deducting items (a), (b), and (c) above from the earnings, the remaining undistributed earnings of current and previous years, if any, will be proposed for distribution by the Board of Directors. According to the R.O.C Company Act Section 240(5), it was authorized that the distribution of earnings, in whole or in part by way of cash dividends, shall be made after a resolution has been approved by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors and the resolution is reported to shareholders in their meeting. If the distribution of earnings is made by issuance of new shares, wherein the resolution will be approved during the shareholders meeting.

After considering both the long-term development of the business and the goal of stable growth of earnings per share, the distribution of dividends to shareholders should not be less than 50% of the distributable earnings, which is calculated using the net income of the current year, minus, legal reserve and special reserve. Distribution of cash dividends should not be less than 50% of the total dividends.

(a) Legal reserve

According to the R.O.C Company Act. Section 241, the legal reserve may be distributed as cash dividends or stock dividends to the shareholders in proportion to the number of shares held. Distribution of legal reserve, by way of cash dividends, should be approved by the Board of Directors in a meeting attended by two-thirds of the total number of directors, with half of the directors' agreement; thereafter, be reported in the shareholders' meeting. The distribution of legal reserve through issuance of new shares shall be resolved during the stockholders’ meeting.

(b) Special reserve

In accordance with Regulatory Rule No. 1010012865 issued by the FSC on April 6, 2012, a special reserve is appropriated from retained earnings based on the ruling. Under such regulation, the Company is required to set aside an additional special reserve, as part of the distribution of its annual earnings, equal to the current-period net debit balance of other equity interests. A portion of undistributed prior-period earnings shall be set aside as a special reserve, which does not qualify for earnings distribution, to account for cumulative net debit balance of other equity interests pertaining to prior periods. The only distributable special reserve is the portion that exceeds the total net debit balance of the other equity interests. The carrying amounts of special reserve were $1,734,138 thousand and $2,291,256 thousand as of December 31, 2021 and 2020, respectively.

(c) Earnings distribution

On May 4, 2021, the Board of Directors of the Company decided on the amount of cash dividends for the profit distribution proposal for 2020. Other earnings distribution had reached the statutory resolution threshold through electronic voting on June 24, 2021, and the shareholders' meeting was expected to be held on August 24, 2021.

The distributions of cash dividends per share for the first half of 2021, the second half of 2020, the first half of 2020 and the year of 2019, were approved by the Board of Directors on December 7, 2021, May 4, 2021, December 9, 2020, and March 17, 2020, respectively. The distribution of dividends was as follows:

	The first half of 2021	2020	The first half of 2020	2019
Dividends distributed to ordinary shareholders:				
Cash	$ 3,481,896	7,834,266	3,481,896	9,575,214

Cash dividends per share for the first half of 2021 was $8. Cash dividends per share for the year of 2020 was $18, among which $8 was distributed in the first half of 2020. Cash dividends per share for the year of 2019 was $22.

The above-mentioned information is available on the Market Observation Post System website.

D. Treasury shares

In 2018, in accordance with the requirements under section 28-2 of the Securities and Exchange Act, the Company repurchased 2,013 thousand shares at an amount of $576,779 thousand as treasury shares, in order to transfer the shares to its employees. As of December 31, 2021, a total of 2,013 thousand shares has yet to be transferred.

In accordance with the Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the amount of the repurchased shares should not exceed the sum of the Company’ s retained earnings, share premium, and realized capital surplus. In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

E. Other equity

		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from equity instruments measured at fair value through other comprehensive income	Total
January 1, 2021	$	(2,591,201)	857,063	(1,734,138)
Foreign exchange differences (net of tax)		(4,938,947)	-	(4,938,947)
Unrealized gains from financial assets measured at fair value through other comprehensive income		-	537,528	537,528
December 31, 2021	$	(7,530,148)	1,394,591	(6,135,557)
January 1, 2020		(2,530,493)	239,237	(2,291,256)
Foreign exchange differences (net of tax)		(60,708)	-	(60,708)
Unrealized gains from financial assets measured at fair value through other comprehensive income		-	617,826	617,826
December 31, 2020	$	(2,591,201)	857,063	(1,734,138)

(17) Share-based payment

The Group signed a cash-settled share-based payment contract with its certain employees. According to the agreement, the vesting period is 4 years, and the employees have to fulfill their required service condition, which requires that at each vesting date (February 28, 2019 to 2022), the employees shall be still employed by the Group. At each vesting date, the employee is entitled to 25% of the awards. Furthermore, the value of cash award is determined by the stock price of the Company at each vesting date and the performance of each employee.

As of December 31, 2021 and 2020, the stock prices of the Company were $888.0 and $708.0, respectively. For the years 2021 and 2020, the amounts of $204,334 thousand and $164,352 thousand, respectively, were recognized by the Group as compensation costs.

(18) Earnings per share (“EPS”)

A. Basic earnings per share

	2021	2020
Net income attributable to the shareholders of the Company	$ 11,870,037	13,103,631
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)	435,237	435,237
Basic earnings per share (dollars)	$ 27.27	30.11

B. Diluted earnings per share

	2021	2020
Net income attributable to the shareholders of the Company	$ 11,870,037	13,103,631
Interest expense on convertible bonds, net of tax	152,897	-
Net income attributable to the shareholders of the Company (diluted)	$ 12,022,934	13,103,631
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)	435,237	435,237
Effect of the conversion of convertible bonds (in thousands of shares)	27,065	-
Effect of the employee remuneration issued by stock (in thousands of shares)	626	1,079
	462,928	436,316
Diluted earnings per share (dollars)	$ 25.97	30.03

(19) Revenue from contracts with customers

A. Disaggregation of revenues

	2021			2020		
	Semiconductor Segment	Power plant Segment	Total	Semiconductor Segment	Power plant Segment	Total
Primary geographical markets:						
Taiwan	$ 11,100,571	27,439	11,128,010	10,734,985	4,239	10,739,224
Northeast Asia (Japan and Korea)	19,609,054	-	19,609,054	16,824,092	-	16,824,092
Asia - others	11,958,537	-	11,958,537	11,011,666	-	11,011,666
America	8,132,016	-	8,132,016	7,231,434	-	7,231,434
Europe	9,915,560	-	9,915,560	7,218,230	-	7,218,230
Other areas	387,415	-	387,415	2,334,142	-	2,334,142
	$ 61,103,153	27,439	61,130,592	55,354,549	4,239	55,358,788

	2021			2020		
	Semiconductor Segment	Power plant Segment	Total	Semiconductor Segment	Power plant Segment	Total
Major product categories:						
Semiconductor wafers	$ 60,623,123	-	60,623,123	55,138,940	-	55,138,940
Semiconductor ingot	361,301	-	361,301	113,541	-	113,541
Electricity revenue	-	27,439	27,439	-	4,239	4,239
Others	118,729	-	118,729	102,068	-	102,068
	$ 61,103,153	27,439	61,130,592	55,354,549	4,239	55,358,788

B. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities	$ 28,634,940	16,728,028	20,200,098

For details on accounts receivables and allowance for impairment, please refer to note 6(4).

The major change in the balance of contract liabilities is the advance consideration received from customers for the contracts, in which revenue is recognized when products are delivered to customers. The amount of revenue recognized for the years ended December 31, 2021 and 2020, which was included in the contract liability balance at the beginning of the period, was $3,576,362 thousand and $2,999,561 thousand, respectively.

The contract liabilities primarily relate to the advance consideration received from customers for the wafer sales contracts, in which revenue is recognized when products are delivered to customers.

(20) Remuneration to employees and directors

In accordance with the Articles of Incorporation, the Company should contribute between 3% and 15% of the profit as employee compensation and no higher than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and compensation for employees is approved by the Board of Directors. Remuneration to directors is paid in cash. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions. A resolution for employee remuneration in the form of shares has to be approved first in the Board of Directors meeting, wherein at least half of the votes are needed, and two thirds of the members are present during the meeting; thereafter, to be reported during the shareholders' meeting.

For the years ended December 31, 2021 and 2020, the Company accrued and recognized its employee remuneration amounting to $440,456 thousand and $463,953 thousand and directors' remuneration amounting to $45,000 thousand and $44,500 thousand, respectively. These amounts were calculated by using the Company' s pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company' s Articles of Incorporation, and expensed under operating costs or expenses. If there would be any changes in accounting estimates the changes shall be accounted for as profit or loss in the following year. If, however, the shareholders determine that the employee remuneration is to be distributed through issuance of shares, the calculation of distributable shares shall be calculated using the stock price on the day before a resolution was made by the Board of Directors. The amounts as stated in the 2021 and 2020 consolidated financial statements were not significantly different from those approved in the Board of Directors meetings.

(21) Non-Operating income and expenses

A. Interest income

		2021	2020
Interest income			
Interest income	$	142,808	243,546

B. Other gains and losses

		2021	2020
Foreign exchange gains (losses), net	$	611,424	(456,515)
Gains (losses) on disposal of property, plant and equipment		15,269	(5,559)
Realized gains (losses) on financial assets (liabilities) measured at fair value through profit or loss		(703,632)	1,463,255
Termination fees		(1,566,000)	-
Dividend income		284,293	2,210
Others		275,640	154,837
	$	(1,083,006)	1,158,228

C. Finance costs

		2021	2020
Interest expense－borrowings	$	(62,354)	(64,862)
Interest expense－bonds		(236,215)	-
Interest expense－lease liabilities		(9,172)	(8,794)
	$	(307,741)	(73,656)

(22) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The main customers of the Group are from the silicon wafer and related industries. The Group generally sets credit limits to its customers according to their credit evaluations. Therefore, the credit risk of the Group is mainly influenced by the silicon wafer industry. As of December 31, 2021 and 2020, 43% and 46%, respectively, of the Group’s accounts receivable (including related parties) were from the top 10 customers. Although there is a potential for concentration of credit risk, the Group routinely assesses the collectability of the accounts receivable and makes a corresponding allowance for doubtful accounts.

(c) Credit risk of receivables

For credit risk exposure on notes and accounts receivables, please refer to note 6(4).

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
December 31, 2021							
Non-derivative financial liabilities							
Short-term borrowings	$ 6,264,000	(6,270,264)	(6,270,264)	-	-	-	-
Notes and accounts payable (including related parties)	4,340,450	(4,340,450)	(4,340,450)	-	-	-	-
Accrued payroll and bonus	2,403,861	(2,403,861)	(1,446,238)	(957,623)	-	-	-
Accrued remuneration of directors (other current liabilities)	45,000	(45,000)	-	(45,000)	-	-	-
Lease liabilities	711,173	(757,308)	(88,253)	(70,681)	(70,274)	(161,046)	(367,054)
Ordinary bonds	18,980,771	(19,470,000)	(40,300)	(67,900)	(108,200)	(19,253,600)	-
Convertible bonds	26,143,969	(27,565,891)	-	-	-	(27,565,891)	-
Dividends payable	3,481,896	(3,481,896)	(3,481,896)	-	-	-	-
Other accrued expenses (other current liabilities)	1,566,000	(1,566,000)	(1,566,000)	-	-	-	-
Derivative financial instruments							
Forward exchange contracts:							
Outflows	195,029	(4,477,795)	(4,477,795)	-	-	-	-
Inflows		4,282,766	4,282,766				
	$ 64,132,149	(66,095,699)	(17,428,430)	(1,141,204)	(178,474)	(46,980,537)	(367,054)

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
December 31, 2020							
Non-derivative financial liabilities							
Short-term borrowings	$ 9,871,000	(9,880,689)	(9,379,885)	(500,804)	-	-	-
Notes and accounts payable (including related parties)	3,895,464	(3,895,464)	(3,895,464)	-	-	-	-
Accrued payroll and bonus	2,408,567	(2,408,567)	(1,160,995)	(1,247,572)	-	-	-
Accrued remuneration of directors (other current liabilities)	44,500	(44,500)	-	(44,500)	-	-	-
Lease liabilities	668,971	(720,082)	(61,981)	(53,497)	(89,632)	(154,103)	(360,869)
Dividends payable	3,481,896	(3,481,896)	(3,481,896)	-	-	-	-
Derivative financial instruments:							
Swap exchange contracts							
Outflows	34,281	(2,311,480)	(2,311,480)	-	-	-	-
Inflows	-	2,277,199	2,277,199	-	-	-	-
Forward exchange contracts:							
Outflows	-	(6,241,053)	(6,241,053)	-	-	-	-
Inflows	(40,684)	6,281,737	6,281,737	-	-	-	-
	$ 20,363,995	(20,424,795)	(17,973,818)	(1,846,373)	(89,632)	(154,103)	(360,869)

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

C. Currency risk

(a) Exposure to foreign currency risk

The Group' s significant exposure to foreign currency risk was as follows:

	December 31, 2021		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary Items			
USD	$ 1,417,652	27.68	39,240,607
JPY	3,488,964	0.2405	839,096
EUR	59,807	31.32	1,873,153
CNY	668,265	4.344	2,902,943
Non-Monetary Items			
USD	22,650	27.68	Note
JPY	208,426	0.2405	Note

	December 31, 2021		
	Foreign currency	**Exchange rate**	**NTD**
Financial liabilities			
Monetary Items			
USD	430,463	27.68	11,915,217
JPY	23,118,837	0.2405	5,560,080
EUR	161,763	31.32	5,066,422
CNY	65,388	4.344	284,048
Non-Monetary Items			
USD	8,830	27.68	Note
JPY	14,050,000	0.2405	Note

	December 31, 2020		
	Foreign currency	**Exchange rate**	**NTD**
Financial assets			
Monetary Items			
USD	$ 490,516	28.48	13,969,881
JPY	896,275	0.2763	247,641
EUR	40,085	35.02	1,403,781
Non-Monetary Items			
USD	19,900	28.48	Note
JPY	15,295,381	0.2763	Note
EUR	111	35	Note
Financial liabilities			
Monetary Items			
USD	317,396	28.48	9,039,437
JPY	25,393,211	0.2763	7,016,144
EUR	11,976	35.02	419,410
Non-Monetary Items			
USD	86,760	28.48	Note
JPY	5,000,000	0.2763	Note

Note: The fair value of forward exchange contracts was measured at the reporting date. For related information, please refer to note 6(2).

(b) Sensitivity analysis

The Group’s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, borrowings, and accounts payable, that are denominated in foreign currencies. A weakening (strengthening) of 1% of the NTD against the USD and JPY as of December 31, 2021 and 2020, would have increased or decreased the net income before income tax by $220,300 thousand and decrease or increase by $8,537 thousand, respectively. The analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis was performed on the same basis for comparative years.

(c) Foreign exchange gains and losses on monetary items

Since the Group has many kinds of functional currencies, the information on foreign exchange gains (losses) on monetary items is disclosed by an aggregate amount. For years of 2021 and 2020, foreign exchange gains (losses) (including realized and unrealized portions) amounted to $611,424 thousand and $(456,515) thousand, respectively.

D. Interest rate analysis

Please refer to the notes on liquidity risk management for interest rate exposure of the Group's financial liabilities.

The following sensitivity analysis is based on the exposure to interest rates. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased or decreased by 0.25%, the Group’s net income before income tax would have increased or decreased by $29,335 thousand and $20,773 thousand, for the years ended December 31, 2021 and 2020, respectively, assuming all other variable factors remain constant. This is mainly due to the Group’s bank deposits and borrowings with variable rates.

E. Other price risk

For the years ended December 31, 2021 and 2020, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the years ended December 31,			
	2021		2020	
Prices of securities at the reporting date	**Other comprehensive income before tax**	**Net income before income tax**	**Other comprehensive income before tax**	**Net income before income tax**
Increasing 5%	$ 9,254	908,677	5,074	280,216
Decreasing 5%	(9,254)	(908,677)	(5,074)	(280,216)

F. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group' s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Forward exchange contract	$ 3,450	-	3,450	-	3,450
Overseas securities held	18,173,549	18,173,549	-	-	18,173,549
Privately offered fund	195,163	-	-	195,163	195,163
	$ 18,372,162	18,173,549	3,450	195,163	18,372,162
Financial assets at fair value through other comprehensive income					
Stock listed on domestic market	$ 185,073	185,073	-	-	185,073
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 65,894,422	-	-	-	-
Notes and accounts receivable (including related parties)	9,117,714	-	-	-	-
Other financial assets－current and non-current	5,081,297	-	-	-	-
	$ 80,093,433	-	-	-	-
Financial liabilities at fair value through profit or loss					
Forward exchange contract	$ 198,479	-	198,479	-	198,479
Embedded derivatives of convertible bonds	178,637	-	178,637	-	178,637
	$ 377,116	-	377,116	-	377,116

	December 31, 2021				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 6,264,000	-	-	-	-
Notes and accounts payable (including related parties)	4,340,450	-	-	-	-
Accrued remuneration of directors (other current liabilities)	45,000	-	-	-	-
Ordinary bonds	18,980,771	-	-	-	-
Convertible bonds	26,143,969	-	-	-	-
Lease liabilities-current and non-current	711,173	-	-	-	-
Other accrued expenses (other current liabilities)	1,566,000	-	-	-	-
	$ 58,051,363	-	-	-	-

	December 31, 2020				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Forward exchange contract	$ 52,356	-	52,356	-	52,356
Overseas securities held	5,604,312	5,604,312	-	-	5,604,312
Privately offered fund	117,204	-	-	117,204	117,204
	$ 5,773,872	5,604,312	52,356	117,204	5,773,872
Financial assets at fair value through other comprehensive income					
Stock listed on domestic market	$ 101,475	101,475	-	-	101,475
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 22,439,481	-	-	-	-
Notes and accounts receivable (including related parties)	8,037,430	-	-	-	-
Other financial assets－current and non-current	5,848,774	-	-	-	-
	$ 36,325,685	-	-	-	-

	December 31, 2020				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Forward exchange contract	$ 11,672	-	11,672	-	11,672
Swap exchange contract	34,281	-	34,281	-	34,281
	$ 45,953	-	45,953	-	45,953
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 9,871,000	-	-	-	-
Notes and accounts payable (including related parties)	3,895,465	-	-	-	-
Lease liabilities－current and non-current	668,971	-	-	-	-
	$ 14,435,436	-	-	-	-

(b) Valuation techniques for financial instruments measured at fair value

i. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s -length basis. Whether transactions are taking place ‘regularly’ is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments in an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique, including a model using observable market data at the reporting date.

ii. Derivative financial instruments

Measurements of the fair value of derivative instruments are based on the valuation techniques generally accepted by market participants, such as the discounted cash flow or option pricing models. The fair value of forward currency is usually determined based by the forward currency exchange rate.

(c) Reconciliation of Level 3 fair value

		Financial assets measured at fair value through profit or loss
January 1, 2021	$	117,204
Addition in investment		27,819
Recognized in profit or loss		50,140
December 31, 2021	**$**	**195,163**
January 1, 2020	$	95,163
Addition in investment		29,064
Recognized in profit or loss		(7,023)
December 31, 2020	**$**	**117,204**

(d) The fair value of the Group's financial instruments that use Level 3 inputs to measure fair value was based on the price of the third party. The Group did not disclose quantified information and sensitivity analysis on significant unobservable inputs because the unobservable inputs used in fair value measurement were not established by the Group.

(e) As of December 31, 2021 and 2020, there was no transfer at fair value level.

(23) Financial risk management

A. Overview

The Group has exposures to the following risks from its financial instruments:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

B. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The board is responsible for developing and monitoring company's risk management policies. Internal auditors assist the Board of Directors to monitor and review the risk management control and internal procedures regularly and report them to the board of directors.

The Group' s risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group' s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group' s audit Committee oversees how management monitors compliance with the Group' s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, and the results of which are reported to the audit committee.

C. Credit risk

The Group' s potential credit risk is derived primarily from cash and accounts receivable. The Group maintains its cash in various creditworthy financial institutions. Credit risk exposure to each financial institution is controlled by the Group. As a result, the Group believes that there is no concentration of credit risk for cash.

For the year ended December 31, 2020, the Company only provided endorsements for its 100% owned subsidiaries.

D. Liquidity risk

There is no liquidity risk of being unable to raise capital to settle contract obligations since the Group has sufficient capital and working capital to fulfill contract obligations.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Group' s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Group' s entities, primarily the New Taiwan Dollar (NTD), but also include the Chinese Yen (CNY), US Dollar (USD), Euro (EUR) and Japanese Yen (JPY). These transactions are denominated in NTD, USD, EUR and JPY.

Interest is denominated in the currency used in borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily NTD, but also include USD.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when it is necessary to address short-term imbalances.

(b) Interest rate risk

The Group holds variable-rate assets and liabilities, which cause the exposure to interest rate risk in cash flows.

(24) Capital management

The Board of Directors policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings and non-controlling interests of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary stockholders.

The Group' s debt-to-equity ratios at the end of the reporting periods were as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 105,013,473	50,696,717
Less: cash and cash equivalents	(65,894,422)	(22,439,481)
Net debt	**$ 39,119,051**	**28,257,236**
Total equity	**$ 45,631,503**	**44,154,900**
Debt-to-equity ratio	**85.73%**	**64.00%**

The increase in other current liabilities resulted in the debt-to-equity ratio to increase as at December 31, 2021.

(25) Cash flow information

A. For acquiring right-of-use assets by lease, please refer to note 6(8).

B. Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Foreign exchange movement and others	December 31, 2021
Short-term borrowings	$ 9,871,000	(3,607,000)	-	6,264,000
Lease liabilities	668,971	(180,213)	222,415	711,173
Bonds payable	-	46,812,845	(1,688,105)	45,124,740
Guarantee deposit received	35,031	(35,031)	-	-
Total liabilities from financing activities	**$ 10,575,002**	**42,990,601**	**(1,465,690)**	**52,099,913**

	January 1, 2020	Cash flows	Foreign exchange movement and others	December 31, 2020
Short-term borrowings	$ 9,886,000	(15,000)	-	9,871,000
Lease liabilities	788,026	(159,280)	40,225	668,971
Guarantee deposit received	192,733	(156,249)	(1,453)	35,031
Total liabilities from financing activities	**$ 10,866,759**	**(330,529)**	**38,772**	**10,575,002**

7. Related-party transactions:

(1) Parent company and ultimate controlling company

Sino-American Silicon Product Inc. (“SAS”) is both the parent company and the ultimate controlling party of the Group. As of December 31, 2021, it owns 51.17% of all shares outstanding of the Company and has issued the consolidated financial statements available for public use.

(2) Names and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Sino-American Silicon Product Inc. (“SAS”)	The parent company
Taiwan Specialty Chemical Co., Ltd.	Subsidiary of SAS
Actron Technology Corp.	Associate of the parent company
Crystalwise Technology Inc.	Associate of the parent company
Accu Solar Corporation	Associate of the parent company

(3) Key management personnel compensation

Key management personnel compensation comprised of:

	For the years ended December 31, 2021	2020
Short-term employee benefits	$ 307,220	271,528
Post-employment benefits	706	706
	$ 307,926	**272,234**

The Group provided a car costing $1,500 thousand, for key management use in 2021 and 2020, respectively.

(4) Significant transactions with related parties

A. Sales

The amounts of significant sales by the Group to related parties were as follows:

	For the years ended December 31, 2021	2020
Parent company	$ 16,476	5,954
Other related parties	289,885	224,490
	$ 306,361	230,444

The sales price for sales to the related parties was determined by market price and adjusted according to the sales area and sales volume.

The credit terms for third parties were 0 to 120 days after month-end both in 2021 and 2020, while those for related parties were 30 to 90 days after month-end both in 2021 and 2020.

B. Purchases and process outsourcing

The amounts of purchases and process outsourcing by the Group from related parties were as follows:

Related parties	For the years ended December 31, 2021	2020
Parent company	$ 2,090,471	1,061,951
Other related parties	157	442
	$ 2,090,628	1,062,393

The prices of purchases and process outsourcing were determined by market rates.

The payment terms to third parties were 0 to 120 days after month-end both in 2021 and 2020, while those of related parties were 30 days after the following month-end both in 2021 and 2020.

C. Receivables from related parties

The receivables from related parties were as follows:

Items	Categories	December 31, 2021	December 31, 2020
Receivable from related parties	Parent company	$ 2,701	582
Receivable from related parties	Other related parties	65,929	72,414
		$ 68,630	72,996

D. Payables to related parties

The payables to related parties were as follows:

Items	Categories	December 31, 2021	December 31, 2020
Payable to related parties	Parent company	$ 180,466	207,834
Payable to related parties	Other related parties	450	273
		$ 180,916	**208,107**

E. Prepayments

The prepayments to the parent company were for material purchases which were paid in full. As of December 31, 2021 and 2020, the balance of prepayments, which were recognized as other current assets, amounted to $1,717,408 thousand and $0 thousand, respectively.

F. Payment on behalf of others

The receivables from related parties and payables to related parties generated from material purchases, insurance and utilities payments and manpower support of related parties as of December 31, 2021 and 2020 were as follows:

Related parties	December 31, 2021	December 31, 2020
Parent company	$ 149	116
Parent company	(123)	(1,643)
Other related parties	-	(76)
	$ 26	**(1,603)**

G. Transactions of property, plant and equipment

(a) Purchase amounts of property, plant and equipment from related parties were summarized as follows:

Related parties	For the years ended December 31, 2021	For the years ended December 31, 2020
Parent company	$ 246,742	94,311
Other related parties	85,542	55,398
	$ 332,284	**149,709**

As of December 31, 2021 and 2020 the prepayment for equipment was $36,745 thousand and $32,435 thousand, respectively; the payables were $98,313 thousand and $35,797 thousand, respectively.

(b) Disposal amounts of property, plant and equipment to related parties were summarized as follows:

Related parties	For the years ended December 31, 2021	2020
Parent company	$ -	260

As of December 31, 2020, the consideration from the above transactions had been fully received.

H. Leases

The Group rented the plant from the parent company. A two-year lease contract was signed. The total value of the contract was $21,579 thousand, please refer to note 6(13). For the year ended December 31, 2021, the Group recognized the amount of $86 thousand as the interest expense. As of December 31, 2021, the balance of lease liabilities amounted to $16,221 thousand.

I. Others

(a) The Group provides other services for related parties, including service support, machine usage, human resources and plant lease, etc. Details of related other income and receivables from related parties were as follows:

Related parties	For the years ended December 31, 2021	2020
Parent Company and other related parties	$ 5,431	9,580

Items	Categories	December 31, 2021	December 31, 2020
Receivable to related parties	Parent company	$ 777	1,267
Receivable to related parties	Other related parties	89	433
		$ 866	1,700

(b) The related parties charged the Group for their services, including administrative assistance, technical service, legal work appointment, and plant lease. Details of related other expenses and payables to related parties were as follows:

Related parties	For the years ended December 31, 2021	2020
Parent company and other related parties	$ 110,421	38,411

Items	Categories	December 31, 2021	December 31, 2020
Payable to related parties	Parent company	$ 27,985	8,891
Payable to related parties	Other related parties	183	-
		$ 28,168	8,891

8. Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Purpose of pledge	December 31, 2021	December 31, 2020
Time deposits (recognized in other financial assets－current)	Guarantees of acceptances bill	$ -	17,423
Property, plant and equipment	Credit lines of borrowings	2,306,056	3,093,503
Time deposits (recognized in other financial assets－non-current)	Guarantee for gas consumption from CPC Corporation	2,000	2,000
Time deposits (recognized in other financial assets －non-current)	Guarantee payment for import VAT	5,000	5,000
Time deposits (recognized in other financial assets－non-current))	Guarantee for the lease contract with the Hsinchu Science Industrial Park Bureau	40,687	40,679
Time deposits (recognized in other financial assets－non-current)	Guarantee for bank financing projects	138,400	142,400
		$ 2,492,143	3,301,005

9. Commitments and contingencies:

(1) Significant unrecognized contractual commitments

A. As of December 31, 2021 and 2020, the purchase amounts for future procurement from suppliers under the existing agreements were $12,913,705 thousand and $1,024,391 thousand, respectively.

B. As of December 31, 2021 and 2020, the Group’ s unused letters of credit amounted to $322,187 thousand and $94,554 thousand, respectively.

C. As of December 31, 2021 and 2020, the significant outstanding commitments for construction and purchase of property, plant and equipment amounted to $9,231,668 thousand and $1,404,731 thousand, respectively.

D. As of December 31, 2021 and 2020, a guarantee letter for the Customs Administration and research and development projects issued by the bank amounted to $48,000 thousand and $14,000 thousand, respectively.

E. The Group signed a long-term sales contract with certain customers and received advance payments. The customer is required to order minimum quantity according to the contract. As of December 31, 2021 and 2020, a guarantee letter for the customer issued by the bank amounted to $905,394 thousand and $88,651 thousand, respectively.

F. The Company has made an application of the Management, Utilization, and Taxation of Repatriated Offshore Funds Act to the tax authorities on November 28, 2019 and February 21, 2020. The application was approved and the fund was repatriated. Up to 5% of the funds could be withdrawn and freely utilized. The remaining 95% can only be withdrawn for the investments approved by the Ministry of Economic Affairs, R.O.C. upon the elapse of five full years after the date of depositing the fund into a segregated foreign exchange deposit account. The Company has made an application to utilize the fund for capital investment. The fund is planned to utilize for factory expansion, purchase of factory's facilities and other related capital expenditure. As of December 31, 2021 and 2020, the balances of the account were $3,944,367 thousand and $5,491,302 thousand, respectively, recorded as other current financial assets and other non-current financial assets.

G. GlobalWafers Co., Ltd.'s board resolved to acquire Siltronic AG outstanding shares at EUR125 per share on December 9, 2020. The business combination with Siltronic AG would maximize the shareholders benefits. GlobalWafers Co., Ltd. and Siltronic AG signed a business combination agreement on December 10, 2020, wherein the Group issued a EUR50 million letter of payment guarantee through the bank.

   The Company also signed an irrevocable undertaking agreement with Wacker Chemie AG (Wacker Chemie). It was approved by German Federal Financial Supervisory Authority (BaFin) on December 21, 2020, to publish the offer document outlining terms of the voluntary public takeover offer for the acquisitions of all no-par value registered shares in Siltronic AG.

   On January 22, 2021, the final offer price was adjusted to EUR145 per share, and the acceptance period of takeover offer was due on March 1, 2021. The Group signed the letter of payment guarantee with an amount up to EUR4.2 billion (equivalent to acquisition consideration) through the bank. As of January 31, 2022, the Company did not obtain the approval from the German government in due course.

(2) Contingent liabilities: None

10. Losses due to major disasters: None

11. Subsequent Events:

As of January 31, 2022, the closing date of the transaction, the Company failed to obtain the approval of the German Government, therefore, the Company' s public offer for Siltronic and the related contract lapsed due to the failure to fulfill the conditions.

The 13.67% shares of Siltronic acquired by the Company in the market may be freely disposed of, and there is no restriction on the holding period. The 56.60% of Siltronic shares that should have been sold during the public offer period remained with the original shareholders, and were converted to outstanding common shares on February 8, 2022, for which the Company has no obligation to perform.

In addition, according to the business combination agreement between the Company and Siltronic, a termination fee of EUR 50 million was payable to Siltronic for failure to obtain the required approval from the competent authorities, which had been provisionally recorded in other current liabilities.

12. Other:

A summary of the employee benefits, depreciation, and amortization expenses, by function is as follows:

By function / By item	For the years ended December 31,					
	2021			2020		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salary	7,623,702	2,193,218	9,816,920	7,337,765	1,838,266	9,176,031
Labor and health insurance	1,028,471	213,824	1,242,295	1,050,990	173,736	1,224,726
Pension	552,217	87,991	640,208	281,561	81,485	363,046
Others	206,991	58,335	265,326	130,701	45,453	176,154
Depreciation	5,525,012	161,679	5,686,691	5,030,822	134,468	5,165,290
Amortization	206,671	3,722	210,393	347,433	9,062	356,495

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

A. Loans to other parties: Please refer to Table 1.

B. Guarantees and endorsements for other parties: Please refer to Table 2.

C. Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.

D. Individual securities acquired or disposed of with accumulated amounts exceeding the lower of NT$300 million or 20% of the capital stock: Please refer to Table 4.

E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: Please refer to Table 5.

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 6.

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 7.

I. Trading in derivative instruments: Please refer to note 6(2).

J. Business relationships and significant intercompany transactions: Please refer to Table 8.

(2) Information on investees: Please refer to Table 9.

(3) Information on investment in mainland China:

A. The names of investees in Mainland China, the main businesses and products and other information: Please refer to Table 10(1).

B. Limitation on investment in Mainland China: Please refer to Table 10(2).

C. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in the "Information on significant transactions".

(4) Major shareholders:

Shareholding Shareholder's Name	Shares	Percentage
Sino-American Silicon Product Inc.	222,727,000	51.17%

14. Segment information:

(1) General information

The Group's reportable segments and their operations are as follows:

A. Semiconductor Segment

It engages in the research, development, production, design and sales of semiconductor ingots and wafers.

B. Power plant Segment

In order to obtain the source of green power, the segment engages in generating electricity, transporting of electricity, manufacturing of electrical machinery, and sales of electricity during the period.

(2) Product and service information

	2021			
	Semiconductor segment	Power plant segment	Reconciliation and elimination	Total
Revenue				
External customers	$ 61,103,153	27,439	-	61,130,592
Intersegment	-	-	-	-
Total revenue	$ 61,103,153	27,439	-	61,130,592
Interest expense	$ 307,680	61	-	307,741
Depreciation and amortization	$ 5,884,220	12,864	-	5,897,084
Reportable segment profit or loss	$ 11,798,220	3,421	-	11,801,641
Share of profit (loss) of associates accounted for using equity method				68,396
				$ 11,870,037
Reportable segment assets				
December 31, 2021	$ 147,473,088	1,480,544	-	$ 148,953,632
Equity method investments				1,691,344
				$ 150,644,976
Reportable segment liabilities				
December 31, 2021	$ 104,859,367	154,106	-	105,013,473

	2020			
	Semiconductor segment	Power plant segment	Reconciliation and elimination	Total
Revenue				
External customers	$ 55,354,549	4,239	-	55,358,788
Intersegment	-	-	-	-
Total revenue	$ 55,354,549	4,239	-	55,358,788
Interest expense	$ 73,656	-	-	73,656
Depreciation and amortization	$ 5,519,586	2,199	-	5,521,785
Reportable segment profit or loss	$ 13,066,106	716	-	13,066,822
Share of profit (loss) of associates accounted for using equity method				36,809
				$ 13,103,631
Reportable segment assets				
December 31, 2020	$ 92,445,122	1,204,319	-	$ 93,649,441
Equity method investments				1,202,176
				$ 94,851,617
Reportable segment liabilities				
December 31, 2020	$ 50,660,189	36,528	-	50,696,717

(3) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

A. The Group's revenue from external customers and the relevant customer contract revenue, please refer to note 6(19).

B. Non-current assets:

Geographical information	December 31, 2021	December 31, 2020
Korea	$ 13,283,323	15,931,775
United States	5,342,424	7,789,564
Japan	7,393,672	6,960,047
Taiwan	7,589,990	5,361,832
Italy	2,732,540	3,259,190
Others	2,048,682	1,866,547
	$ 38,390,631	41,168,955

(4) Major customers information

Sales to individual customers representing greater than 10% of net sales of the Group:

	For the years ended December 31,	
	2021	2020
Group C	$ 12,789,073	10,936,309

GlobalWafers Co., Ltd. and Subsidiaries
Loans to other parties
For the year ended December 31, 2021

Table 1 (In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 3)
													Item	Value		
0	The Company	GlobalWafers GmbH	Receivable from related parties	Yes	6,866,000	-	-	0.45%	2	-	Operating capital	-	-	-	18,252,601	18,252,601
0	The Company	SPV5	Receivable from related parties	Yes	10,000	10,000	10,000	1.00%	2	-	Operating capital	-	-	-	18,252,601	18,252,601
0	The Company	GWH	Receivable from related parties	Yes	500,000	500,000	-	1.00%	2	-	Operating capital	-	-	-	18,252,601	18,252,601
1	GWJ	MEMC Japan	Receivable from related parties	Yes	1,443,000	1,443,000	745,550	0.59%	2	-	Operating capital	-	-	-	16,451,608	16,451,608
1	GWJ	The Company	Receivable from related parties	Yes	5,667,660	3,607,500	2,886,000	0.56%	2	-	Operating capital	-	-	-	16,451,608	16,451,608
1	GWJ	The Company	Receivable from related parties	Yes	5,106,080	-	-	0.55%	1	7,245,440	Business between two parties	-	-	-	7,245,440	16,451,608
2	MEMC SpA	GlobalWafers B.V.	Receivable from related parties	Yes	1,888,150	1,722,600	1,722,600	0.45%	2	-	Operating capital	-	-	-	8,678,590	8,678,590
2	MEMC SpA	GlobalWafers Singapore	Receivable from related parties	Yes	2,680,860	2,442,960	1,908,946	3.44%	2	-	Operating capital	-	-	-	8,678,590	8,678,590
3	GlobalWafers Singapore	GlobalWafers B.V.	Receivable from related parties	Yes	2,853,500	936,857	936,857	1.20%	2	-	Operating capital	-	-	-	40,588,738	40,588,738
3	GlobalWafers Singapore	GlobalWafers GmbH	Receivable from related parties	Yes	4,291,250	3,915,000	3,915,000	0.45%	2	-	Operating capital	-	-	-	40,588,738	40,588,738
3	GlobalWafers Singapore	The Company	Receivable from related parties	Yes	12,270,050	11,902,400	7,287,384	0.80%~1.20%	2	-	Operating capital	-	-	-	40,588,738	40,588,738
4	GTI	MEMC LLC	Receivable from related parties	Yes	199,745	193,760	-	1.75%	2	-	Operating capital	-	-	-	9,776,708	9,776,708
4	GTI	The Company	Receivable from related parties	Yes	1,426,750	1,384,000	1,384,000	0.80%	2	-	Operating capital	-	-	-	9,776,708	9,776,708
5	GlobalWafers B.V.	GlobalWafers GmbH	Receivable from related parties	Yes	4,806,200	4,384,800	2,662,000	0.45%	2	-	Operating capital	-	-	-	40,277,615	40,277,615
6	GWH	SPV4	Receivable from related parties	Yes	50,000	50,000	10,000	1.00%	2	-	Operating capital	-	-	-	100,161	100,161

Note 1: The nature of financing purposes:
(1) Represents entities with business transaction with the Group.
(2) Represents where an inter-company or inter-firm short-term financing facility is necessary.

Note 2: For entities who have business transactions with the Company, the amount of financing shall not exceed the amount of business transaction for the current year. For the purpose of lending operating capital, the amount of financing offered to a single company and to an investee whose voting shares, directly or indirectly, owned by the Company shall not exceed 40 percent of the lender’s net worth.

Note 3: The total amount available for financing purposes shall not exceed 40 percent of the lender’s net worth. The total amount available for financing to investees whose voting shares, directly or indirectly, owned by the Company shall not exceed 40 percent of the Company’s net worth.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

GlobalWafers Co., Ltd. and Subsidiaries
Guarantees and endorsements for other parties
For the year ended December 31, 2021

Table 2 (In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3, 4)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	GlobalWafers GmbH	2	136,894,509	112,244,400	91,485,720	6,577,200	-	200.49%	136,894,509	Y	N	N
0	The Company	GWH	2	136,894,509	1,300,000	1,300,000	-	-	2.85%	136,894,509	Y	N	N
0	The Company	SPV4	2	136,894,509	100,000	100,000	-	-	0.22%	136,894,509	Y	N	N
0	The Company	SPV5	2	136,894,509	79,800	79,800	79,800	-	0.17%	136,894,509	Y	N	N
0	The Company	GWS	2	136,894,509	1,260,000	1,252,800	1,252,800	-	2.75%	136,894,509	Y	N	N
1	GTI	MEMC LLC	2	48,883,540	428,025	415,200	93,013	-	4.25%	48,883,540	N	N	N

Note 1: The characters of guarantees and endorsements are coded as follows:
(1) The issuer is coded "0".
(2) The investee is coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relation between guarantor and guarantee and their endorsement should be disclosed as one of the following:
(1) Ordinary business relationship.
(2) Subsidiary which owned more than 50 percent by the guarantor.
(3) An investee owned more than 50 percent in total by both the guarantor and its subsidiary.
(4) An investee owned more than 90 percent by the guarantor or its subsidiary.
(5) Fulfillment of contractual obligations by providing mutual endorsements and guarantor for peer or joint builders in order to undertake a construction project.
(6) An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
(7) The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for per-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The total amount of external endorsements and/or guarantees shall worth no more than triple of the Company’s net worth.

Note 4: The total amount of external endorsements and/or guarantees for any single company shall not exceed 10 percent of the Company’s net worth. However, for subsidiaries shall not exceed 3 times of the Company’s net worth.

GlobalWafers Co., Ltd. and Subsidiaries

Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures)

December 31, 2021

Table 3

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance: Shares/Units (thousands)	Ending balance: Carrying value	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Highest Percentage of ownership (%) during the year	Note
The Company	CDIB Capital Growth Partners L.P.	None	Financial assets at fair value through profit or loss, mandatorily measured at fair value－non-current	-	195,163	3.85%	195,163	3.85%	
The Company	Siltronic AG	None	Financial assets at fair value through profit or loss－non-current	650	2,879,639	2.17%	2,879,639	2.17%	
GlobalWafers GmbH	Siltronic AG	None	Financial assets at fair value through profit or loss－non-current	2,851	12,631,231	9.50%	12,631,231	9.50%	
GWBV	Siltronic AG	None	Financial assets at fair value through profit or loss－non-current	600	2,662,679	2.00%	2,662,679	2.00%	
The Company	WT Microelectronics Co., Ltd.	None	Financial assets at fair value through other comprehensive income	2,518	185,073	0.32%	185,073	0.32%	

GlobalWafers Co., Ltd. and Subsidiaries

Individual securities acquired or disposed of with accumulated amounts exceeding the lower of than NT$300 million or 20% of the capital stock

For the year ended December 31, 2021

Table 4 (In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount (Note)
GWBV	Siltronic AG	Financial assets at fair value through profit or loss－non-current	-	None	600	2,688,372	-	-	-	-	-	-	600	2,662,679
GlobalWafers GmbH	Siltronic AG	Financial assets at fair value through profit or loss－non-current	-	None	-	-	2,851	12,631,231	-	-	-	-	2,851	12,631,231
The Company	Siltronic AG	Financial assets at fair value through profit or loss－non-current	-	None	650	2,915,490	-	-	-	-	-	-	650	2,879,639

Note: Ending balance including unrealized gain or loss.

GlobalWafers Co., Ltd. and Subsidiaries

Acquisition of individual real estate with amount exceeding the lower than NT$300 million or 20% of the capital stock

For the year ended December 31, 2021

Table 5 (In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information: Owner	Relationship with the Company	Date of transfer	Amount	References for determining price	Purpose of acquisition and current condition	Others
MEMC Korea	Property, plant and equipment	October 5, 2018	1,814,200	To the progress of the project	Sungdo Eng. Company	Non-related parties	-	-	-	-	Fair value	For operating purpose	None
MEMC Korea	Property, plant and equipment	September 2018	330,175	To the progress of the project	L.Keeley Construction	Non-related parties	-	-	-	-	Fair value	For operating purpose	None

GlobalWafers Co., Ltd. and Subsidiaries

Related-party transactions for purchases and sales with amounts exceeding the lower than NT$300 million or 20% of the capital stock

For the year ended December 31, 2021

Table 6 (In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	SAS	Parent Company	Purchase	2,090,471	15%	Net 30 days from the end of the next month upon issuance of invoice	-	-	(177,872)	(4)%	
The Company	GTI	Indirectly held subsidiaries	Purchase	2,073,802	3%	Net 60 days from the end of the month upon issuance of invoice	-	-	(359,256)	(4)%	
The Company	SST	Indirectly held subsidiaries	Purchase	2,061,886	3%	Net 60 days from the end of the month upon issuance of invoice	-	-	(379,953)	(4)%	
The Company	GWJ	Directly held subsidiaries	Purchase	6,697,405	11%	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(1,872,552)	(21)%	
The Company	Topsil A/S	Indirectly held subsidiaries	Purchase	866,388	1%	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(192,461)	(2)%	
The Company	GWS	Indirectly held subsidiaries	Purchase	712,957	1%	Net 60 days from the end of the month upon issuance of invoice	-	-	(122,445)	(1)%	
GWS	The Company	Indirectly held subsidiaries	Purchase	6,583,737	11%	Net 60 days from the end of the month upon issuance of invoice	-	-	(1,209,905)	(13)%	
MEMC Korea	The Company	Indirectly held subsidiaries	Purchase	1,762,010	3%	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(463,477)	(5)%	
MEMC SpA	The Company	Indirectly held subsidiaries	Purchase	811,078	1%	Net 60 days from the end of the month upon issuance of invoice	-	-	(155,577)	(2)%	
GTI	The Company	Indirectly held subsidiaries	Purchase	3,606,789	6%	Net 45 days from the end of the month upon issuance of invoice	-	-	(450,697)	(5)%	
SST	The Company	Indirectly held subsidiaries	Purchase	1,090,130	2%	Net 30 days from the end of the month upon issuance of invoice	-	-	(83,416)	(1)%	

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
GWJ	The Company	Directly held subsidiaries	Purchase	2,619,443	4%	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(735,503)	(8)%	
Topsil A/S	The Company	Indirectly held subsidiaries	Purchase	396,400	1%	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(77,771)	(1)%	
Actron Technology	The Company	Associate of the parent company	Purchase	289,612	- %	Net 60 days from the end of the next month upon issuance of invoice	-	-	(65,911)	(1)%	
MEMC Sdn Bhd	The Company	Indirectly held subsidiaries	Purchase	123,758	- %	Net 60 days from the end of the month upon issuance of invoice	-	-	(17,452)	-%	
GWS	MEMC LLC	Indirectly held subsidiaries	Purchase	1,399,475	2%	Net 60 days from the end of the month upon issuance of invoice	-	-	(219,690)	(2)%	
GWS	MEMC LLC	Indirectly held subsidiaries	Sale	(639,618)	(1)%	Net 60 days from the end of the month upon issuance of invoice	-	-	125,959	1%	
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	Purchase	1,671,021	3%	Net 60 days from the end of the month upon issuance of invoice	-	-	(295,483)	(3)%	
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	Sale	(628,577)	(1)%	Net 60 days from the end of the month upon issuance of invoice	-	-	105,615	1%	
GWS	MEMC SpA	Indirectly held subsidiaries	Purchase	3,701,587	6%	Net 60 days from the end of the month upon issuance of invoice	-	-	(651,383)	(7)%	
GWS	MEMC SpA	Indirectly held subsidiaries	Sale	(4,148,873)	(7)%	Net 60 days from the end of the month upon issuance of invoice	-	-	742,296	8%	
GWS	MEMC Korea	Indirectly held subsidiaries	Purchase	1,432,638	2%	Net 60 days from the end of the month upon issuance of invoice	-	-	(263,573)	(3)%	
GWS	MEMC Japan	Indirectly held subsidiaries	Purchase	4,067,502	7%	Net 60 days from the end of the month upon issuance of invoice	-	-	(729,443)	(8)%	
GWS	MEMC Japan	Indirectly held subsidiaries	Sale	(1,534,937)	(3)%	Net 60 days from the end of the month upon issuance of invoice	-	-	263,177	3%	

Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

GlobalWafers Co., Ltd. and Subsidiaries

Receivables from related parties with amounts exceeding the lower than NT$100 million or 20% of the capital stock

December 31, 2021

Table 7 (In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	GTI	Indirectly held subsidiaries	450,697	9.10	-		268,332	-
The Company	GWJ	Directly held subsidiaries	735,503	4.52	-		311,828	-
The Company	GWS	Indirectly held subsidiaries	1,209,905	6.05	-		1,209,905	-
The Company	MEMC Korea	Indirectly held subsidiaries	463,477	4.96	-		379,126	-
The Company	MEMC SpA	Indirectly held subsidiaries	155,577	5.11	-		151,219	-
SAS	The Company	Parent Company	177,872	11.06	-		177,872	-
GTI	The Company	Indirectly held subsidiaries	359,256	6.50	-		359,256	-
SST	The Company	Indirectly held subsidiaries	379,953	5.95	-		360,797	-
GWJ	The Company	Directly held subsidiaries	1,872,552	3.59	-		1,220,081	-
GWS	The Company	Indirectly held subsidiaries	122,445	8.34	-		80,866	-
Topsil A/S	The Company	Indirectly held subsidiaries	192,461	6.79	-		191,085	-
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	105,615	5.57	-		105,615	-
GWS	MEMC Japan	Indirectly held subsidiaries	263,177	5.92	-		263,177	-
GWS	MEMC SpA	Indirectly held subsidiaries	742,296	6.83	-		742,296	-
GWS	MEMC LLC	Indirectly held subsidiaries	125,959	5.66	-		125,959	-
MEMC Sdn Bhd	GWS	Indirectly held subsidiaries	295,483	5.70	-		295,483	-
MEMC SpA	GWS	Indirectly held subsidiaries	651,383	6.26	-		651,383	-
MEMC Korea	GWS	Indirectly held subsidiaries	263,573	5.99	-		134,282	-
MEMC Japan	GWS	Indirectly held subsidiaries	729,443	5.52	-		729,443	-
MEMC LLC	GWS	Indirectly held subsidiaries	219,690	9.71	-		219,690	-
GWJ	The Company	Directly held subsidiaries	2,886,000	- (Note 3)	-		481,000	-

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
GTI	The Company	Indirectly held subsidiaries	1,384,000	- (Note 3)	-		-	-
GWS	The Company	Indirectly held subsidiaries	7,287,384	- (Note 3)	-		-	-

Note 1: The amount received in subsequent period as of February 25, 2022.
Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.
Note 3: Receivables from related-party for financing purpose.

GlobalWafers Co., Ltd. and Subsidiaries
Business relationships and significant intercompany transactions
For the year ended December 31, 2021

Table 8

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets (Note 3,4)
0	The Company	SAS	2	Purchase	2,090,471	Net 30 days from the end of the next month upon issuance of invoice	3.42%
0	The Company	GTI	1	Purchase	2,073,802	Net 60 days from the end of the month upon issuance of invoice	3.39%
0	The Company	SST	1	Purchase	2,061,886	Net 60 days from the end of the month upon issuance of invoice	3.37%
0	The Company	GWJ	1	Purchase	6,697,405	Net 60 to 90 days from the end of the month upon issuance of invoice	10.96%
0	The Company	GWJ	1	Accounts payable	1,872,552	Net 60 to 90 days from the end of the month upon issuance of invoice	1.24%
0	The Company	Topsil A/S	1	Purchase	866,388	Net 30 to 60 days from the end of the month upon issuance invoice	1.42%
0	The Company	GTI	1	Sale	3,606,789	Net 45 days from the end of the month upon issuance of invoice	5.90%
0	The Company	SST	1	Sale	1,090,130	Net 30 days from the end of the month upon issuance of invoice	1.78%
0	The Company	GWJ	1	Sale	2,619,443	Net 60 to 90 days from the end of the month upon issuance of invoice	4.28%
0	The Company	GWS	1	Purchase	712,957	Net 60 days from the end of the month upon issuance of invoice	1.17%
0	The Company	MEMC Korea	1	Sale	1,762,010	Net 30 to 60 days from the end of the month upon issuance of invoice	2.88%
0	The Company	GWS	1	Sale	6,583,737	Net 60 days from the end of the month upon issuance of invoice	10.77%
0	The Company	MEMC SpA	1	Sale	811,078	Net 60 days from the end of the month upon issuance of invoice	1.33%
1	GWS	MEMC LLC	3	Sale	639,618	Net 60 days from the end of the month upon issuance of invoice	1.05%
1	GWS	MEMC LLC	3	Purchase	1,399,475	Net 60 days from the end of the month upon issuance of invoice	2.29%
1	GWS	MEMC SpA	3	Purchase	3,701,587	Net 60 days from the end of the month upon issuance of invoice	6.06%
1	GWS	MEMC SpA	3	Sale	4,148,873	Net 60 days from the end of the month upon issuance of invoice	6.79%

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets (Note 3,4)
1	GWS	MEMC Korea	3	Purchase	1,432,638	Net 60 days from the end of the month upon issuance of invoice	2.34%
1	GWS	MEMC Japan	3	Sale	1,534,937	Net 60 days from the end of the month upon issuance of invoice	2.51%
1	GWS	MEMC Japan	3	Purchase	4,067,502	Net 60 days from the end of the month upon issuance of invoice	6.65%
1	GWS	MEMC Sdn Bhd	3	Purchase	1,671,021	Net 60 days from the end of the month upon issuance of invoice	2.73%
1	GWS	MEMC Sdn Bhd	3	Sale	628,577	Net 60 days from the end of the month upon issuance of invoice	1.03%
1	GWS	The Company	2	Intercompany Loan	7,287,384	-	4.84%
2	GWJ	The Company	2	Intercompany loan	2,886,000	-	1.92%

Note 1: The characters of business transactions between parent company and its subsidiaries are coded as follows:

1. The parent company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relationships with transactions are as follows:

(1) Parent company to its subsidiaries.
(2) Subsidiaries to the parent company.
(3) Transactions between subsidiaries.

Note 3: The ratio of the transaction amount of the consolidated total sales revenue and consolidated total assets are calculated as follows:

(1) For transaction amount accounted for as asset or liability, the ratio is calculated based on the closing balance amount of the consolidated total assets.
(2) For transaction amount accounted for as profit or loss, the ratio is calculated based on the accumulated amount at the end of the financial period of the consolidated total sales revenue.

Note 4: The table represented the amount of significant transaction exceeding 1 percent of the consolidated operating revenue or total assets.

GlobalWafers Co., Ltd. and Subsidiaries
Information on investees
For the year ended December 31, 2021

Table 9

(In Thousands of New Taiwan Dollars/other currencies)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Highest Percentage of Ownership during the year	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of Ownership	Carrying value				
The Company	GWI	Cayman	Investment activities	1,427 (USD48)	1,427 (USD48)	0.01	100.00%	1,824	100.00%	1	1	Subsidiary
The Company	GSI	Cayman	Investment in various businesses and triangular trade centers with subsidiaries in Mainland China	756,809 (USD26,555)	756,809 (USD26,555)	25,000	100.00%	2,258,662	100.00%	459,294	455,025	Subsidiary
The Company	GWJ	Japan	Manufacturing and trading of silicon wafers	5,448,015	5,448,015	128	100.00%	16,436,066	100.00%	1,795,646	1,795,279	Subsidiary
The Company	GWafers Singapore	Singapore	Investment activities	17,378,877	17,378,877	541,674	100.00%	38,958,825	100.00%	5,462,710	5,467,460	Subsidiary
The Company	HONG-WANG Investment Co., Ltd.	Taiwan	Investment activities	309,760	309,760	30,976	30.98%	1,691,344	30.98%	220,804	68,396	Associate
The Company	SPV4	Taiwan	Electricity activities	1,045,000	1,045,000	104,500	100.00%	1,050,119	100.00%	4,948	4,948	Subsidiary
The Company	SPV5	Taiwan	Electricity activities	278,000	122,000	27,800	100.00%	276,319	100.00%	(1,527)	(1,527)	Subsidiary
The Company	GWH	Taiwan	Investment activities	250,000	250,000	25,000	100.00%	250,403	100.00%	469	469	Subsidiary
GWJ	MEMC Japan	Japan	Manufacturing and trading of silicon wafers	373,413 (JPY100,000)	373,413 (JPY100,000)	750	100.00%	2,755,254	100.00%	198,616	-	Notes 2 and 3
Topsil A/S	Topsil PL	Poland	Manufacturing and trading of silicon wafers	-	-	0.1	100.00%	-	100.00%	-	-	Notes 2 and 3
GWafer Singapore	GWS	Singapore	Investment activities	14,671,320 (USD406,898)	14,671,320 (USD406,898)	299,445	100.00%	45,502,198	100.00%	5,466,903	-	Notes 2 and 3
GWS	GWBV	Netherlands	Investment activities	11,213,730 (USD362,763)	11,213,730 (USD362,763)	0.1	100.00%	40,277,615	100.00%	3,809,075	-	Notes 2 and 3
GWBV	MEMC SpA	Italy	Manufacturing and trading of silicon wafers	6,732,641 (USD204,788)	6,732,641 (USD204,788)	65,000	100.00%	8,678,590	100.00%	850,595	-	Notes 2 and 3
MEMC SpA	MEMC SarL	France	Trading	1,316 (USD40)	1,316 (USD40)	0.5	100.00%	2,030	100.00%	625	-	Notes 2 and 3
MEMC SpA	MEMC GmbH	Germany	Trading	-	4,622 (USD141)	-	- %	-	- %	-	-	Notes 2 and 3

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Highest Percentage of Ownership during the year	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of Ownership	Carrying value				
GWBV	MEMC Korea	Korea	Manufacturing and trading of silicon wafers and sale	11,851,262 (USD384,605)	11,851,262 (USD384,605)	25,200	100.00%	17,283,919	100.00%	2,184,873	-	Notes 2 and 3
GWBV	GTI	United States	Manufacturing and trading of epitaxial wafers and sale	2,779,849 (USD91,262)	2,779,849 (USD91,262)	1	100.00%	10,916,070	100.00%	895,489	-	Notes 2 and 3
GWBV	MEMC Ipoh	Malaysia	Manufacturing and trading of silicon wafers and sale	93,907 (USD1,323)	93,907 (USD1,323)	612,300	100.00%	3,348	100.00%	(109)	-	Notes 2 and 3
GWBV	GlobalWafers GmbH	Germany	Trading	827 (USD27)	827 (USD27)	25	100.00%	(161,505)	100.00%	(171,165)	-	Notes 2 and 3
GWBV	Topsil A/S	Denmark	Manufacturing and trading of silicon wafers and sale	1,843,604 (USD60,996)	1,843,604 (USD60,996)	1,000	100.00%	1,945,237	100.00%	137,093	-	Notes 2 and 3
GTI	MEMC LLC	United states	Manufacturing and trading of silicon wafers and sale	543,384 (USD17,839)	543,384 (USD17,839)	-	100.00%	3,909,498	100.00%	279,273	-	Notes 2 and 3
SST	MEMC Sdn Bhd	Malaysia	Manufacturing and trading of silicon wafers and sale	898,016 (USD27,315)	898,016 (USD27,315)	1,036	100.00%	1,006,506	100.00%	68,216	-	Notes 2 and 3

Note 1: A limited company.

Note 2: The investees are indirectly held subsidiaries of the Company.

Note 3: The investor’s profits and losses included the profits and losses of the investees; therefore, the investee’s profits and losses need not be disclosed.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

GlobalWafers Co., Ltd. and Subsidiaries

The names of investees in Mainland China, the main businesses and products and other information

For the year ended December 31, 2021

Table 10

(In Thousands of New Taiwan Dollars/other currencies)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the year	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
SST	Processing and trading of ingots and wafers	769,177 (Note 5)	Note 1	713,300 (USD21,729)	-	-	713,300 (USD21,729)	459,207	100%	100%	459,207	2,198,254	-

(2) Limitation on investment in Mainland China

Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	713,300 (USD21,729)	1,101,933 (USD35,000) (Note 3)	27,378,902 (Note 4)

Note 1: Investments through GSI.

Note 2: The basis for investment income (loss) recognition is from the audited financial statements.

Note 3: Initial investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the Historical Foreign Exchange Rate.

Note 4: Pursuant to the 'Guidelines Governing the Review of Investment or Technical Cooperation in the Mainland Area' dated on August 29, 2008, the total amount of investment shall not exceed 60% of the Group's net worth on December 31, 2021.

Note 5: Retained earnings transferred to capital was included.

Attachment 2.
2021 Standalone Financial Statements with Independent Auditors' Report

Stock Code:6488

GlobalWafers Co., Ltd.

Parent-Company-Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020

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

Telephone: (03)5772255

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

Table of contents

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, 2021 and 2020, 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 financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing 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 audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows:

1. Revenue recognition

   Please refer to note 4(15) "Revenue recognition" for accounting policy and note 6(18) "Revenue from contracts with customers" of the parent-company-only financial statements for further information.

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Evaluation of investments accounted for using equity method

Please refer to the note 4(9) "Investment in subsidiaries" for accounting policy; note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" for evaluation of investments accounted for using equity method; and note 6(6) "Investments accounted for using equity method" for further details.

Description of key audit matter:

The Company's investments accounted for using equity method were mainly the investments of subsidiaries, arising from business combinations. Moreover, the Company operates in an industry in which the operations are easily influenced by various external factors, such as market conditions. The assessment of subsidiaries' revenue recognition and impairment of goodwill arising from business combinations is crucial; therefore, it is considered to be one of the key areas in our audit.

How the matter was addressed in our audit:

Our audit procedures mainly included assessing triggering events identified by the management for impairment indicators existing in a cash generating unit; assessing whether the assumptions used for evaluating the recoverable amount are reasonable; evaluating the achievement of prior year's financial forecasts; reviewing the calculations of recoverable amounts of cash generating units; evaluating the assumptions used for calculating recoverable amounts and cash flow projections and performing sensitivity analysis based on key factors.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 the management.

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2022

Notes to Readers

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

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

(English Translation of the Parent-Company-Only Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd.

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(1))	$ 40,106,096	32	3,304,352	5
1110	Financial assets at fair value through profit or loss－current (note 6(2))	-	-	2,957,622	4
1170	Notes and accounts receivable, net (note 6(4))	2,567,483	2	2,340,924	3
1180	Accounts receivable due from related parties, net (note 7)	3,397,107	3	2,491,420	3
130X	Inventories (note 6(5))	2,188,280	2	1,899,662	2
1476	Other financial assets－current (note 9)	2,854,984	2	5,484,056	7
1479	Other current assets (note 7)	1,985,947	1	102,801	-
	Total current assets	53,099,897	42	18,580,837	24
	Non-current assets:				
1513	Financial assets at fair value through profit or loss－non-current (note 6(2))	3,074,802	3	117,204	-
1517	Financial assets at fair value through other comprehensive income－non-current (note 6(3))	185,073	-	101,475	-
1550	Investments accounted for using equity method (note 6(6))	60,111,487	48	58,003,301	70
1600	Property, plant and equipment (notes 6(7) and 7)	5,633,883	5	4,370,269	5
1755	Right-of-use assets (note 6(8))	494,122	-	459,356	1
1780	Intangible assets (note 6(9))	184,082	-	360,228	-
1980	Other financial assets－non-current (notes 8 and 9)	1,294,442	1	224,798	-
1900	Other non-current assets (note 6(14))	1,087,103	1	438,442	-
	Total non-current assets	72,064,994	58	64,075,073	76
	Total assets	**$ 125,164,891**	**100**	**82,655,910**	**100**

		December 31, 2021		December 31, 2020	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(10))	$ -	-	9,871,000	12
2120	Financial liabilities at fair value through profit or loss－current (note 6(2))	195,715	-	45,482	-
2130	Contract liabilities－current (note 6(18))	1,577,219	1	865,863	1
2170	Notes and accounts payable	1,198,959	1	1,027,046	1
2180	Accounts payable to related parties (note 7)	3,284,076	3	7,088,874	9
2201	Payroll and bonus payable	1,333,407	1	1,330,764	2
2216	Dividends payable	3,481,896	3	3,481,896	4
2399	Other current liabilities (note 6(12))	3,849,264	3	2,202,469	3
	Total current liabilities	14,920,536	12	25,913,394	32
	Non-Current liabilities:				
2527	Contract liabilities－non-current (note 6(18))	3,926,623	3	153,535	-
2500	Financial liabilities at fair value through profit or loss－non-current (note 6(2), (11) and 8)	178,637	-	-	-
2530	Convertible bonds payable (note 6(11) and 8)	26,143,969	21	-	-
2531	Ordinary bonds payable (note 6(11))	18,980,771	15	-	-
2622	Long-term accounts payable to related parties (notes 7)	11,557,384	10	8,232,051	10
2600	Other non-current liabilities (note 6(12), (13) and (14))	3,825,468	3	4,202,030	5
	Total non-current liabilities	64,612,852	52	12,587,616	15
	Total liabilities	79,533,388	64	38,501,010	47
	Equity (note 6(15)):				
3110	Ordinary share	4,372,500	3	4,372,500	5
3200	Capital surplus	25,174,389	20	23,470,919	28
	Retained earnings:				
3310	Legal reserve	5,349,684	4	4,060,325	5
3320	Special reserve	1,734,138	1	2,291,256	3
3350	Unappropriated retained earnings	15,713,128	13	12,270,817	15
		22,796,950	18	18,622,398	23
3400	Other equity interest	(6,135,557)	(5)	(1,734,138)	(2)
3500	Treasury shares	(576,779)	-	(576,779)	(1)
	Total equity	45,631,503	36	44,154,900	53
	Total liabilities and equity	**$ 125,164,891**	**100**	**82,655,910**	**100**

See accompanying notes to parent-company-only financial statements.

(English Translation of the Parent-Company-Only Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
4000	**Operating revenue** (notes 6(18) and 7)	$ 25,572,294	100	22,506,100	100
5000	**Operating costs** (notes 6(5), (19) and 7)	14,997,282	59	13,339,502	59
	Gross profit from operations	10,575,012	41	9,166,598	41
	Operating expenses (notes 6(19) and 7)**:**				
6100	Selling expenses	487,616	2	369,441	2
6200	Administrative expenses	683,158	3	1,183,086	5
6300	Research and development expenses	1,269,218	5	918,303	4
6450	Expected credit loss (gain) (note 6(4))	-	-	(1,262)	-
	Total operating expenses	2,439,992	10	2,469,568	11
	Net operating income	8,135,020	31	6,697,030	30
	Non-operating income and expenses:				
7100	Interest income (note 6(20) and 7)	95,815	-	90,551	-
7020	Other gains and losses (notes 6(20) and 7)	(1,424,292)	(5)	(394,846)	(2)
7050	Finance costs (notes 6(12), (20) and 7)	(399,228)	(1)	(263,675)	(1)
7375	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method (note 6(6))	7,790,051	30	8,782,371	39
		6,062,346	24	8,214,401	36
	Income before income tax	14,197,366	55	14,911,431	66
7950	Income tax expense (note 6(14))	2,327,329	9	1,807,817	8
	Net income	11,870,037	46	13,103,614	58
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss**:				
8311	Gains (losses) on remeasurements of defined benefit plans	8,242	-	(32,349)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	83,598	-	6,118	-
8330	Share of other comprehensive income of subsidiaries and associates accounted for using equity method－components of other comprehensive income that will not be reclassified to profit or loss	619,164	2	395,510	2
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(14))	34,695	-	(38,521)	-
	Total items that may not be reclassified subsequently to profit or loss	676,309	2	407,800	2
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign operations	(6,158,184)	(24)	(75,886)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(14))	(1,219,237)	(5)	(15,178)	-
	Total items that may be reclassified subsequently to profit or loss	(4,938,947)	(19)	(60,708)	-
8300	**Other comprehensive income (after tax)**	(4,262,638)	(17)	347,092	2
	Total comprehensive income	**$ 7,607,399**	**29**	**13,450,706**	**60**
	Earnings per share (NT Dollars) (note 6(17))				
	Basic earnings per share	**$**	**27.27**		**30.11**
	Diluted earnings per share	**$**	**25.97**		**30.03**

See accompanying notes to parent-company-only financial statements.

(English Translation of the Parent-Company-Only Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd.

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity interest				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Gains (losses) from equity instrument measured at fair value through other comprehensive income	Total	Treasury shares	Total equity
Balance at January 1, 2020	$ 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
Net income for the year	-	-	-	-	13,103,614	13,103,614	-	-	-	-	13,103,614
Other comprehensive income for the year	-	-	-	-	(210,026)	(210,026)	(60,708)	617,826	557,118	-	347,092
Comprehensive income for the year	-	-	-	-	12,893,588	12,893,588	(60,708)	617,826	557,118	-	13,450,706
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	1,373,442	-	(1,373,442)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	1,157,660	(1,157,660)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(13,057,110)	(13,057,110)	-	-	-	-	(13,057,110)
Cash dividends from capital surplus	-	(1,305,711)	-	-	-	-	-	-	-	-	(1,305,711)
Balance at December 31, 2020	4,372,500	23,470,919	4,060,325	2,291,256	12,270,817	18,622,398	(2,591,201)	857,063	(1,734,138)	(576,779)	44,154,900
Net income for the year	-	-	-	-	11,870,037	11,870,037	-	-	-	-	11,870,037
Other comprehensive income for the year	-	-	-	-	138,781	138,781	(4,938,947)	537,528	(4,401,419)	-	(4,262,638)
Comprehensive income for the year	-	-	-	-	12,008,818	12,008,818	(4,938,947)	537,528	(4,401,419)	-	7,607,399
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	1,289,359	-	(1,289,359)	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(7,834,266)	(7,834,266)	-	-	-	-	(7,834,266)
Reversal of special reserve	-	-	-	(557,118)	557,118	-	-	-	-	-	-
Equity component of convertible bonds	-	1,703,470	-	-	-	-	-	-	-	-	1,703,470
Balance at December 31, 2021	$ 4,372,500	25,174,389	5,349,684	1,734,138	15,713,128	22,796,950	(7,530,148)	1,394,591	(6,135,557)	(576,779)	45,631,503

See accompanying notes to parent-company-only financial statements.

(English Translation of the Parent-Company-Only Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from operating activities:		
Income before income tax	$ 14,197,366	14,911,431
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	860,633	875,757
Amortization expenses	180,963	317,949
Expected credit loss (gain)	-	(1,262)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	186,450	(320,759)
Interest expense	399,228	263,675
Interest income	(95,815)	(90,551)
Dividend income	(54,998)	(2,210)
Shares of profit of associates accounted for using equity method	(7,525,137)	(8,627,290)
Loss on disposal of property, plant and equipment	97	5,591
Provision for (reversal of) inventory valuation	(2,487)	(8,096)
Total adjustments	(6,051,066)	(7,587,196)
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	(1,122,153)	(372,967)
Inventories	(286,131)	251,938
Other operating assets	(2,637,852)	36,301
Total changes in operating assets	(4,046,136)	(84,728)
Contract liabilities	4,484,443	(1,543,550)
Notes and accounts payable (including related parties)	513,120	387,370
Net defined benefit liabilities	(142,161)	14,708
Other operating liabilities	1,094,096	661,358
Total changes in operating liabilities	5,949,498	(480,114)
Total changes in operating assets and liabilities	1,903,362	(564,842)
Total adjustments	(4,147,704)	(8,152,038)
Cash inflow generated from operations	10,049,662	6,759,393
Interest received	78,728	125,826
Dividends received	54,998	2,210
Interest paid	(159,603)	(288,123)
Income taxes paid	(1,427,652)	(1,828,302)
Net cash flows from operating activities	8,596,133	4,771,004

(Continued)

See accompanying notes to parent-company-only financial statements.

(English Translation of the Parent-Company-Only Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd.

Statements of Cash Flows(Continued)

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from investing activities:		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	(95,357)
Acquisition of financial assets at fair value through profit or loss	(27,819)	(2,829,152)
Acquisition of investments accounted for using equity method	(156,000)	(12,060,400)
Proceeds from disposal of investments accounted for using equity method	-	1,660,860
Cash dividends from subsidiaries accounted for using equity method	773	7,362,720
Cash dividends from associates accounted for using equity method	33,158	18,270
Acquisition of property, plant and equipment	(1,447,077)	(469,388)
Proceeds from disposal of property, plant and equipment	-	2,882
Decrease in refundable deposits	-	1,188
Increase in other receivables due from related parties	(10,000)	-
Acquisition of intangible assets	(4,292)	(120)
Net cash inflows from business combination	-	5,067,011
Decrease (increase) in other financial assets	1,577,090	(2,655,566)
Increase in other prepayments	(20)	-
Net cash flows used in investing activities	(34,187)	(3,997,052)
Cash flows from financing activities:		
Decrease in short-term borrowings	(9,871,000)	(15,000)
Proceeds from issuing bonds	46,812,845	-
Increase in payables to related parties	-	11,399,508
Decrease in payables to related parties	(819,167)	-
Payment of lease liabilities	(48,614)	(40,508)
Cash dividends paid	(7,834,266)	(10,880,925)
Net cash flows from financing activities	28,239,798	463,075
Net increase in cash and cash equivalents	36,801,744	1,237,027
Cash and cash equivalents at beginning of period	3,304,352	2,067,325
Cash and cash equivalents at end of period	**$ 40,106,096**	**3,304,352**

See accompanying notes to parent-company-only financial statements.

(English Translation of the Parent-Company-Only Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd.

Notes to the Financial Statements

For the years ended December 31, 2021 and 2020

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

1. Company history

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

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

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

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

2. Approval date and procedures of the financial statements:

These parent-company-only financial statements were authorized for issue by the Board of Directors on March 15, 2022.

3. New standards, amendments and interpretations adopted:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from April 1, 2021:

● Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

● Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"

● Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"

● Annual Improvements to IFRS Standards 2018–2020

● Amendments to IFRS 3 "Reference to the Conceptual Framework"

(3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	**Content of amendment**	**Effective date per IASB**
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

4. Summary of significant accounting policies:

The significant accounting policies presented in the parent-company-only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent-company-only financial statements.

(1) Statement of compliance

The accompanying parent-company-only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Basis of measurement

Except for the following significant accounts, the parent-company-only financial statements have been prepared on a historical cost basis:

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

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

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

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

B. Functional and presentation currency

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

(3) Foreign currencies

A. Foreign currency transactions

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

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

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

B. Foreign operations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) Cash and cash equivalents

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

(6) Financial instruments

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

A. Financial assets

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

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

(a) Financial assets measured at amortized cost

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

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

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

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

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

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

(c) Fair value through profit or loss (FVTPL)

All the above financial assets not classified as amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost, or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(d) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivables, guarantee deposits paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured by 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date；and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’s historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECL are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(e) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(d) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

(e) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(f) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(g) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

C. Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(7) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average-cost method and includes expenditure incurred in acquiring the inventories, production or conversion cost, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses necessary to make the sale.

(8) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The parent-company-only financial statements include the Company’s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate’s equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company’s interests in the associate.

When the Company’s share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under additional paid in capital. If the additional paid in capital resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(9) Investment in subsidiaries

The investees which are controlled by the Company are measured under equity method in preparing the parent-company-only financial statement. The profit, other comprehensive income and equity in the parent-company-only financial statement are equal to the profit, other comprehensive income and equity attributable to the shareholders of parent in the consolidated financial statement.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing of control over the subsidiary are accounted for as equity transaction.

(10) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(a) Buildings: 2 to 56 years

(b) Machinery and equipment: 1 to 20 years

(c) Other equipment and leased assets: 1 to 40 years

(d) Buildings constitute mainly buildings, mechanical and electrical power equipment, and related engineering, wastewater treatment and sewage system, etc. Each such part is depreciated based on its useful life of 25 to 56 years, 25 years, and 4 to 15 years, respectively.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(11) Lessee

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A. As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(a) fixed payments, including in-substance fixed payments;

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(c) amounts expected to be payable under a residual value guarantee; and

(d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

(a) there is a change in future lease payments arising from the change in an index or rate; or

(b) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

(c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

(d) there is a change of its assessment on whether it will exercise an extension or termination option; or

(e) there are any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right of use asset, or in profit and loss if the carrying amount of the right of use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right of use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company has elected not to recognize right of use assets and lease liabilities for short term leases with 12 months or less and leases of low value assets, including other equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

As a practical expedient, the Company elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

(a) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

(b) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(c) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021; and

(d) there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

B. As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

(12) Intangible assets

A. Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(13) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or a CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(14) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as interest expense.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

(15) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

The accounting policies for the Company’s main types of revenue are explained below.

A. Sale of goods

The Company engages mainly in the research, development, production, design, and sales of semiconductor ingots and wafers. The Company recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered, as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

B. Services

The Company provides services to its customers. Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

Revenue recognition for fixed-price contracts is based on the ratio of services actually provided to total services as of the reporting date, which is determined by the percentage of labor performed to the total amount of labor to be performed.

If the situation changes, the estimates of revenue, cost, and degree of completion will be revised, and the increase or decrease in the period when the management is aware of the change in the situation will be reflected in profit or loss.

(16) Government grants and government subsidies

The Company recognizes an unconditional government grant as other income when the grant becomes receivable. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(17) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed as the related service is provided.

B. Defined benefit plans

The Company’s net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(18) Share-based payment

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award, please refer to note 6(16).

(19) Income tax

Income taxes comprise current taxes and deferred taxes. Except for items related to business combinations, or items recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized except for the following:

A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

C. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

A. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(a) the same taxable entity; or

(b) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(20) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee remuneration that could be settled in the form of stock.

(21) Operating segment

The Company has disclosed operating segment information in consolidated financial statements. Hence, this information is not required to be disclosed in these parent-company-only financial statements.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the parent-company-only financial statements based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers in the Republic of China requires management to make judgments, estimations and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in the accounting estimates during the period and the impact of those changes in the following period.

There is no critical judgment made in applying accounting policies.

The accounting policies which involved the estimation and assumption uncertainty that may cause adjustments in the subsequent period and have been updated to reflect the impact of COVID-19 are as below:

Investments accounted for using equity method

The subsidiaries of the Company accounted for using equity method were mostly derived from business combinations. The assessment of the impairment of goodwill requires the Company to make subjective judgment to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amounts of the relevant CGUs. Please refer to note 6(6) for further description of investment accounted for using equity method.

The Company's accounting policies and disclosures include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company's finance and accounting departments conduct independent verification on fair value by using data sources that are independent, reliable, and representative of the exercise prices. The Company also periodically adjusts its valuation models, conducts retrospective testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

The Company strives to use the observable market inputs when measuring assets and liabilities. The hierarchy of the fair value categorized by the valuation techniques used is as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For any transfer within the fair value hierarchy, the Company recognizes the transfer on the reporting date. For the assumption used in fair value measurement, please refer to note 6(21) of the financial instruments.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	$ 100	100
Demand deposits	6,416,892	2,165,052
Time deposits	33,107,824	1,139,200
Repurchase agreement	581,280	-
	$ 40,106,096	3,304,352

Please refer to note 6(21) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

(2) Financial assets and liabilities at fair value through profit or loss

	December 31, 2021	December 31, 2020
Financial assets mandatorily measured at fair value through profit or loss:		
Forward exchange contracts	$ -	41,682
Financial assets mandatorily measured at fair value through profit or loss－non-current:		
Privately offered funds	$ 195,163	117,204
Overseas securities held	2,879,639	-
	$ 3,074,802	117,204
Financial liabilities designated as at fair value through profit or loss:		
Overseas securities held	$ -	2,915,940
Financial liabilities designated as at fair value through profit or loss:		
Swap exchange contracts	$ 195,715	11,201
Forward exchange contract	-	34,281
	$ 195,715	45,482
Financial liabilities designated as at fair value through profit or loss－non-current:		
Embedded derivatives of convertible bonds	$ 178,637	-

Please refer to note 6(20) for the amount of remeasurements at fair value through profit or loss.

During the year ended December 31, 2021 and 2020, the dividends of $46,934 thousand and $2,210 thousand, respectively, were incurred from investments in financial assets mandatorily measured at fair value through profit or loss.

The Company uses derivative instruments to hedge certain currency risk arising from the Company’s operating activities. The Company held the following derivative instruments, which were not qualified for hedge accounting, and accounted them as mandatorily measured at fair value through profit or loss financial assets and held-for-trading financial liabilities as of December 31, 2021 and 2020:

	December 31, 2021			
	Contract amount (in thousands)		Currency	Maturity date
Forward exchange contracts purchased	JPY	14,000,000	JPY to NTD	January 28, [illegible] May 25, 2022

	December 31, 2020			
	Contract amount (in thousands)		Currency	Maturity date
Forward exchange contracts purchased	JPY	20,000,000	JPY to NTD	January 20, 2 June 11, 2021
Swap exchange contracts	USD	80,000	USD to NTD	January 29, 2 February 3, 2021

Please refer to 6(20) for the amount of remeasurements at a fair value through profit or loss.

For the years ended December 31, 2021 and 2020, the gain (loss) of the realized financial assets and liabilities from the transactions of forward exchange contracts and swap exchange contracts amounted $(297,152) thousand and $(178,773) thousand, respectively.

(3) Financial assets at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Equity investment in domestic entities	$ 185,073	101,475

The Company designated the equity investments shown above as at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long term strategic purposes.

For the year ended December 31, 2021 and 2020, the dividend income of $8,064 thousand and $0 thousand, respectively, related to equity investments at fair value through other comprehensive income was recognized.

For market risk, please refer to note 6(22).

The financial assets mentioned above were not pledged as collateral.

(4) Notes and accounts receivable, net

	December 31, 2021	December 31, 2020	January 1, 2020
Accounts receivable	$ 2,574,251	2,347,692	1,421,555
Less: allowance for doubtful accounts	(6,768)	(6,768)	(8,030)
	$ 2,567,483	2,340,924	1,413,525

The Company applied the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

The credit loss provision of notes and accounts receivable (including related parties) was determined as follows:

	December 31, 2021		
	Gross amount of notes and accounts receivable	**Weighted-average loss rate**	**Credit loss allowance**
Current	$ 5,749,263	0%	-
1 to 30 days past due	80,480	0%	-
31 to 60 days past due	3,460	0%	-
61 to 90 days past due	-	0%	-
91 to 120 days past due	-	0%	-
121 to 150 days past due	-	0%	-
151 to 180 days past due	-	0%	-
More than 181 days past due	6,768	100%	6,768
Total	**$ 5,839,971**		**6,768**

	December 31, 2020		
	Gross amount of notes and accounts receivable	**Weighted-average loss rate**	**Credit loss allowance**
Current	$ 4,710,273	0%	-
1 to 30 days past due	28,781	0%	-
31 to 60 days past due	-	0%	-
61 to 90 days past due	-	0%	-
91 to 120 days past due	-	0%	-
121 to 150 days past due	-	0%	-
151 to 180 days past due	-	90%	-
More than 181 days past due	6,768	100%	6,768
Total	**$ 4,745,822**		**6,768**

The movements in the allowance for doubtful accounts related to notes and accounts receivable were as follows:

	2021	**2020**
Balance on January 1	$ 6,768	8,030
Impairment losses (reversal gains) recognized	-	(1,262)
Balance on December 31	**$ 6,768**	**6,768**

The notes and accounts receivable mentioned above were not pledged as collateral.

(5) Inventories

		December 31, 2021	December 31, 2020
Merchandise and finished goods	$	508,292	560,824
Work in progress		446,738	364,897
Raw materials		1,233,250	973,941
	$	2,188,280	1,899,662

Components of operating costs were as follows:

		2021	2020
Cost of sales	$	14,907,355	13,225,724
Provision for inventory valuation (reversal gain)		(2,487)	(8,096)
Unallocated fixed manufacturing expense		92,414	121,874
	$	14,997,282	13,339,502

The inventories mentioned above were not pledged as collateral.

(6) Investments accounted for using equity method

A summary of financial information for investments accounted for using the equity method at the reporting date is as follows:

		December 31, 2021	December 31, 2020
Associates	$	1,691,344	1,202,176
Subsidiaries		58,420,143	56,801,125
	$	60,111,487	58,003,301

A. Subsidiaries

(a) Please refer to the 2021 consolidated financial statements for further information.

(b) Topsil A/S was transferred from the Company to indirectly hold the subsidiary, GWBV, at the disposal of investment amounting to $1,660,860 thousand, which was recognized as deductions of investments accounted for using the equity method.

(c) For the years ended December 31, 2021 and 2020, the cash dividends of the subsidiaries were $773 thousand and $7,362,720 thousand, respectively, which were recognized as deductions of investments accounted for using equity method.

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

B. Associates

The associates of the Company accounted for using the equity method were individually insignificant, and their summarized financial information included in the parent-company-only financial statements of the Company was as follows:

	December 31, 2021	December 31, 2020
The carrying amount of investments in the individually insignificant associates	$ 1,691,344	1,202,176

	2021	2020
Amount of individually insignificant associates' interests attributable to the Company:		
Net income	$ 68,396	36,809
Other comprehensive income (loss)	453,930	611,708
Total	$ 522,326	648,517

For the years ended December 31, 2021 and 2020, the cash dividends of the invested companies were $33,158 thousand and $18,270 thousand, respectively, which were recognized as deductions of investments accounted for using the equity method.

C. The Company merged with Taisil on February 1, 2020. Please refer to 2021 consolidated financial statement for further information of subsidiaries.

Taisil was a 99.99% equity held subsidiary of the Company, and the Company became the sole existing company after the merger. The balance of the investment amount was $17,986,796 thousand, which was equal to the carrying value of the net assets on the merger record date. The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

Cash and cash equivalents	$ 5,067,011
Current assets	9,698,791
Property, plant and equipment	3,667,627
Non-current assets	3,513,104
Current and non-current liabilities	(3,959,737)
	$ 17,986,796

D. Collateral

The investments accounted for using equity method mentioned above were not pledged as collateral as of December 31, 2021 and 2020.

(7) Property, plant and equipment

A. The movements of cost and depreciation of the property, plant and equipment of the Company were as follows:

		Buildings	Machinery and equipment	Other equipment	Construction in progress and equipment awaiting inspection	Total
Cost:						
Balance at January 1, 2021	$	2,472,692	20,889,491	1,225,921	97,177	24,685,281
Additions		3,081	14,613	83,199	1,940,096	2,040,989
Disposals		(197,361)	(15,324,484)	(328,815)	-	(15,850,660)
Reclassification		3,648	112,449	5,242	(79,051)	42,288
Transfer and others		-	-	-	(4,000)	(4,000)
Balance at December 31, 2021	$	2,282,060	5,692,069	985,547	1,954,222	10,913,898
Balance at January 1, 2020	$	729,540	773,439	286,642	28,426	1,818,047
Acquisition from business combination		1,739,256	20,646,054	380,692	105,357	22,871,359
Additions		13,610	60,598	63,859	309,928	447,995
Disposals		(10,414)	(420,828)	(16,075)	-	(447,317)
Reclassification		700	(169,772)	515,606	(346,534)	-
Transfer and others		-	-	(4,803)	-	(4,803)
Balance at December 31, 2020	$	2,472,692	20,889,491	1,225,921	97,177	24,685,281
Depreciation:						
Balance at January 1, 2021	$	1,246,287	18,386,787	681,938	-	20,315,012
Depreciation for the year		94,176	647,509	73,881	-	815,566
Disposals		(197,361)	(15,324,484)	(328,718)	-	(15,850,563)
Balance at December 31, 2021	$	1,143,102	3,709,812	427,101	-	5,280,015
Balance at January 1, 2020	$	212,966	374,954	129,859	-	717,779
Acquisition from business combination		948,329	18,266,079	(10,676)	-	19,203,732
Depreciation for the year		90,830	680,015	62,224	-	833,069
Disposals		(5,838)	(417,681)	(15,325)	-	(438,844)
Reclassification		-	(516,580)	516,580	-	-
Transfer and others		-	-	(724)	-	(724)
Balance at December 31, 2020	$	1,246,287	18,386,787	681,938	-	20,315,012
Carrying amounts:						
Balance at December 31, 2021	$	1,138,958	1,982,257	558,446	1,954,222	5,633,883
Balance at January 1, 2020	$	516,574	398,485	156,783	28,426	1,100,268
Balance at December 31, 2020	$	1,226,405	2,502,704	543,983	97,177	4,370,269

B. Collateral

The property, plant and equipment above were not pledged as collateral for long-term borrowings and credit lines.

(8) Right-of-use assets

The Company leases many assets including land and other equipment. The carrying amounts on right-of-use assets were presented below:

		Land	Other equipment	Total
Cost of right-of-use assets				
Balance at January 1, 2021	$	513,295	21,382	534,677
Additions		55,249	24,584	79,833
Disposals and transfer		-	(938)	(938)
Balance at December 31, 2021	**$**	**568,544**	**45,028**	**613,572**
Balance at January 1, 2020	$	69,520	2,359	71,879
Acquisition from business combination		451,520	21,541	473,061
Disposals and transfer		(7,745)	(2,518)	(10,263)
Balance at December 31, 2020	**$**	**513,295**	**21,382**	**534,677**
Depreciation and impairments loss of right-of-use assets:				
Balance at January 1, 2021	$	59,050	16,271	75,321
Depreciation		34,463	10,604	45,067
Disposals and transfer		-	(938)	(938)
Balance at December 31, 2021	**$**	**93,513**	**25,937**	**119,450**
Balance at January 1, 2020	$	4,682	1,287	5,969
Acquisition from business combination		30,572	6,940	37,512
Depreciation		32,327	10,361	42,688
Disposals and transfer		(8,531)	(2,317)	(10,848)
Balance at December 31, 2020	**$**	**59,050**	**16,271**	**75,321**
Carrying amounts:				
Balance at December 31, 2021	**$**	**475,031**	**19,091**	**494,122**
Balance at January 1, 2020	**$**	**64,838**	**1,072**	**65,910**
Balance at December 31, 2020	**$**	**454,245**	**5,111**	**459,356**

(9) Intangible assets

Intangible assets included trademarks, patents and computer software. The cost and amortization of the intangible assets of the Company were as follows:

	Patents and trademarks	Computer software	Total
Cost:			
Balance at January 1, 2021	$ 1,631,850	120	1,631,970
Additions	-	4,292	4,292
Reclassification	-	525	525
Balance at December 31, 2021	**$ 1,631,850**	**4,937**	**1,636,787**
Balance at January 1, 2020	$ 1,631,850	-	1,631,850
Additions	-	120	120
Balance at December 31, 2020	**$ 1,631,850**	**120**	**1,631,970**
Amortization:			
Balance at January 1, 2021	$ 1,271,725	17	1,271,742
Amortization for the year	180,063	900	180,963
Balance at December 31, 2021	**$ 1,451,788**	**917**	**1,452,705**
Balance at of January 1, 2020	$ 953,793	-	953,793
Amortization for the year	317,932	17	317,949
Balance at December 31, 2020	**$ 1,271,725**	**17**	**1,271,742**
Carrying amounts:			
Balance at December 31, 2021	**$ 180,062**	**4,020**	**184,082**
Balance at January 1, 2020	**$ 678,057**	**-**	**678,057**
Balance at December 31, 2020	**$ 360,125**	**103**	**360,228**

The intangible assets mentioned above were not pledged as collateral.

(10) Short-term borrowings

	December 31, 2021	December 31, 2020
Unsecured borrowings	**$ -**	**9,871,000**
Unused credit lines	**$ 21,181,504**	**11,458,817**
Range of interest rates at year end	**0%**	**0.56%~ 0.6446%**

The Company did not provide the bank with assets pledged as collateral for its short-term borrowings.

(11) Bonds payable

The details of bonds payable were as follows:

		December 31, 2021
Unsecured ordinary bonds	$	18,980,771
Unsecured convertible bonds		26,143,969
Total	**$**	**45,124,740**

A. On April 21, 2021, the Company's Board of Directors resolved to issue the first unsecured ordinary bonds for the year ended December 31, 2021, and issued through the Taipei Fubon Commercial Bank Co., Ltd. on May 11, 2021. The Company issued the five-year unsecured ordinary bonds, amounting to $6,500,000 thousand and the coupon rate is consistent with a fixed rate of 0.62% and with the maturity date on May 11, 2026.

B. On April 21, 2021, the Company's Board of Directors resolved to issue the second unsecured ordinary bonds for the year ended December 31, 2021, and issued through the Taipei Fubon Commercial Bank Co., Ltd. on August 19, 2021. The Company issued the three-year and five-year unsecured ordinary bonds, amounting to $12,500,000 thousand, which were divided into A and B bonds, depending on the different issuance conditions. The issuance amounts were $7,100,000 thousand and $5,400,000 thousand, respectively, with coupon rate 0.5% and 0.6% and the maturity dates were August 19, 2024 and August 19, 2026, respectively.

C. On April 21, 2021, the Company's Board of Directors resolved to issue the first unsecured overseas convertible bonds on the Singapore Exchange Limited, which had been approved by the Financial Supervisory Commission with approval No.1100342091 on May 19, 2021. The Company issued the five-year unsecured convertible bond, amounting to US$1,000,000 thousand without coupon rate, with the maturity date on June 1, 2026.

The details of unsecured convertible bonds were as follows:

		December 31, 2021
Total convertible bonds issued	$	27,565,891
Unamortized discounted convertible bonds payable		(1,421,922)
Cumulative converted amount		-
Convertible bonds balance at year-end	**$**	**26,143,969**
Embedded derivative – call and put options, included in financial liabilities at fair value through profit or loss	**$**	**178,637**

		December 31, 2021
Proceeds from issuance (less transaction cost amounted to $77,517 thousand)	$	27,834,483
Equity components (less transaction cost allocated to equity component of $4,744 thousand)		(1,703,470)
Embedded derivatives instruments－put/ call options (transaction cost allocated $473 thousand)		(169,791)
Liability components at the issuance date (less transaction cost allocated to liability component of $72,300 thousand)		25,961,222
Interest expense at an effective interest rate of 1.2%		182,747
Liability components at December 31, 2021	$	26,143,969

Except for early redemptions, repurchases and cancellations, exercise of conversion rights by the bondholders, statutory requirements and the cessation of transfer period as otherwise provided in the Trust Deed, from the day following the three months after the issuance of the bonds to (1) ten days before the maturity date or (2) the fifth business day prior to the date of early redemption of the bonds (hereinafter referred to as the "conversion period"), the bondholders may request the issuing company to convert the bonds into shares of common stock newly issued by the issuing company in accordance with the provisions of the relevant laws and the Trust Deed.

The conversion price was 140% of the closing price of the Company’s common shares on the Taipei Exchange on the pricing date, which was NT$1,040.20. The number of common shares to be delivered upon conversion of any bond will be determined by the principal amount of the bonds multiplied by the fixed exchange rate, which is NT$27.912 to US$1, which was determined on the pricing date and divided by the conversion price in effect on the date of conversion. After the issuance of the bonds, the conversion price shall be adjusted in accordance with the relevant anti-dilution provisions of the contract. However, due to the payment of cash dividends by the Company, the conversion price of the bonds was adjusted from NT$1,040.20 to NT$1,028.46 on July 22, 2011, the day after the ex-dividend base date, in accordance with the aforementioned provisions.

As of December 31, 2021, the first adjustment to the conversion price of the bonds had been executed.

The above-mentioned convertible bonds included liabilities and equity components. The equity component was recognized as the capital surplus. The effective interest rate originally recognized for the liability component was 1.2%.

(12) Lease liabilities

The carrying amounts of lease liabilities of the Company were as follows:

	December 31, 2021	December 31, 2020
Current	$ 43,910	34,717
Non-current	$ 457,473	429,540

For the maturity analysis, please refer to note 6(21) "Financial instruments".

The amounts recognized in profit or loss were as follows:

	For the year ended December 31,	
	2021	**2020**
Interest on lease liabilities	$ 5,908	5,382
Expenses relating to short-term leases	$ 5,667	5,162
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ -	-

The amounts recognized in the statement of cash flows were as follows:

	For the year ended December 31,	
	2021	**2020**
Total cash outflow for leases	$ 54,281	51,052

Land leases' additional rent payments that are based on changes in local price indices and the public facilities construction costs re-invested annually in each park will be adjusted after being assessed.

(13) Employee benefits

A. Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value was as follows:

	December 31, 2021	**December 31, 2020**
Total present value of obligations	$ (914,940)	(933,655)
Fair value of plan assets	360,575	228,887
Recognized liabilities for defined benefit obligations	$ **(554,365)**	**(704,768)**

The plans entitle a retired employee to receive a pension benefit based on years of service prior to retirement.

(a) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $360,575 thousand, as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(b) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations of the Company were as follows:

	2021	2020
Defined benefit obligation at January 1	$ 933,655	112,001
Current service costs and interest cost	9,500	11,052
Re-measurements for defined benefit obligations		
—Actuarial gains and losses arising from experience adjustments	(17,650)	9,146
—Actuarial gains and losses resulting from changes in demographic assumptions	24,424	5,625
—Actuarial gains and losses resulting from changes in financial assumptions	(11,543)	24,749
Past service credit	-	6,459
Benefits paid	(23,446)	(16,953)
The liabilities of business combination	-	781,576
Defined benefit obligation at December 31	**$ 914,940**	**933,655**

(c) Movements in fair value of defined benefit plan assets

The movements in fair value of the defined benefit plan assets of the Company were as follows:

	2021	2020
Fair value of plan assets at January 1	$ 228,887	66,593
Interest revenue	1,236	1,725
Re-measurements for defined benefit obligations		
—Return on plan asset (excluding interest revenue)	3,473	7,171
Contributions made	150,425	14,023
Benefits paid	(23,446)	(16,953)
The assets of business combination	-	156,328
Fair value of plan assets at December 31	**$ 360,575**	**228,887**

(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	2021	2020
Current service costs	$ 4,832	4,350
Net interest of net liabilities for defined benefit obligations	3,432	4,977
Past service credit	-	6,459
	$ 8,264	15,786
Operating cost	$ 6,365	12,643
Selling expenses	201	463
Administration expenses	278	637
Research and development expenses	1,420	2,043
	$ 8,264	15,786

(e) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.625%	0.50%
Future salary increase rate	2.000%~3.000%	2.000%~3.000%

The estimated amount of contribution to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $15,575 thousand.

The weighted-average durations of the defined benefit obligation are 9.55 years to 10.2 years.

(f) Sensitivity analysis

When the actuarial assumptions had changed 0.25% as of the December 31, 2021 and 2020, the impact on the present value of the defined benefit obligation would be as follows:

	Impact on defined benefit obligations	
Actuarial assumptions	**Increased by 0.25%**	**Decreased by 0.25%**
December 31, 2021		
Discount rate	$ (22,993)	23,852
Future salary increase rate	$ 22,907	(22,205)
December 31, 2020		
Discount rate	$ (24,786)	25,755
Future salary increase rate	$ 24,700	(23,906)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in previous periods. There was no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

B. Defined contribution plans

The Company contributes at the rate of 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company's contribution to the Bureau of Labor Insurance requires no additional legal or constructive obligations thereafter.

The Company's pension costs incurred from contributions to the defined contribution plan were $64,653 thousand and $61,339 thousand for the years of 2021 and 2020, respectively. Such contributions were made to the Bureau of the Labor Insurance.

(14) Income tax

A. Income tax expense

The components of income tax expenses in 2021 and 2020 were as follows:

	2021	2020
Current tax expense	$ 1,323,718	1,578,258
Deferred tax expense	1,003,611	229,559
	$ 2,327,329	**1,807,817**

The amounts of income tax (benefit) recognized in other comprehensive income in 2021 and 2020 were as follows:

	2021	2020
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit obligations	**$ 34,695**	**(38,521)**
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	**$ (1,219,237)**	**(15,178)**

Reconciliations of income tax and income before income tax for 2021 and 2020 were as follows:

	2021	2020
Income before income tax	$ 14,197,366	14,911,431
Income tax using the Company's domestic tax rate	2,839,473	2,982,286
Tax effect of permanent differences	296,545	(74,098)
Investment tax credits	(108,956)	(76,416)
Changes in unrecognized temporary differences	(615,137)	(538,213)
Tax-refunded for repatriated offshore funds to Taiwan	-	(547,941)
Overestimate and underestimate in prior periods and others	(142,583)	(1,742)
Additional tax on undistributed earnings	57,987	63,941
	$ 2,327,329	1,807,817

B. Deferred tax assets and liabilities

(a) The deferred tax liabilities have not been recognized in respect of the following items:

	December 31, 2021	December 31, 2020
Aggregate amount of temporary differences related to investments in subsidiaries	$ (2,151,112)	(1,535,975)

The Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as at December 31, 2021 and 2020. Also, the management considers it is probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences were not recognized as deferred tax liabilities.

(b) The deferred tax assets have not been recognized in respect of the following items:

	December 31, 2021	December 31, 2020
Tax effect of deductible temporary differences	$ 548,267	548,267

Deferred tax assets that have not been recognized were derived from investment loss of an overseas. It is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

(c) Recognized deferred tax assets and liabilities

	January 1, 2020	Acquired from business combination	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2020	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2021
Deferred tax assets:								
Allowance for inventory valuation	$ 9,773	47,263	(4,515)	-	52,521	(42,619)	-	9,902
Equity-method investments	60,889	-	(24,793)	(23,540)	12,556	(2,547)	-	10,009
Unrealized gains from associates	66,016	-	36,448	-	102,464	67,548	-	170,012
Others	64,376	183,300	(23,496)	(4,718)	219,462	(93,895)	(1,648)	123,919
	$ 201,054	230,563	(16,356)	(28,258)	387,003	(71,513)	(1,648)	313,842
Deferred tax liabilities:								
Equity-method investments	$ (2,932,566)	-	(224,907)	81,957	(3,075,516)	(927,212)	1,186,190	(2,816,538)
Others	(3,910)	-	11,704	-	7,794	(4,886)	-	2,908
	$ (2,936,476)	-	(213,203)	81,957	(3,067,722)	(932,098)	1,186,190	(2,813,630)

C. Assessment of tax filings

As of December 31, 2021, income tax returns of the Company for the years through 2019 were assessed by the tax authority.

(15) Capital and other equity

A. Ordinary shares

As of December 31, 2021 and 2020, the authorized ordinary shares of the Company amounted to $6,000,000 thousand, which was divided into 600,000 thousand shares, with a par value of $10 per share, of which $200,000 thousand was reserved for employee stock options, convertible preferred stock, and convertible corporate bonds. The issued and outstanding shares of ordinary shares amounted to $4,372,500 thousand.

The Company increased capital in GDRs of $680,000 thousand, and issued 68,000 thousand shares of ordinary shares on the Luxembourg on April 26, 2017. The price issued per share was US$6.9. The total issuance amount is US$469,200 thousand. The cash increase was approved by the Financial Supervisory Commission and the record date of capital increase was on April 26, 2017. All shares issued were paid and registered. The total amount issued was equivalent to $14,141,688 thousand on the day’ s closing exchange rates. The total premium amounting to $13,355,424 thousand was recognized on capital surplus after deducting the related issuance cost of $106,264 thousand.

B. Capital surplus

The balances of capital surplus were as follows:

		December 31, 2021	December 31, 2020
Additional paid-in capital	$	23,406,252	23,406,252
Employee stock options		60,727	60,727
Equity component of convertible bonds		1,703,470	-
Difference between the consideration and the carrying amount of subsidiaries' share acquired or disposed		3,940	3,940
	$	25,174,389	23,470,919

According to the R.O.C Company Act, capital surplus can firstly be used to offset a deficit, and only the realized capital surplus can be used to increase the ordinary shares or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus arising from premium on issuance of capital stock and the fair value of donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, to increase ordinary shares by transferring paid-in capital in excess of par value should not exceed 10% of the total ordinary shares outstanding.

According to the R.O.C Company Act Section 241, the capital surplus may be distributed as cash dividends or stock dividends to the shareholders in proportion to the number of shares held. Distribution of capital surplus, by way of cash dividends, should be approved by the Board of Directors in a meeting attended by two thirds of the total number of directors, with half of the directors' agreement, and reported during the shareholders' meeting. The distribution of earnings through issuance of new shares shall be resolved during the stockholders' meeting.

Based on the resolution approved during the Board of Directors meeting on March 17, 2020, the cash dividends of $1,305,711 thousand, at $3 per share, will be distributed out of capital surplus. Related information is available at the Market Observation Post System.

C. Retained earnings

On June 23, 2020, the amendment to the Company's Articles of Incorporation was approved during the stockholders' meeting. The proposal of surplus earning distribution or loss off setting for the first half fiscal year, together with the business report and financial statements, shall be forwarded to the audit committee for auditing before the end of the second half of the fiscal year; thereafter, be submitted to the Board of Directors for approval.

Distribution of earnings, by way of cash, shall be approved in the Board of Directors meeting. The distribution of earnings through issuance of new shares shall be resolved in the stockholders' meeting.

According to the Company’s Articles of Incorporation, earnings distribution on a semiannual basis shall be distributed in the following order:

(a) Offset the cumulative deficits;

(b) 10% of the current-period earning should be set aside for legal reserve, until the accumulated legal reserve equals the Company’s issued capital;

(c) Set aside special reserve in accordance with relevant laws or regulations or as requested by the authorities;

(d) After deducting items (a), (b), and (c) above from the earnings, the remaining undistributed earnings of current and previous years, if any, will be proposed for distribution by the Board of Directors. According to the R.O.C Company Act Section 240(5), it was authorized that the distribution of earnings, in whole or in part by way of cash dividends, shall be made after a resolution has been approved by a majority vote at a meeting of the Board of Directors attended by two thirds of the total number of directors and the resolution is reported to shareholders in their meeting. If the distribution of earnings is made by issuance of new shares, wherein the resolution will be approved during the shareholders meeting.

After considering both the long-term development of the business and the goal of stable growth of earnings per share, the distribution of dividends to shareholders should not be less than 50% of the distributable earnings, which is calculated using the net income of the current year, minus, legal reserve and special reserve. Distribution of cash dividends should not be less than 50% of the total dividends.

(a) Legal reserve

According to the R.O.C Company Act. Section 241, the legal reserve may be distributed as cash dividends or stock dividends to the shareholders in proportion to the number of shares held. Distribution of legal reserve, by way of cash dividends, should be approved by the Board of Directors in a meeting attended by two thirds of the total number of directors, with half of the directors' agreement; thereafter, be reported in the shareholders' meeting. The distribution of legal reserve through issuance of new shares shall be resolved during the stockholders’ meeting.

(b) Special reserve

In accordance with Regulatory Rule No. 1010012865 issued by the FSC on April 6, 2012, a special reserve is appropriated from retained earnings based on the ruling. Under such regulation, the Company is required to set aside an additional special reserve, as part of the distribution of its annual earnings, equal to the current period net debit balance of other equity interests. A portion of undistributed prior period earnings shall be set aside as a special reserve, which does not qualify for earnings distribution, to account for cumulative net debit balance of other equity interests pertaining to prior periods. The only distributable special reserve is the portion that exceeds the total net debit balance of the other equity interests. The carrying amounts of special reserve were $1,734,138 thousand and $2,291,256 thousand as of December 31, 2021 and 2020, respectively.

(c) Earnings distribution

On May 4, 2021, the Board of Directors of the Company decided on the amount of cash dividends for the profit distribution proposal in 2020. Other earnings distribution had reached the statutory resolution threshold through electronic voting on June 24, 2021, and the shareholders' meeting was expected to be held on August 24, 2021.

The distributions of cash dividends per share for the first half of 2021, the second half of 2020, the first half of 2020 and the year of 2019, were approved by the Board of Directors on December 7, 2021, May 4, 2021, December 9, 2020, and March 17, 2020, respectively. The distribution of dividends was as follows:

	The first half of 2021	2020	The first half of 2020	2019
Dividends distributed to ordinary shareholders:				
Cash	$ 3,481,896	7,834,266	3,481,896	9,575,214

Cash dividends per share for the half of 2021 was $8. Cash dividend per share for the year of 2020 was $18 among which $8 was distributed in the first half of 2020. Cash dividends per share-for the year of 2019 was $22.

D. Treasury shares

In 2018, in accordance with the requirements under section 28-2 of the Securities and Exchange Act, the Company repurchased 2,013 thousand shares at an amount of $576,779 thousand as treasury shares, in order to transfer the shares to its employees. As of December 31, 2021, a total of 2,013 thousand shares has yet to be transferred.

In accordance with the Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the amount of the repurchased shares should not exceed the sum of the Company’s retained earnings, share premium, and realized capital surplus. In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

E. Other equity

	Exchange differences on translation of foreign financial statements	Gains (losses) from equity instruments measured at fair value through other comprehensive income	Total
January 1, 2021	$ (2,591,201)	857,063	(1,734,138)
Foreign exchange differences (net of tax)	(4,938,947)	-	(4,938,947)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	537,528	537,528
December 31, 2021	$ (7,530,148)	1,394,591	(6,135,557)
January 1, 2020	(2,530,493)	239,237	(2,291,256)
Foreign exchange differences (net of tax)	(60,708)	-	(60,708)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	617,826	617,826
December 31, 2020	$ (2,591,201)	857,063	(1,734,138)

(16) Share-based payment

The Company signed a cash-settled share-based payment contract with its certain employees. According to the agreement, the vesting period is 4 years, and the employees have to fulfill their required service condition, which requires that at each vesting date, (February 28, 2019 to 2022), the employees shall be still employed by the Company. At each vesting date, the employee is entitled to 25% of the awards. Furthermore, the value of cash award is determined by the stock price of the Company at each vesting date and the performance of each employee.

As of December 31, 2021 and 2020, the stock prices of the Company were $888.0 and $708.0, respectively. For the years 2021 and 2020, the amount of $91,242 thousand and $72,836 thousand, respectively, were recognized by the Company as compensation costs.

(17) Earnings per share (“EPS”)

A. Basic earnings per share

	2021	2020
Net income attributable to the shareholders of the Company	$ 11,870,037	13,103,614
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)	435,237	435,237
Basic earnings per share (dollars)	$ 27.27	30.11

B. Diluted earnings per share

		2021	2020
Net income attributable to the shareholders of the Company		11,870,037	13,103,614
Interest expense on convertible bonds, net of tax		152,897	-
Net income attributable to the shareholders of the Company (diluted)	$	12,022,934	13,103,614
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)		435,237	435,237
Effect of conversion of convertible bonds (in of thousands shares)		27,065	-
Effect of the employee remuneration issued by stock (in thousands of shares)		626	1,079
		462,928	436,316
Diluted earnings per share (dollars)	$	25.97	30.03

(18) Revenue from contracts with customers

A. Disaggregation of revenues

		2021	2020
Primary geographical markets:			
Taiwan	$	10,245,458	9,615,287
Asia－others		10,847,157	8,750,423
America		1,926,361	1,821,355
Northeast Asia		1,684,996	1,410,771
Europe		790,836	717,192
Other areas		77,486	191,072
	$	25,572,294	22,506,100
Major product categories:			
Semiconductor wafers	$	22,223,076	11,314,832
Semiconductor ingot		1,772,536	9,717,070
Others		1,576,682	1,474,198
	$	25,572,294	22,506,100

B. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities	$ 5,503,842	1,019,398	2,036,201

For details on accounts receivables and allowance for impairment, please refer to note 6(4).

The major change in the balance of contract liabilities is the advance consideration received from customers for the contracts, in which revenue is recognized when products are delivered to customers. The amount of revenue recognized for the years ended December 31, 2021 and 2020, which was included in the contract liability balance at the beginning of the period, was $560,553 thousand and $1,622,757 thousand, respectively.

The contract liabilities primarily relate to the advance consideration received from customers for the wafer sales contracts, in which revenue is recognized when products are delivered to customers.

(19) Remuneration to employees and directors

In accordance with the Articles of Incorporation the Company should contribute between 3% and 15% of the profit as employee compensation and no higher than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and compensation for employees is approved by the Board of Directors. Remuneration to directors is paid in cash. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions. A resolution for employee remuneration in the form of shares has to be approved first in the Board of Directors meeting, wherein at least half of the votes are needed, or two thirds of the members are present during the meeting; thereafter, to be reported during the shareholders' meeting.

For the years ended December 31, 2021 and 2020, the Company accrued and recognized its employee remuneration amounting to $440,456 thousand and $463,953 thousand and directors' remuneration amounting to $45,000 thousand and $44,500 thousand, respectively. These amounts were calculated by using the Company’s pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company’s Articles of Incorporation, and expensed under operating costs or expenses. If there would be any changes in accounting estimates the changes shall be accounted for as profit or loss in the following year. If, however, the shareholders determine that the employee remuneration is to be distributed through issuance of shares, the calculation of distributable share shall be calculated using the stock price on the day before a resolution was made by the Board of Directors. The amounts as stated in the 2021 and 2020 parent-company-only financial statements were not significantly different from those approved in the Board of Directors meetings.

(20) Non-Operating income and expenses

A. Interest income

		2021	2020
Interest income			
Interest from bank deposits	$	89,601	90,551
Other interest income		6,214	-
	$	95,815	90,551

B. Other gains and losses

		2021	2020
Foreign exchange gains (losses), net	$	472,972	(573,863)
Gains (losses) on disposal of property, plant and equipment		189	(5,315)
Realized gains (losses) on financial assets (liabilities) measured at fair value through profit or loss		(483,602)	141,984
Dividend income		54,998	2,210
Termination fees		(1,566,000)	-
Others		97,151	40,138
	$	(1,424,292)	(394,846)

C. Finance costs

		2021	2020
Interest expense－borrowings	$	(38,519)	(63,670)
Interest expense－financing from related parties		(118,586)	(194,623)
Interest expense－bonds		(236,215)	-
Interest expense－lease liabilities		(5,908)	(5,382)
	$	(399,228)	(263,675)

(21) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The main customers of the Company are from the silicon wafer and related industries. The Company generally sets credit limits to its customers according to their credit evaluations. Therefore, the credit risk of the Company is mainly influenced by the silicon wafer industry. As of December 31, 2021 and 2020, 72% and 70%, respectively, of the Company's accounts receivable (including related parties) were from the top 10 customers. Although there is a potential for concentration of credit risk, the Company routinely assesses the collectability of the accounts receivable and makes a corresponding allowance for doubtful accounts.

(c) Credit of receivables

For credit risk exposure on notes and accounts receivables, please refer to note 6(4).

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
December 31, 2021							
Non-derivative financial liabilities							
Notes and accounts payable (including related parties)	$ 16,040,419	(16,191,833)	(4,491,050)	(99,211)	(6,873,796)	(4,727,776)	-
Accrued payroll and bonus	1,333,407	(1,333,407)	(418,806)	(914,601)	-	-	-
Accrued remuneration of directors (other current liabilities)	45,000	(45,000)	-	(45,000)	-	-	-
Lease liabilities	501,383	(541,622)	(24,728)	(24,728)	(44,010)	(115,310)	(332,846)
Ordinary bonds	18,980,771	(19,470,000)	(40,300)	(67,900)	(108,200)	(19,253,600)	-
Convertible bonds	26,143,969	(27,565,891)	-	-	-	(27,565,891)	-
Dividend payable	3,481,896	(3,481,896)	(3,481,896)	-	-	-	-
Other accrued expense (other current liabilities)	1,566,000	(1,566,000)	(1,566,000)	-	-	-	-
Derivative financial instruments							
Forward exchange contracts:							
Outflows	(195,715)	(3,548,900)	(3,548,900)	-	-	-	-
Inflows	-	3,353,185	3,353,185	-	-	-	-
	$ 67,897,130	**(70,391,364)**	**(10,218,495)**	**(1,151,440)**	**(7,026,006)**	**(51,662,577)**	**(332,846)**

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
December 31, 2020							
Non-derivative financial liabilities							
Short-term borrowings	$ 9,871,000	(9,880,689)	(9,379,885)	(500,804)	-	-	-
Notes and accounts payable (including related parties)	16,347,971	(16,347,971)	(8,115,920)	-	(8,232,051)	-	-
Accrued payroll and bonus	1,330,764	(1,330,764)	(367,474)	(963,290)	-	-	-
Accrued remuneration of directors (other current liabilities)	55,800	(55,800)	-	(55,800)	-	-	-
Lease liabilities	464,257	(505,055)	(22,614)	(17,439)	(34,878)	(104,633)	(325,491)
Derivative financial instruments							
Swap exchange contracts:							
Outflows	(34,281)	(2,311,480)	(2,311,480)				
Inflows		2,277,199	2,277,199				
Forward exchange contracts:							
Outflows	-	(5,396,400)	(5,396,400)	-	-	-	-
Inflows	30,481	5,426,881	5,426,881	-	-	-	-
	$ 28,065,992	(28,124,079)	(17,889,693)	(1,537,333)	(8,266,929)	(104,633)	(325,491)

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

C. Currency risk

(a) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2021		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary Items			
USD	$ 1,304,072	27.68	36,096,713
JPY	2,089,422	0.2405	502,506
CNY	668,265	4.344	2,902,943
Investments accounted for using equity method			
USD	1,489,137	27.68	41,219,311
JPY	68,341,231	0.2405	16,436,066

	December 31, 2021		
	Foreign currency	**Exchange rate**	**NTD**
Financial liabilities			
Monetary Items			
USD	378,561	27.68	10,478,576
JPY	20,147,663	0.2405	4,845,513
CNY	65,349	4.344	283,874
Non-Monetary Items			
JPY	14,000,000	0.2405	Note

	December 31, 2020		
	Foreign currency	**Exchange rate**	**NTD**
Financial assets			
Monetary Items			
USD	$ 428,876	28.48	12,214,391
JPY	658,012	0.2763	181,809
Non-Monetary Items			
JPY	15,000,000	0.2763	Note
Investments accounted for using equity method			
USD	1,370,371	28.48	39,028,167
JPY	61,386,714	0.2763	16,942,733
Financial liabilities			
Monetary Items			
USD	285,285	28.48	8,124,930
JPY	26,065,843	0.2763	7,201,992
Non-Monetary Items			
USD	80,000	28.480	Note
JPY	5,000,000	0.2763	Note

Note: The fair value of forward exchange contracts was measured at the reporting date. For related information, please refer to note 6(2).

(b) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, borrowings, and accounts payable, that are denominated in foreign currencies. A weakening (strengthening) of 1% of the NTD against the USD, JPY and CNY as of December 31, 2021 and 2020, would have increased or decreased the net income before income tax by $238,942 thousand and $24,809 thousand, respectively. The analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis was performed on the same basis for comparative years.

(c) Foreign exchange gains and losses on monetary items

The information on foreign exchange gains (losses) on monetary items is disclosed by an aggregate amount. Foreign exchange gains (losses) (including these realized and unrealized portions) by the Company's monetary items, were as follows:

	For the years ended December 31,			
	2021		2020	
	Foreign exchange gains (losses)	Average rate	Foreign exchange gains (losses)	Average rate
USD	$ (298,041)	27.998	(571,170)	29.533
JPY	883,290	0.2550	(3,420)	0.2769
EUR	(120,960)	33.114	7,567	33.738
CNY	8,665	4.340	(6,529)	4.281
SGD	18	20.836	(313)	21.417
KRW	-	0.0247	2	0.0253

D. Interest rate analysis

Please refer to the notes on liquidity risk management for interest rate exposure of the Company's financial liabilities.

The following sensitivity analysis is based on the exposure to interest rates. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased or decreased by 0.25%, the Company's net income before income tax would have increased or decreased by $16,042 thousand and $19,265 thousand, for the years ended December 31, 2021 and 2020, respectively, assuming all other variable factors remain constant. This is mainly due to the Company's bank deposits and borrowings with variable rates.

E. Other price risk

For the years ended December 31, 2021 and 2020, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the years ended December 31,			
	2021		2020	
Prices of securities at the reporting date	Other comprehensive income before tax	Net income before income tax	Other comprehensive income before tax	Net income before income tax
Increasing 5%	$ 9,254	143,982	5,074	145,797
Decreasing 5%	(9,254)	(143,982)	(5,074)	(145,797)

F. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company’ s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Overseas securities held	$ 2,879,639	2,879,639	-	-	2,879,639
Privately offered funds	195,163	-	-	195,163	195,163
	$ 3,074,802	2,879,639	-	195,163	3,074,802
Financial assets at fair value through other comprehensive income					
Stock listed on domestic market	$ 185,073	185,073	-	-	185,073
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 40,106,096	-	-	-	-
Notes and accounts receivable (including related parties)	5,964,590	-	-	-	-
Other financial assets－current and non-current	4,149,426	-	-	-	-
	$ 50,220,112	-	-	-	-

	December 31, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Forward exchange contract	$ 195,715	-	195,715	-	195,715
Embedded derivatives of convertible bonds	178,637	-	-	-	-
	$ 374,352	-	195,715	-	195,715
Financial liabilities measured at amortized cost					
Notes and accounts payable (including related parties)	16,040,419	-	-	-	-
Accrued remuneration of directors (other current liabilities)	45,000	-	-	-	-
Ordinary bonds	18,980,771	-	-	-	-
Convertible bonds	26,143,969	-	-	-	-
Lease liabilities－current and non-current	501,383	-	-	-	-
Other accrued expense (other current liabilities)	1,566,000	-	-	-	-
	$ 63,277,542	-	-	-	-

	December 31, 2020				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Forward exchange contract	$ 41,682	-	41,682	-	41,682
Overseas securities held	2,915,940	2,915,940	-	-	2,915,940
Privately offered fund	117,204	-	-	117,204	117,204
	$ 3,074,826	2,915,940	41,682	117,204	3,074,826
Financial assets at fair value through other comprehensive income					
Stock listed on domestic market	$ 101,475	101,475	-	-	101,475
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 3,304,352	-	-	-	-
Notes and accounts receivable (including related parties)	4,832,344	-	-	-	-
Other financial assets－current and non-current	5,708,854	-	-	-	-
	$ 13,845,550	-	-	-	-

	December 31, 2020				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Forward exchange contract	$ 11,201	-	11,201	-	11,201
Swap exchange contract	34,281	-	34,281	-	34,281
	$ 45,482	-	45,482	-	45,482
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 9,871,000	-	-	-	-
Notes and accounts payable (including related parties)	16,347,971	-	-	-	-
Lease liabilities-current and non-current	464,257	-	-	-	-
	$ 26,683,228	-	-	-	-

(b) Valuation techniques for financial instruments measured at fair value

i. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s -length basis. Whether transactions are taking place ‘regularly’ is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments in an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique, including a model using observable market data at the reporting date.

ii. Derivative financial instruments

Measurements of the fair value of derivative instruments are based on the valuation techniques generally accepted by market participants, such as the discounted cash flow or option pricing models. The fair value of forward currency is usually determined based by the forward currency exchange rate.

(c) Reconciliation of Level 3 fair value

		Financial assets measured at fair value through profit or loss
January 1, 2021	$	117,204
Addition in investment		27,819
Recognized in profit or loss		50,140
December 31, 2021	**$**	**195,163**
January 1, 2020	$	95,163
Addition in investment		29,064
Recognized in profit or loss		(7,023)
December 31, 2020	**$**	**117,204**

(d) The fair value of the Company's financial instruments that use Level 3 inputs to measure fair value was based on the price of the third party. The Company did not disclose quantified information and sensitivity analysis on significant unobservable inputs because the unobservable inputs used in fair value measurement were not established by the Company.

(e) As of December 31, 2021 and 2020, there were no transfer at fair value level.

(22) Financial risk management

A. Overview

The Company has exposures to the following risks from its financial instruments:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying parent-company-only financial statements.

B. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The board is responsible for developing and monitoring company's risk management policies. Internal auditors assist the Board of Directors to monitor and review the risk management control and internal procedures regularly and report them to the Board of Directors.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company audit committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, and the results of which are reported to the audit committee.

C. Credit risk

The Company's potential credit risk is derived primarily from cash and accounts receivable. The Company maintains its cash in various creditworthy financial institutions. Credit risk exposure to each financial institution is controlled by the Company. As a result, the Company believes that there is no concentration of credit risk for cash.

For the year ended December 31, 2021, the Company only provided endorsements for its 100% owned subsidiaries.

D. Liquidity risk

There is no liquidity risk of being unable to raise capital to settle contract obligations since the Company has sufficient capital and working capital to fulfill contract obligations.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Company's entities, primarily the New Taiwan Dollar (NTD), but also include the Chinese Yen (CNY), US Dollar (USD), Euro (EUR) and Japanese Yen (JPY). These transactions are denominated in NTD, USD, EUR and JPY.

Interest is denominated in the currency used in borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company, primarily NTD, but also include USD.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when it is necessary to address short-term imbalances.

(b) Interest rate risk

The Company holds variable-rate assets and liabilities, which cause the exposure to interest rate risk in cash flows.

(23) Capital management

The Board of Directors policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings and non-controlling interests of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary stockholders.

The Company’ s debt-to-equity ratios at the end of the reporting periods were as follows:

	December 31, 2021	**December 31, 2020**
Total liabilities	$ 79,533,388	38,501,010
Less: cash and cash equivalents	(40,106,096)	(3,304,352)
Net debt	**$ 39,427,292**	**35,196,658**
Total equity	**$ 45,631,503**	**44,154,900**
Debt-to-equity ratio	**86.40%**	**79.71%**

The increase in long-term payable resulted in the debt-to-equity ratio to increase as at December 31, 2021.

(24) Cash flow information

A. For acquiring right-of-use assets by lease, please refer to note 6(8).

B. Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2021	**Cash flows**	**Foreign exchange movement and others**	**December 31, 2021**
Short-term borrowings	$ 9,871,000	(9,871,000)	-	-
Lease liabilities	464,257	(48,614)	85,740	501,383
Bonds payable	-	46,812,845	(1,688,105)	45,124,740
Payables to related parties	12,376,551	(819,167)	-	11,557,384
Total liabilities from financing activities	**$ 22,711,808**	**36,074,064**	**(1,602,365)**	**57,183,507**

	January 1, 2020	Acquisition from business combination	Cash flows	Foreign exchange movement and others	December 31, 2020
Short-term borrowings	$ 9,886,000	-	(15,000)	-	9,871,000
Lease liabilities	66,281	438,244	(40,508)	240	464,257
Payables to related parties	10,540,000	(9,199,117)	11,399,508	(363,840)	12,376,551
Total liabilities from financing activities	**$ 20,492,281**	**(8,760,873)**	**11,344,000**	**(363,600)**	**22,711,808**

7. Related-party transactions:

(1) Parent company and ultimate controlling company

Sino-American Silicon Product Inc. ("SAS") is both the parent company and the ultimate controlling party of the Company. As of December 31, 2021, it owns 51.17% of all shares outstanding of the Company and has issued the consolidated financial statements available for public use.

(2) Names and relationship with related parties

The followings are entities that have had transactions with the Company during the periods covered in the parent-company-only financial statements:

Name of related party	Relationship with the Company
Sino-American Silicon Products Inc. ("SAS")	The parent company
Sunrise PV World Co., (SPW) (note 1)	SAS's subsidiary
Actron Technology Corp.	SAS's associate using equity method
Crystalwise Technology Inc.	SAS's associate using equity method
GlobalSemiconductor Inc. (GSI)	The Company's directly held subsidiary
GWafers Singapore Pte. Ltd. (GWafers Singapore)	The Company's directly held subsidiary
GlobalWafers Japan Co., Ltd. (GWJ)	The Company's directly held subsidiary
Topsil Globalwafers A/S (Topsil A/S)	The Company's indirectly held subsidiary
Taisil (Note 2)	The Company's directly held subsidiary
Sunrise PV Five Co., Ltd. (SPV 5)	The Company's directly held subsidiary
Sunrise PV Four Co., Ltd. (SPV 4)	The Company's directly held subsidiary
GlobalWafers Holding Co., Ltd. (GWH)	The Company's directly held subsidiary

Name of related party	Relationship with the Company
Kunshan Sino Silicon Technology Co., Ltd. (SST)	The Company's indirectly held subsidiary
GlobiTech Incorporated (GTI)	The Company's indirectly held subsidiary
Topsil Semiconductor sp z o.o. (Topsil PL)	The Company's indirectly held subsidiary
GlobalWafers Singapore Pte. Ltd. (GWS)	The Company's indirectly held subsidiary
GlobalWafers B.V. (GWBV)	The Company's indirectly held subsidiary
MEMC Japan Ltd. (MEMC Japan)	The Company's indirectly held subsidiary
MEMC Electronic Materials, SpA (MEMC SpA)	The Company's indirectly held subsidiary
MEMC Electronic Materials France SarL (MEMC SarL)	The Company's indirectly held subsidiary
MEMC Electronic Materials GmbH (MEMC GmbH)	The Company's indirectly held subsidiary
MEMC Korea Company (MEMC Korea)	The Company's indirectly held subsidiary
MEMC LLC (MEMC LLC)	The Company's indirectly held subsidiary
MEMC Electronic Materials, Sdn Bhd (MEMC Sdn Bhd)	The Company's indirectly held subsidiary
SunEdison Semiconductor Technology (Shanghai) Ltd. (SunEdison Shanghai)	The Company's indirectly held subsidiary
MEMC Ipoh Sdn Bhd (MEMC Ipoh)	The Company's indirectly held subsidiary

Note 1: Sunrise PV World was dissolved after merging with the parent company SAS on January 31, 2020.

Note 2: Taisil was dissolved after merging with the Company on February 1, 2020.

(3) Key management personnel compensation

Key management personnel compensation comprised of:

	For the years ended December 31,	
	2021	2020
Short-term employee benefits	$ 193,690	165,622
Post-employment benefits	706	706
	$ 194,396	166,328

The Company provided a car costing $1,500 thousand, for key management use in 2021 and 2020, respectively.

(4) Significant transactions with related parties

A. Sales

The amounts of significant sales by the Company to related parties were as follows:

	For the years ended December 31,	
	2021	**2020**
Parent company	$ 15,155	4,699
Subsidiary	6,458,403	5,945,874
Other related parties	289,725	224,061
	$ 6,763,283	**6,174,634**

The sales price for sales to the related parties was determined by market price and adjusted according to the sales area and sales volume.

The credit terms for third parties were 0 to 120 days after month-end both in 2021 and 2020, while those for related parties were 30 to 90 days after month-end both in 2021 and 2020.

B. Purchases and process outsourcing

The amounts of purchases and process outsourcing by the Company from related parties were as follows:

	For the years ended December 31,	
	2021	**2020**
Parent company	$ 2,090,471	1,061,950
Subsidiary－GWJ	7,247,129	6,765,853
Subsidiary－SST	2,094,546	1,784,604
Subsidiary－GTI	2,128,679	1,839,483
Subsidiary－others	1,624,152	1,105,696
Other related parties	157	-
	$ 15,185,134	**12,557,586**

The prices of purchases and process outsourcing were determined by market rates.

The payment terms to third parties were 0 to 120 days after month-end both in 2021 and 2020, while those of related parties were 30 days after the following month-end both in 2021 and 2020.

C. Receivables from related parties

The receivables from related parties were as follows:

Items	Categories	December 31, 2021	December 31, 2020
Receivable from related parties	Parent company	$ 2,701	582
Receivable from related parties	Subsidiary	1,183,908	962,077
Receivable from related parties	Other related parties	65,929	72,414
		$ 1,252,538	1,035,073

D. Payables to related parties

The payables to related parties were as follows:

Items	Categories	December 31, 2021	December 31, 2020
Payable to related parties	Parent company	$ 177,872	207,834
Payable to related parties	Subsidiary－GWJ	1,955,393	1,923,569
Payable to related parties	Subsidiary－others	1,055,693	710,059
		$ 3,188,958	2,841,462

E. Prepayments

The prepayments to the parent company were for material purchases which were paid in full. As of December 31, 2021 and 2020, the balance of prepayments, which were recognized as other current assets, amounted to $1,717,408 thousand and $0 thousand, respectively.

F. Loans to other parties

For the year ended 2021 and 2020, the loans to related parties during the period were as follows:

	2021		
Related parties	Ending balance	Interest rate period	Interest Income
Subsidiary	$ 10,000	1%	6,214

As of December 31, 2021, the interest receivable was $16 thousand.

For the year ended 2021 and 2020, the financing loans from related parties during the period were as follows:

	2021		
Related parties	Ending balance	Interest rate period	Interest expense
Subsidiary	$ 11,557,384	0.5%~1.2%	118,586

	2020		
Related parties	**Ending balance**	**Interest rate period**	**Interest expense**
Subsidiary	$ 12,376,551	0.5%~1.5%	194,623

As of December 31, 2021 and 2020, the interest payable both was $0.

G. Guarantees and endorsements

For the years ended 2021 and 2020. The maximum amount of guarantees and endorsements for related parties to apply for bank financing credit lines were as follows:

(amounts in thousands)

	For the year ended December 31,			
Related parties	**2021**		**2020**	
Subsidiary	NTD	1,479,800	NTD	-
Subsidiary	EUR	2,961,000	EUR	10,000
Subsidiary	USD	-	USD	60,000
Subsidiary	DKK	-	DKK	25,000

As of December 31, 2021 and 2020, the balance of guarantees and endorsements were summarized as follows:

(amounts in thousands)

Related parties	**December 31, 2021**		**December 31, 2020**	
Subsidiary	NTD	1,479,800	NTD	-
Subsidiary	EUR	2,961,000	EUR	10,000
Subsidiary	USD	-	USD	60,000
Subsidiary	DKK	-	DKK	25,000

H. Payment on behalf of others

As of December 31, 2021 and 2020, receivables from related parties and payables to related parties generated from material purchases, insurance and utilities payments and manpower support recognized as receivable from related parties were $3,106 thousand and $479 thousand, respectively and payable to related parties were $961 thousand and $7,681 thousand, respectively.

I. Transactions of property, plant and equipment

(a) Purchase amounts of property, plant and equipment from related parties were summarized as follows:

	For the years ended December 31,	
Related parties	**2021**	**2020**
Parent company	$ 1,150	3,307
Subsidiary	3,891	7,788
Other related parties	1,017	16,316
	$ 6,058	**27,411**

As of December 31, 2021 and 2020, the payables were $181 thousand and $1,524 thousand, respectively.

(b) Disposal amounts of property, plant and equipment to related parties were summarized as follows:

	For the years ended December 31,	
Related parties	**2021**	**2020**
Parent company	$ -	260
Subsidiary	-	1,190
	-	**1,450**

As of December 31, 2021 and 2020, the receivable from the above transactions had been fully received.

Lease

The Company rented the plant from its Parent company. A two-year lease contract was signed. The total value of the contract was $21,579 thousand, please refer to note(12).

For the year ended December 31, 2021, the Company recognized the amount of $86 thousand as the interest expense. As of December 31, 2021, the balance of lease liabilities amounted to $16,221 thousand.

J. Others

(a) The Company's direct sales transaction to the related parties was viewed as the transfer of inventories so that sales revenue and related cost would be eliminated in the financial statements and would not be regarded as the Company’ s sales and cost.

For the years ended December 31, 2021 and 2020, the amount of selling transactions was as follows:

Related parties	For the years ended December 31,	
	2021	2020
Subsidiary	$ 10,535,345	8,662,820

For the years ended December 31, 2021 and 2020, the service revenue generated from the Company's purchase of raw materials on behalf of subsidiaries was $840,120 thousand and $743,649 thousand, respectively.

In addition, the Company made an agreement with subsidiaries for charging commission income. For the years ended December 31, 2021 and 2020, the commission revenue were $46,213 thousand and $35,558 thousand, respectively, and recognized as service revenue.

The balance of accounts receivable generated from above transactions were as follows:

Items	Categories	December 31, 2021	December 31, 2020
Receivable from related parties	Subsidiary	$ 2,016,760	1,366,222

(b) The Company charged the related parties for royalty. Details of royalty income and receivable from related parties were as follows:

Categories	For the years ended December 31,	
	2021	2020
Subsidiary	$ 650,723	644,901

Items	Categories	December 31, 2021	December 31, 2020
Receivable from related parties	Subsidiary	$ 107,619	85,358

(c) The Company provided other services for related parties, including service support, machinery usage, human resources and plant lease, etc. Details of related other income and receivables from related parties were as follows:

Categories	For the years ended December 31,	
	2021	2020
Parent company	$ 6,647	10,728
Subsidiary	48,766	29,957
Other related parties	266	536
	$ 55,679	41,221

Items	Categories	December 31, 2021	December 31, 2020
Receivable from related parties	Parent company	$ 777	1,232
Receivable from related parties	Subsidiary	6,202	2,623
Receivable from related parties	Other related parties	89	433
		$ 7,068	4,288

(d) The related parties charged the Company for their services, including administrative assistance, technical service, legal work appointment, and plant lease, etc. Details of related other expenses and payables to related parties were as follows:

Categories	For the years ended December 31, 2021	2020
Parent company	$ 89,778	20,330
Subsidiary	362,803	329,708
Other related parties	1,829	-
	$ 454,410	350,038

Items	Categories	December 31, 2021	December 31, 2020
Payables to related parties	Parent company	$ 26,814	5,102
Payables to related parties	Subsidiary	66,979	88,605
Payables to related parties	Other related parties	183	-
		$ 93,976	93,707

8. Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Purpose of pledge	December 31, 2021	December 31, 2020
Time deposits (recognized in other financial assets－non-current)	Guarantee for gas consumption from CPC Corporation	$ 2,000	2,000
Time deposits (recognized in other financial assets－non-current)	Guarantee payment for import VAT	5,000	5,000
Time deposits (recognized in other financial assets－non-current))	Guarantee for the lease contract with the Hsinchu Science Industrial Park Bureau	40,687	40,679
Time deposits (recognized in other financial assets－non-current)	Guarantee for bank financing projects	138,400	142,400
		$ 186,087	190,079

9. Commitments and contingencies:

(1) Significant unrecognized contractual commitments

A. As of December 31, 2021 and 2020, the purchase amounts for future procurement from suppliers under the existing agreements were amounted to $12,699,896 thousand and $42,094 thousand, respectively.

B. As of December 31, 2021 and 2020, the significant outstanding commitments for construction and purchase of property, plant and equipment amounted to $1,939,188 thousand and $257,082 thousand, respectively.

C. Research and Development which was the Company requested a bank to issue amounted $48,000 thousand and $14,000 thousand, respectively.

D. The Company signed a long-term sales contract with certain customers and received advance payments. The customer is required to order minimum quantity according to the contract. As of December 31, 2021 and 2020, a guarantee letter for the customer issued by the bank amounted to $0 thousand and $88,651 thousand, respectively.

E. The Company has made an application of the Management, Utilization, and Taxation of Repatriated Offshore Funds Act to the tax authorities on November 28, 2019 and February 21, 2020. The application was approved and the fund was repatriated. Up to 5% of the funds could be withdrawn and freely utilized. The remaining 95% can only be withdrawn for the investments approved by the Ministry of Economic Affairs, R.O.C. upon the elapse of five full years after the date of depositing the fund into a segregated foreign exchange deposit account The Company has made an application to utilize the fund for capital investment. The fund is planned to utilize for factory extension, purchase of factory's facilities and other related capital expenditure. As of December 31, 2021 and 2020, the balances of the account were $3,944,367 thousand and $5,491,302 thousand, respectively, recorded as other current financial assets and other non-current financial assets.

F. GlobalWafers Co., Ltd.'s board resolved to acquire Siltronic AG outstanding shares at EUR125 per share on December 9, 2020. The business combination with Siltronic AG would maximize the shareholders benefits. GlobalWafers Co., Ltd. and Siltronic AG signed a business combination agreement on December 10, 2020, wherein the Group issued a EUR50 million letter of payment guarantee through the bank.

The Company also signed an irrevocable undertaking agreement with Wacker Chemie AG (Wacker Chemie). It was approved by German Federal Financial Supervisory Authority (BaFin) on December 21, 2020, to publish the offer document outlining terms of the voluntary public takeover offer for the acquisitions of all no-par value registered shares in Siltronic AG.

On January 22, 2021, the final offer price was adjusted to EUR145 per share, and the acceptance period of takeover offer was due on March 1, 2021. The Group signed the letter of payment guarantee with an amount up to EUR4.2 billion (equivalent to acquisition consideration) through the bank. As of January 31, 2022, the Company did not obtain the approval from the German government in due course.

(2) Contingent liabilities: None

10. Losses due to major disasters: None

11. Subsequent Events:

As of January 31, 2022, the closing date of the transaction, the Company failed to obtain the approval of the German Government, therefore, the Company' s public offer for Siltronic and the related contract lapsed due to the failure to fulfill the conditions.

The 13.67% shares of Siltronic acquired by the Company in the market may be freely disposed of, and there is no restriction on the holding period. The 56.60% of Siltronic shares that should have been sold during the public offer period remained with the original shareholders, and were converted to outstanding common shares on February 8, 2022, for which the Company has no obligation to perform.

In addition, according to the business combination agreement between the Company and Siltronic, a termination fee of EUR 50 million was payable to Siltronic for failure to obtain the required approval from the competent authorities, which had been provisionally recorded in other current liabilities.

12. Other:

A summary of the employee benefits, depreciation, and amortization expenses, by function is as follows:

By function / By item	For the years ended December 31, 2021			2020		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salary	1,114,949	811,324	1,926,273	956,420	435,690	1,392,110
Labor and health insurance	109,082	36,425	145,507	92,533	28,825	121,358
Pension	53,088	19,829	72,917	54,587	18,238	72,825
Others	31,960	21,393	53,353	23,785	16,523	40,308
Remuneration of directors	-	47,505	47,505	-	46,620	46,620
Depreciation	800,044	60,589	860,633	823,802	51,955	875,757
Amortization	180,128	835	180,963	317,932	17	317,949

Additional information on the numbers of employees and employee benefit costs was as follows:

	For the years ended December 31, 2021	2020
The numbers of employees	1,630	1,586
The numbers of non-employee directors	6	6
The average of employee benefits	$ 1,353	1,029
The average of salaries	$ 1,186	881
The average of salary adjustment rate	1.45%	
Supervisors' remuneration	$ -	-

The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

(1) Remuneration of directors

The director's remuneration is based on the Company's profitability for the year. The Company may allocate the remuneration to non-independent directors according to their degree of participation and contribution of the Company's operations.

The standard of above remuneration to directors (including independent directors) shall be proposed by the Remuneration Committee; thereafter, to be submitted to the Board of Directors for resolution.

(2) Remuneration to employees

According to the Company's salary policy and regulations, the remuneration is based on each employee's title, level, academic experience, professional ability, responsibilities, etc.

In accordance with the Company's "Employee salary and remuneration allocation regulations ", when the Company have annual profits, the employee remuneration rewards will be allocated based on the employee's level, title and performance.

(3) Remuneration to managers

The Company evaluates its managers' remuneration with reference to the Taiwan market, the salary level of competitors in the same industry, the Company's salary policy and manager's title, level, academic experience, professional ability and responsibilities, to grant a reasonable basic salary to each manager. After presenting the results to the salary committee for discussion, the resolution will be submitted to the Board of Directors for approval.

In accordance with the Company's "Employee salary and remuneration allocation regulations", when the Company has annual profits, the remuneration rewards to managers will be allocated based on their level, title and performance.

Based on the overall performance, the chairman proposes to the Remuneration Committee the allocation of rewards based on each manager's contribution to the Company's entire operation results. The manager's remuneration will be reported to the Remuneration Committee for discussion and resolution; thereafter; to be submitted to the Board of Directors for approval.

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

A. Loans to other parties: Please refer to Table 1.

B. Guarantees and endorsements for other parties: Please refer to Table 2.

C. Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.

D. Individual securities acquired or disposed of with accumulated amounts exceeding the lower of NT$300 million or 20% of the capital stock: Please refer to Table 4.

E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: Please refer to Table 5.

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 6.

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 7.

I. Trading in derivative instruments: Please refer to notes 6(2).

(2) Information on investees: Please refer to Table 8.

(3) Information on investment in mainland China:

A. The names of investees in Mainland China, the main businesses and products and other information: Please refer to Table 9(1).

B. Limitation on investment in Mainland China: Please refer to Table 9(2).

C. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in the “Information on significant transactions”.

(4) Major shareholders:

Shareholder’s Name	Shares	Percentage
Sino-American Silicon Products Inc.	222,727,000	51.17%

14. Segment information:

Please refer to the Consolidated financial statements for the year ended December 31, 2021.

GlobalWafers Co., Ltd.
Loans to other parties
For the year ended December 31, 2021

Table 1 (In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 3)
													Item	Value		
0	The Company	GlobalWafers GmbH	Receivable from related parties	Yes	6,866,000	-	-	0.45%	2	-	Operating capital	-	-	-	18,252,601	18,252,601
0	The Company	SPV5	Receivable from related parties	Yes	10,000	10,000	10,000	1.00%	2	-	Operating capital	-	-	-	18,252,601	18,252,601
0	The Company	GWH	Receivable from related parties	Yes	500,000	500,000	-	1.00%	2	-	Operating capital	-	-	-	18,252,601	18,252,601
1	GWJ	MEMC Japan	Receivable from related parties	Yes	1,443,000	1,443,000	745,550	0.59%	2	-	Operating capital	-	-	-	16,451,608	16,451,608
1	GWJ	The Company	Receivable from related parties	Yes	5,667,660	3,607,500	2,886,000	0.56%	2	-	Operating capital	-	-	-	16,451,608	16,451,608
1	GWJ	The Company	Receivable from related parties	Yes	5,106,080	-	-	0.55%	1	7,245,440	Business between two parties	-	-	-	7,245,440	16,451,608
2	MEMC SpA	GlobalWafers B.V.	Receivable from related parties	Yes	1,888,150	1,722,600	1,722,600	0.45%	2	-	Operating capital	-	-	-	8,678,590	8,678,590
2	MEMC SpA	GlobalWafers Singapore	Receivable from related parties	Yes	2,680,860	2,442,960	1,908,946	3.44%	2	-	Operating capital	-	-	-	8,678,590	8,678,590
3	GlobalWafers Singapore	GlobalWafers B.V.	Receivable from related parties	Yes	2,853,500	936,857	936,857	1.20%	2	-	Operating capital	-	-	-	40,588,738	40,588,738
3	GlobalWafers Singapore	GlobalWafers GmbH	Receivable from related parties	Yes	4,291,250	3,915,000	3,915,000	0.45%	2	-	Operating capital	-	-	-	40,588,738	40,588,738
3	GlobalWafers Singapore	The Company	Receivable from related parties	Yes	12,270,050	11,902,400	7,287,384	0.80%~ 1.20%	2	-	Operating capital	-	-	-	40,588,738	40,588,738
4	GTI	MEMC LLC	Receivable from related parties	Yes	199,745	193,760	-	1.75%	2	-	Operating capital	-	-	-	9,776,708	9,776,708
4	GTI	The Company	Receivable from related parties	Yes	1,426,750	1,384,000	1,384,000	0.80%	2	-	Operating capital	-	-	-	9,776,708	9,776,708
5	GlobalWafers B.V.	GlobalWafers GmbH	Receivable from related parties	Yes	4,806,200	4,384,800	2,662,000	0.45%	2	-	Operating capital	-	-	-	40,277,615	40,277,615
6	GWH	SPV4	Receivable from related parties	Yes	50,000	50,000	10,000	1.00%	2	-	Operating capital	-	-	-	100,161	100,161

Note 1: The nature of financing purposes:

(1) Represents entities with business transaction with the Group.

(2) Represents where an inter-company or inter-firm short-term financing facility is necessary.

Note 2: For entities who have business transactions with the Company, the amount of financing shall not exceed the amount of business transaction for the current year. For the purpose of lending operating capital, the amount of financing offered to a single company and to an investee whose voting shares, directly or indirectly, owned by the Company shall not exceed 40 percent of the lender's net worth.

Note 3: The total amount available for financing purposes shall not exceed 40 percent of the lender's net worth. The total amount available for financing to investees whose voting shares, directly or indirectly, owned by the Company shall not exceed 40 percent of the Company's net worth.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

GlobalWafers Co., Ltd.

Guarantees and endorsements for other parties

For the year ended December 31, 2021

Table 2 (In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3, 4)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	GlobalWafers GmbH	2	136,894,509	112,244,400	91,485,720	6,577,200	-	200.49%	136,894,509	Y	N	N
0	The Company	GWH	2	136,894,509	1,300,000	1,300,000	-	-	2.85%	136,894,509	Y	N	N
0	The Company	SPV4	2	136,894,509	100,000	100,000	-	-	0.22%	136,894,509	Y	N	N
0	The Company	SPV5	2	136,894,509	79,800	79,800	79,800	-	0.17%	136,894,509	Y	N	N
0	The Company	GWS	2	136,894,509	1,260,000	1,252,800	1,252,800	-	2.75%	136,894,509	Y	N	N
1	GTI	MEMC LLC	2	48,883,540	428,025	415,200	93,013	-	4.25%	48,883,540	N	N	N

Note 1: The characters of guarantees and endorsements are coded as follows:

(1) The issuer is coded "0".

(2) The investee is coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relation between guarantor and guarantee and their endorsement should be disclosed as one of the following:

(1) Ordinary business relationship.

(2) Subsidiary which owned more than 50 percent by the guarantor.

(3) An investee owned more than 50 percent in total by both the guarantor and its subsidiary.

(4) An investee owned more than 90 percent by the guarantor or its subsidiary.

(5) Fulfillment of contractual obligations by providing mutual endorsements and guarantor for peer or joint builders in order to undertake a construction project.

(6) An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.

(7) The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for per-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The total amount of external endorsements and/or guarantees shall worth no more than triple of the Company’s net worth.

Note 4: The total amount of external endorsements and/or guarantees for any single company shall not exceed 10 percent of the Company’s net worth. However, for subsidiaries shall not exceed 3 times of the Company’s net worth.

GlobalWafers Co., Ltd.

Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures)

December 31, 2021

Table 3

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	CDIB Capital Growth Partners L.P.	None	Financial assets at fair value through profit or loss, mandatorily measured at fair value－non-current	-	195,163	3.85%	195,163	
The Company	Siltronic AG	None	Financial assets at fair value through profit or loss－non-current	650	2,879,639	2.17%	2,879,639	
GlobalWafers GmbH	Siltronic AG	None	Financial assets at fair value through profit or loss－non-current	2,851	12,631,231	9.50%	12,631,231	
GWBV	Siltronic AG	None	Financial assets at fair value through profit or loss－non-current	600	2,662,679	2.00%	2,662,679	
The Company	WT Microelectronics Co., Ltd.	None	Financial assets at fair value through other comprehensive income	2,518	185,073	0.32%	185,073	

GlobalWafers Co., Ltd.

Individual securities acquired or disposed of with accumulated amounts exceeding the lower of than NT$300 million or 20% of the capital stock

For the year ended December 31, 2021

Table 4 (In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance Shares	Beginning Balance Amount	Purchases Shares	Purchases Amount	Sales Shares	Sales Price	Sales Cost	Sales Gain (loss) on disposal	Ending Balance Shares	Ending Balance Amount
GWBV	Siltronic AG	Financial assets at fair value through profit or loss－non-current	-	None	600	2,688,372	-	-	-	-	-	-	600	2,662,679
GlobalWafers GmbH	Siltronic AG	Financial assets at fair value through profit or loss－non-current	-	None	-	-	2,851	12,631,231	-	-	-	-	2,851	12,631,231
The Company	Siltronic AG	Financial assets at fair value through profit or loss－non-current			650	2,915,490	-	-	-	-	-	-	650	2,879,639

Note: Ending balance including unrealized gain or loss.

GlobalWafers Co., Ltd.

Acquisition of individual real estate with amount exceeding the lower than NT$300 million or 20% of the capital stock

For the year ended December 31, 2021

Table 5 (In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
MEMC Korea	Property, plant and equipment	October 5, 2018	1,814,200	To the progress of the project	Sungdo Eng. Company	Non-related parties	-	-	-	-	Fair value	For operating purpose	None
MEMC Korea	Property, plant and equipment	September 2018	330,175	To the progress of the project	L.Keeley Construction	Non-related parties	-	-	-	-	Fair value	For operating purpose	None

GlobalWafers Co., Ltd.

Related-party transactions for purchases and sales with amounts exceeding the lower than NT$300 million or 20% of the capital stock

For the year ended December 31, 2021

Table 6 (In Thousands of New Taiwan Dollars)

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase /Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	SAS	Parent Company	Purchase	2,090,471	15%	Net 30 days from the end of the next month upon issuance of invoice	-	-	(177,872)	(4)%	
The Company	GTI	Indirectly held subsidiaries	Purchase	2,073,802	3%	Net 60 days from the end of the month upon issuance of invoice	-	-	(359,256)	(4)%	
The Company	SST	Indirectly held subsidiaries	Purchase	2,061,886	3%	Net 60 days from the end of the month upon issuance of invoice	-	-	(379,953)	(4)%	
The Company	GWJ	Directly held subsidiaries	Purchase	6,697,405	11%	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(1,872,552)	(21)%	
The Company	Topsil A/S	Indirectly held subsidiaries	Purchase	866,388	1%	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(192,461)	(2)%	
The Company	GWS	Indirectly held subsidiaries	Purchase	712,957	1%	Net 60 days from the end of the month upon issuance of invoice	-	-	(122,445)	(1)%	
GWS	The Company	Indirectly held subsidiaries	Purchase	6,583,737	11%	Net 60 days from the end of the month upon issuance of invoice	-	-	(1,209,905)	(13)%	
MEMC Korea	The Company	Indirectly held subsidiaries	Purchase	1,762,010	3%	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(463,477)	(5)%	
MEMC SpA	The Company	Indirectly held subsidiaries	Purchase	811,078	1%	Net 60 days from the end of the month upon issuance of invoice	-	-	(155,577)	(2)%	
GTI	The Company	Indirectly held subsidiaries	Purchase	3,606,789	6%	Net 45 days from the end of the month upon issuance of invoice	-	-	(450,697)	(5)%	
SST	The Company	Indirectly held subsidiaries	Purchase	1,090,130	2%	Net 30 days from the end of the month upon issuance of invoice	-	-	(83,416)	(1)%	

Name of company	Related party	Nature of relationship	Transaction details: Purchase /Sale	Transaction details: Amount	Transaction details: Percentage of total purchases/ sales	Transaction details: Payment terms	Transactions with terms different from others: Unit price	Transactions with terms different from others: Payment terms	Notes/Accounts receivable (payable): Ending balance	Notes/Accounts receivable (payable): Percentage of total notes/accounts receivable (payable)	Note
GWJ	The Company	Directly held subsidiaries	Purchase	2,619,443	4%	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(735,503)	(8)%	
Topsil A/S	The Company	Indirectly held subsidiaries	Purchase	396,400	1%	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(77,771)	(1)%	
Actron Technology	The Company	Associate of the parent company	Purchase	289,612	- %	Net 60 days from the end of the next month upon issuance of invoice	-	-	(65,911)	(1)%	
MEMC Sdn Bhd	The Company	Indirectly held subsidiaries	Purchase	123,758	- %	Net 60 days from the end of the month upon issuance of invoice	-	-	(17,452)	-%	
GWS	MEMC LLC	Indirectly held subsidiaries	Purchase	1,399,475	2%	Net 60 days from the end of the month upon issuance of invoice	-	-	(219,690)	(2)%	
GWS	MEMC LLC	Indirectly held subsidiaries	Sale	(639,618)	(1)%	Net 60 days from the end of the month upon issuance of invoice	-	-	125,959	1%	
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	Purchase	1,671,021	3%	Net 60 days from the end of the month upon issuance of invoice	-	-	(295,483)	(3)%	
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	Sale	(628,577)	(1)%	Net 60 days from the end of the month upon issuance of invoice	-	-	105,615	1%	
GWS	MEMC SpA	Indirectly held subsidiaries	Purchase	3,701,587	6%	Net 60 days from the end of the month upon issuance of invoice	-	-	(651,383)	(7)%	
GWS	MEMC SpA	Indirectly held subsidiaries	Sale	(4,148,873)	(7)%	Net 60 days from the end of the month upon issuance of invoice	-	-	742,296	8%	
GWS	MEMC Korea	Indirectly held subsidiaries	Purchase	1,432,638	2%	Net 60 days from the end of the month upon issuance of invoice	-	-	(263,573)	(3)%	
GWS	MEMC Japan	Indirectly held subsidiaries	Purchase	4,067,502	7%	Net 60 days from the end of the month upon issuance of invoice	-	-	(729,443)	(8)%	
GWS	MEMC Japan	Indirectly held subsidiaries	Sale	(1,534,937)	(3)%	Net 60 days from the end of the month upon issuance of invoice	-	-	263,177	3%	

Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

GlobalWafers Co., Ltd.

Receivables from related parties with amounts exceeding the lower than NT$100 million or 20% of the capital stock

December 31, 2021

Table 7 (In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	GTI	Indirectly held subsidiaries	450,697	9.10	-		268,332	-
The Company	GWJ	Directly held subsidiaries	735,503	4.52	-		311,828	-
The Company	GWS	Indirectly held subsidiaries	1,209,905	6.05	-		1,209,905	-
The Company	MEMC Korea	Indirectly held subsidiaries	463,477	4.96	-		379,126	-
The Company	MEMC SpA	Indirectly held subsidiaries	155,577	5.11	-		151,219	-
SAS	The Company	Parent Company	177,872	11.06	-		177,872	-
GTI	The Company	Indirectly held subsidiaries	359,256	6.50	-		359,256	-
SST	The Company	Indirectly held subsidiaries	379,953	5.95	-		360,797	-
GWJ	The Company	Directly held subsidiaries	1,872,552	3.59	-		1,220,081	-
GWS	The Company	Indirectly held subsidiaries	122,445	8.34	-		80,866	-
Topsil A/S	The Company	Indirectly held subsidiaries	192,461	6.79	-		191,085	-
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	105,615	5.57	-		105,615	-
GWS	MEMC Japan	Indirectly held subsidiaries	263,177	5.92	-		263,177	-
GWS	MEMC SpA	Indirectly held subsidiaries	742,296	6.83	-		742,296	-
GWS	MEMC LLC	Indirectly held subsidiaries	125,959	5.66	-		125,959	-
MEMC Sdn Bhd	GWS	Indirectly held subsidiaries	295,483	5.70	-		295,483	-
MEMC SpA	GWS	Indirectly held subsidiaries	651,383	6.26	-		651,383	-
MEMC Korea	GWS	Indirectly held subsidiaries	263,573	5.99	-		134,282	-
MEMC Japan	GWS	Indirectly held subsidiaries	729,443	5.52	-		729,443	-
MEMC LLC	GWS	Indirectly held subsidiaries	219,690	9.71	-		219,690	-

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
GWJ	The Company	Directly held subsidiaries	2,886,000	- (Note 3)	-		481,000	-
GTI	The Company	Indirectly held subsidiaries	1,384,000	- (Note 3)	-		-	-
GWS	The Company	Indirectly held subsidiaries	7,287,384	- (Note 3)	-		-	-

Note 1: The amount received in subsequent period as of February 25, 2022.
Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.
Note 3: Receivables from related-party for financing purpose.

GlobalWafers Co., Ltd.
Information on investees
For the year ended December 31, 2021

Table 8

(In Thousands of New Taiwan Dollars/other currencies)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of Ownership	Carrying value			
The Company	GWI	Cayman	Investment activities	1,427 (USD48)	1,427 (USD48)	0.01	100.00%	1,824	1	1	Subsidiary
The Company	GSI	Cayman	Investment in various businesses and triangular trade centers with subsidiaries in Mainland China	756,809 (USD26,555)	756,809 (USD26,555)	25,000	100.00%	2,258,662	459,294	455,025	Subsidiary
The Company	GWJ	Japan	Manufacturing and trading of silicon wafers	5,448,015	5,448,015	128	100.00%	16,436,066	1,795,646	1,795,279	Subsidiary
The Company	GWafers Singapore	Singapore	Investment activities	17,378,877	17,378,877	541,674	100.00%	38,958,825	5,462,710	5,467,460	Subsidiary
The Company	HONG-WANG Investment Co., Ltd.	Taiwan	Investment activities	309,760	309,760	30,976	30.98%	1,691,344	220,804	68,396	Associate
The Company	SPV4	Taiwan	Electricity activities	1,045,000	1,045,000	104,500	100.00%	1,050,119	4,948	4,948	Subsidiary
The Company	SPV5	Taiwan	Electricity activities	278,000	122,000	27,800	100.00%	276,319	(1,527)	(1,527)	Subsidiary
The Company	GWH	Taiwan	Investment activities	250,000	250,000	25,000	100.00%	250,403	469	469	Subsidiary
GWJ	MEMC Japan	Japan	Manufacturing and trading of silicon wafers	373,413 (JPY100,000)	373,413 (JPY100,000)	750	100.00%	2,755,254	198,616	-	Notes 2 and 3
Topsil A/S	Topsil PL	Poland	Manufacturing and trading of silicon wafers	-	-	0.1	100.00%	-	-	-	Notes 2 and 3
GWafer Singapore	GWS	Singapore	Investment activities	14,671,320 (USD406,898)	14,671,320 (USD406,898)	299,445	100.00%	45,502,198	5,466,903	-	Notes 2 and 3
GWS	GWBV	Netherlands	Investment activities	11,213,730 (USD362,763)	11,213,730 (USD362,763)	0.1	100.00%	40,277,615	3,809,075	-	Notes 2 and 3

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of Ownership	Carrying value			
GWBV	MEMC SpA	Italy	Manufacturing and trading of silicon wafers	6,732,641 (USD204,788)	6,732,641 (USD204,788)	65,000.0	100.00%	8,678,590	850,595	-	Notes 2 and 3
MEMC SpA	MEMC SarL	France	Trading	1,316 (USD40)	1,316 (USD40)	0.5	100.00%	2,030	625	-	Notes 2 and 3
MEMC SpA	MEMC GmbH	Germany	Trading	-	4,622 (USD141)	-	- %	-	-	-	Notes 2 and 3
GWBV	MEMC Korea	Korea	Manufacturing and trading of silicon wafers and sale	11,851,262 (USD384,605)	11,851,262 (USD384,605)	25,200	100.00%	17,283,919	2,184,873	-	Notes 2 and 3
GWBV	GTI	United States	Manufacturing and trading of epitaxial wafers and sale	2,779,849 (USD91,262)	2,779,849 (USD91,262)	1	100.00%	10,916,070	895,489	-	Notes 2 and 3
GWBV	MEMC Ipoh	Malaysia	Manufacturing and trading of silicon wafers and sale	93,907 (USD1,323)	93,907 (USD1,323)	612,300	100.00%	3,348	(109)	-	Notes 2 and 3
GWBV	GlobalWafers GmbH	Germany	Trading	827 (USD27)	827 (USD27)	25	100.00%	(161,505)	(171,165)	-	Notes 2 and 3
GWBV	Topsil A/S	Denmark	Manufacturing and trading of silicon wafers and sale	1,843,604 (USD60,996)	1,843,604 (USD60,996)	1,000	100.00%	1,945,237	137,093	-	Notes 2 and 3
GTI	MEMC LLC	United states	Manufacturing and trading of silicon wafers and sale	543,384 (USD17,839)	543,384 (USD17,839)	-	100.00%	3,809,498	279,273	-	Notes 2 and 3
SST	MEMC Sdn Bhd	Malaysia	Manufacturing and trading of silicon wafers and sale	898,016 (USD27,315)	898,016 (USD27,315)	1,036	100.00%	1,006,506	68,216	-	Notes 2 and 3

Note 1: A limited company.
Note 2: The investees are indirectly held subsidiaries of the Company.
Note 3: The investor’s profits and losses included the profits and losses of the investees; therefore, the investee’s profits and losses need not be disclosed.
Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

GlobalWafers Co., Ltd.

The names of investees in Mainland China, the main businesses and products and other information

For the year ended December 31, 2021

Table 9

(In Thousands of New Taiwan Dollars/other currencies)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
SST	Processing and trading of ingots and wafers	769,177 (Note 5)	Note 1	713,300 (USD21,729)	-	-	713,300 (USD21,729)	459,207	100%	459,207	2,198,254	-

(2) Limitation on investment in Mainland China

Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	713,300 (USD21,729)	1,101,933 (USD35,000) (Note 3)	27,378,902 (Note 4)

Note 1: Investments through GSI.

Note 2: The basis for investment income (loss) recognition is from the audited financial statements.

Note 3: Initial investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the Historical Foreign Exchange Rate.

Note 4: Pursuant to the 'Guidelines Governing the Review of Investment or Technical Cooperation in the Mainland Area' dated on August 29, 2008, the total amount of investment shall not exceed 60% of the Company's net worth on December 31, 2021.

Note 5: Retained earnings transferred to capital was included.

GlobalWafers Co., Ltd.

Statement of cash and cash equivalents

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Descriptions	Amount
Cash	Petty cash and cash on hand	$ 100
Bank deposits	Demand deposits	440,947
	Time deposits	33,107,824
	Foreign currency deposits (USD: 197,729,350.34； JPY: 1,251,246,398； EUR: 5,892,642.01； CNY: 3,985,677.62)	5,975,945
	Subtotal	39,524,716
Reverse repurchase agreeent		581,280
	Total	**$ 40,106,096**

Note: Foreign exchange rates at the balance sheet date are as follows:

USD exchange rates: 27.68

JPY exchange rates: 0.2405

EUR exchange rates: 31.32

RMB exchange rates: 4.344

GlobalWafers Co., Ltd.

Statement of accounts receivable

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Name of customer	Amount
Client K	$ 457,109
Client H	163,181
Client J	254,999
Client A	161,154
Client L	149,251
Client F	134,120
Other (individual amount does not exceed 5% of the account balance)	1,254,437
subtotal	2,574,251
Less: loss allowance	(6,768)
	$ 2,567,483

Note : 1. All accounts receivable are generated from operating activities.

2. Accounts receivable from related parties are not included in the above, please refer to note 7 for relevant information.

GlobalWafers Co., Ltd.

Statement of inventories

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Amount: Cost	Amount: Net realizable value
Merchandises	$ 382,405	381,960
Finished goods	148,920	265,932
Work in progress	461,121	594,857
Raw materials	884,649	884,020
Materials	360,695	563,066
Subtotal	2,237,790	**2,689,835**
Less: loss allowance	(49,510)	
Total	**$ 2,188,280**	

Statement of other current assets

Item	Amount
Prepayment for purchases	$ 1,878,118
Others (individual amount does not exceed 5% of the amount balance)	107,829
	$ 1,985,947

GlobalWafers Co., Ltd.

Statement of changes in investments accounted for using the equity method

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning balance: Shares	Beginning balance: Amount	Increase (decrease): Shares	Increase (decrease): Amount	Investment income/loss	Cumulative translation adjustment	Remeasur-e ment of defined benefit plans of subsidiaries	Unrealized gains (losses) from investments in equity measured at fair value through comprehensive income of associates	Ending balance: Shares	Ending balance: Amount	Ending balance: % of owner-ship	Equity, net worth	Pledged as colla-teral
GWI	-	$ 1,823	-	-	1	-	-	-	-	1,824	100.00	1,824	None
GSI	25,000	1,836,042	-	-	455,025	(32,405)	-	-	25,000	2,258,662	100.00	2,258,662	None
GWJ(GWafers)	128	16,946,410	-	-	1,795,279	(2,299,806)	(5,817)	-	128	16,436,066	100.00	16,436,066	None
GWafers Singapore	541,674	37,084,288	-	-	5,467,460	(3,763,973)	171,051	-	541,674	38,958,826	100.00	38,958,826	None
HONG-WANG	30,976	1,202,176	-	(33,158)	68,396	-	-	453,930	30,976	1,691,344	30.98	1,691,344	None
SPV 4	104,500	1,045,944	-	(773)	4,948	-	-	-	1,045,171	1,050,119	100.00	1,050,119	None
SPV 5	12,200	121,846	15,600	156,000	(1,527)	-	-	-	277,846	276,319	100.00	276,319	None
GWH	25,000	249,935	-	-	469	-	-	-	249,935	250,404	100.00	250,404	None
		58,488,464		122,069	7,790,051	(6,096,184)	165,234	453,930		60,923,564		60,923,564	
Less: unrealized gross profit on sales of subsidiaries		(485,163)		-	(326,914)	-	-	-		(812,077)		-	
Total		$ 58,003,301		122,069	7,463,137	(6,096,184)	165,234	453,930		60,111,487		60,923,564	

GlobalWafers Co., Ltd.

Statement of changes in property, plai
equipment

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(7) for further information on “property, plant and equipment”.

Statement of changes in right-of-use assets

Please refer to note 6(8) for further information on “right-of-use assets”.

Statement of other non-current assets

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Long-term prepayment for purchases	$ 765,709
Deferred tax assets	313,842
Others	7,552
	$ 1,087,103

GlobalWafers Co., Ltd.

Statement of accounts payable

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Vendor name	Amount
Vendor C	$ 154,712
Vendor J	134,042
Vendor D	71,287
Vendor I	58,476
Others (individual account does not exceed 5% of the amount balance)	780,442
Total	**$ 1,198,959**

Note 1: All accounts receivable are generated from operating activities.

Note 2: Accounts receivable from related party are not included in the above accounts, please refer to note 7 for relevant information.

Statement of other current liabilities

Item	Amount
Tax payable	$ 825,287
Service fee payable	330,511
Provisions	1,566,000
Others (individual account does not exceed 5% of the amount balance)	1,127,466
Total	**$ 3,849,264**

GlobalWafers Co., Ltd.

Statement of lease liabilities

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Summary	Lease period	Discount rate	Ending balance	Note
Land	Science Park Land (Hsinchu)	January 1, 2015~December 31, 2037	1.19%	$ 373,291	
Land	Science Park Land (Zhunan)	April 4, 2020~December 31, 2037	1.19%	56,249	
Land	Science Park Land (Hsinchu)	January 1, 2021~December 31, 2040	0.89%	52,714	
Other equipment	Warehouse	July 1, 2021~June 30, 2023	0.89%	16,221	
Other equipment	Telephone system	November 1, 2021~December 31, 2026	0.89%	2,497	
Other equipment	Official car	December 27, 2021~December 26, 2024	0.89%	411	
				501,383	
Less: lease liabilities due within one year				(43,910)	
				$ 457,473	

Statement of other non-current liabilities

Item	Amount
Deferred tax liabilities	$ 2,813,630
Net defined benefit liabilities	554,365
Lease liabilities－non-current	457,473
	$ 3,825,468

GlobalWafers Co., Ltd.

Statement of operating revenue

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Sales volume	Amount
Operating revenue		
Semiconductor wafers	25,576 thousand pieces	$ 22,223,076
Semiconductor ingot	560,075 thousand kilograms	1,772,536
		23,995,612
Service revenue		886,333
Royalty income		650,723
Other operating revenue		39,626
Net operating income		**$ 25,572,294**

GlobalWafers Co., Ltd.

Statement of operating cost

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Goods, beginning of year	$ 349,097
Add: Goods purchased	13,113,272
Less: Write-off of selling to associates and oversea triangular trade in the period	10,070,983
Transferred from expenses	258
Realized gain from sales of associates	1,463,108
Goods, end of year	382,405
Cost of purchase and selling	1,545,615
Raw material used	
Raw material beginning of year	660,365
Add: Raw material purchased	7,195,145
Less: Raw materials	884,649
Transferred to expense and others	316,842
Sales in the period	3,671,247
Direct raw material	2,982,772
Material, beginning of year	328,831
Add: Material purchased	2,476,169
Less: Material, end of year	360,695
Transferred to other expenses	455,598
Sales in the period	29,517
Indirect material	1,959,190
Direct labor	644,198
Manufacturing expenses	4,020,700
Manufacturing costs	9,606,860
Add: Work in process, beginning of year	374,825
Transferred from finished goods	51,974
Work in process purchased	213,963
Less: work in process, end of year	461,121
Transferred to expenses－work in process	34,995
Cost of finished goods	9,751,506
Add: finished goods, beginning of year	238,542
Less: Finished goods, end of year	148,920
Transferred to other expenses	132,144
Cost of finished goods	9,708,984
Add: Sales of raw material	3,700,764
Cost of idle capacity	92,414
Inventory valuation loss (gains)	(2,487)
Less: Others	48,008
Total cost of sales	$ 14,997,282

GlobalWafers Co., Ltd.

Statement of operating expenses

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Selling and marketing expenses	Administra-tive expenses	Research and development expenses	Expected credit loss (gain)
Payroll expense	$ 102,397	347,080	361,847	-
Remuneration of director	-	47,505	-	-
Shipping expense	211,893	-	489	-
Depreciation expense	981	7,115	52,493	-
Commission expense	69,025	-	-	-
Technical service fee	-	-	103,936	-
Inspection fee	-	-	104,904	-
Indirect materials	35,843	-	530,848	-
Others (individual amount does not exceed 5% of the account balance	67,477	281,458	114,701	-
Total	**$ 487,616**	**683,158**	**1,269,218**	**-**

Attachment 3. Affiliation Report

Statement

It is hereby declared that the 2021 Affiliation (from January 1, 2021 to December 31, 2021) was prepared pursuant to the "Criteria Governing Preparation of Affiliation Reports, Affiliated Business Consolidated Business Report and Consolidated Financial Statements of Affiliated Enterprises", and there are no significant inconsistencies between the information given above and the supplementary information disclosed in the notes to financial statements for the above period.

Hereby declared above.

GlobalWafers Co., Ltd.

Chairperson: Hsiu-Lan Hsu

March 15, 2022

Independent Auditors' Report on the Affiliation Report

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

GlobalWafers Co., Ltd. prepared the 2021 Affiliate Report pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" (hereafter "Criteria"); the financial information related to the Report has been reviewed by us against the information disclosed in the notes of the financial reports during the abovementioned period, with this review opinion issued pursuant to the Criteria.

We believe the information disclosed in the 2021 Affiliate Report of GlobalWafers Co., Ltd. has no material inconsistency to the information disclosed in the notes of the financial reports during the abovementioned period, and no violation of the Criteria is found.

To

GlobalWafers Co., Ltd.

KPMG CPA

Accountants :	An-chih Cheng Mei-Yu Tseng
Securities authority: approved and certified document No.	Financial supervision audit No. 1060005191 (88) Taiwan Finance Certificate (6) No. 18311

March 15, 2022

GlobalWafers Co., Ltd.

Affiliation Report

2021

I. Relationship between the controlling company and its subordinates

Unit: Shares

Name of controlling company	Cause of control	Shareholding and pledges by the controlling company			Appointment of members of the controlling company as the directors, supervisors, or managerial officers	
		Number of shares held	Shareholding ratio	Number of shares pledged	Job title	Name
Sino-American Silicon Products Inc.	Holding a majority of the total number of shares with voting power issued by the subordinate	222,727,000	51.17%	0	Director Director	Hsiu-Lan Hsu Tang-Liang Yao

II. Transaction situation

The transaction situation between the Company and the controlling company, Sino-American Silicon Products Inc., is stated as following:

(1) Purchase/Sales:

Unit: NTD thousands

Status of transactions with the controlling company				Terms of transactions with the controlling company		General terms and conditions for transactions		Cause of variance	Accounts/notes receivable (payable)		Overdue accounts receivable			Remarks
Purchase (sales)	Amount	Ratio in total purchase (sales)	Gross profit for sales	Unit price (NT$)	Credit term	Unit price (NT$)	Credit term		Balance	% of total accounts /notes receivable (payable)	Amount	Manner of Handling	Allowance for bad debt	
Sales	(15,155)	(0.06%)	(8,312)	Note 1	O/A 30 days~ O/A 60 days	Per the contract	O/A 0 day~ O/A 120 days	-	2,701	0.07%	-	-	-	-
Purchase	2,090,471	15.24%	-	Note 2	O/A 30 days EOM	Per the contract	O/A 0 day~ O/A 120 days EOM	-	(177,872)	(4.22%)	-	-	-	-

Note 1: The sales primarily refer to the sales for semiconductor chips and ingots. Therefore, there was no significant difference from the

general sales price and terms & conditions.

Note 2: The purchase primarily refers to the purchase of production materials. Therefore, there was no significant difference from the general purchase price and terms & conditions.

(2) Status of transaction of property:

Unit: NTD thousands

Type of transaction (Acquisition or disposition)	Property name	Transaction date or the date when the event occurred	Trade amount	Delivery or payment terms	Status of payment collection	Gain or loss on disposition (Note 1)	The reasons why trading counterparts are controlling companies	Previous data transfer (Note 2)				The methods for determining the transactions (Note 3)	Price references	Purpose of acquisition or disposition, and status of utilization thereof	Other matters agreed
								Owner	Affiliation with the Company	Transfer date	Amount				
Acquisition	equipment	May 2021 September 2021	1,150	O/A 30 days EOM	Already paid in full amount	-	Transfer of assets	-	-	-	-	Inter-affiliate transfer	Restricted tendering or single tendering	For business	-

Note 1: Not required, in the case of acquisition of property.

Note 2: (1)The controlling company's original acquisition data should be disclosed if it is acquisition; the subsidiary's original acquisition data should be disclosed if it is disposal.

(2) The relationship between the owner and the controlling company and the subsidiary should be specified.

(3)Previous transaction information of the related party should be listed in the same column if the transaction party is also related party in the previous transaction.

Note 3: The preparer should explain the decision making level of the transaction.

Capital financing: None.

(4) Assets leasing:

Unit: NTD thousands

Type of transaction (rent or lease)	Property		Duration of lease	Nature of lease (Note 1)	Basis for determination of the rent	Method of collection (payment)	Comparison with regular rent levels	Current total rent	Status of current collection/payment	Other matters agreed (Note 2)
	Name	Location								
Rented out	Plant	2F and 4F, No. 8. Industrial East Road 2, Science Based Industrial Park, Science-Based Industrial Park B1~4F, No. 21, Kezhong Rd., Zhunan Township, Miaoli County	January 2021~ December 2021	Operating lease	Regular rent level	Collected on a monthly basis	No significant difference	816	Normal	None.

Leased	Land	No. 8, Kebei 5th Rd., Zhunan Township, Miaoli County	January 2021 to March 2021	Operating lease	Regular rent level	Collected on a monthly basis	No significant difference	16	Normal	None
Leased	Plant	5F, No. 8, Kebei 5th Rd., Zhunan Township, Miaoli County	April 2021 to June 2021	Operating lease	Regular rent level	Collected on a monthly basis	No significant difference	1,453	Normal	None
Leased	Plant	B2/7F, No. 6 Zhongke Rd., Zhunan Township, Miaoli County	January 2021 to December 2021 January 2021 to June 2021	Operating lease	Regular rent level	Collected on a monthly basis	No significant difference	9,348	Normal	None

Note 1: The preparer should explain whether the nature of this transaction is capital lease or operating lease.

Note 2: If there are other encumbrances on the ownership, such as superficies, pledges, and easement, the preparer should disclose such conditions.

Note 3: The outstanding rents as lessor are accounted under the receivables from related parties, for NT$214 thousand; the rents as lessee are accounted under the payables to related parties, for NT$1,725 thousand.

(5) Status of other important transactions:

Unit: NTD thousands

Status of transactions with the controlling company			Comparison between the terms and conditions for the general transactions and transactions with the controlling company
Title	**Amount**	**Unpaid accounts stated as accounts receivable (payable)-related party**	
Payment on behalf of others	-	149	No significant difference
Receipts under custody	-	(123)	No significant difference
Other revenue	5,831	563	No significant difference
Other expenditure	78,961	(25,089)	No significant difference

III. Endorsements/guarantees: None

Attachment 1.
2021 Consolidated Financial Statements with Independent Auditors' Report

Stock Code:6488

GlobalWafers Co., Ltd. and Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020

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

Telephone: (03)5772255

Table of contents

Representation Letter

The entities that are required to be included in the combined financial statements of GlobalWafers Co., Ltd. as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements", as endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements are included in the consolidated financial statements. Consequently, GlobalWafers Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: GlobalWafers Co., Ltd.
Chairman: Doris Hsu
Date: March 15, 2022

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of GlobalWafers Co., Ltd. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, 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, 2021 and 2020, 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 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue recognition

   Please refer to note 4(15) "Revenue recognition" for accounting policy and note 6(19) "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. Goodwill impairment assessment

Please refer to the note 4(13) “Impairment of non-financial assets” for accounting policy, note 5 “Significant accounting assumptions and judgments, and major sources of estimation uncertainty” for goodwill impairment assessment, and note 6(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 critical. The assessment procedures, including identification of cash-generating units, valuation models, selection of key assumptions and calculations of recoverable cash inflows, depend on the management’s subjective judgments, which contained uncertainty in accounting estimations. Consequently, this is one of the key areas in our audit.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included assessing triggering events identified by the management for impairment indicators existing in a cash-generating unit, assessing whether the 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 test and other relevant information have been appropriately disclosed.

Other Matter

The Company has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, 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 the management.

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2022

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.

GlobalWafers Co., Ltd. and subsidiaries

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Assets	**December 31, 2021 Amount**	**%**	**December 31, 2020 Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(1))	$ 65,894,422	44	22,439,481	24
1110	Financial assets at fair value through profit or loss－current (note 6(2))	3,450	-	5,656,668	6
1170	Notes and accounts receivable, net (note 6(4))	9,048,069	6	7,962,618	8
1180	Accounts receivable due from related parties, net (note 7)	69,645	-	74,812	-
130X	Inventories (note 6(5))	7,295,021	5	7,207,731	8
1476	Other financial assets－current (notes 8 and 9)	3,753,000	2	5,588,381	6
1479	Other current assets (notes 6(10) and 7)	2,600,908	2	656,678	1
	Total current assets	88,664,515	59	49,586,369	53
	Non-current assets:				
1513	Financial assets at fair value through profit or loss－non-current (note 6(2))	18,368,712	12	117,204	-
1517	Financial assets at fair value through other comprehensive income－non-current (note 6(3))	185,073	-	101,475	-
1550	Investments accounted for using equity method (note 6(6))	1,691,344	1	1,202,176	1
1600	Property, plant and equipment (notes 6(7), 7 and 8)	33,943,256	23	37,111,052	39
1755	Right-of-use assets (note 6(8))	705,346	-	657,121	1
1780	Intangible assets (note 6(9))	2,365,551	2	2,797,463	3
1840	Deferred tax assets (note 6(15))	1,887,241	1	2,230,787	2
1980	Other financial assets－non-current (notes 8 and 9)	1,328,297	1	260,393	-
1900	Other non-current assets (note 6(10))	1,505,641	1	787,577	1
	Total non-current assets	61,980,461	41	45,265,248	47
	Total assets	$ 150,644,976	100	94,851,617	100

	Liabilities and Equity	**December 31, 2021 Amount**	**%**	**December 31, 2020 Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(11))	$ 6,264,000	4	9,871,000	10
2120	Financial liabilities at fair value through profit or loss－current (note 6(2))	198,479	-	45,953	-
2130	Contract liabilities－current (note 6(19))	7,322,051	5	3,639,970	4
2170	Notes and accounts payable	4,032,930	3	3,640,950	4
2180	Accounts payable to related parties (note 7)	307,520	-	254,514	-
2201	Payroll and bonus payable	2,403,861	2	2,408,567	3
2216	Dividends payable	3,481,896	3	3,481,896	4
2230	Current tax liabilities	2,111,964	1	2,035,186	2
2399	Other current liabilities (note 6(13))	4,935,594	3	3,953,350	4
	Total current liabilities	31,058,295	21	29,331,386	31
	Non-Current liabilities:				
2527	Contract liabilities－non-current (note 6(19))	21,312,889	14	13,088,058	14
2500	Financial liabilities at fair value through profit or loss－non-current (notes 6(2), (12) and 8)	178,637	-	-	-
2530	Convertible bonds payable (note 6(12))	26,143,969	17	-	-
2531	Ordinary bonds payable (note 6(12))	18,980,771	13	-	-
2570	Deferred tax liabilities (note 6(15))	4,797,611	3	4,942,689	5
2670	Other non-current liabilities (note 6(13))	705,286	1	852,997	1
2640	Net defined benefit liabilities (note 6(14))	1,836,015	1	2,481,587	3
	Total non-current liabilities	73,955,178	49	21,365,331	23
	Total liabilities	105,013,473	70	50,696,717	54
	Equity (note 6(16))**:**				
	Equity attributable to shareholders of GlobalWafers Co., Ltd.**:**				
3110	Ordinary share	4,372,500	3	4,372,500	5
3200	Capital surplus	25,174,389	16	23,470,919	25
	Retained earnings:				
3310	Legal reserve	5,349,684	4	4,060,325	4
3320	Special reserve	1,734,138	1	2,291,256	2
3350	Unappropriated retained earnings	15,713,128	10	12,270,817	13
		22,796,950	15	18,622,398	19
3400	Other equity interest	(6,135,557)	(4)	(1,734,138)	(2)
3500	Treasury shares	(576,779)	-	(576,779)	(1)
	Total equity	45,631,503	30	44,154,900	46
	Total liabilities and equity	$ 150,644,976	100	94,851,617	100

See accompanying notes to consolidated financial statements.

GlobalWafers Co., Ltd. and subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
4000	**Operating revenue** (notes 6(19) and 7)	$ 61,130,592	100	55,358,788	100
5000	**Operating costs** (notes 6(5), (20) and 7)	37,844,704	62	34,790,674	63
	Gross profit from operations	23,285,888	38	20,568,114	37
	Operating expenses (notes 6(20) and 7)**:**				
6100	Selling expenses	1,440,578	2	1,233,877	2
6200	Administrative expenses	2,082,733	4	2,431,832	4
6300	Research and development expenses	2,069,507	3	1,624,308	3
6450	Expected credit losses (gains) (note 6(4))	(322)	-	(8,752)	-
	Total operating expenses	5,592,496	9	5,281,265	9
	Net operating income	17,693,392	29	15,286,849	28
	Non-operating income and expenses:				
7100	Interest income (note 6(21))	142,808	-	243,546	-
7020	Other gains and losses (notes 6(21) and 7)	(1,083,006)	(2)	1,158,228	2
7050	Finance costs (notes 6(12), (21) and 7)	(307,741)	(1)	(73,656)	-
		(1,247,939)	(3)	1,328,118	2
	Income before income tax	16,445,453	26	16,614,967	30
7950	Income tax expense (note 6(15))	4,575,416	7	3,511,336	6
	Net income	11,870,037	19	13,103,631	24
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss**:				
8311	Gains (losses) on remeasurements of defined benefit plans	173,476	-	(248,547)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	537,528	1	617,826	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(15))	34,695	-	(38,521)	-
	Total items that may not be reclassified subsequently to profit or loss	676,309	1	407,800	1
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign operations (note 6(6))	(6,158,184)	(10)	(75,886)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(15))	1,219,237	2	15,178	-
	Total items that may be reclassified subsequently to profit or loss	(4,938,947)	(8)	(60,708)	-
8300	**Other comprehensive income (after tax)**	(4,262,638)	(7)	347,092	1
	Total comprehensive income	**$ 7,607,399**	**12**	**13,450,723**	**25**
	Net income attributable to:				
	Shareholders of GlobalWafers Co., Ltd	$ 11,870,037	19	13,103,614	24
	Non-controlling interests	-	-	17	-
		$ 11,870,037	**19**	**13,103,631**	**24**
	Total comprehensive income attributable to:				
	Shareholders of GlobalWafers Co., Ltd	$ 7,607,399	12	13,450,706	25
	Non-controlling interests	-	-	17	-
		$ 7,607,399	**12**	**13,450,723**	**25**
	Earnings per share (NT Dollars) (note 6(18))				
	Basic earnings per share	**$**	**27.27**		**30.11**
	Diluted earnings per share	**$**	**25.97**		**30.03**

See accompanying notes to consolidated financial statements.

GlobalWafers Co., Ltd. and subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to shareholders of GlobalWafers Co., Ltd.												
			Retained earnings				Other equity interest						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Gains (losses) from equity instrument measured at fair value through other comprehensive income	Total other equity interest	Treasury shares	Total	Non-controlling interests	Total equity
Balance at January 1, 2020	$ 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
Net income for the year	-	-	-	-	13,103,614	13,103,614	-	-	-	-	13,103,614	17	13,103,631
Other comprehensive income for the year	-	-	-	-	(210,026)	(210,026)	(60,708)	617,826	557,118	-	347,092	-	347,092
Comprehensive income for the year	-	-	-	-	12,893,588	12,893,588	(60,708)	617,826	557,118	-	13,450,706	17	13,450,723
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	1,373,442	-	(1,373,442)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	1,157,660	(1,157,660)	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(13,057,110)	(13,057,110)	-	-	-	-	(13,057,110)	-	(13,057,110)
Cash dividends distribution from capital surplus	-	(1,305,711)	-	-	-	-	-	-	-	-	(1,305,711)	-	(1,305,711)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(6,252)	(6,252)
Balance at December 31, 2020	4,372,500	23,470,919	4,060,325	2,291,256	12,270,817	18,622,398	(2,591,201)	857,063	(1,734,138)	(576,779)	44,154,900	-	44,154,900
Net income for the year	-	-	-	-	11,870,037	11,870,037	-	-	-	-	11,870,037	-	11,870,037
Other comprehensive income for the year	-	-	-	-	138,781	138,781	(4,938,947)	537,528	(4,401,419)	-	(4,262,638)	-	(4,262,638)
Comprehensive income for the year	-	-	-	-	12,008,818	12,008,818	(4,938,947)	537,528	(4,401,419)	-	7,607,399	-	7,607,399
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	1,289,359	-	(1,289,359)	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(7,834,266)	(7,834,266)	-	-	-	-	(7,834,266)	-	(7,834,266)
Reversal of special reserve	-	-	-	(557,118)	557,118	-	-	-	-	-	-	-	-
Equity component of convertible bonds	-	1,703,470	-	-	-	-	-	-	-	-	1,703,470	-	1,703,470
Balance at December 31, 2021	$ 4,372,500	25,174,389	5,349,684	1,734,138	15,713,128	22,796,950	(7,530,148)	1,394,591	(6,135,557)	(576,779)	45,631,503	-	45,631,503

See accompanying notes to consolidated financial statements.

GlobalWafers Co., Ltd. and subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from operating activities:		
Income before income tax	$ 16,445,453	16,614,967
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	5,686,691	5,165,290
Amortization expenses	210,393	356,495
Expected credit losses (gains)	(322)	(8,752)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	341,769	(457,641)
Interest expense	307,741	73,656
Interest income	(142,808)	(243,546)
Dividend income	(284,293)	(2,210)
Shares of profit of associates accounted for using equity method	(68,396)	(36,809)
Loss on disposal of property, plant and equipment	(15,269)	5,559
Provisions for inventory valuation (reversal of gains)	(19,493)	144,385
Total adjustments	6,016,013	4,996,427
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	(1,079,657)	110,868
Inventories	(18,577)	(490,308)
Prepayments for purchase of materials	(2,680,114)	-
Other operating assets	24,643	221,566
Other financial assets	(8,739)	(40,290)
Total changes in operating assets	(3,762,444)	(198,164)
Contract liabilities	12,544,383	(3,472,070)
Notes and accounts payable (including related parties)	382,470	57,983
Net defined benefit liabilities	(428,837)	(495,042)
Other operating liabilities	927,065	85,024
Total changes in operating liabilities	13,425,081	(3,824,105)
Total changes in operating assets and liabilities	9,662,637	(4,022,269)
Total adjustments	15,678,650	974,158
Cash inflow generated from operations	32,124,103	17,589,125
Interest received	120,737	242,694
Dividends received	284,293	2,210
Interest paid	(62,258)	(70,946)
Income taxes paid	(3,165,314)	(3,199,524)
Net cash flows from operating activities	29,301,561	14,563,559

(Continued)

See accompanying notes to consolidated financial statements.

GlobalWafers Co., Ltd. and subsidiaries

Consolidated Statements of Cash Flows(Continued)

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	$ -	(95,357)
Acquisition of financial assets at fair value through profit or loss	(13,579,261)	(5,611,917)
Proceeds from disposal of financial assets at fair value through profit or loss	124	2,103,746
Cash dividends from associates accounted for using equity method	33,158	18,270
Acquisition of property, plant and equipment	(5,590,544)	(8,167,167)
Proceeds from disposal of property, plant and equipment	64,104	97,282
Increase in refundable deposits	-	(1,288)
Acquisition of intangible assets	(6,256)	(3,631)
Increase in other financial assets	798,254	(1,811,690)
Net cash flows used in investing activities	(18,280,421)	(13,471,752)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(3,607,000)	(15,000)
Proceeds from issuing bonds	46,812,845	-
Decrease in guarantee deposits received	(35,031)	(156,249)
Payment of lease liabilities	(180,213)	(159,280)
Cash dividends paid	(7,834,266)	(10,880,925)
Change in non-controlling interests	-	(6,252)
Net cash flows from (used in) financing activities	35,156,335	(11,217,706)
Effect of exchange rate changes on cash and cash equivalents	(2,722,534)	(256,132)
Net increase (decrease) in cash and cash equivalents	43,454,941	(10,382,031)
Cash and cash equivalents at beginning of period	22,439,481	32,821,512
Cash and cash equivalents at end of period	**$ 65,894,422**	**22,439,481**

See accompanying notes to consolidated financial statements.

GlobalWafers Co., Ltd. and subsidiaries
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history

GlobalWafers Co., Ltd. (the "Company") had been a semiconductor operating unit of Sino-American Silicon Products Inc. ("SAS") and the Company, along with its assets and liabilities, was spun off from SAS on October 1, 2011. The Company was incorporated in October 18, 2011, and authorized by the Hsinchu Science Park Bureau (HSPB). Its registered office is located at No. 8, Industrial East Road 2, Science-Based Park, Hsinchu, Taiwan (R.O.C.). As of December 31, 2021, the consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The Group engages mainly in the research, development, production, design, and sales of semiconductor ingots and wafers, and is also engaged in the technology and management consulting service for related products.

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

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

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

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

These consolidated financial statements were authorized for issue by the Board of Directors on March 15, 2022.

3. New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

4. Summary of significant accounting policies:

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

(1) Statement of compliance

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

(2) Basis of preparation

A. Basis of measurement

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

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

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

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

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

B. Functional and presentation currency

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

(3) Basis of consolidation

A. Principles of preparation of the consolidated financial statements

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

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

B. List of subsidiaries in the consolidated financial statements

			Percentage of Ownership		
Name of Investor	**Name of Subsidiary**	**Business**	**December 31, 2021**	**December 31, 2020**	**Note**
The Company	Global Semiconductor Inc. (GSI)	Investment activities	100%	100%	
The Company	GlobalWafers Inc. (GWI)	Investment activities	100%	100%	
The Company	GlobalWafers Japan Co., Ltd. (GWJ)	Manufacturing and trading of silicon wafers	100%	100%	
The Company	GWafers Singapore Pte. Ltd. (GWafers Singapore)	Investment activities	100%	100%	
The Company	Sunrise PV Four Co., Ltd. (SPV4)	Electricity activities	100%	100%	
The Company	Sunrise PV Five Co., Ltd. (SPV5)	Electricity activities	100%	100%	
The Company	GlobalWafers Holding Co., Ltd. (GWH)	Investment activities	100%	100%	

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership December 31, 2021	Percentage of Ownership December 31, 2020	Note
GSI	Kunshan Sino Silicon Technology Co., Ltd. (SST)	Processing and trading of ingots and wafers	100%	100%	
GWJ	MEMC Japan Ltd. (MEMC Japan)	Manufacturing and trading of silicon wafers	100%	100%	
SST	MEMC Electronic Materials Sdn Bhd (MEMC Sdn Bhd)	Research and development, manufacturing and trading of silicon wafers	100%	100%	
GWafers Singapore	GlobalWafers Singapore Pte. Ltd. (GWS)	Investment, marketing and trading activities	100%	100%	note (1)
GWS	GlobalWafers B.V. (GWBV)	Investment activities	100%	100%	
GWBV	MEMC Electronic Materials, SpA (MEMC SpA)	Manufacturing and trading of silicon wafers	100%	100%	
MEMC SpA	MEMC Electronic Materials France SarL(MEMC SarL)	Trading	100%	100%	
MEMC SpA	MEMC Electronic Materials GmbH (MEMC GmbH)	Trading	-%	100%	note(2)
GWBV	MEMC Korea Company (MEMC Korea)	Manufacturing and trading of silicon wafers	100%	100%	
GWBV	MEMC Ipoh Sdn Bnd (MEMC Ipoh)	Manufacturing and trading of silicon wafers	100%	100%	
GWBV	GlobiTech Incorporated (GTI)	Manufacturing and trading of epitaxial wafers and silicon wafers	100%	100%	
GWBV	Topsil Globalwafers A/S (Topsil A/S)	Manufacturing and trading of silicon wafers	100%	100%	
GWBV	GlobalWafers GmbH (GW GmbH)	Manufacturing and trading of silicon wafers	100%	100%	

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership December 31, 2021	Percentage of Ownership December 31, 2020	Note
GTI	MEMC LLC	Research and development, manufacturing and trading of silicon wafers	100%	100%	
Topsil A/S	Topsil Semiconductor sp z o.o. (Topsil PL)	Manufacturing and trading of silicon wafers	100%	100%	

Note: The Group's organizational restructuring was as follows:

(1) The original name was SunEdison.

(2) MEMC GmbH was dissolved in December 2021.

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

(4) Foreign currencies

A. Foreign currency transactions

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

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

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

B. Foreign operations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(6) Cash and cash equivalents

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

(7) Financial instruments

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

A. Financial assets

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

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

(a) Financial assets measured at amortized cost

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

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

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

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

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

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group’s right to receive payment is established.

(c) Fair value through profit or loss (FVTPL)

All the above financial assets not classified as amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost, or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(d) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivables, guarantee deposits paid and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured by 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date；and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group’s historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECL are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

(e) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(d) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

(e) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(f) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(g) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

C. Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(8) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average-cost method and includes expenditure incurred in acquiring the inventories, production or conversion cost, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses necessary to make the sale.

(9) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under additional paid in capital. If the additional paid in capital resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(10) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(a) Buildings: 2 to 56 years

(b) Machinery and equipment: 1 to 20 years

(c) Other equipment and leased assets: 1 to 40 years

(d) Buildings constitute mainly buildings, mechanical and electrical power equipment, and related engineering, wastewater treatment and sewage system, etc. Each such part is depreciated based on its useful life of 25 to 56 years, 25 years, and 4 to 15 years, respectively.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(11) Lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A. As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(a) fixed payments, including in-substance fixed payments;

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(c) amounts expected to be payable under a residual value guarantee; and

(d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

(a) there is a change in future lease payments arising from the change in an index or rate; or

(b) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

(c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

(d) there is a change of its assessment on whether it will exercise an extension or termination option; or

(e) there are any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right of use asset, or in profit and loss if the carrying amount of the right of use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right of use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group has elected not to recognize right of use assets and lease liabilities for short term leases with 12 months or less and leases of low value assets, including other equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

(a) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

(b) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(c) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and

(d) there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

B. As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(12) Intangible assets

A. Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(13) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or a CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(14) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as interest expense.

A. Site restoration

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land and the related expense are recognized when the land is contaminated. A provision for site restoration of lease land and the related expense are recognized over the term of the lease.

B. Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(15) Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

The accounting policies for the Group's main types of revenue are explained below.

A. Sale of goods

The Group engages mainly in the research, development, production, design, and sales of semiconductor ingots and wafers. The Group recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered, as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

B. Services

The Group provides services to its customers. Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

Revenue recognition for fixed-price contracts is based on the ratio of services actually provided to total services as of the reporting date, which is determined by the percentage of labor performed to the total amount of labor to be performed.

If the situation changes, the estimates of revenue, cost, and degree of completion will be revised, and the increase or decrease in the period when the management is aware of the change in the situation will be reflected in profit or loss.

(16) Government grants and government subsidies

The Group recognizes an unconditional government grant as other income when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(17) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed as the related service is provided.

B. Defined benefit plans

The Group’s net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(18) Share-based payment

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

(19) Income tax

Income taxes comprise current taxes and deferred taxes. Except for items related to business combinations, or items recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized except for the following:

A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

C. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

A. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(a) the same taxable entity; or

(b) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(20) Earnings per share

The Group discloses the Company’ s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee remuneration that could be settled in the form of stock.

(21) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group' s chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimations and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in the accounting estimates during the period and the impact of those changes in the following period.

There is no critical judgment made in applying accounting policies.

The accounting policies which involved the estimation and assumption uncertainty that may cause adjustments in the subsequent period and have been updated to reflect the impact of COVID-19 are as below:

Goodwill impairment assessment

The assessment of the impairment of goodwill requires the Group to make subjective judgment to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amounts of the relevant CGUs. Please refer to note 6(9) for further description of the assessment of goodwill impairment.

The Group' s accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss.

The Group' s financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

The Group strives to use the observable market inputs when measuring assets and liabilities. The hierarchy of the fair value categorized by the valuation techniques used is as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For any transfer within the fair value hierarchy, the Group recognizes the transfer on the reporting date. For the assumption used in fair value measurement, please refer to note 6(22) of the financial instruments.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	$ 5,130	8,618
Demand deposits	17,992,884	18,171,462
Time deposits	46,690,182	3,604,213
Repurchase agreement	1,206,226	655,188
	$ 65,894,422	**22,439,481**

Please refer to note 6(22) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

(2) Financial assets and liabilities at fair value through profit or loss

	December 31, 2021	December 31, 2020
Financial assets mandatorily measured at fair value through profit or loss－current:		
Forward exchange contracts	$ 3,450	52,356
Stocks listed on domestic markets	-	5,604,312
	$ 3,450	**5,656,668**
Financial assets mandatorily measured at fair value through profit or loss－non-current:		
Privately offered funds	$ 195,163	117,204
Overseas securities held	18,173,549	-
	$ 18,368,712	**117,204**
Financial liabilities designated as at fair value through profit or loss－current:		
Forward exchange contracts	$ 198,479	11,672
Swap exchange contracts	-	34,281
	$ 198,479	**45,953**
Financial liabilities designated as at fair value through profit or loss－non-current:		
Embedded derivatives of convertible bonds	**$ 178,637**	**-**

Please refer to note 6(21) for the amount remeasured at fair value through profit or loss.

During the year ended December 31, 2021 and 2020, the dividends of $276,229 thousand and $2,210 thousand, respectively, were incurred from investments in financial assets mandatorily measured at fair value through profit or loss.

The Group uses derivative instruments to hedge certain currency risk arising from the Group's operating activities. The Group held the following derivative instruments, which were not qualified for hedge accounting, and accounted them as mandatorily measured at fair value through profit or loss financial assets and held-for-trading financial liabilities as of December 31, 2021 and 2020:

	December 31, 2021			
	Contract amount (in thousands)		Currency	Maturity date
Forward exchange contracts sold	USD	29,550	USD to EUR	January 26, 2022~ March 25, 2022
Forward exchange contracts sold	USD	1,930	USD to KRW	January 28, 2022
Forward exchange contracts purchased	JPY	50,000	JPY to EUR	February 25, 2022
Forward exchange contracts purchased	JPY	208,426	JPY to KRW	January 28, 2022
Forward exchange contracts purchased	EUR	5	EUR to KRW	January 28, 2022
Forward exchange contracts purchased	JPY	14,000,000	JPY to NTD	January 25, 2022~ May 26, 2022

	December 31, 2020			
	Contract amount (in thousands)		Currency	Maturity date
Forward exchange contracts sold	USD	24,100	USD to EUR	January 26, 2021~ February 25, 2021
Forward exchange contracts sold	USD	2,560	USD to KRW	January 29, 2021
Forward exchange contracts purchased	JPY	20,000,000	JPY to NTD	January 20, 2021~ June 11, 2021
Forward exchange contracts purchased	JPY	50,000	JPY to EUR	February 25, 2021
Forward exchange contracts purchased	JPY	245,381	JPY to KRW	January 29, 2021
Forward exchange contracts purchased	EUR	111	EUR to KRW	January 29, 2021
Swap exchange contracts	USD	80,000	USD to NTD	January 29, 2021~ February 3, 2021

(3) Financial assets at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Equity investment in domestic entities	$ 185,073	101,475

The Group designated the equity investments shown above as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.

For the year ended December 31, 2021 and 2020, the dividend income of $8,064 thousand and $0 thousand, respectively, related to equity investments at fair value through other comprehensive income, was recognized, respectively.

For market risk, please refer to note 6(22).

The financial assets mentioned above were not pledged as collateral.

(4) Notes and accounts receivable, net

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable	$ 122,250	149,634	168,881
Accounts receivable	8,932,587	7,820,329	7,928,927
Accounts receivable-fair value through other comprehensive income	-	-	7,487
Less: allowance for sales discounts and returns	(6,768)	(7,345)	(15,676)
	$ 9,048,069	7,962,618	8,089,619

The Group applied the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

The credit loss provision of power plant segment was determined as follows:

	December 31, 2021		
	Gross amount of notes and accounts receivable	Weighted-average loss rate	Credit loss allowance
Current	$ 9,020	0%	-

	December 31, 2021		
	Gross amount of notes and accounts receivable	Weighted-average loss rate	Credit loss allowance
Current	$ 1,988	0%	-

The credit loss provision of semiconductor segment (including related parties) was determined as follows:

	December 31, 2021		
	Gross amount of notes and accounts receivable	**Weighted-average loss rate**	**Credit loss allowance**
Current	$ 8,904,782	0%	-
1 to 30 days past due	196,553	0%	-
31 to 60 days past due	4,978	0%	-
61 to 90 days past due	60	0%	-
91 to 120 days past due	-	0%	-
121 to 150 days past due	1,306	0%	-
151 to 180 days past due	-	0%	-
More than 181 days past due	6,768	100%	6,768
	$ 9,114,447		**6,768**

	December 31, 2020		
	Gross amount of notes and accounts receivable	**Weighted-average loss rate**	**Credit loss allowance**
Current	$ 7,956,346	0%	-
1 to 30 days past due	76,019	0%	-
31 to 60 days past due	1,755	33%	577
61 to 90 days past due	83	0%	-
121 to 150 days past due	-	0%	-
151 to 180 days past due	-	0%	-
More than 181 days past due	6,768	100%	6,768
	$ 8,040,971		**7,345**

The movements in the allowance for doubtful accounts related to notes and accounts receivable were as follows:

	2021	**2020**
Balance on January 1	$ 7,345	15,676
Impairment losses (gains) recognized	(322)	(8,752)
Foreign exchange losses (gains)	(255)	421
Balance on December 31	**$ 6,768**	**7,345**

The notes and accounts receivable mentioned above were not pledged as collateral.

(5) Inventories

		December 31, 2021	December 31, 2020
Finished goods	$	1,627,502	2,414,530
Work in progress		2,276,601	1,470,148
Raw materials		3,390,918	3,323,053
	$	**7,295,021**	**7,207,731**

Components of operating costs were as follows:

		2021	2020
Cost of sales	$	37,771,783	34,524,415
Provisions for inventory valuation loss (reversal of gains)		(19,493)	144,385
Unallocated fixed manufacturing expense		92,414	121,874
	$	**37,844,704**	**34,790,674**

The inventories mentioned above were not pledged as collateral.

(6) Investments accounted for using equity method

A summary of financial information for investments accounted for using the equity method at the reporting date is as follows:

		December 31, 2021	December 31, 2020
Associates	**$**	**1,691,344**	**1,202,176**

A. Associates

The associates of the Group accounted for using the equity method were individually insignificant, and their summarized financial information included in the consolidated financial statements of the Group was as follows:

		December 31, 2021	December 31, 2020
The carrying amount of investments in the individually insignificant associates	**$**	**1,691,344**	**1,202,176**

		2021	2020
Amount of individually insignificant associates' interests attributable to the Group:			
Net income	$	68,396	36,809
Other comprehensive income (loss)		453,930	611,708
Total	**$**	**522,326**	**648,517**

For the years ended December 31, 2021 and 2020, the cash dividends of the invested companies were $33,158 thousand and $18,270 thousand, respectively, which were recognized as deductions of investments accounted for using the equity method.

B. Collateral

The investments accounted for using equity method mentioned above were not pledged as collateral as of December 31, 2021 and 2020.

(7) Property, plant and equipment

A. The movements of cost and depreciation of the property, plant and equipment of the Group were as follows:

	Land	Buildings	Machinery and equipment	Other equipment	Construction in progress and equipment awaiting inspection	Total
Cost:						
Balance at January 1, 2021	$ 2,733,191	18,001,372	61,716,645	4,288,522	1,586,391	88,326,121
Additions	-	5,368	6,977	529,746	5,029,164	5,571,255
Disposals	-	(273,862)	(15,971,285)	(364,695)	(3,290)	(16,613,132)
Reclassification	60,539	350,270	1,549,522	1,011,376	(2,929,419)	42,288
Transfer and others	(2,391)	(164)	(54,872)	(7,515)	(4,570)	(69,512)
Effect of changes in exchange rates	(300,532)	(1,635,701)	(6,282,589)	(344,884)	(133,237)	(8,696,943)
Balance at December 31, 2021	$ 2,490,807	16,447,283	40,964,398	5,112,550	3,545,039	68,560,077
Balance at January 1, 2020	$ 2,841,533	16,516,799	49,230,253	3,534,394	8,798,532	80,921,511
Additions	-	35,871	455,254	356,647	6,726,691	7,574,463
Disposals	-	(33,882)	(717,038)	(116,914)	-	(867,834)
Reclassification and transfer	(23,626)	1,769,783	11,021,899	1,021,771	(13,822,990)	(33,163)
Effect of changes in exchange rates	(84,716)	(287,199)	1,726,277	(507,376)	(115,842)	731,144
Balance at December 31, 2020	$ 2,733,191	18,001,372	61,716,645	4,288,522	1,586,391	88,326,121
Depreciation :						
Balance at January 1, 2021	$ -	8,734,310	40,288,093	2,192,666	-	51,215,069
Depreciation for the year	-	668,406	4,463,458	388,666	-	5,520,530
Disposals	-	(269,489)	(15,942,111)	(356,697)	-	(16,568,297)
Reclassification	-	117,524	(636,642)	519,118	-	-
Effect of changes in exchange rates	-	(925,375)	(4,427,124)	(197,982)	-	(5,550,481)
Balance at December 31, 2021	$ -	8,325,376	23,745,674	2,545,771	-	34,616,821
Balance at January 1, 2020	$ -	8,261,026	36,167,515	1,795,603	-	46,224,144
Depreciation for the year	-	690,922	4,014,388	298,816	-	5,004,126
Disposals	-	(24,948)	(710,203)	(29,842)	-	(764,993)
Reclassification and transfer	-	(19,086)	(551,845)	590,777	-	19,846
Effect of changes in exchange rates	-	(173,604)	1,368,238	(462,688)	-	731,946
Balance at December 31, 2020	$ -	8,734,310	40,288,093	2,192,666	-	51,215,069

	Land	Buildings	Machinery and equipment	Other equipment	Construction in progress and equipment awaiting inspection	Total
Carrying amounts:						
Balance at December 31, 2021	$ 2,490,807	8,121,907	17,218,724	2,566,779	3,545,039	33,943,256
Balance at January 1, 2020	$ 2,841,533	8,255,773	13,062,738	1,738,791	8,798,532	34,697,367
Balance at December 31, 2020	$ 2,733,191	9,267,062	21,428,552	2,095,856	1,586,391	37,111,052

B. Collateral

For the years ended December 31, 2021 and 2020, the property, plant and equipment was pledged as collateral for long-term borrowings and credit lines. Please refer to note 8.

(8) Right-of-use assets

The Group leases many assets including land, buildings, machinery and other equipment. The carrying amounts on right-of-use assets were presented below:

	Land	Buildings	Machinery	Other equipment	Total
Cost：					
Balance at January 1, 2021	$ 567,936	146,862	1,409	243,149	959,356
Additions	55,250	20,151	287	162,570	238,258
Reclassification	-	-	-	(2,539)	(2,539)
Disposals and transfer	-	(14,434)	(1,385)	(122,312)	(138,131)
Effect of changes in exchange rates	(2,884)	(17,114)	(27)	(25,023)	(45,048)
Balance at December 31, 2021	$ 620,302	135,465	284	255,845	1,011,896
Balance at January 1, 2020	$ 575,509	147,201	37,494	166,884	927,088
Additions	-	1,685	-	44,295	45,980
Reclassification	-	-	(35,358)	35,358	-
Transfer and transfer	(7,746)	(1,114)	(116)	(5,036)	(14,012)
Effect of changes in exchange rates	173	(910)	(611)	1,648	300
Balance at December 31, 2020	$ 567,936	146,862	1,409	243,149	959,356

		Land	Buildings	Machinery	Other equipment	Total
Depreciation and impairment losses:						
Balance at January 1, 2021	$	69,110	56,945	929	175,251	302,235
Depreciation		39,120	27,515	513	99,013	166,161
Reclassification		-	-	-	(2,539)	(2,539)
Disposals and transfer		-	(14,434)	(1,385)	(121,464)	(137,283)
Effect of changes in exchange rates		1,791	(6,850)	(16)	(16,949)	(22,024)
Balance at December 31, 2021	$	**110,021**	**63,176**	**41**	**133,312**	**306,550**
Balance at January 1, 2020	$	37,923	29,253	10,237	78,618	156,031
Depreciation		39,714	29,739	730	90,981	161,164
Reclassification		-	-	(9,735)	9,735	-
Disposals and transfer		(8,531)	(1,325)	(116)	(4,943)	(14,915)
Effect of changes in exchange rates		4	(722)	(187)	860	(45)
Balance at December 31, 2020	$	**69,110**	**56,945**	**929**	**175,251**	**302,235**
Carrying amounts:						
Balance at December 31, 2021	$	**510,281**	**72,289**	**243**	**122,533**	**705,346**
Balance at January 1, 2020	$	**537,586**	**117,948**	**27,257**	**88,266**	**771,057**
Balance at December 31, 2020	$	**498,826**	**89,917**	**480**	**67,898**	**657,121**

(9) Intangible assets

Intangible assets included trademarks, patents and computer software. The cost and amortization of the intangible assets of the Group were as follows:

		Goodwill	Patents and trademarks	Development costs	Computer software	Total
Cost:						
Balance at January 1, 2021	$	2,327,364	1,757,731	296,841	69,839	4,451,775
Additions		-	-	-	6,256	6,256
Reclassification		-	-	-	525	525
Effect of changes in exchange rates		(221,241)	(3,535)	(24,018)	(1,981)	(250,775)
Balance at December 31, 2021	$	**2,106,123**	**1,754,196**	**272,823**	**74,639**	**4,207,781**
Balance at January 1, 2020	$	2,421,056	1,702,745	104,671	-	4,228,472
Additions		-	-	-	3,631	3,631
Reclassification		-	61,616	185,985	69,827	317,428
Effect of changes in exchange rates		(93,692)	(6,630)	6,185	(3,619)	(97,756)
Balance at December 31, 2020	$	**2,327,364**	**1,757,731**	**296,841**	**69,839**	**4,451,775**

	Goodwill	Patents and trademarks	Development costs	Computer software	Total
Amortization:					
Balance at January 1, 2021	$ -	1,384,540	207,941	61,831	1,654,312
Amortization for the year	-	192,907	13,699	3,787	210,393
Effect of changes in exchange rates	-	(3,314)	(17,460)	(1,701)	(22,475)
Balance at December 31, 2021	$ -	1,574,133	204,180	63,917	1,842,230
Balance as of January 1, 2020	$ -	997,181	3,708	-	1,000,889
Amortization for the year	-	331,480	14,436	2,866	348,782
Reclassification	-	61,616	185,985	69,827	317,428
Effect of changes in exchange rates	-	(5,737)	3,812	(10,862)	(12,787)
Balance at December 31, 2020	$ -	1,384,540	207,941	61,831	1,654,312
Carrying amounts:					
Balance at December 31, 2021	$ 2,106,123	180,063	68,643	10,722	2,365,551
Balance at January 1, 2020	$ 2,421,056	705,564	100,963	-	3,227,583
Balance at December 31, 2020	$ 2,327,364	373,191	88,900	8,008	2,797,463

Goodwill impairment testing

For the purpose of impairment testing, goodwill was allocated to the semiconductor business segment. The Group’ s goodwill has been tested for impairment at least once at the end of each annual reporting period and the recoverable amount is determined based on discounted cash flows.

For the years ended December 31, 2021 and 2020, the recoverable amount of the semiconductor business was estimated based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU.

As of December 31, 2021 and 2020, the recoverable amount was greater than its carrying amount and no impairment loss was recognized.

The key assumptions used in the estimation of value in use were as follows.

	December 31, 2021	December 31, 2020
Discount rate	4.97%	7.89%
Growth rate	2.46%	3.42%

The discount rate was a pre-tax measure based on the rate of ten-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specific CGU.

Cash flow projections are based on five-year financial budgets estimated by the management.

The intangible assets mentioned above were not pledged as collateral.

(10) Other assets－current and non-current

	December 31, 2021	December 31, 2020
Prepayment for materials	$ 3,261,805	632,057
Refundable tax and overpaid tax	390,564	331,234
Others	454,180	480,964
	$ 4,106,549	1,444,255

(11) Short-term borrowings

	December 31, 2021	December 31, 2020
Unsecured borrowings	$ 6,264,000	9,871,000
Unused credit lines	$ 26,576,668	16,225,687
Range of interest rates at year end	0.2%	0.56%~ 0.6446%

The Group did not provide the bank with assets pledged as collateral for its short-term borrowings.

(12) Bonds payable

The details of bonds payable were as follows:

	December 31, 2021
Unsecured ordinary bonds	$ 18,980,771
Unsecured convertible bonds	26,143,969
Total	$ 45,124,740

On April 21, 2021, the Group's Board of Directors resolved to issue the first unsecured ordinary bonds for the year ended December 31, 2021, and issued through the Taipei Fubon Commercial Bank Co., Ltd. on May 11, 2021. The Group issued the five-year unsecured ordinary bonds, amounting to $6,500,000 thousand and the coupon rate is consistent with a fixed rate of 0.62% and with the maturity date on May 11, 2026.

On April 21, 2021, the Group's Board of Directors resolved to issue the second unsecured ordinary bonds for the year ended December 31, 2021, and issued through the Taipei Fubon Commercial Bank Co., Ltd. on August 19, 2021. The Group issued the three-year and five-year unsecured ordinary bonds, amounting to $12,500,000 thousand, which were divided into A and B bonds, depending on the different issuance conditions. The issuance amounts were $7,100,000 thousand and $5,400,000 thousand, respectively, with coupon rate 0.5% and 0.6%, and the maturity dates were August 19, 2024 and August 19, 2026, respectively.

On April 21, 2021, the Group's Board of Directors resolved to issue the first unsecured overseas convertible bonds on the Singapore Exchange Limited, which had been approved by the Financial Supervisory Commission with approval No.1100342091 on May 19, 2021. The Group issued the five-year unsecured convertible bond, amounting to US$1,000,000 thousand without coupon rate, with the maturity date on June 1, 2026.

The details of unsecured convertible bonds were as follows:

	December 31, 2021
Total convertible bonds issued	$ 27,565,891
Unamortized discounted convertible bonds payable	(1,421,922)
Cumulative converted amount	-
Convertible bonds balance at year-end	**$ 26,143,969**
Embedded derivative – call and put options, included in financial liabilities at fair value through profit or loss	**$ 178,637**
Proceeds from issuance (less transaction cost amounted to $77,517 thousand)	$ 27,834,483
Equity components (less transaction cost allocated to equity component of $4,744 thousand)	(1,703,470)
Embedded derivatives instruments－put/ call options (transaction cost allocated $473 thousand)	(169,791)
Liability components at the issuance date (less transaction cost allocated to liability component of $72,300 thousand)	25,961,222
Interest expense at an effective interest rate of 1.2%	182,747
Liability components at December 31, 2021	**$ 26,143,969**

Except for early redemptions, repurchases and cancellations, exercise of conversion rights by the bondholders, statutory requirements and the cessation of transfer period as otherwise provided in the Trust Deed, from the day following the three months after the issuance of the bonds to (1) ten days before the maturity date or (2) the fifth business day prior to the date of early redemption of the bonds (hereinafter referred to as the "conversion period"), the bondholders may request the issuing company to convert the bonds into shares of common stock newly issued by the issuing company in accordance with the provisions of the relevant laws and the Trust Deed.

The conversion price was 140% of the closing price of the Company’ s common shares on the Taipei Exchange on the pricing date, which was NT$1,040.12. The number of common shares to be delivered upon conversion of any bond will be determined by the principal amount of the bonds multiplied by the fixed exchange rate, which is NT$27.912 to US$1, which was determined on the pricing date and divided by the conversion price in effect on the date of conversion. After the issuance of the bonds, the conversion price shall be adjusted in accordance with the relevant anti-dilution provisions of the contract. However, due to the payment of cash dividends by the Group, the conversion price of the bonds was adjusted from NT$1,040.20 to NT$1,028.46 on July 22, 2011, the day after the ex-dividend base date, in accordance with the aforementioned provisions.

As of December 31, 2021, the first adjustment to the conversion price of the bonds has been executed.

The above-mentioned convertible bonds included liabilities and equity components. The equity component was recognized as the capital surplus. The effective interest rate originally recognized for the liability component was 1.2%.

(13) Lease liabilities

The carrying amounts of lease liabilities of the Group were as follows:

	December 31, 2021	December 31, 2020
Current	$ 150,941	92,842
Non-current	$ 560,232	576,129

For the maturity analysis, please refer to note 6(22) "Financial instruments".

The amounts recognized in profit or loss were as follows:

	For the year ended December 31,	
	2021	2020
Interest on lease liabilities	$ 9,172	8,794
Variable lease payments not included in the measurement of lease liabilities	$ 3,698	1,786
Expenses relating to short-term leases	$ 10,490	6,172
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 3,944	736

The amounts recognized in the statement of cash flows were as follows:

	For the year ended December 31,	
	2021	2020
Total cash outflow for leases	$ 198,345	176,768

Land leases' additional rent payments that are based on changes in local price indices and the public facilities construction costs re-invested annually in each park will be adjusted after being assessed.

(14) Employee benefits

A. Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value was as follows:

		December 31, 2021	December 31, 2020
Total present value of obligations	$	(7,494,835)	(8,125,593)
Fair value of plan assets		5,658,820	5,644,006
Recognized liabilities for defined benefit obligations	**$**	**(1,836,015)**	**(2,481,587)**

The plans entitle a retired employee to receive a pension benefit based on years of service prior to retirement.

(a) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group’s Bank of Taiwan labor pension reserve account balance amounted to $360,575 thousand, as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

Under the employee defined benefit plans of the Group’s subsidiary in Korea, the plan assets comprised of time deposits bearing annual interest rates ranging from 1.74%~2.20%.

In Italy, the Group’s subsidiary contributes an amount to the National Social Security Institute (INPS) for the employee defined benefit plan.

Under the employee defined benefit plans of the entities located in the United States, plan assets are comprised of trust funds with different grades of risks and returns. Plan asset portfolio consists of a variety of financial instruments including cash, equity securities, and income funds.

(b) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations of the Group were as follows:

		2021	2020
Defined benefit obligation at January 1	$	8,125,593	8,413,828
Current service costs and interest cost		406,718	231,060
Re-measurements for defined benefit obligations			
—Actuarial gains and losses arising from experience adjustments		212,435	155,471
—Actuarial gains and losses resulting from changes in demographic assumptions		(104,082)	280,829
—Actuarial gains and losses resulting from changes in financial assumptions		(79,354)	83,476
Past service credit		-	6,459
Benefits paid		(600,380)	(463,540)
Expected settlement of benefit obligations		-	(424,645)
Effects of changes in exchange rates		(466,095)	(157,345)
Defined benefit obligation at December 31	**$**	**7,494,835**	**8,125,593**

(c) Movements in fair value of defined benefit plan assets

The movements in fair value of the defined benefit plan assets of the Group were as follows:

		2021	2020
Fair value of plan assets at January 1	$	5,644,006	5,463,438
Interest revenue		82,833	125,523
Re-measurements for defined benefit obligations			
—Return on plan asset (excluding interest revenue)		249,816	491,454
Contributions made		442,881	253,801
Benefits paid		(500,694)	(308,756)
Expected settlement of benefit obligations		-	(191,699)
Effects of changes in exchange rates		(260,022)	(189,755)
Fair value of plan assets at December 31	**$**	**5,658,820**	**5,644,006**

(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	2021	2020
Current service costs	$ 312,285	94,242
Net interest of defined benefit obligation	11,600	11,295
Past service credit	-	6,459
	$ 323,885	111,996
Operating cost	$ 295,330	78,108
Selling expenses	9,814	10,978
Administration expenses	10,393	11,982
Research and development expenses	8,348	10,928
	$ 323,885	111,996

(e) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.28%~3.29%	0.03%~3.06%
Future salary increase rate	1.6%~5.7%	0.8%~5.75%

The estimated amount of contribution to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $165,646 thousand.

The weighted-average durations of the defined benefit obligation are 4.19 years to 10.5 years.

(f) Sensitivity analysis

When the actuarial assumptions had changed 0.25% as of the December 31, 2021 and 2020, the impact on the present value of the defined benefit obligation would be as follows:

	Impact on defined benefit obligations	
Actuarial assumptions	**Increased by 0.25%**	**Decreased by 0.25%**
December 31, 2021		
Discount rate	$ (138,568)	145,873
Future salary increase rate	$ 55,144	(51,201)
December 31, 2020		
Discount rate	$ (188,734)	200,367
Future salary increase rate	$ 67,641	(61,906)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in previous periods. There was no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

B. Defined contribution plans

The Group contributes at the rate of 6% of each employee’s monthly wages for the Company's domestic subsidiaries to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group’s contribution to the Bureau of Labor Insurance requires no additional legal or constructive obligations thereafter.

The total periodic pension costs of other subsidiaries were recognized as current expenses in accordance with the local regulations of their respective jurisdictions where they are domiciled.

The Company’s domestic subsidiaries’ pension costs incurred from contributions to the defined contribution plan were $64,653 thousand and $61,339 thousand for the years of 2021 and 2020, respectively. Such contributions were made to the Bureau of the Labor Insurance.

The Group recognized the pension costs of $251,670 thousand and $189,711 thousand for its overseas subsidiaries in the years of 2021 and 2020, respectively.

(15) Income tax

A. Income tax expense

The components of income tax expenses in 2021 and 2020 were as follows:

	2021	2020
Current tax expense	$ 3,238,417	3,437,666
Deferred tax expense	1,336,999	73,670
	$ 4,575,416	**3,511,336**

The amounts of income tax (benefit) recognized in other comprehensive income in 2021 and 2020 were as follows:

	2021	2020
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit obligations	**$ 34,695**	**(38,521)**
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign financial statements	**$ (1,219,237)**	**(15,178)**

Reconciliations of income tax and income before income tax for 2021 and 2020 were as follows:

	2021	2020
Income before income tax	$ 16,445,453	16,614,967
Income tax using the Company's domestic tax rate	3,289,091	3,322,993
Effect of tax rates in foreign jurisdictions	383,215	431,352
Shares of profit of foreign subsidiaries accounted for using equity method	1,558,500	1,797,820
Tax effect of permanent differences	315,188	(165,394)
Investment tax credits	(363,578)	(606,077)
Changes in unrecognized temporary differences and others	(607,000)	(721,417)
Tax-refunded for repatriated offshore funds to Taiwan	-	(547,941)
	$ 4,575,416	3,511,336

B. Deferred tax assets and liabilities

(a) The deferred tax assets have not been recognized in respect of the following items:

	December 31, 2021	December 31, 2020
Tax effect of deductible temporary differences	$ 701,464	678,731

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

(b) The deferred tax liabilities have not been recognized in respect of the following items:

	December 31, 2021	December 31, 2020
Aggregate amount of temporary differences related to investments in subsidiaries	$ (2,151,112)	(1,535,975)

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as at December 31, 2021 and 2020. Also, the management considers it is probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences were not recognized as deferred tax liabilities.

(c) Recognized deferred tax assets and liabilities

		January 1, 2021	Recognized in profit or loss	Recognized in other comprehensive income	Effect of changes in exchange rates	December 31, 2021
Assets:						
Allowance for inventory valuation	$	259,559	24,640	-	(22,267)	261,932
Defined benefit obligations		332,741	(11,305)	(1,648)	5,922	325,710
Unrealized exchange losses		17,471	(74,152)	-	46	(56,635)
Equity-method investments		12,556	(2,547)	-	-	10,009
Depreciation differences of property, plant and equipment		501,317	146,490	-	(62,293)	585,514
Expected credit loss of accounts receivable		147,548	(1,518)	-	(15,507)	130,523
Others		959,595	(236,484)	-	(92,923)	630,188
	$	2,230,787	(154,876)	(1,648)	(187,022)	1,887,241
Liabilities:						
Equity method investments	$	(3,075,516)	(927,212)	1,186,190	-	(2,816,538)
Depreciation differences of property, plant and equipment		(1,253,801)	(142,773)	-	116,572	(1,280,002)
Others		(613,372)	(112,138)	-	24,439	(701,071)
	$	(4,942,689)	(1,182,123)	1,186,190	141,011	(4,797,611)

		January 1, 2020	Recognized in profit or loss	Recognized in other comprehensive income	Effect of changes in exchange rates	December 31, 2020
Assets:						
Allowance for inventory valuation	$	163,197	70,708	-	25,654	259,559
Defined benefit obligation		448,658	(140,599)	(4,718)	29,400	332,741
Loss carryforwards		106,800	(105,208)	-	(1,592)	-
Unrealized exchange losses		127,732	(62,918)	-	(47,343)	17,471
Equity method investments		60,889	(24,793)	(23,540)	-	12,556
Depreciation differences of property, plant and equipment		163,567	304,418	-	33,332	501,317
Expected credit loss of accounts receivable		91,619	(1,621)	-	57,550	147,548
Others		692,578	231,768	-	35,249	959,595
	$	1,855,040	271,755	(28,258)	132,250	2,230,787
Liabilities:						
Equity method investments	$	(2,932,566)	(224,907)	81,957	-	(3,075,516)
Depreciation differences of property, plant and equipment		(852,033)	(76,594)	-	(325,174)	(1,253,801)
Others		(960,980)	(43,924)	-	391,532	(613,372)
	$	(4,745,579)	(345,425)	81,957	66,358	(4,942,689)

C. Assessment of tax filings

As of December 31, 2021, income tax returns of the Company for the years through 2019 were assessed by the tax authority.

(16) Capital and other equity

A. Ordinary shares

As of December 31, 2021 and 2020, the authorized ordinary shares of the Company amounted to $6,000,000 thousand, which was divided into 600,000 thousand shares, with a par value of $10 per share, of which $200,000 thousand was reserved for employee stock options, convertible preferred stock, and convertible corporate bonds. The issued and outstanding shares of ordinary shares amounted to $4,372,500 thousand.

The Company increased capital in GDRs of $680,000 thousand, and issued 68,000 thousand shares of ordinary shares on the Luxembourg on April 26, 2017. The price issued per share was US$6.9. The total issuance amount is US$469,200 thousand. The cash increase was approved by the Financial Supervisory Commission and the record date of capital increase was on April 26, 2017. All shares issued were paid and registered. The total amount issued was equivalent to $14,141,688 thousand on the day’ s closing exchange rates. The total premium amounting to $13,355,424 thousand was recognized on capital surplus after deducting the related issuance cost of $106,264 thousand.

B. Capital surplus

The balances of capital surplus were as follows:

		December 31, 2021	December 31, 2020
Additional paid-in capital	$	23,406,252	23,406,252
Employee stock options		60,727	60,727
Equity component of convertible bonds		1,703,470	-
Difference between the consideration and the carrying amount of subsidiaries’ share acquired or disposed		3,940	3,940
	$	25,174,389	23,470,919

According to the R.O.C Company Act, capital surplus can firstly be used to offset a deficit, and only the realized capital surplus can be used to increase the ordinary shares or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus arising from premium on issuance of capital stock and the fair value of donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, to increase ordinary shares by transferring paid-in capital in excess of par value should not exceed 10% of the total ordinary shares outstanding.

According to the R.O.C Company Act Section 241, the capital surplus may be distributed as cash dividends or stock dividends to the shareholders in proportion to the number of shares held. Distribution of capital surplus, by way of cash dividends, should be approved by the Board of Directors in a meeting attended by two-thirds of the total number of directors, with half of the directors' agreement, and reported during the shareholders' meeting. The distribution of earnings through issuance of new shares shall be resolved during the stockholders' meeting.

Based on the resolution approved during the Board of Directors meeting on March 17, 2020, the cash dividends of $1,305,711 thousand, at $3 per share, will be distributed out of capital surplus. Related information is available at the Market Observation Post System.

C. Retained earnings

On June 23, 2020, the amendment to the Company's Articles of Incorporation was approved during the stockholders' meeting. The proposal of surplus earning distribution or loss off-setting for the first half fiscal year, together with the business report and financial statements, shall be forwarded to the audit committee for auditing before the end of the second half of the fiscal year; thereafter, be submitted to the Board of Directors for approval.

Distribution of earnings, by way of cash, shall be approved in the Board of Directors meeting. The distribution of earnings through issuance of new shares shall be resolved in the stockholders' meeting.

According to the Company's Articles of Incorporation, earnings distribution on a semiannual basis shall be distributed in the following order:

(a) Offset the cumulative deficits;

(b) 10% of the current-period earning should be set aside for legal reserve, until the accumulated legal reserve equals the Company's issued capital;

(c) Set aside special reserve in accordance with relevant laws or regulations or as requested by the authorities;

(d) After deducting items (a), (b), and (c) above from the earnings, the remaining undistributed earnings of current and previous years, if any, will be proposed for distribution by the Board of Directors. According to the R.O.C Company Act Section 240(5), it was authorized that the distribution of earnings, in whole or in part by way of cash dividends, shall be made after a resolution has been approved by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors and the resolution is reported to shareholders in their meeting. If the distribution of earnings is made by issuance of new shares, wherein the resolution will be approved during the shareholders meeting.

After considering both the long-term development of the business and the goal of stable growth of earnings per share, the distribution of dividends to shareholders should not be less than 50% of the distributable earnings, which is calculated using the net income of the current year, minus, legal reserve and special reserve. Distribution of cash dividends should not be less than 50% of the total dividends.

(a) Legal reserve

According to the R.O.C Company Act. Section 241, the legal reserve may be distributed as cash dividends or stock dividends to the shareholders in proportion to the number of shares held. Distribution of legal reserve, by way of cash dividends, should be approved by the Board of Directors in a meeting attended by two-thirds of the total number of directors, with half of the directors' agreement; thereafter, be reported in the shareholders' meeting. The distribution of legal reserve through issuance of new shares shall be resolved during the stockholders' meeting.

(b) Special reserve

In accordance with Regulatory Rule No. 1010012865 issued by the FSC on April 6, 2012, a special reserve is appropriated from retained earnings based on the ruling. Under such regulation, the Company is required to set aside an additional special reserve, as part of the distribution of its annual earnings, equal to the current-period net debit balance of other equity interests. A portion of undistributed prior-period earnings shall be set aside as a special reserve, which does not qualify for earnings distribution, to account for cumulative net debit balance of other equity interests pertaining to prior periods. The only distributable special reserve is the portion that exceeds the total net debit balance of the other equity interests. The carrying amounts of special reserve were $1,734,138 thousand and $2,291,256 thousand as of December 31, 2021 and 2020, respectively.

(c) Earnings distribution

On May 4, 2021, the Board of Directors of the Company decided on the amount of cash dividends for the profit distribution proposal for 2020. Other earnings distribution had reached the statutory resolution threshold through electronic voting on June 24, 2021, and the shareholders' meeting was expected to be held on August 24, 2021.

The distributions of cash dividends per share for the first half of 2021, the second half of 2020, the first half of 2020 and the year of 2019, were approved by the Board of Directors on December 7, 2021, May 4, 2021, December 9, 2020, and March 17, 2020, respectively. The distribution of dividends was as follows:

	The first half of 2021	**2020**	**The first half of 2020**	**2019**
Dividends distributed to ordinary shareholders:				
Cash	$ 3,481,896	7,834,266	3,481,896	9,575,214

Cash dividends per share for the first half of 2021 was $8. Cash dividends per share for the year of 2020 was $18, among which $8 was distributed in the first half of 2020. Cash dividends per share for the year of 2019 was $22.

The above-mentioned information is available on the Market Observation Post System website.

D. Treasury shares

In 2018, in accordance with the requirements under section 28-2 of the Securities and Exchange Act, the Company repurchased 2,013 thousand shares at an amount of $576,779 thousand as treasury shares, in order to transfer the shares to its employees. As of December 31, 2021, a total of 2,013 thousand shares has yet to be transferred.

In accordance with the Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the amount of the repurchased shares should not exceed the sum of the Company’ s retained earnings, share premium, and realized capital surplus. In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

E. Other equity

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from equity instruments measured at fair value through other comprehensive income	Total
January 1, 2021	$ (2,591,201)	857,063	(1,734,138)
Foreign exchange differences (net of tax)	(4,938,947)	-	(4,938,947)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	537,528	537,528
December 31, 2021	$ (7,530,148)	1,394,591	(6,135,557)
January 1, 2020	(2,530,493)	239,237	(2,291,256)
Foreign exchange differences (net of tax)	(60,708)	-	(60,708)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	617,826	617,826
December 31, 2020	$ (2,591,201)	857,063	(1,734,138)

(17) Share-based payment

The Group signed a cash-settled share-based payment contract with its certain employees. According to the agreement, the vesting period is 4 years, and the employees have to fulfill their required service condition, which requires that at each vesting date (February 28, 2019 to 2022), the employees shall be still employed by the Group. At each vesting date, the employee is entitled to 25% of the awards. Furthermore, the value of cash award is determined by the stock price of the Company at each vesting date and the performance of each employee.

As of December 31, 2021 and 2020, the stock prices of the Company were $888.0 and $708.0, respectively. For the years 2021 and 2020, the amounts of $204,334 thousand and $164,352 thousand, respectively, were recognized by the Group as compensation costs.

(18) Earnings per share (“EPS”)

A. Basic earnings per share

		2021	2020
Net income attributable to the shareholders of the Company	$	**11,870,037**	**13,103,631**
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)		**435,237**	**435,237**
Basic earnings per share (dollars)	$	**27.27**	**30.11**

B. Diluted earnings per share

		2021	2020
Net income attributable to the shareholders of the Company	$	11,870,037	13,103,631
Interest expense on convertible bonds, net of tax		152,897	-
Net income attributable to the shareholders of the Company (diluted)	$	**12,022,934**	**13,103,631**
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)		435,237	435,237
Effect of the conversion of convertible bonds (in thousands of shares)		27,065	-
Effect of the employee remuneration issued by stock (in thousands of shares)		626	1,079
		462,928	**436,316**
Diluted earnings per share (dollars)	$	**25.97**	**30.03**

(19) Revenue from contracts with customers

A. Disaggregation of revenues

		2021			2020		
		Semiconductor Segment	Power plant Segment	Total	Semiconductor Segment	Power plant Segment	Total
Primary geographical markets:							
Taiwan	$	11,100,571	27,439	11,128,010	10,734,985	4,239	10,739,224
Northeast Asia (Japan and Korea)		19,609,054	-	19,609,054	16,824,092	-	16,824,092
Asia - others		11,958,537	-	11,958,537	11,011,666	-	11,011,666
America		8,132,016	-	8,132,016	7,231,434	-	7,231,434
Europe		9,915,560	-	9,915,560	7,218,230	-	7,218,230
Other areas		387,415	-	387,415	2,334,142	-	2,334,142
	$	**61,103,153**	**27,439**	**61,130,592**	**55,354,549**	**4,239**	**55,358,788**

	2021			2020		
	Semiconductor Segment	Power plant Segment	Total	Semiconductor Segment	Power plant Segment	Total
Major product categories:						
Semiconductor wafers	$ 60,623,123	-	60,623,123	55,138,940	-	55,138,940
Semiconductor ingot	361,301	-	361,301	113,541	-	113,541
Electricity revenue	-	27,439	27,439	-	4,239	4,239
Others	118,729	-	118,729	102,068	-	102,068
	$ 61,103,153	27,439	61,130,592	55,354,549	4,239	55,358,788

B. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities	$ 28,634,940	16,728,028	20,200,098

For details on accounts receivables and allowance for impairment, please refer to note 6(4).

The major change in the balance of contract liabilities is the advance consideration received from customers for the contracts, in which revenue is recognized when products are delivered to customers. The amount of revenue recognized for the years ended December 31, 2021 and 2020, which was included in the contract liability balance at the beginning of the period, was $3,576,362 thousand and $2,999,561 thousand, respectively.

The contract liabilities primarily relate to the advance consideration received from customers for the wafer sales contracts, in which revenue is recognized when products are delivered to customers.

(20) Remuneration to employees and directors

In accordance with the Articles of Incorporation, the Company should contribute between 3% and 15% of the profit as employee compensation and no higher than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and compensation for employees is approved by the Board of Directors. Remuneration to directors is paid in cash. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions. A resolution for employee remuneration in the form of shares has to be approved first in the Board of Directors meeting, wherein at least half of the votes are needed, and two thirds of the members are present during the meeting; thereafter, to be reported during the shareholders' meeting.

For the years ended December 31, 2021 and 2020, the Company accrued and recognized its employee remuneration amounting to $440,456 thousand and $463,953 thousand and directors' remuneration amounting to $45,000 thousand and $44,500 thousand, respectively. These amounts were calculated by using the Company’s pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company’s Articles of Incorporation, and expensed under operating costs or expenses. If there would be any changes in accounting estimates the changes shall be accounted for as profit or loss in the following year. If, however, the shareholders determine that the employee remuneration is to be distributed through issuance of shares, the calculation of distributable shares shall be calculated using the stock price on the day before a resolution was made by the Board of Directors. The amounts as stated in the 2021 and 2020 consolidated financial statements were not significantly different from those approved in the Board of Directors meetings.

(21) Non-Operating income and expenses

A. Interest income

		2021	2020
Interest income			
Interest income	$	142,808	243,546

B. Other gains and losses

		2021	2020
Foreign exchange gains (losses), net	$	611,424	(456,515)
Gains (losses) on disposal of property, plant and equipment		15,269	(5,559)
Realized gains (losses) on financial assets (liabilities) measured at fair value through profit or loss		(703,632)	1,463,255
Termination fees		(1,566,000)	-
Dividend income		284,293	2,210
Others		275,640	154,837
	$	(1,083,006)	1,158,228

C. Finance costs

		2021	2020
Interest expense－borrowings	$	(62,354)	(64,862)
Interest expense－bonds		(236,215)	-
Interest expense－lease liabilities		(9,172)	(8,794)
	$	(307,741)	(73,656)

(22) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The main customers of the Group are from the silicon wafer and related industries. The Group generally sets credit limits to its customers according to their credit evaluations. Therefore, the credit risk of the Group is mainly influenced by the silicon wafer industry. As of December 31, 2021 and 2020, 43% and 46%, respectively, of the Group's accounts receivable (including related parties) were from the top 10 customers. Although there is a potential for concentration of credit risk, the Group routinely assesses the collectability of the accounts receivable and makes a corresponding allowance for doubtful accounts.

(c) Credit risk of receivables

For credit risk exposure on notes and accounts receivables, please refer to note 6(4).

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
December 31, 2021							
Non-derivative financial liabilities							
Short-term borrowings	$ 6,264,000	(6,270,264)	(6,270,264)	-	-	-	-
Notes and accounts payable (including related parties)	4,340,450	(4,340,450)	(4,340,450)	-	-	-	-
Accrued payroll and bonus	2,403,861	(2,403,861)	(1,446,238)	(957,623)	-	-	-
Accrued remuneration of directors (other current liabilities)	45,000	(45,000)	-	(45,000)	-	-	-
Lease liabilities	711,173	(757,308)	(88,253)	(70,681)	(70,274)	(161,046)	(367,054)
Ordinary bonds	18,980,771	(19,470,000)	(40,300)	(67,900)	(108,200)	(19,253,600)	-
Convertible bonds	26,143,969	(27,565,891)	-	-	-	(27,565,891)	-
Dividends payable	3,481,896	(3,481,896)	(3,481,896)	-	-	-	-
Other accrued expenses (other current liabilities)	1,566,000	(1,566,000)	(1,566,000)	-	-	-	-
Derivative financial instruments							
Forward exchange contracts:							
Outflows	195,029	(4,477,795)	(4,477,795)	-	-	-	-
Inflows		4,282,766	4,282,766				
	$ 64,132,149	(66,095,699)	(17,428,430)	(1,141,204)	(178,474)	(46,980,537)	(367,054)

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
December 31, 2020							
Non-derivative financial liabilities							
Short-term borrowings	$ 9,871,000	(9,880,689)	(9,379,885)	(500,804)	-	-	-
Notes and accounts payable (including related parties)	3,895,464	(3,895,464)	(3,895,464)	-	-	-	-
Accrued payroll and bonus	2,408,567	(2,408,567)	(1,160,995)	(1,247,572)	-	-	-
Accrued remuneration of directors (other current liabilities)	44,500	(44,500)	-	(44,500)	-	-	-
Lease liabilities	668,971	(720,082)	(61,981)	(53,497)	(89,632)	(154,103)	(360,869)
Dividends payable	3,481,896	(3,481,896)	(3,481,896)	-	-	-	-
Derivative financial instruments:							
Swap exchange contracts							
Outflows	34,281	(2,311,480)	(2,311,480)	-	-	-	-
Inflows	-	2,277,199	2,277,199	-	-	-	-
Forward exchange contracts:							
Outflows	-	(6,241,053)	(6,241,053)	-	-	-	-
Inflows	(40,684)	6,281,737	6,281,737	-	-	-	-
	$ 20,363,995	(20,424,795)	(17,973,818)	(1,846,373)	(89,632)	(154,103)	(360,869)

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

C. Currency risk

(a) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2021		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary Items			
USD	$ 1,417,652	27.68	39,240,607
JPY	3,488,964	0.2405	839,096
EUR	59,807	31.32	1,873,153
CNY	668,265	4.344	2,902,943
Non-Monetary Items			
USD	22,650	27.68	Note
JPY	208,426	0.2405	Note

	December 31, 2021		
	Foreign currency	Exchange rate	NTD
Financial liabilities			
Monetary Items			
USD	430,463	27.68	11,915,217
JPY	23,118,837	0.2405	5,560,080
EUR	161,763	31.32	5,066,422
CNY	65,388	4.344	284,048
Non-Monetary Items			
USD	8,830	27.68	Note
JPY	14,050,000	0.2405	Note

	December 31, 2020		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary Items			
USD	$ 490,516	28.48	13,969,881
JPY	896,275	0.2763	247,641
EUR	40,085	35.02	1,403,781
Non-Monetary Items			
USD	19,900	28.48	Note
JPY	15,295,381	0.2763	Note
EUR	111	35	Note
Financial liabilities			
Monetary Items			
USD	317,396	28.48	9,039,437
JPY	25,393,211	0.2763	7,016,144
EUR	11,976	35.02	419,410
Non-Monetary Items			
USD	86,760	28.48	Note
JPY	5,000,000	0.2763	Note

Note: The fair value of forward exchange contracts was measured at the reporting date. For related information, please refer to note 6(2).

(b) Sensitivity analysis

The Group' s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, borrowings, and accounts payable, that are denominated in foreign currencies. A weakening (strengthening) of 1% of the NTD against the USD and JPY as of December 31, 2021 and 2020, would have increased or decreased the net income before income tax by $220,300 thousand and decrease or increase by $8,537 thousand, respectively. The analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis was performed on the same basis for comparative years.

(c) Foreign exchange gains and losses on monetary items

Since the Group has many kinds of functional currencies, the information on foreign exchange gains (losses) on monetary items is disclosed by an aggregate amount. For years of 2021 and 2020, foreign exchange gains (losses) (including realized and unrealized portions) amounted to $611,424 thousand and $(456,515) thousand, respectively.

D. Interest rate analysis

Please refer to the notes on liquidity risk management for interest rate exposure of the Group's financial liabilities.

The following sensitivity analysis is based on the exposure to interest rates. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased or decreased by 0.25%, the Group' s net income before income tax would have increased or decreased by $29,335 thousand and $20,773 thousand, for the years ended December 31, 2021 and 2020, respectively, assuming all other variable factors remain constant. This is mainly due to the Group' s bank deposits and borrowings with variable rates.

E. Other price risk

For the years ended December 31, 2021 and 2020, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the years ended December 31,			
	2021		2020	
Prices of securities at the reporting date	**Other comprehensive income before tax**	**Net income before income tax**	**Other comprehensive income before tax**	**Net income before income tax**
Increasing 5%	$ 9,254	908,677	5,074	280,216
Decreasing 5%	(9,254)	(908,677)	(5,074)	(280,216)

F. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Forward exchange contract	$ 3,450	-	3,450	-	3,450
Overseas securities held	18,173,549	18,173,549	-	-	18,173,549
Privately offered fund	195,163	-	-	195,163	195,163
	$ 18,372,162	18,173,549	3,450	195,163	18,372,162
Financial assets at fair value through other comprehensive income					
Stock listed on domestic market	$ 185,073	185,073	-	-	185,073
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 65,894,422	-	-	-	-
Notes and accounts receivable (including related parties)	9,117,714	-	-	-	-
Other financial assets－current and non-current	5,081,297	-	-	-	-
	$ 80,093,433	-	-	-	-
Financial liabilities at fair value through profit or loss					
Forward exchange contract	$ 198,479	-	198,479	-	198,479
Embedded derivatives of convertible bonds	178,637	-	178,637	-	178,637
	$ 377,116	-	377,116	-	377,116

	December 31, 2021				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 6,264,000	-	-	-	-
Notes and accounts payable (including related parties)	4,340,450	-	-	-	-
Accrued remuneration of directors (other current liabilities)	45,000	-	-	-	-
Ordinary bonds	18,980,771	-	-	-	-
Convertible bonds	26,143,969	-	-	-	-
Lease liabilities-current and non-current	711,173	-	-	-	-
Other accrued expenses (other current liabilities)	1,566,000	-	-	-	-
	$ 58,051,363	-	-	-	-

	December 31, 2020				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Forward exchange contract	$ 52,356	-	52,356	-	52,356
Overseas securities held	5,604,312	5,604,312	-	-	5,604,312
Privately offered fund	117,204	-	-	117,204	117,204
	$ 5,773,872	5,604,312	52,356	117,204	5,773,872
Financial assets at fair value through other comprehensive income					
Stock listed on domestic market	$ 101,475	101,475	-	-	101,475
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 22,439,481	-	-	-	-
Notes and accounts receivable (including related parties)	8,037,430	-	-	-	-
Other financial assets－current and non-current	5,848,774	-	-	-	-
	$ 36,325,685	-	-	-	-

	December 31, 2020				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Forward exchange contract	$ 11,672	-	11,672	-	11,672
Swap exchange contract	34,281	-	34,281	-	34,281
	$ 45,953	-	45,953	-	45,953
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 9,871,000	-	-	-	-
Notes and accounts payable (including related parties)	3,895,465	-	-	-	-
Lease liabilities－current and non-current	668,971	-	-	-	-
	$ 14,435,436	-	-	-	-

(b) Valuation techniques for financial instruments measured at fair value

i. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s -length basis. Whether transactions are taking place ‘regularly’ is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments in an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique, including a model using observable market data at the reporting date.

ii. Derivative financial instruments

Measurements of the fair value of derivative instruments are based on the valuation techniques generally accepted by market participants, such as the discounted cash flow or option pricing models. The fair value of forward currency is usually determined based by the forward currency exchange rate.

(c) Reconciliation of Level 3 fair value

	Financial assets measured at fair value through profit or loss
January 1, 2021	$ 117,204
Addition in investment	27,819
Recognized in profit or loss	50,140
December 31, 2021	**$ 195,163**
January 1, 2020	$ 95,163
Addition in investment	29,064
Recognized in profit or loss	(7,023)
December 31, 2020	**$ 117,204**

(d) The fair value of the Group’s financial instruments that use Level 3 inputs to measure fair value was based on the price of the third party. The Group did not disclose quantified information and sensitivity analysis on significant unobservable inputs because the unobservable inputs used in fair value measurement were not established by the Group.

(e) As of December 31, 2021 and 2020, there was no transfer at fair value level.

(23) Financial risk management

A. Overview

The Group has exposures to the following risks from its financial instruments:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

The following likewise discusses the Group’s objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

B. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The board is responsible for developing and monitoring company’s risk management policies. Internal auditors assist the Board of Directors to monitor and review the risk management control and internal procedures regularly and report them to the board of directors.

The Group’s risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group’s audit Committee oversees how management monitors compliance with the Group’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, and the results of which are reported to the audit committee.

C. Credit risk

The Group’s potential credit risk is derived primarily from cash and accounts receivable. The Group maintains its cash in various creditworthy financial institutions. Credit risk exposure to each financial institution is controlled by the Group. As a result, the Group believes that there is no concentration of credit risk for cash.

For the year ended December 31, 2020, the Company only provided endorsements for its 100% owned subsidiaries.

D. Liquidity risk

There is no liquidity risk of being unable to raise capital to settle contract obligations since the Group has sufficient capital and working capital to fulfill contract obligations.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Group’s entities, primarily the New Taiwan Dollar (NTD), but also include the Chinese Yen (CNY), US Dollar (USD), Euro (EUR) and Japanese Yen (JPY). These transactions are denominated in NTD, USD, EUR and JPY.

Interest is denominated in the currency used in borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily NTD, but also include USD.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when it is necessary to address short-term imbalances.

(b) Interest rate risk

The Group holds variable-rate assets and liabilities, which cause the exposure to interest rate risk in cash flows.

(24) Capital management

The Board of Directors policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings and non-controlling interests of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary stockholders.

The Group’ s debt-to-equity ratios at the end of the reporting periods were as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 105,013,473	50,696,717
Less: cash and cash equivalents	(65,894,422)	(22,439,481)
Net debt	**$ 39,119,051**	**28,257,236**
Total equity	**$ 45,631,503**	**44,154,900**
Debt-to-equity ratio	**85.73%**	**64.00%**

The increase in other current liabilities resulted in the debt-to-equity ratio to increase as at December 31, 2021.

(25) Cash flow information

A. For acquiring right-of-use assets by lease, please refer to note 6(8).

B. Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Foreign exchange movement and others	December 31, 2021
Short-term borrowings	$ 9,871,000	(3,607,000)	-	6,264,000
Lease liabilities	668,971	(180,213)	222,415	711,173
Bonds payable	-	46,812,845	(1,688,105)	45,124,740
Guarantee deposit received	35,031	(35,031)	-	-
Total liabilities from financing activities	**$ 10,575,002**	**42,990,601**	**(1,465,690)**	**52,099,913**

	January 1, 2020	Cash flows	Foreign exchange movement and others	December 31, 2020
Short-term borrowings	$ 9,886,000	(15,000)	-	9,871,000
Lease liabilities	788,026	(159,280)	40,225	668,971
Guarantee deposit received	192,733	(156,249)	(1,453)	35,031
Total liabilities from financing activities	**$ 10,866,759**	**(330,529)**	**38,772**	**10,575,002**

7. Related-party transactions:

(1) Parent company and ultimate controlling company

Sino-American Silicon Product Inc. (“SAS”) is both the parent company and the ultimate controlling party of the Group. As of December 31, 2021, it owns 51.17% of all shares outstanding of the Company and has issued the consolidated financial statements available for public use.

(2) Names and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Sino-American Silicon Product Inc. (“SAS”)	The parent company
Taiwan Specialty Chemical Co., Ltd.	Subsidiary of SAS
Actron Technology Corp.	Associate of the parent company
Crystalwise Technology Inc.	Associate of the parent company
Accu Solar Corporation	Associate of the parent company

(3) Key management personnel compensation

Key management personnel compensation comprised of:

	For the years ended December 31, 2021	2020
Short-term employee benefits	$ 307,220	271,528
Post-employment benefits	706	706
	$ 307,926	**272,234**

The Group provided a car costing $1,500 thousand, for key management use in 2021 and 2020, respectively.

(4) Significant transactions with related parties

A. Sales

The amounts of significant sales by the Group to related parties were as follows:

	For the years ended December 31, 2021	For the years ended December 31, 2020
Parent company	$ 16,476	5,954
Other related parties	289,885	224,490
	$ 306,361	230,444

The sales price for sales to the related parties was determined by market price and adjusted according to the sales area and sales volume.

The credit terms for third parties were 0 to 120 days after month-end both in 2021 and 2020, while those for related parties were 30 to 90 days after month-end both in 2021 and 2020.

B. Purchases and process outsourcing

The amounts of purchases and process outsourcing by the Group from related parties were as follows:

Related parties	For the years ended December 31, 2021	For the years ended December 31, 2020
Parent company	$ 2,090,471	1,061,951
Other related parties	157	442
	$ 2,090,628	1,062,393

The prices of purchases and process outsourcing were determined by market rates.

The payment terms to third parties were 0 to 120 days after month-end both in 2021 and 2020, while those of related parties were 30 days after the following month-end both in 2021 and 2020.

C. Receivables from related parties

The receivables from related parties were as follows:

Items	Categories	December 31, 2021	December 31, 2020
Receivable from related parties	Parent company	$ 2,701	582
Receivable from related parties	Other related parties	65,929	72,414
		$ 68,630	72,996

D. Payables to related parties

The payables to related parties were as follows:

Items	Categories	December 31, 2021	December 31, 2020
Payable to related parties	Parent company	$ 180,466	207,834
Payable to related parties	Other related parties	450	273
		$ 180,916	**208,107**

E. Prepayments

The prepayments to the parent company were for material purchases which were paid in full. As of December 31, 2021 and 2020, the balance of prepayments, which were recognized as other current assets, amounted to $1,717,408 thousand and $0 thousand, respectively.

F. Payment on behalf of others

The receivables from related parties and payables to related parties generated from material purchases, insurance and utilities payments and manpower support of related parties as of December 31, 2021 and 2020 were as follows:

Related parties	December 31, 2021	December 31, 2020
Parent company	$ 149	116
Parent company	(123)	(1,643)
Other related parties	-	(76)
	$ 26	**(1,603)**

G. Transactions of property, plant and equipment

(a) Purchase amounts of property, plant and equipment from related parties were summarized as follows:

Related parties	For the years ended December 31, 2021	For the years ended December 31, 2020
Parent company	$ 246,742	94,311
Other related parties	85,542	55,398
	$ 332,284	**149,709**

As of December 31, 2021 and 2020 the prepayment for equipment was $36,745 thousand and $32,435 thousand, respectively; the payables were $98,313 thousand and $35,797 thousand, respectively.

(b) Disposal amounts of property, plant and equipment to related parties were summarized as follows:

Related parties	For the years ended December 31, 2021	2020
Parent company	$ -	260

As of December 31, 2020, the consideration from the above transactions had been fully received.

H. Leases

The Group rented the plant from the parent company. A two-year lease contract was signed. The total value of the contract was $21,579 thousand, please refer to note 6(13). For the year ended December 31, 2021, the Group recognized the amount of $86 thousand as the interest expense. As of December 31, 2021, the balance of lease liabilities amounted to $16,221 thousand.

I. Others

(a) The Group provides other services for related parties, including service support, machine usage, human resources and plant lease, etc. Details of related other income and receivables from related parties were as follows:

Related parties	For the years ended December 31, 2021	2020
Parent Company and other related parties	$ 5,431	9,580

Items	Categories	December 31, 2021	December 31, 2020
Receivable to related parties	Parent company	$ 777	1,267
Receivable to related parties	Other related parties	89	433
		$ 866	1,700

(b) The related parties charged the Group for their services, including administrative assistance, technical service, legal work appointment, and plant lease. Details of related other expenses and payables to related parties were as follows:

Related parties	For the years ended December 31, 2021	2020
Parent company and other related parties	$ 110,421	38,411

Items	Categories	December 31, 2021	December 31, 2020
Payable to related parties	Parent company	$ 27,985	8,891
Payable to related parties	Other related parties	183	-
		$ 28,168	8,891

8. Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Purpose of pledge	December 31, 2021	December 31, 2020
Time deposits (recognized in other financial assets－current)	Guarantees of acceptances bill	$ -	17,423
Property, plant and equipment	Credit lines of borrowings	2,306,056	3,093,503
Time deposits (recognized in other financial assets－non-current)	Guarantee for gas consumption from CPC Corporation	2,000	2,000
Time deposits (recognized in other financial assets －non-current)	Guarantee payment for import VAT	5,000	5,000
Time deposits (recognized in other financial assets－non-current))	Guarantee for the lease contract with the Hsinchu Science Industrial Park Bureau	40,687	40,679
Time deposits (recognized in other financial assets－non-current)	Guarantee for bank financing projects	138,400	142,400
		$ 2,492,143	3,301,005

9. Commitments and contingencies:

(1) Significant unrecognized contractual commitments

A. As of December 31, 2021 and 2020, the purchase amounts for future procurement from suppliers under the existing agreements were $12,913,705 thousand and $1,024,391 thousand, respectively.

B. As of December 31, 2021 and 2020, the Group’ s unused letters of credit amounted to $322,187 thousand and $94,554 thousand, respectively.

C. As of December 31, 2021 and 2020, the significant outstanding commitments for construction and purchase of property, plant and equipment amounted to $9,231,668 thousand and $1,404,731 thousand, respectively.

D. As of December 31, 2021 and 2020, a guarantee letter for the Customs Administration and research and development projects issued by the bank amounted to $48,000 thousand and $14,000 thousand, respectively.

E. The Group signed a long-term sales contract with certain customers and received advance payments. The customer is required to order minimum quantity according to the contract. As of December 31, 2021 and 2020, a guarantee letter for the customer issued by the bank amounted to $905,394 thousand and $88,651 thousand, respectively.

F. The Company has made an application of the Management, Utilization, and Taxation of Repatriated Offshore Funds Act to the tax authorities on November 28, 2019 and February 21, 2020. The application was approved and the fund was repatriated. Up to 5% of the funds could be withdrawn and freely utilized. The remaining 95% can only be withdrawn for the investments approved by the Ministry of Economic Affairs, R.O.C. upon the elapse of five full years after the date of depositing the fund into a segregated foreign exchange deposit account. The Company has made an application to utilize the fund for capital investment. The fund is planned to utilize for factory expansion, purchase of factory's facilities and other related capital expenditure. As of December 31, 2021 and 2020, the balances of the account were $3,944,367 thousand and $5,491,302 thousand, respectively, recorded as other current financial assets and other non-current financial assets.

G. GlobalWafers Co., Ltd.'s board resolved to acquire Siltronic AG outstanding shares at EUR125 per share on December 9, 2020. The business combination with Siltronic AG would maximize the shareholders benefits. GlobalWafers Co., Ltd. and Siltronic AG signed a business combination agreement on December 10, 2020, wherein the Group issued a EUR50 million letter of payment guarantee through the bank.

The Company also signed an irrevocable undertaking agreement with Wacker Chemie AG (Wacker Chemie). It was approved by German Federal Financial Supervisory Authority (BaFin) on December 21, 2020, to publish the offer document outlining terms of the voluntary public takeover offer for the acquisitions of all no-par value registered shares in Siltronic AG.

On January 22, 2021, the final offer price was adjusted to EUR145 per share, and the acceptance period of takeover offer was due on March 1, 2021. The Group signed the letter of payment guarantee with an amount up to EUR4.2 billion (equivalent to acquisition consideration) through the bank. As of January 31, 2022, the Company did not obtain the approval from the German government in due course.

(2) Contingent liabilities: None

10. Losses due to major disasters: None

11. Subsequent Events:

As of January 31, 2022, the closing date of the transaction, the Company failed to obtain the approval of the German Government, therefore, the Company’ s public offer for Siltronic and the related contract lapsed due to the failure to fulfill the conditions.

The 13.67% shares of Siltronic acquired by the Company in the market may be freely disposed of, and there is no restriction on the holding period. The 56.60% of Siltronic shares that should have been sold during the public offer period remained with the original shareholders, and were converted to outstanding common shares on February 8, 2022, for which the Company has no obligation to perform.

In addition, according to the business combination agreement between the Company and Siltronic, a termination fee of EUR 50 million was payable to Siltronic for failure to obtain the required approval from the competent authorities, which had been provisionally recorded in other current liabilities.

12. Other:

A summary of the employee benefits, depreciation, and amortization expenses, by function is as follows:

By function / By item	For the years ended December 31,					
	2021			2020		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salary	7,623,702	2,193,218	9,816,920	7,337,765	1,838,266	9,176,031
Labor and health insurance	1,028,471	213,824	1,242,295	1,050,990	173,736	1,224,726
Pension	552,217	87,991	640,208	281,561	81,485	363,046
Others	206,991	58,335	265,326	130,701	45,453	176,154
Depreciation	5,525,012	161,679	5,686,691	5,030,822	134,468	5,165,290
Amortization	206,671	3,722	210,393	347,433	9,062	356,495

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

A. Loans to other parties: Please refer to Table 1.

B. Guarantees and endorsements for other parties: Please refer to Table 2.

C. Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.

D. Individual securities acquired or disposed of with accumulated amounts exceeding the lower of NT$300 million or 20% of the capital stock: Please refer to Table 4.

E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: Please refer to Table 5.

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 6.

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 7.

I. Trading in derivative instruments: Please refer to note 6(2).

J. Business relationships and significant intercompany transactions: Please refer to Table 8.

(2) Information on investees: Please refer to Table 9.

(3) Information on investment in mainland China:

A. The names of investees in Mainland China, the main businesses and products and other information: Please refer to Table 10(1).

B. Limitation on investment in Mainland China: Please refer to Table 10(2).

C. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in the "Information on significant transactions".

(4) Major shareholders:

Shareholding Shareholder's Name	Shares	Percentage
Sino-American Silicon Product Inc.	222,727,000	51.17%

14. Segment information:

(1) General information

The Group's reportable segments and their operations are as follows:

A. Semiconductor Segment

It engages in the research, development, production, design and sales of semiconductor ingots and wafers.

B. Power plant Segment

In order to obtain the source of green power, the segment engages in generating electricity, transporting of electricity, manufacturing of electrical machinery, and sales of electricity during the period.

(2) Product and service information

	2021			
	Semiconductor segment	**Power plant segment**	**Reconciliation and elimination**	**Total**
Revenue				
External customers	$ 61,103,153	27,439	-	61,130,592
Intersegment	-	-	-	-
Total revenue	$ 61,103,153	27,439	-	61,130,592
Interest expense	$ 307,680	61	-	307,741
Depreciation and amortization	$ 5,884,220	12,864	-	5,897,084
Reportable segment profit or loss	$ 11,798,220	3,421	-	11,801,641
Share of profit (loss) of associates accounted for using equity method				68,396
				$ 11,870,037
Reportable segment assets				
December 31, 2021	$ 147,473,088	1,480,544	-	$ 148,953,632
Equity method investments				1,691,344
				$ 150,644,976
Reportable segment liabilities				
December 31, 2021	$ 104,859,367	154,106	-	105,013,473

	2020			
	Semiconductor segment	**Power plant segment**	**Reconciliation and elimination**	**Total**
Revenue				
External customers	$ 55,354,549	4,239	-	55,358,788
Intersegment	-	-	-	-
Total revenue	$ 55,354,549	4,239	-	55,358,788
Interest expense	$ 73,656	-	-	73,656
Depreciation and amortization	$ 5,519,586	2,199	-	5,521,785
Reportable segment profit or loss	$ 13,066,106	716	-	13,066,822
Share of profit (loss) of associates accounted for using equity method				36,809
				$ 13,103,631
Reportable segment assets				
December 31, 2020	$ 92,445,122	1,204,319	-	$ 93,649,441
Equity method investments				1,202,176
				$ 94,851,617
Reportable segment liabilities				
December 31, 2020	$ 50,660,189	36,528	-	50,696,717

(3) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

A. The Group's revenue from external customers and the relevant customer contract revenue, please refer to note 6(19).

B. Non-current assets:

Geographical information	December 31, 2021	December 31, 2020
Korea	$ 13,283,323	15,931,775
United States	5,342,424	7,789,564
Japan	7,393,672	6,960,047
Taiwan	7,589,990	5,361,832
Italy	2,732,540	3,259,190
Others	2,048,682	1,866,547
	$ 38,390,631	41,168,955

(4) Major customers information

Sales to individual customers representing greater than 10% of net sales of the Group:

	For the years ended December 31,	
	2021	2020
Group C	$ 12,789,073	10,936,309

GlobalWafers Co., Ltd. and Subsidiaries
Loans to other parties
For the year ended December 31, 2021

Table 1 (In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 3)
													Item	Value		
0	The Company	GlobalWafers GmbH	Receivable from related parties	Yes	6,866,000	-	-	0.45%	2	-	Operating capital	-	-	-	18,252,601	18,252,601
0	The Company	SPV5	Receivable from related parties	Yes	10,000	10,000	10,000	1.00%	2	-	Operating capital	-	-	-	18,252,601	18,252,601
0	The Company	GWH	Receivable from related parties	Yes	500,000	500,000	-	1.00%	2	-	Operating capital	-	-	-	18,252,601	18,252,601
1	GWJ	MEMC Japan	Receivable from related parties	Yes	1,443,000	1,443,000	745,550	0.59%	2	-	Operating capital	-	-	-	16,451,608	16,451,608
1	GWJ	The Company	Receivable from related parties	Yes	5,667,660	3,607,500	2,886,000	0.56%	2	-	Operating capital	-	-	-	16,451,608	16,451,608
1	GWJ	The Company	Receivable from related parties	Yes	5,106,080	-	-	0.55%	1	7,245,440	Business between two parties	-	-	-	7,245,440	16,451,608
2	MEMC SpA	GlobalWafers B.V.	Receivable from related parties	Yes	1,888,150	1,722,600	1,722,600	0.45%	2	-	Operating capital	-	-	-	8,678,590	8,678,590
2	MEMC SpA	GlobalWafers Singapore	Receivable from related parties	Yes	2,680,860	2,442,960	1,908,946	3.44%	2	-	Operating capital	-	-	-	8,678,590	8,678,590
3	GlobalWafers Singapore	GlobalWafers B.V.	Receivable from related parties	Yes	2,853,500	936,857	936,857	1.20%	2	-	Operating capital	-	-	-	40,588,738	40,588,738
3	GlobalWafers Singapore	GlobalWafers GmbH	Receivable from related parties	Yes	4,291,250	3,915,000	3,915,000	0.45%	2	-	Operating capital	-	-	-	40,588,738	40,588,738
3	GlobalWafers Singapore	The Company	Receivable from related parties	Yes	12,270,050	11,902,400	7,287,384	0.80%~1.20%	2	-	Operating capital	-	-	-	40,588,738	40,588,738
4	GTI	MEMC LLC	Receivable from related parties	Yes	199,745	193,760	-	1.75%	2	-	Operating capital	-	-	-	9,776,708	9,776,708
4	GTI	The Company	Receivable from related parties	Yes	1,426,750	1,384,000	1,384,000	0.80%	2	-	Operating capital	-	-	-	9,776,708	9,776,708
5	GlobalWafers B.V.	GlobalWafers GmbH	Receivable from related parties	Yes	4,806,200	4,384,800	2,662,000	0.45%	2	-	Operating capital	-	-	-	40,277,615	40,277,615
6	GWH	SPV4	Receivable from related parties	Yes	50,000	50,000	10,000	1.00%	2	-	Operating capital	-	-	-	100,161	100,161

Note 1: The nature of financing purposes:

(1) Represents entities with business transaction with the Group.

(2) Represents where an inter-company or inter-firm short-term financing facility is necessary.

Note 2: For entities who have business transactions with the Company, the amount of financing shall not exceed the amount of business transaction for the current year. For the purpose of lending operating capital, the amount of financing offered to a single company and to an investee whose voting shares, directly or indirectly, owned by the Company shall not exceed 40 percent of the lender’s net worth.

Note 3: The total amount available for financing purposes shall not exceed 40 percent of the lender’s net worth. The total amount available for financing to investees whose voting shares, directly or indirectly, owned by the Company shall not exceed 40 percent of the Company’s net worth.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

GlobalWafers Co., Ltd. and Subsidiaries
Guarantees and endorsements for other parties
For the year ended December 31, 2021

Table 2 (In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3, 4)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	GlobalWafers GmbH	2	136,894,509	112,244,400	91,485,720	6,577,200	-	200.49%	136,894,509	Y	N	N
0	The Company	GWH	2	136,894,509	1,300,000	1,300,000	-	-	2.85%	136,894,509	Y	N	N
0	The Company	SPV4	2	136,894,509	100,000	100,000	-	-	0.22%	136,894,509	Y	N	N
0	The Company	SPV5	2	136,894,509	79,800	79,800	79,800	-	0.17%	136,894,509	Y	N	N
0	The Company	GWS	2	136,894,509	1,260,000	1,252,800	1,252,800	-	2.75%	136,894,509	Y	N	N
1	GTI	MEMC LLC	2	48,883,540	428,025	415,200	93,013	-	4.25%	48,883,540	N	N	N

Note 1: The characters of guarantees and endorsements are coded as follows:
(1) The issuer is coded "0".
(2) The investee is coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relation between guarantor and guarantee and their endorsement should be disclosed as one of the following:
(1) Ordinary business relationship.
(2) Subsidiary which owned more than 50 percent by the guarantor.
(3) An investee owned more than 50 percent in total by both the guarantor and its subsidiary.
(4) An investee owned more than 90 percent by the guarantor or its subsidiary.
(5) Fulfillment of contractual obligations by providing mutual endorsements and guarantor for peer or joint builders in order to undertake a construction project.
(6) An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
(7) The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for per-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The total amount of external endorsements and/or guarantees shall worth no more than triple of the Company's net worth.

Note 4: The total amount of external endorsements and/or guarantees for any single company shall not exceed 10 percent of the Company's net worth. However, for subsidiaries shall not exceed 3 times of the Company's net worth.

GlobalWafers Co., Ltd. and Subsidiaries

Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures)

December 31, 2021

Table 3 (In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Highest Percentage of ownership (%) during the year	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	CDIB Capital Growth Partners L.P.	None	Financial assets at fair value through profit or loss, mandatorily measured at fair value－non-current	-	195,163	3.85%	195,163	3.85%	
The Company	Siltronic AG	None	Financial assets at fair value through profit or loss－non-current	650	2,879,639	2.17%	2,879,639	2.17%	
GlobalWafers GmbH	Siltronic AG	None	Financial assets at fair value through profit or loss－non-current	2,851	12,631,231	9.50%	12,631,231	9.50%	
GWBV	Siltronic AG	None	Financial assets at fair value through profit or loss－non-current	600	2,662,679	2.00%	2,662,679	2.00%	
The Company	WT Microelectronics Co., Ltd.	None	Financial assets at fair value through other comprehensive income	2,518	185,073	0.32%	185,073	0.32%	

GlobalWafers Co., Ltd. and Subsidiaries

Individual securities acquired or disposed of with accumulated amounts exceeding the lower of than NT$300 million or 20% of the capital stock

For the year ended December 31, 2021

Table 4

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount (Note)
GWBV	Siltronic AG	Financial assets at fair value through profit or loss－non-current	-	None	600	2,688,372	-	-	-	-	-	-	600	2,662,679
GlobalWafers GmbH	Siltronic AG	Financial assets at fair value through profit or loss－non-current	-	None	-	-	2,851	12,631,231	-	-	-	-	2,851	12,631,231
The Company	Siltronic AG	Financial assets at fair value through profit or loss－non-current	-	None	650	2,915,490	-	-	-	-	-	-	650	2,879,639

Note: Ending balance including unrealized gain or loss.

GlobalWafers Co., Ltd. and Subsidiaries

Acquisition of individual real estate with amount exceeding the lower than NT$300 million or 20% of the capital stock

For the year ended December 31, 2021

Table 5 (In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information: Owner	Relationship with the Company	Date of transfer	Amount	References for determining price	Purpose of acquisition and current condition	Others
MEMC Korea	Property, plant and equipment	October 5, 2018	1,814,200	To the progress of the project	Sungdo Eng. Company	Non-related parties	-	-	-	-	Fair value	For operating purpose	None
MEMC Korea	Property, plant and equipment	September 2018	330,175	To the progress of the project	L.Keeley Construction	Non-related parties	-	-	-	-	Fair value	For operating purpose	None

GlobalWafers Co., Ltd. and Subsidiaries

Related-party transactions for purchases and sales with amounts exceeding the lower than NT$300 million or 20% of the capital stock

For the year ended December 31, 2021

Table 6 (In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	SAS	Parent Company	Purchase	2,090,471	15%	Net 30 days from the end of the next month upon issuance of invoice	-	-	(177,872)	(4)%	
The Company	GTI	Indirectly held subsidiaries	Purchase	2,073,802	3%	Net 60 days from the end of the month upon issuance of invoice	-	-	(359,256)	(4)%	
The Company	SST	Indirectly held subsidiaries	Purchase	2,061,886	3%	Net 60 days from the end of the month upon issuance of invoice	-	-	(379,953)	(4)%	
The Company	GWJ	Directly held subsidiaries	Purchase	6,697,405	11%	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(1,872,552)	(21)%	
The Company	Topsil A/S	Indirectly held subsidiaries	Purchase	866,388	1%	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(192,461)	(2)%	
The Company	GWS	Indirectly held subsidiaries	Purchase	712,957	1%	Net 60 days from the end of the month upon issuance of invoice	-	-	(122,445)	(1)%	
GWS	The Company	Indirectly held subsidiaries	Purchase	6,583,737	11%	Net 60 days from the end of the month upon issuance of invoice	-	-	(1,209,905)	(13)%	
MEMC Korea	The Company	Indirectly held subsidiaries	Purchase	1,762,010	3%	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(463,477)	(5)%	
MEMC SpA	The Company	Indirectly held subsidiaries	Purchase	811,078	1%	Net 60 days from the end of the month upon issuance of invoice	-	-	(155,577)	(2)%	
GTI	The Company	Indirectly held subsidiaries	Purchase	3,606,789	6%	Net 45 days from the end of the month upon issuance of invoice	-	-	(450,697)	(5)%	
SST	The Company	Indirectly held subsidiaries	Purchase	1,090,130	2%	Net 30 days from the end of the month upon issuance of invoice	-	-	(83,416)	(1)%	

Name of company	Related party	Nature of relationship	Transaction details: Purchase /Sale	Transaction details: Amount	Transaction details: Percentage of total purchases/ sales	Transaction details: Payment terms	Transactions with terms different from others: Unit price	Transactions with terms different from others: Payment terms	Notes/Accounts receivable (payable): Ending balance	Notes/Accounts receivable (payable): Percentage of total notes/accounts receivable (payable)	Note
GWJ	The Company	Directly held subsidiaries	Purchase	2,619,443	4%	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(735,503)	(8)%	
Topsil A/S	The Company	Indirectly held subsidiaries	Purchase	396,400	1%	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(77,771)	(1)%	
Actron Technology	The Company	Associate of the parent company	Purchase	289,612	- %	Net 60 days from the end of the next month upon issuance of invoice	-	-	(65,911)	(1)%	
MEMC Sdn Bhd	The Company	Indirectly held subsidiaries	Purchase	123,758	- %	Net 60 days from the end of the month upon issuance of invoice	-	-	(17,452)	-%	
GWS	MEMC LLC	Indirectly held subsidiaries	Purchase	1,399,475	2%	Net 60 days from the end of the month upon issuance of invoice	-	-	(219,690)	(2)%	
GWS	MEMC LLC	Indirectly held subsidiaries	Sale	(639,618)	(1)%	Net 60 days from the end of the month upon issuance of invoice	-	-	125,959	1%	
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	Purchase	1,671,021	3%	Net 60 days from the end of the month upon issuance of invoice	-	-	(295,483)	(3)%	
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	Sale	(628,577)	(1)%	Net 60 days from the end of the month upon issuance of invoice	-	-	105,615	1%	
GWS	MEMC SpA	Indirectly held subsidiaries	Purchase	3,701,587	6%	Net 60 days from the end of the month upon issuance of invoice	-	-	(651,383)	(7)%	
GWS	MEMC SpA	Indirectly held subsidiaries	Sale	(4,148,873)	(7)%	Net 60 days from the end of the month upon issuance of invoice	-	-	742,296	8%	
GWS	MEMC Korea	Indirectly held subsidiaries	Purchase	1,432,638	2%	Net 60 days from the end of the month upon issuance of invoice	-	-	(263,573)	(3)%	
GWS	MEMC Japan	Indirectly held subsidiaries	Purchase	4,067,502	7%	Net 60 days from the end of the month upon issuance of invoice	-	-	(729,443)	(8)%	
GWS	MEMC Japan	Indirectly held subsidiaries	Sale	(1,534,937)	(3)%	Net 60 days from the end of the month upon issuance of invoice	-	-	263,177	3%	

Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

GlobalWafers Co., Ltd. and Subsidiaries

Receivables from related parties with amounts exceeding the lower than NT$100 million or 20% of the capital stock

December 31, 2021

Table 7 (In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	GTI	Indirectly held subsidiaries	450,697	9.10	-		268,332	-
The Company	GWJ	Directly held subsidiaries	735,503	4.52	-		311,828	-
The Company	GWS	Indirectly held subsidiaries	1,209,905	6.05	-		1,209,905	-
The Company	MEMC Korea	Indirectly held subsidiaries	463,477	4.96	-		379,126	-
The Company	MEMC SpA	Indirectly held subsidiaries	155,577	5.11	-		151,219	-
SAS	The Company	Parent Company	177,872	11.06	-		177,872	-
GTI	The Company	Indirectly held subsidiaries	359,256	6.50	-		359,256	-
SST	The Company	Indirectly held subsidiaries	379,953	5.95	-		360,797	-
GWJ	The Company	Directly held subsidiaries	1,872,552	3.59	-		1,220,081	-
GWS	The Company	Indirectly held subsidiaries	122,445	8.34	-		80,866	-
Topsil A/S	The Company	Indirectly held subsidiaries	192,461	6.79	-		191,085	-
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	105,615	5.57	-		105,615	-
GWS	MEMC Japan	Indirectly held subsidiaries	263,177	5.92	-		263,177	-
GWS	MEMC SpA	Indirectly held subsidiaries	742,296	6.83	-		742,296	-
GWS	MEMC LLC	Indirectly held subsidiaries	125,959	5.66	-		125,959	-
MEMC Sdn Bhd	GWS	Indirectly held subsidiaries	295,483	5.70	-		295,483	-
MEMC SpA	GWS	Indirectly held subsidiaries	651,383	6.26	-		651,383	-
MEMC Korea	GWS	Indirectly held subsidiaries	263,573	5.99	-		134,282	-
MEMC Japan	GWS	Indirectly held subsidiaries	729,443	5.52	-		729,443	-
MEMC LLC	GWS	Indirectly held subsidiaries	219,690	9.71	-		219,690	-
GWJ	The Company	Directly held subsidiaries	2,886,000	- (Note 3)	-		481,000	-

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
GTI	The Company	Indirectly held subsidiaries	1,384,000	- (Note 3)	-		-	-
GWS	The Company	Indirectly held subsidiaries	7,287,384	- (Note 3)	-		-	-

Note 1: The amount received in subsequent period as of February 25, 2022.
Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.
Note 3: Receivables from related-party for financing purpose.

GlobalWafers Co., Ltd. and Subsidiaries
Business relationships and significant intercompany transactions
For the year ended December 31, 2021

Table 8 (In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets (Note 3,4)
0	The Company	SAS	2	Purchase	2,090,471	Net 30 days from the end of the next month upon issuance of invoice	3.42%
0	The Company	GTI	1	Purchase	2,073,802	Net 60 days from the end of the month upon issuance of invoice	3.39%
0	The Company	SST	1	Purchase	2,061,886	Net 60 days from the end of the month upon issuance of invoice	3.37%
0	The Company	GWJ	1	Purchase	6,697,405	Net 60 to 90 days from the end of the month upon issuance of invoice	10.96%
0	The Company	GWJ	1	Accounts payable	1,872,552	Net 60 to 90 days from the end of the month upon issuance of invoice	1.24%
0	The Company	Topsil A/S	1	Purchase	866,388	Net 30 to 60 days from the end of the month upon issuance invoice	1.42%
0	The Company	GTI	1	Sale	3,606,789	Net 45 days from the end of the month upon issuance of invoice	5.90%
0	The Company	SST	1	Sale	1,090,130	Net 30 days from the end of the month upon issuance of invoice	1.78%
0	The Company	GWJ	1	Sale	2,619,443	Net 60 to 90 days from the end of the month upon issuance of invoice	4.28%
0	The Company	GWS	1	Purchase	712,957	Net 60 days from the end of the month upon issuance of invoice	1.17%
0	The Company	MEMC Korea	1	Sale	1,762,010	Net 30 to 60 days from the end of the month upon issuance of invoice	2.88%
0	The Company	GWS	1	Sale	6,583,737	Net 60 days from the end of the month upon issuance of invoice	10.77%
0	The Company	MEMC SpA	1	Sale	811,078	Net 60 days from the end of the month upon issuance of invoice	1.33%
1	GWS	MEMC LLC	3	Sale	639,618	Net 60 days from the end of the month upon issuance of invoice	1.05%
1	GWS	MEMC LLC	3	Purchase	1,399,475	Net 60 days from the end of the month upon issuance of invoice	2.29%
1	GWS	MEMC SpA	3	Purchase	3,701,587	Net 60 days from the end of the month upon issuance of invoice	6.06%
1	GWS	MEMC SpA	3	Sale	4,148,873	Net 60 days from the end of the month upon issuance of invoice	6.79%

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets (Note 3,4)
1	GWS	MEMC Korea	3	Purchase	1,432,638	Net 60 days from the end of the month upon issuance of invoice	2.34%
1	GWS	MEMC Japan	3	Sale	1,534,937	Net 60 days from the end of the month upon issuance of invoice	2.51%
1	GWS	MEMC Japan	3	Purchase	4,067,502	Net 60 days from the end of the month upon issuance of invoice	6.65%
1	GWS	MEMC Sdn Bhd	3	Purchase	1,671,021	Net 60 days from the end of the month upon issuance of invoice	2.73%
1	GWS	MEMC Sdn Bhd	3	Sale	628,577	Net 60 days from the end of the month upon issuance of invoice	1.03%
1	GWS	The Company	2	Intercompany Loan	7,287,384	-	4.84%
2	GWJ	The Company	2	Intercompany loan	2,886,000	-	1.92%

Note 1: The characters of business transactions between parent company and its subsidiaries are coded as follows:
1. The parent company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relationships with transactions are as follows:
(1) Parent company to its subsidiaries.
(2) Subsidiaries to the parent company.
(3) Transactions between subsidiaries.

Note 3: The ratio of the transaction amount of the consolidated total sales revenue and consolidated total assets are calculated as follows:
(1) For transaction amount accounted for as asset or liability, the ratio is calculated based on the closing balance amount of the consolidated total assets.
(2) For transaction amount accounted for as profit or loss, the ratio is calculated based on the accumulated amount at the end of the financial period of the consolidated total sales revenue.

Note 4: The table represented the amount of significant transaction exceeding 1 percent of the consolidated operating revenue or total assets.

GlobalWafers Co., Ltd. and Subsidiaries
Information on investees
For the year ended December 31, 2021

Table 9

(In Thousands of New Taiwan Dollars/other currencies)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Highest Percentage of Ownership during the year	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of Ownership	Carrying value				
The Company	GWI	Cayman	Investment activities	1,427 (USD48)	1,427 (USD48)	0.01	100.00%	1,824	100.00%	1	1	Subsidiary
The Company	GSI	Cayman	Investment in various businesses and triangular trade centers with subsidiaries in Mainland China	756,809 (USD26,555)	756,809 (USD26,555)	25,000	100.00%	2,258,662	100.00%	459,294	455,025	Subsidiary
The Company	GWJ	Japan	Manufacturing and trading of silicon wafers	5,448,015	5,448,015	128	100.00%	16,436,066	100.00%	1,795,646	1,795,279	Subsidiary
The Company	GWafers Singapore	Singapore	Investment activities	17,378,877	17,378,877	541,674	100.00%	38,958,825	100.00%	5,462,710	5,467,460	Subsidiary
The Company	HONG-WANG Investment Co., Ltd.	Taiwan	Investment activities	309,760	309,760	30,976	30.98%	1,691,344	30.98%	220,804	68,396	Associate
The Company	SPV4	Taiwan	Electricity activities	1,045,000	1,045,000	104,500	100.00%	1,050,119	100.00%	4,948	4,948	Subsidiary
The Company	SPV5	Taiwan	Electricity activities	278,000	122,000	27,800	100.00%	276,319	100.00%	(1,527)	(1,527)	Subsidiary
The Company	GWH	Taiwan	Investment activities	250,000	250,000	25,000	100.00%	250,403	100.00%	469	469	Subsidiary
GWJ	MEMC Japan	Japan	Manufacturing and trading of silicon wafers	373,413 (JPY100,000)	373,413 (JPY100,000)	750	100.00%	2,755,254	100.00%	198,616	-	Notes 2 and 3
Topsil A/S	Topsil PL	Poland	Manufacturing and trading of silicon wafers	-	-	0.1	100.00%	-	100.00%	-	-	Notes 2 and 3
GWafer Singapore	GWS	Singapore	Investment activities	14,671,320 (USD406,898)	14,671,320 (USD406,898)	299,445	100.00%	45,502,198	100.00%	5,466,903	-	Notes 2 and 3
GWS	GWBV	Netherlands	Investment activities	11,213,730 (USD362,763)	11,213,730 (USD362,763)	0.1	100.00%	40,277,615	100.00%	3,809,075	-	Notes 2 and 3
GWBV	MEMC SpA	Italy	Manufacturing and trading of silicon wafers	6,732,641 (USD204,788)	6,732,641 (USD204,788)	65,000	100.00%	8,678,590	100.00%	850,595	-	Notes 2 and 3
MEMC SpA	MEMC SarL	France	Trading	1,316 (USD40)	1,316 (USD40)	0.5	100.00%	2,030	100.00%	625	-	Notes 2 and 3
MEMC SpA	MEMC GmbH	Germany	Trading	-	4,622 (USD141)	-	- %	-	- %	-	-	Notes 2 and 3

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Highest Percentage of Ownership during the year	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of Ownership	Carrying value				
GWBV	MEMC Korea	Korea	Manufacturing and trading of silicon wafers and sale	11,851,262 (USD384,605)	11,851,262 (USD384,605)	25,200	100.00%	17,283,919	100.00%	2,184,873	-	Notes 2 and 3
GWBV	GTI	United States	Manufacturing and trading of epitaxial wafers and sale	2,779,849 (USD91,262)	2,779,849 (USD91,262)	1	100.00%	10,916,070	100.00%	895,489	-	Notes 2 and 3
GWBV	MEMC Ipoh	Malaysia	Manufacturing and trading of silicon wafers and sale	93,907 (USD1,323)	93,907 (USD1,323)	612,300	100.00%	3,348	100.00%	(109)	-	Notes 2 and 3
GWBV	GlobalWafers GmbH	Germany	Trading	827 (USD27)	827 (USD27)	25	100.00%	(161,505)	100.00%	(171,165)	-	Notes 2 and 3
GWBV	Topsil A/S	Denmark	Manufacturing and trading of silicon wafers and sale	1,843,604 (USD60,996)	1,843,604 (USD60,996)	1,000	100.00%	1,945,237	100.00%	137,093	-	Notes 2 and 3
GTI	MEMC LLC	United states	Manufacturing and trading of silicon wafers and sale	543,384 (USD17,839)	543,384 (USD17,839)	-	100.00%	3,909,498	100.00%	279,273	-	Notes 2 and 3
SST	MEMC Sdn Bhd	Malaysia	Manufacturing and trading of silicon wafers and sale	898,016 (USD27,315)	898,016 (USD27,315)	1,036	100.00%	1,006,506	100.00%	68,216	-	Notes 2 and 3

Note 1: A limited company.

Note 2: The investees are indirectly held subsidiaries of the Company.

Note 3: The investor's profits and losses included the profits and losses of the investees; therefore, the investee's profits and losses need not be disclosed.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

GlobalWafers Co., Ltd. and Subsidiaries

The names of investees in Mainland China, the main businesses and products and other information

For the year ended December 31, 2021

Table 10

(In Thousands of New Taiwan Dollars/other currencies)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the year	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
SST	Processing and trading of ingots and wafers	769,177 (Note 5)	Note 1	713,300 (USD21,729)	-	-	713,300 (USD21,729)	459,207	100%	100%	459,207	2,198,254	-

(2) Limitation on investment in Mainland China

Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	713,300 (USD21,729)	1,101,933 (USD35,000) (Note 3)	27,378,902 (Note 4)

Note 1: Investments through GSI.

Note 2: The basis for investment income (loss) recognition is from the audited financial statements.

Note 3: Initial investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the Historical Foreign Exchange Rate.

Note 4: Pursuant to the 'Guidelines Governing the Review of Investment or Technical Cooperation in the Mainland Area' dated on August 29, 2008, the total amount of investment shall not exceed 60% of the Group's net worth on December 31, 2021.

Note 5: Retained earnings transferred to capital was included.

Attachment 2.
2021 Standalone Financial Statements with Independent Auditors' Report

Stock Code:6488

GlobalWafers Co., Ltd.

Parent-Company-Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020

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

Telephone: (03)5772255

Table of contents

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, 2021 and 2020, 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 financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing 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 audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows:

1. Revenue recognition

   Please refer to note 4(15) "Revenue recognition" for accounting policy and note 6(18) "Revenue from contracts with customers" of the parent-company-only financial statements for further information.

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Evaluation of investments accounted for using equity method

Please refer to the note 4(9) "Investment in subsidiaries" for accounting policy; note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" for evaluation of investments accounted for using equity method; and note 6(6) "Investments accounted for using equity method" for further details.

Description of key audit matter:

The Company's investments accounted for using equity method were mainly the investments of subsidiaries, arising from business combinations. Moreover, the Company operates in an industry in which the operations are easily influenced by various external factors, such as market conditions. The assessment of subsidiaries' revenue recognition and impairment of goodwill arising from business combinations is crucial; therefore, it is considered to be one of the key areas in our audit.

How the matter was addressed in our audit:

Our audit procedures mainly included assessing triggering events identified by the management for impairment indicators existing in a cash generating unit; assessing whether the assumptions used for evaluating the recoverable amount are reasonable; evaluating the achievement of prior year's financial forecasts; reviewing the calculations of recoverable amounts of cash generating units; evaluating the assumptions used for calculating recoverable amounts and cash flow projections and performing sensitivity analysis based on key factors.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 the management.

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2022

Notes to Readers

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

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

(English Translation of the Parent-Company-Only Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd.

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(1))	$ 40,106,096	32	3,304,352	5
1110	Financial assets at fair value through profit or loss－current (note 6(2))	-	-	2,957,622	4
1170	Notes and accounts receivable, net (note 6(4))	2,567,483	2	2,340,924	3
1180	Accounts receivable due from related parties, net (note 7)	3,397,107	3	2,491,420	3
130X	Inventories (note 6(5))	2,188,280	2	1,899,662	2
1476	Other financial assets－current (note 9)	2,854,984	2	5,484,056	7
1479	Other current assets (note 7)	1,985,947	1	102,801	-
	Total current assets	53,099,897	42	18,580,837	24
	Non-current assets:				
1513	Financial assets at fair value through profit or loss－non-current (note 6(2))	3,074,802	3	117,204	-
1517	Financial assets at fair value through other comprehensive income－non-current (note 6(3))	185,073	-	101,475	-
1550	Investments accounted for using equity method (note 6(6))	60,111,487	48	58,003,301	70
1600	Property, plant and equipment (notes 6(7) and 7)	5,633,883	5	4,370,269	5
1755	Right-of-use assets (note 6(8))	494,122	-	459,356	1
1780	Intangible assets (note 6(9))	184,082	-	360,228	-
1980	Other financial assets－non-current (notes 8 and 9)	1,294,442	1	224,798	-
1900	Other non-current assets (note 6(14))	1,087,103	1	438,442	-
	Total non-current assets	72,064,994	58	64,075,073	76
	Total assets	**$ 125,164,891**	**100**	**82,655,910**	**100**

		December 31, 2021		December 31, 2020	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(10))	$ -	-	9,871,000	12
2120	Financial liabilities at fair value through profit or loss－current (note 6(2))	195,715	-	45,482	-
2130	Contract liabilities－current (note 6(18))	1,577,219	1	865,863	1
2170	Notes and accounts payable	1,198,959	1	1,027,046	1
2180	Accounts payable to related parties (note 7)	3,284,076	3	7,088,874	9
2201	Payroll and bonus payable	1,333,407	1	1,330,764	2
2216	Dividends payable	3,481,896	3	3,481,896	4
2399	Other current liabilities (note 6(12))	3,849,264	3	2,202,469	3
	Total current liabilities	14,920,536	12	25,913,394	32
	Non-Current liabilities:				
2527	Contract liabilities－non-current (note 6(18))	3,926,623	3	153,535	-
2500	Financial liabilities at fair value through profit or loss－non-current (note 6(2), (11) and 8)	178,637	-	-	-
2530	Convertible bonds payable (note 6(11) and 8)	26,143,969	21	-	-
2531	Ordinary bonds payable (note 6(11))	18,980,771	15	-	-
2622	Long-term accounts payable to related parties (notes 7)	11,557,384	10	8,232,051	10
2600	Other non-current liabilities (note 6(12), (13) and (14))	3,825,468	3	4,202,030	5
	Total non-current liabilities	64,612,852	52	12,587,616	15
	Total liabilities	79,533,388	64	38,501,010	47
	Equity (note 6(15)):				
3110	Ordinary share	4,372,500	3	4,372,500	5
3200	Capital surplus	25,174,389	20	23,470,919	28
	Retained earnings:				
3310	Legal reserve	5,349,684	4	4,060,325	5
3320	Special reserve	1,734,138	1	2,291,256	3
3350	Unappropriated retained earnings	15,713,128	13	12,270,817	15
		22,796,950	18	18,622,398	23
3400	Other equity interest	(6,135,557)	(5)	(1,734,138)	(2)
3500	Treasury shares	(576,779)	-	(576,779)	(1)
	Total equity	45,631,503	36	44,154,900	53
	Total liabilities and equity	**$ 125,164,891**	**100**	**82,655,910**	**100**

See accompanying notes to parent-company-only financial statements.

(English Translation of the Parent-Company-Only Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
4000	**Operating revenue** (notes 6(18) and 7)	$ 25,572,294	100	22,506,100	100
5000	**Operating costs** (notes 6(5), (19) and 7)	14,997,282	59	13,339,502	59
	Gross profit from operations	10,575,012	41	9,166,598	41
	Operating expenses (notes 6(19) and 7)**:**				
6100	Selling expenses	487,616	2	369,441	2
6200	Administrative expenses	683,158	3	1,183,086	5
6300	Research and development expenses	1,269,218	5	918,303	4
6450	Expected credit loss (gain) (note 6(4))	-	-	(1,262)	-
	Total operating expenses	2,439,992	10	2,469,568	11
	Net operating income	8,135,020	31	6,697,030	30
	Non-operating income and expenses:				
7100	Interest income (note 6(20) and 7)	95,815	-	90,551	-
7020	Other gains and losses (notes 6(20) and 7)	(1,424,292)	(5)	(394,846)	(2)
7050	Finance costs (notes 6(12), (20) and 7)	(399,228)	(1)	(263,675)	(1)
7375	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method (note 6(6))	7,790,051	30	8,782,371	39
		6,062,346	24	8,214,401	36
	Income before income tax	14,197,366	55	14,911,431	66
7950	Income tax expense (note 6(14))	2,327,329	9	1,807,817	8
	Net income	11,870,037	46	13,103,614	58
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss**:				
8311	Gains (losses) on remeasurements of defined benefit plans	8,242	-	(32,349)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	83,598	-	6,118	-
8330	Share of other comprehensive income of subsidiaries and associates accounted for using equity method－components of other comprehensive income that will not be reclassified to profit or loss	619,164	2	395,510	2
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(14))	34,695	-	(38,521)	-
	Total items that may not be reclassified subsequently to profit or loss	676,309	2	407,800	2
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign operations	(6,158,184)	(24)	(75,886)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(14))	(1,219,237)	(5)	(15,178)	-
	Total items that may be reclassified subsequently to profit or loss	(4,938,947)	(19)	(60,708)	-
8300	**Other comprehensive income (after tax)**	(4,262,638)	(17)	347,092	2
	Total comprehensive income	**$ 7,607,399**	**29**	**13,450,706**	**60**
	Earnings per share (NT Dollars) (note 6(17))				
	Basic earnings per share	**$**	**27.27**		**30.11**
	Diluted earnings per share	**$**	**25.97**		**30.03**

See accompanying notes to parent-company-only financial statements.

(English Translation of the Parent-Company-Only Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd.

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity interest				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Gains (losses) from equity instrument measured at fair value through other comprehensive income	Total	Treasury shares	Total equity
Balance at January 1, 2020	$ 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
Net income for the year	-	-	-	-	13,103,614	13,103,614	-	-	-	-	13,103,614
Other comprehensive income for the year	-	-	-	-	(210,026)	(210,026)	(60,708)	617,826	557,118	-	347,092
Comprehensive income for the year	-	-	-	-	12,893,588	12,893,588	(60,708)	617,826	557,118	-	13,450,706
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	1,373,442	-	(1,373,442)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	1,157,660	(1,157,660)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(13,057,110)	(13,057,110)	-	-	-	-	(13,057,110)
Cash dividends from capital surplus	-	(1,305,711)	-	-	-	-	-	-	-	-	(1,305,711)
Balance at December 31, 2020	4,372,500	23,470,919	4,060,325	2,291,256	12,270,817	18,622,398	(2,591,201)	857,063	(1,734,138)	(576,779)	44,154,900
Net income for the year	-	-	-	-	11,870,037	11,870,037	-	-	-	-	11,870,037
Other comprehensive income for the year	-	-	-	-	138,781	138,781	(4,938,947)	537,528	(4,401,419)	-	(4,262,638)
Comprehensive income for the year	-	-	-	-	12,008,818	12,008,818	(4,938,947)	537,528	(4,401,419)	-	7,607,399
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	1,289,359	-	(1,289,359)	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(7,834,266)	(7,834,266)	-	-	-	-	(7,834,266)
Reversal of special reserve	-	-	-	(557,118)	557,118	-	-	-	-	-	-
Equity component of convertible bonds	-	1,703,470	-	-	-	-	-	-	-	-	1,703,470
Balance at December 31, 2021	$ 4,372,500	25,174,389	5,349,684	1,734,138	15,713,128	22,796,950	(7,530,148)	1,394,591	(6,135,557)	(576,779)	45,631,503

See accompanying notes to parent-company-only financial statements.

(English Translation of the Parent-Company-Only Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from operating activities:		
Income before income tax	$ 14,197,366	14,911,431
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	860,633	875,757
Amortization expenses	180,963	317,949
Expected credit loss (gain)	-	(1,262)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	186,450	(320,759)
Interest expense	399,228	263,675
Interest income	(95,815)	(90,551)
Dividend income	(54,998)	(2,210)
Shares of profit of associates accounted for using equity method	(7,525,137)	(8,627,290)
Loss on disposal of property, plant and equipment	97	5,591
Provision for (reversal of) inventory valuation	(2,487)	(8,096)
Total adjustments	(6,051,066)	(7,587,196)
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	(1,122,153)	(372,967)
Inventories	(286,131)	251,938
Other operating assets	(2,637,852)	36,301
Total changes in operating assets	(4,046,136)	(84,728)
Contract liabilities	4,484,443	(1,543,550)
Notes and accounts payable (including related parties)	513,120	387,370
Net defined benefit liabilities	(142,161)	14,708
Other operating liabilities	1,094,096	661,358
Total changes in operating liabilities	5,949,498	(480,114)
Total changes in operating assets and liabilities	1,903,362	(564,842)
Total adjustments	(4,147,704)	(8,152,038)
Cash inflow generated from operations	10,049,662	6,759,393
Interest received	78,728	125,826
Dividends received	54,998	2,210
Interest paid	(159,603)	(288,123)
Income taxes paid	(1,427,652)	(1,828,302)
Net cash flows from operating activities	8,596,133	4,771,004

(Continued)

See accompanying notes to parent-company-only financial statements.

(English Translation of the Parent-Company-Only Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd.

Statements of Cash Flows(Continued)

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from investing activities:		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	(95,357)
Acquisition of financial assets at fair value through profit or loss	(27,819)	(2,829,152)
Acquisition of investments accounted for using equity method	(156,000)	(12,060,400)
Proceeds from disposal of investments accounted for using equity method	-	1,660,860
Cash dividends from subsidiaries accounted for using equity method	773	7,362,720
Cash dividends from associates accounted for using equity method	33,158	18,270
Acquisition of property, plant and equipment	(1,447,077)	(469,388)
Proceeds from disposal of property, plant and equipment	-	2,882
Decrease in refundable deposits	-	1,188
Increase in other receivables due from related parties	(10,000)	-
Acquisition of intangible assets	(4,292)	(120)
Net cash inflows from business combination	-	5,067,011
Decrease (increase) in other financial assets	1,577,090	(2,655,566)
Increase in other prepayments	(20)	-
Net cash flows used in investing activities	(34,187)	(3,997,052)
Cash flows from financing activities:		
Decrease in short-term borrowings	(9,871,000)	(15,000)
Proceeds from issuing bonds	46,812,845	-
Increase in payables to related parties	-	11,399,508
Decrease in payables to related parties	(819,167)	-
Payment of lease liabilities	(48,614)	(40,508)
Cash dividends paid	(7,834,266)	(10,880,925)
Net cash flows from financing activities	28,239,798	463,075
Net increase in cash and cash equivalents	36,801,744	1,237,027
Cash and cash equivalents at beginning of period	3,304,352	2,067,325
Cash and cash equivalents at end of period	**$ 40,106,096**	**3,304,352**

See accompanying notes to parent-company-only financial statements.

(English Translation of the Parent-Company-Only Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd.

Notes to the Financial Statements

For the years ended December 31, 2021 and 2020

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

1. Company history

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

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

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

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

2. Approval date and procedures of the financial statements:

These parent-company-only financial statements were authorized for issue by the Board of Directors on March 15, 2022.

3. New standards, amendments and interpretations adopted:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from April 1, 2021:

● Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

● Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"

● Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"

● Annual Improvements to IFRS Standards 2018–2020

● Amendments to IFRS 3 "Reference to the Conceptual Framework"

(3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

4. Summary of significant accounting policies:

The significant accounting policies presented in the parent-company-only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent-company-only financial statements.

(1) Statement of compliance

The accompanying parent-company-only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Basis of measurement

Except for the following significant accounts, the parent-company-only financial statements have been prepared on a historical cost basis:

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

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

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

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

B. Functional and presentation currency

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

(3) Foreign currencies

A. Foreign currency transactions

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

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

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

B. Foreign operations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) Cash and cash equivalents

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

(6) Financial instruments

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

A. Financial assets

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

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

(a) Financial assets measured at amortized cost

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

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

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

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

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

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

(c) Fair value through profit or loss (FVTPL)

All the above financial assets not classified as amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost, or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(d) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivables, guarantee deposits paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured by 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date；and

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECL are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

(e) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(d) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

(e) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(f) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(g) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

C. Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(7) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average-cost method and includes expenditure incurred in acquiring the inventories, production or conversion cost, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses necessary to make the sale.

(8) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The parent-company-only financial statements include the Company’s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate’s equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company’s interests in the associate.

When the Company’s share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under additional paid in capital. If the additional paid in capital resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(9) Investment in subsidiaries

The investees which are controlled by the Company are measured under equity method in preparing the parent-company-only financial statement. The profit, other comprehensive income and equity in the parent-company-only financial statement are equal to the profit, other comprehensive income and equity attributable to the shareholders of parent in the consolidated financial statement.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing of control over the subsidiary are accounted for as equity transaction.

(10) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(a) Buildings: 2 to 56 years

(b) Machinery and equipment: 1 to 20 years

(c) Other equipment and leased assets: 1 to 40 years

(d) Buildings constitute mainly buildings, mechanical and electrical power equipment, and related engineering, wastewater treatment and sewage system, etc. Each such part is depreciated based on its useful life of 25 to 56 years, 25 years, and 4 to 15 years, respectively.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(11) Lessee

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A. As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(a) fixed payments, including in-substance fixed payments;

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(c) amounts expected to be payable under a residual value guarantee; and

(d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

(a) there is a change in future lease payments arising from the change in an index or rate; or

(b) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

(c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

(d) there is a change of its assessment on whether it will exercise an extension or termination option; or

(e) there are any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right of use asset, or in profit and loss if the carrying amount of the right of use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right of use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company has elected not to recognize right of use assets and lease liabilities for short term leases with 12 months or less and leases of low value assets, including other equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

As a practical expedient, the Company elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

(a) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

(b) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(c) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021; and

(d) there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

B. As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

(12) Intangible assets

A. Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(13) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or a CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(14) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as interest expense.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

(15) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

The accounting policies for the Company’s main types of revenue are explained below.

A. Sale of goods

The Company engages mainly in the research, development, production, design, and sales of semiconductor ingots and wafers. The Company recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered, as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

B. Services

The Company provides services to its customers. Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

Revenue recognition for fixed-price contracts is based on the ratio of services actually provided to total services as of the reporting date, which is determined by the percentage of labor performed to the total amount of labor to be performed.

If the situation changes, the estimates of revenue, cost, and degree of completion will be revised, and the increase or decrease in the period when the management is aware of the change in the situation will be reflected in profit or loss.

(16) Government grants and government subsidies

The Company recognizes an unconditional government grant as other income when the grant becomes receivable. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(17) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed as the related service is provided.

B. Defined benefit plans

The Company’ s net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(18) Share-based payment

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award, please refer to note 6(16).

(19) Income tax

Income taxes comprise current taxes and deferred taxes. Except for items related to business combinations, or items recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized except for the following:

A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

C. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

A. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(a) the same taxable entity; or

(b) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(20) Earnings per share

The Company discloses the Company’s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee remuneration that could be settled in the form of stock.

(21) Operating segment

The Company has disclosed operating segment information in consolidated financial statements. Hence, this information is not required to be disclosed in these parent-company-only financial statements.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the parent-company-only financial statements based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers in the Republic of China requires management to make judgments, estimations and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in the accounting estimates during the period and the impact of those changes in the following period.

There is no critical judgment made in applying accounting policies.

The accounting policies which involved the estimation and assumption uncertainty that may cause adjustments in the subsequent period and have been updated to reflect the impact of COVID-19 are as below:

Investments accounted for using equity method

The subsidiaries of the Company accounted for using equity method were mostly derived from business combinations. The assessment of the impairment of goodwill requires the Company to make subjective judgment to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amounts of the relevant CGUs. Please refer to note 6(6) for further description of investment accounted for using equity method.

The Company's accounting policies and disclosures include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company's finance and accounting departments conduct independent verification on fair value by using data sources that are independent, reliable, and representative of the exercise prices. The Company also periodically adjusts its valuation models, conducts retrospective testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

The Company strives to use the observable market inputs when measuring assets and liabilities. The hierarchy of the fair value categorized by the valuation techniques used is as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For any transfer within the fair value hierarchy, the Company recognizes the transfer on the reporting date. For the assumption used in fair value measurement, please refer to note 6(21) of the financial instruments.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	$ 100	100
Demand deposits	6,416,892	2,165,052
Time deposits	33,107,824	1,139,200
Repurchase agreement	581,280	-
	$ 40,106,096	3,304,352

Please refer to note 6(21) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

(2) Financial assets and liabilities at fair value through profit or loss

	December 31, 2021	December 31, 2020
Financial assets mandatorily measured at fair value through profit or loss:		
Forward exchange contracts	$ -	41,682
Financial assets mandatorily measured at fair value through profit or loss－non-current:		
Privately offered funds	$ 195,163	117,204
Overseas securities held	2,879,639	-
	$ 3,074,802	117,204
Financial liabilities designated as at fair value through profit or loss:		
Overseas securities held	$ -	2,915,940
Financial liabilities designated as at fair value through profit or loss:		
Swap exchange contracts	$ 195,715	11,201
Forward exchange contract	-	34,281
	$ 195,715	45,482
Financial liabilities designated as at fair value through profit or loss－non-current:		
Embedded derivatives of convertible bonds	$ 178,637	-

Please refer to note 6(20) for the amount of remeasurements at fair value through profit or loss.

During the year ended December 31, 2021 and 2020, the dividends of $46,934 thousand and $2,210 thousand, respectively, were incurred from investments in financial assets mandatorily measured at fair value through profit or loss.

The Company uses derivative instruments to hedge certain currency risk arising from the Company’s operating activities. The Company held the following derivative instruments, which were not qualified for hedge accounting, and accounted them as mandatorily measured at fair value through profit or loss financial assets and held-for-trading financial liabilities as of December 31, 2021 and 2020:

	December 31, 2021		
	Contract amount (in thousands)	Currency	Maturity date
Forward exchange contracts purchased	JPY 14,000,000	JPY to NTD	January 28, ; May 25, 2022

	December 31, 2020			
	Contract amount (in thousands)		Currency	Maturity date
Forward exchange contracts purchased	JPY	20,000,000	JPY to NTD	January 20, 2 June 11, 2021
Swap exchange contracts	USD	80,000	USD to NTD	January 29, 2 February 3, 2021

Please refer to 6(20) for the amount of remeasurements at a fair value through profit or loss.

For the years ended December 31, 2021 and 2020, the gain (loss) of the realized financial assets and liabilities from the transactions of forward exchange contracts and swap exchange contracts amounted $(297,152) thousand and $(178,773) thousand, respectively.

(3) Financial assets at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Equity investment in domestic entities	$ 185,073	101,475

The Company designated the equity investments shown above as at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long term strategic purposes.

For the year ended December 31, 2021 and 2020, the dividend income of $8,064 thousand and $0 thousand, respectively, related to equity investments at fair value through other comprehensive income was recognized.

For market risk, please refer to note 6(22).

The financial assets mentioned above were not pledged as collateral.

(4) Notes and accounts receivable, net

	December 31, 2021	December 31, 2020	January 1, 2020
Accounts receivable	$ 2,574,251	2,347,692	1,421,555
Less: allowance for doubtful accounts	(6,768)	(6,768)	(8,030)
	$ 2,567,483	2,340,924	1,413,525

The Company applied the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

The credit loss provision of notes and accounts receivable (including related parties) was determined as follows:

	December 31, 2021		
	Gross amount of notes and accounts receivable	**Weighted-average loss rate**	**Credit loss allowance**
Current	$ 5,749,263	0%	-
1 to 30 days past due	80,480	0%	-
31 to 60 days past due	3,460	0%	-
61 to 90 days past due	-	0%	-
91 to 120 days past due	-	0%	-
121 to 150 days past due	-	0%	-
151 to 180 days past due	-	0%	-
More than 181 days past due	6,768	100%	6,768
Total	**$ 5,839,971**		**6,768**

	December 31, 2020		
	Gross amount of notes and accounts receivable	**Weighted-average loss rate**	**Credit loss allowance**
Current	$ 4,710,273	0%	-
1 to 30 days past due	28,781	0%	-
31 to 60 days past due	-	0%	-
61 to 90 days past due	-	0%	-
91 to 120 days past due	-	0%	-
121 to 150 days past due	-	0%	-
151 to 180 days past due	-	90%	-
More than 181 days past due	6,768	100%	6,768
Total	**$ 4,745,822**		**6,768**

The movements in the allowance for doubtful accounts related to notes and accounts receivable were as follows:

	2021	**2020**
Balance on January 1	$ 6,768	8,030
Impairment losses (reversal gains) recognized	-	(1,262)
Balance on December 31	**$ 6,768**	**6,768**

The notes and accounts receivable mentioned above were not pledged as collateral.

(5) Inventories

		December 31, 2021	December 31, 2020
Merchandise and finished goods	$	508,292	560,824
Work in progress		446,738	364,897
Raw materials		1,233,250	973,941
	$	2,188,280	1,899,662

Components of operating costs were as follows:

		2021	2020
Cost of sales	$	14,907,355	13,225,724
Provision for inventory valuation (reversal gain)		(2,487)	(8,096)
Unallocated fixed manufacturing expense		92,414	121,874
	$	14,997,282	13,339,502

The inventories mentioned above were not pledged as collateral.

(6) Investments accounted for using equity method

A summary of financial information for investments accounted for using the equity method at the reporting date is as follows:

		December 31, 2021	December 31, 2020
Associates	$	1,691,344	1,202,176
Subsidiaries		58,420,143	56,801,125
	$	60,111,487	58,003,301

A. Subsidiaries

(a) Please refer to the 2021 consolidated financial statements for further information.

(b) Topsil A/S was transferred from the Company to indirectly hold the subsidiary, GWBV, at the disposal of investment amounting to $1,660,860 thousand, which was recognized as deductions of investments accounted for using the equity method.

(c) For the years ended December 31, 2021 and 2020, the cash dividends of the subsidiaries were $773 thousand and $7,362,720 thousand, respectively, which were recognized as deductions of investments accounted for using equity method.

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

B. Associates

The associates of the Company accounted for using the equity method were individually insignificant, and their summarized financial information included in the parent-company-only financial statements of the Company was as follows:

	December 31, 2021	December 31, 2020
The carrying amount of investments in the individually insignificant associates	$ 1,691,344	1,202,176

	2021	2020
Amount of individually insignificant associates' interests attributable to the Company:		
Net income	$ 68,396	36,809
Other comprehensive income (loss)	453,930	611,708
Total	$ 522,326	648,517

For the years ended December 31, 2021 and 2020, the cash dividends of the invested companies were $33,158 thousand and $18,270 thousand, respectively, which were recognized as deductions of investments accounted for using the equity method.

C. The Company merged with Taisil on February 1, 2020. Please refer to 2021 consolidated financial statement for further information of subsidiaries.

Taisil was a 99.99% equity held subsidiary of the Company, and the Company became the sole existing company after the merger. The balance of the investment amount was $17,986,796 thousand, which was equal to the carrying value of the net assets on the merger record date. The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

Cash and cash equivalents	$ 5,067,011
Current assets	9,698,791
Property, plant and equipment	3,667,627
Non-current assets	3,513,104
Current and non-current liabilities	(3,959,737)
	$ 17,986,796

D. Collateral

The investments accounted for using equity method mentioned above were not pledged as collateral as of December 31, 2021 and 2020.

(7) Property, plant and equipment

A. The movements of cost and depreciation of the property, plant and equipment of the Company were as follows:

		Buildings	Machinery and equipment	Other equipment	Construction in progress and equipment awaiting inspection	Total
Cost:						
Balance at January 1, 2021	$	2,472,692	20,889,491	1,225,921	97,177	24,685,281
Additions		3,081	14,613	83,199	1,940,096	2,040,989
Disposals		(197,361)	(15,324,484)	(328,815)	-	(15,850,660)
Reclassification		3,648	112,449	5,242	(79,051)	42,288
Transfer and others		-	-	-	(4,000)	(4,000)
Balance at December 31, 2021	$	2,282,060	5,692,069	985,547	1,954,222	10,913,898
Balance at January 1, 2020	$	729,540	773,439	286,642	28,426	1,818,047
Acquisition from business combination		1,739,256	20,646,054	380,692	105,357	22,871,359
Additions		13,610	60,598	63,859	309,928	447,995
Disposals		(10,414)	(420,828)	(16,075)	-	(447,317)
Reclassification		700	(169,772)	515,606	(346,534)	-
Transfer and others		-	-	(4,803)	-	(4,803)
Balance at December 31, 2020	$	2,472,692	20,889,491	1,225,921	97,177	24,685,281
Depreciation:						
Balance at January 1, 2021	$	1,246,287	18,386,787	681,938	-	20,315,012
Depreciation for the year		94,176	647,509	73,881	-	815,566
Disposals		(197,361)	(15,324,484)	(328,718)	-	(15,850,563)
Balance at December 31, 2021	$	1,143,102	3,709,812	427,101	-	5,280,015
Balance at January 1, 2020	$	212,966	374,954	129,859	-	717,779
Acquisition from business combination		948,329	18,266,079	(10,676)	-	19,203,732
Depreciation for the year		90,830	680,015	62,224	-	833,069
Disposals		(5,838)	(417,681)	(15,325)	-	(438,844)
Reclassification		-	(516,580)	516,580	-	-
Transfer and others		-	-	(724)	-	(724)
Balance at December 31, 2020	$	1,246,287	18,386,787	681,938	-	20,315,012
Carrying amounts:						
Balance at December 31, 2021	$	1,138,958	1,982,257	558,446	1,954,222	5,633,883
Balance at January 1, 2020	$	516,574	398,485	156,783	28,426	1,100,268
Balance at December 31, 2020	$	1,226,405	2,502,704	543,983	97,177	4,370,269

B. Collateral

The property, plant and equipment above were not pledged as collateral for long-term borrowings and credit lines.

(8) Right-of-use assets

The Company leases many assets including land and other equipment. The carrying amounts on right-of-use assets were presented below:

		Land	Other equipment	Total
Cost of right-of-use assets				
Balance at January 1, 2021	$	513,295	21,382	534,677
Additions		55,249	24,584	79,833
Disposals and transfer		-	(938)	(938)
Balance at December 31, 2021	$	568,544	45,028	613,572
Balance at January 1, 2020	$	69,520	2,359	71,879
Acquisition from business combination		451,520	21,541	473,061
Disposals and transfer		(7,745)	(2,518)	(10,263)
Balance at December 31, 2020	$	513,295	21,382	534,677
Depreciation and impairments loss of right-of-use assets:				
Balance at January 1, 2021	$	59,050	16,271	75,321
Depreciation		34,463	10,604	45,067
Disposals and transfer		-	(938)	(938)
Balance at December 31, 2021	$	93,513	25,937	119,450
Balance at January 1, 2020	$	4,682	1,287	5,969
Acquisition from business combination		30,572	6,940	37,512
Depreciation		32,327	10,361	42,688
Disposals and transfer		(8,531)	(2,317)	(10,848)
Balance at December 31, 2020	$	59,050	16,271	75,321
Carrying amounts:				
Balance at December 31, 2021	$	475,031	19,091	494,122
Balance at January 1, 2020	$	64,838	1,072	65,910
Balance at December 31, 2020	$	454,245	5,111	459,356

(9) Intangible assets

Intangible assets included trademarks, patents and computer software. The cost and amortization of the intangible assets of the Company were as follows:

	Patents and trademarks	Computer software	Total
Cost:			
Balance at January 1, 2021	$ 1,631,850	120	1,631,970
Additions	-	4,292	4,292
Reclassification	-	525	525
Balance at December 31, 2021	**$ 1,631,850**	**4,937**	**1,636,787**
Balance at January 1, 2020	$ 1,631,850	-	1,631,850
Additions	-	120	120
Balance at December 31, 2020	**$ 1,631,850**	**120**	**1,631,970**
Amortization:			
Balance at January 1, 2021	$ 1,271,725	17	1,271,742
Amortization for the year	180,063	900	180,963
Balance at December 31, 2021	**$ 1,451,788**	**917**	**1,452,705**
Balance at of January 1, 2020	$ 953,793	-	953,793
Amortization for the year	317,932	17	317,949
Balance at December 31, 2020	**$ 1,271,725**	**17**	**1,271,742**
Carrying amounts:			
Balance at December 31, 2021	**$ 180,062**	**4,020**	**184,082**
Balance at January 1, 2020	**$ 678,057**	**-**	**678,057**
Balance at December 31, 2020	**$ 360,125**	**103**	**360,228**

The intangible assets mentioned above were not pledged as collateral.

(10) Short-term borrowings

	December 31, 2021	December 31, 2020
Unsecured borrowings	**$ -**	**9,871,000**
Unused credit lines	**$ 21,181,504**	**11,458,817**
Range of interest rates at year end	**0%**	**0.56%~ 0.6446%**

The Company did not provide the bank with assets pledged as collateral for its short-term borrowings.

(11) Bonds payable

The details of bonds payable were as follows:

	December 31, 2021
Unsecured ordinary bonds	$ 18,980,771
Unsecured convertible bonds	26,143,969
Total	**$ 45,124,740**

A. On April 21, 2021, the Company's Board of Directors resolved to issue the first unsecured ordinary bonds for the year ended December 31, 2021, and issued through the Taipei Fubon Commercial Bank Co., Ltd. on May 11, 2021. The Company issued the five-year unsecured ordinary bonds, amounting to $6,500,000 thousand and the coupon rate is consistent with a fixed rate of 0.62% and with the maturity date on May 11, 2026.

B. On April 21, 2021, the Company's Board of Directors resolved to issue the second unsecured ordinary bonds for the year ended December 31, 2021, and issued through the Taipei Fubon Commercial Bank Co., Ltd. on August 19, 2021. The Company issued the three-year and five-year unsecured ordinary bonds, amounting to $12,500,000 thousand, which were divided into A and B bonds, depending on the different issuance conditions. The issuance amounts were $7,100,000 thousand and $5,400,000 thousand, respectively, with coupon rate 0.5% and 0.6% and the maturity dates were August 19, 2024 and August 19, 2026, respectively.

C. On April 21, 2021, the Company's Board of Directors resolved to issue the first unsecured overseas convertible bonds on the Singapore Exchange Limited, which had been approved by the Financial Supervisory Commission with approval No.1100342091 on May 19, 2021. The Company issued the five-year unsecured convertible bond, amounting to US$1,000,000 thousand without coupon rate, with the maturity date on June 1, 2026.

The details of unsecured convertible bonds were as follows:

	December 31, 2021
Total convertible bonds issued	$ 27,565,891
Unamortized discounted convertible bonds payable	(1,421,922)
Cumulative converted amount	-
Convertible bonds balance at year-end	**$ 26,143,969**
Embedded derivative – call and put options, included in financial liabilities at fair value through profit or loss	**$ 178,637**

	December 31, 2021
Proceeds from issuance (less transaction cost amounted to $77,517 thousand)	$ 27,834,483
Equity components (less transaction cost allocated to equity component of $4,744 thousand)	(1,703,470)
Embedded derivatives instruments－put/ call options (transaction cost allocated $473 thousand)	(169,791)
Liability components at the issuance date (less transaction cost allocated to liability component of $72,300 thousand)	25,961,222
Interest expense at an effective interest rate of 1.2%	182,747
Liability components at December 31, 2021	$ 26,143,969

Except for early redemptions, repurchases and cancellations, exercise of conversion rights by the bondholders, statutory requirements and the cessation of transfer period as otherwise provided in the Trust Deed, from the day following the three months after the issuance of the bonds to (1) ten days before the maturity date or (2) the fifth business day prior to the date of early redemption of the bonds (hereinafter referred to as the "conversion period"), the bondholders may request the issuing company to convert the bonds into shares of common stock newly issued by the issuing company in accordance with the provisions of the relevant laws and the Trust Deed.

The conversion price was 140% of the closing price of the Company’ s common shares on the Taipei Exchange on the pricing date, which was NT$1,040.20. The number of common shares to be delivered upon conversion of any bond will be determined by the principal amount of the bonds multiplied by the fixed exchange rate, which is NT$27.912 to US$1, which was determined on the pricing date and divided by the conversion price in effect on the date of conversion. After the issuance of the bonds, the conversion price shall be adjusted in accordance with the relevant anti-dilution provisions of the contract. However, due to the payment of cash dividends by the Company, the conversion price of the bonds was adjusted from NT$1,040.20 to NT$1,028.46 on July 22, 2011, the day after the ex-dividend base date, in accordance with the aforementioned provisions.

As of December 31, 2021, the first adjustment to the conversion price of the bonds had been executed.

The above-mentioned convertible bonds included liabilities and equity components. The equity component was recognized as the capital surplus. The effective interest rate originally recognized for the liability component was 1.2%.

(12) Lease liabilities

The carrying amounts of lease liabilities of the Company were as follows:

	December 31, 2021	December 31, 2020
Current	$ 43,910	34,717
Non-current	$ 457,473	429,540

For the maturity analysis, please refer to note 6(21) "Financial instruments".

The amounts recognized in profit or loss were as follows:

	For the year ended December 31,	
	2021	2020
Interest on lease liabilities	$ 5,908	5,382
Expenses relating to short-term leases	$ 5,667	5,162
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ -	-

The amounts recognized in the statement of cash flows were as follows:

	For the year ended December 31,	
	2021	2020
Total cash outflow for leases	$ 54,281	51,052

Land leases' additional rent payments that are based on changes in local price indices and the public facilities construction costs re-invested annually in each park will be adjusted after being assessed.

(13) Employee benefits

A. Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value was as follows:

	December 31, 2021	December 31, 2020
Total present value of obligations	$ (914,940)	(933,655)
Fair value of plan assets	360,575	228,887
Recognized liabilities for defined benefit obligations	$ (554,365)	(704,768)

The plans entitle a retired employee to receive a pension benefit based on years of service prior to retirement.

(a) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company' s Bank of Taiwan labor pension reserve account balance amounted to $360,575 thousand, as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(b) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations of the Company were as follows:

		2021	2020
Defined benefit obligation at January 1	$	933,655	112,001
Current service costs and interest cost		9,500	11,052
Re-measurements for defined benefit obligations			
—Actuarial gains and losses arising from experience adjustments		(17,650)	9,146
—Actuarial gains and losses resulting from changes in demographic assumptions		24,424	5,625
—Actuarial gains and losses resulting from changes in financial assumptions		(11,543)	24,749
Past service credit		-	6,459
Benefits paid		(23,446)	(16,953)
The liabilities of business combination		-	781,576
Defined benefit obligation at December 31	**$**	**914,940**	**933,655**

(c) Movements in fair value of defined benefit plan assets

The movements in fair value of the defined benefit plan assets of the Company were as follows:

		2021	2020
Fair value of plan assets at January 1	$	228,887	66,593
Interest revenue		1,236	1,725
Re-measurements for defined benefit obligations			
—Return on plan asset (excluding interest revenue)		3,473	7,171
Contributions made		150,425	14,023
Benefits paid		(23,446)	(16,953)
The assets of business combination		-	156,328
Fair value of plan assets at December 31	**$**	**360,575**	**228,887**

(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	2021	2020
Current service costs	$ 4,832	4,350
Net interest of net liabilities for defined benefit obligations	3,432	4,977
Past service credit	-	6,459
	$ 8,264	15,786
Operating cost	$ 6,365	12,643
Selling expenses	201	463
Administration expenses	278	637
Research and development expenses	1,420	2,043
	$ 8,264	15,786

(e) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.625%	0.50%
Future salary increase rate	2.000%~3.000%	2.000%~3.000%

The estimated amount of contribution to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $15,575 thousand.

The weighted-average durations of the defined benefit obligation are 9.55 years to 10.2 years.

(f) Sensitivity analysis

When the actuarial assumptions had changed 0.25% as of the December 31, 2021 and 2020, the impact on the present value of the defined benefit obligation would be as follows:

	Impact on defined benefit obligations	
Actuarial assumptions	**Increased by 0.25%**	**Decreased by 0.25%**
December 31, 2021		
Discount rate	$ (22,993)	23,852
Future salary increase rate	$ 22,907	(22,205)
December 31, 2020		
Discount rate	$ (24,786)	25,755
Future salary increase rate	$ 24,700	(23,906)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in previous periods. There was no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

B. Defined contribution plans

The Company contributes at the rate of 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company's contribution to the Bureau of Labor Insurance requires no additional legal or constructive obligations thereafter.

The Company's pension costs incurred from contributions to the defined contribution plan were $64,653 thousand and $61,339 thousand for the years of 2021 and 2020, respectively. Such contributions were made to the Bureau of the Labor Insurance.

(14) Income tax

A. Income tax expense

The components of income tax expenses in 2021 and 2020 were as follows:

	2021	2020
Current tax expense	$ 1,323,718	1,578,258
Deferred tax expense	1,003,611	229,559
	$ 2,327,329	1,807,817

The amounts of income tax (benefit) recognized in other comprehensive income in 2021 and 2020 were as follows:

	2021	2020
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit obligations	$ 34,695	(38,521)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	$ (1,219,237)	(15,178)

Reconciliations of income tax and income before income tax for 2021 and 2020 were as follows:

	2021	2020
Income before income tax	$ 14,197,366	14,911,431
Income tax using the Company's domestic tax rate	2,839,473	2,982,286
Tax effect of permanent differences	296,545	(74,098)
Investment tax credits	(108,956)	(76,416)
Changes in unrecognized temporary differences	(615,137)	(538,213)
Tax-refunded for repatriated offshore funds to Taiwan	-	(547,941)
Overestimate and underestimate in prior periods and others	(142,583)	(1,742)
Additional tax on undistributed earnings	57,987	63,941
	$ 2,327,329	1,807,817

B. Deferred tax assets and liabilities

(a) The deferred tax liabilities have not been recognized in respect of the following items:

	December 31, 2021	December 31, 2020
Aggregate amount of temporary differences related to investments in subsidiaries	$ (2,151,112)	(1,535,975)

The Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as at December 31, 2021 and 2020. Also, the management considers it is probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences were not recognized as deferred tax liabilities.

(b) The deferred tax assets have not been recognized in respect of the following items:

	December 31, 2021	December 31, 2020
Tax effect of deductible temporary differences	$ 548,267	548,267

Deferred tax assets that have not been recognized were derived from investment loss of an overseas. It is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

(c) Recognized deferred tax assets and liabilities

		January 1, 2020	Acquired from business combination	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2020	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2021
Deferred tax assets:									
Allowance for inventory valuation	$	9,773	47,263	(4,515)	-	52,521	(42,619)	-	9,902
Equity-method investments		60,889	-	(24,793)	(23,540)	12,556	(2,547)	-	10,009
Unrealized gains from associates		66,016	-	36,448	-	102,464	67,548	-	170,012
Others		64,376	183,300	(23,496)	(4,718)	219,462	(93,895)	(1,648)	123,919
	$	201,054	230,563	(16,356)	(28,258)	387,003	(71,513)	(1,648)	313,842
Deferred tax liabilities:									
Equity-method investments	$	(2,932,566)	-	(224,907)	81,957	(3,075,516)	(927,212)	1,186,190	(2,816,538)
Others		(3,910)	-	11,704	-	7,794	(4,886)	-	2,908
	$	(2,936,476)	-	(213,203)	81,957	(3,067,722)	(932,098)	1,186,190	(2,813,630)

C. Assessment of tax filings

As of December 31, 2021, income tax returns of the Company for the years through 2019 were assessed by the tax authority.

(15) Capital and other equity

A. Ordinary shares

As of December 31, 2021 and 2020, the authorized ordinary shares of the Company amounted to $6,000,000 thousand, which was divided into 600,000 thousand shares, with a par value of $10 per share, of which $200,000 thousand was reserved for employee stock options, convertible preferred stock, and convertible corporate bonds. The issued and outstanding shares of ordinary shares amounted to $4,372,500 thousand.

The Company increased capital in GDRs of $680,000 thousand, and issued 68,000 thousand shares of ordinary shares on the Luxembourg on April 26, 2017. The price issued per share was US$6.9. The total issuance amount is US$469,200 thousand. The cash increase was approved by the Financial Supervisory Commission and the record date of capital increase was on April 26, 2017. All shares issued were paid and registered. The total amount issued was equivalent to $14,141,688 thousand on the day’s closing exchange rates. The total premium amounting to $13,355,424 thousand was recognized on capital surplus after deducting the related issuance cost of $106,264 thousand.

B. Capital surplus

The balances of capital surplus were as follows:

		December 31, 2021	December 31, 2020
Additional paid-in capital	$	23,406,252	23,406,252
Employee stock options		60,727	60,727
Equity component of convertible bonds		1,703,470	-
Difference between the consideration and the carrying amount of subsidiaries' share acquired or disposed		3,940	3,940
	$	25,174,389	23,470,919

According to the R.O.C Company Act, capital surplus can firstly be used to offset a deficit, and only the realized capital surplus can be used to increase the ordinary shares or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus arising from premium on issuance of capital stock and the fair value of donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, to increase ordinary shares by transferring paid-in capital in excess of par value should not exceed 10% of the total ordinary shares outstanding.

According to the R.O.C Company Act Section 241, the capital surplus may be distributed as cash dividends or stock dividends to the shareholders in proportion to the number of shares held. Distribution of capital surplus, by way of cash dividends, should be approved by the Board of Directors in a meeting attended by two thirds of the total number of directors, with half of the directors' agreement, and reported during the shareholders' meeting. The distribution of earnings through issuance of new shares shall be resolved during the stockholders' meeting.

Based on the resolution approved during the Board of Directors meeting on March 17, 2020, the cash dividends of $1,305,711 thousand, at $3 per share, will be distributed out of capital surplus. Related information is available at the Market Observation Post System.

C. Retained earnings

On June 23, 2020, the amendment to the Company's Articles of Incorporation was approved during the stockholders' meeting. The proposal of surplus earning distribution or loss off setting for the first half fiscal year, together with the business report and financial statements, shall be forwarded to the audit committee for auditing before the end of the second half of the fiscal year; thereafter, be submitted to the Board of Directors for approval.

Distribution of earnings, by way of cash, shall be approved in the Board of Directors meeting. The distribution of earnings through issuance of new shares shall be resolved in the stockholders' meeting.

According to the Company’s Articles of Incorporation, earnings distribution on a semiannual basis shall be distributed in the following order:

(a) Offset the cumulative deficits;

(b) 10% of the current-period earning should be set aside for legal reserve, until the accumulated legal reserve equals the Company’s issued capital;

(c) Set aside special reserve in accordance with relevant laws or regulations or as requested by the authorities;

(d) After deducting items (a), (b), and (c) above from the earnings, the remaining undistributed earnings of current and previous years, if any, will be proposed for distribution by the Board of Directors. According to the R.O.C Company Act Section 240(5), it was authorized that the distribution of earnings, in whole or in part by way of cash dividends, shall be made after a resolution has been approved by a majority vote at a meeting of the Board of Directors attended by two thirds of the total number of directors and the resolution is reported to shareholders in their meeting. If the distribution of earnings is made by issuance of new shares, wherein the resolution will be approved during the shareholders meeting.

After considering both the long-term development of the business and the goal of stable growth of earnings per share, the distribution of dividends to shareholders should not be less than 50% of the distributable earnings, which is calculated using the net income of the current year, minus, legal reserve and special reserve. Distribution of cash dividends should not be less than 50% of the total dividends.

(a) Legal reserve

According to the R.O.C Company Act. Section 241, the legal reserve may be distributed as cash dividends or stock dividends to the shareholders in proportion to the number of shares held. Distribution of legal reserve, by way of cash dividends, should be approved by the Board of Directors in a meeting attended by two thirds of the total number of directors, with half of the directors' agreement; thereafter, be reported in the shareholders' meeting. The distribution of legal reserve through issuance of new shares shall be resolved during the stockholders’ meeting.

(b) Special reserve

In accordance with Regulatory Rule No. 1010012865 issued by the FSC on April 6, 2012, a special reserve is appropriated from retained earnings based on the ruling. Under such regulation, the Company is required to set aside an additional special reserve, as part of the distribution of its annual earnings, equal to the current period net debit balance of other equity interests. A portion of undistributed prior period earnings shall be set aside as a special reserve, which does not qualify for earnings distribution, to account for cumulative net debit balance of other equity interests pertaining to prior periods. The only distributable special reserve is the portion that exceeds the total net debit balance of the other equity interests. The carrying amounts of special reserve were $1,734,138 thousand and $2,291,256 thousand as of December 31, 2021 and 2020, respectively.

(c) Earnings distribution

On May 4, 2021, the Board of Directors of the Company decided on the amount of cash dividends for the profit distribution proposal in 2020. Other earnings distribution had reached the statutory resolution threshold through electronic voting on June 24, 2021, and the shareholders' meeting was expected to be held on August 24, 2021.

The distributions of cash dividends per share for the first half of 2021, the second half of 2020, the first half of 2020 and the year of 2019, were approved by the Board of Directors on December 7, 2021, May 4, 2021, December 9, 2020, and March 17, 2020, respectively. The distribution of dividends was as follows:

	The first half of 2021	2020	The first half of 2020	2019
Dividends distributed to ordinary shareholders:				
Cash	$ 3,481,896	7,834,266	3,481,896	9,575,214

Cash dividends per share for the half of 2021 was $8. Cash dividend per share for the year of 2020 was $18 among which $8 was distributed in the first half of 2020. Cash dividends per share-for the year of 2019 was $22.

D. Treasury shares

In 2018, in accordance with the requirements under section 28-2 of the Securities and Exchange Act, the Company repurchased 2,013 thousand shares at an amount of $576,779 thousand as treasury shares, in order to transfer the shares to its employees. As of December 31, 2021, a total of 2,013 thousand shares has yet to be transferred.

In accordance with the Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the amount of the repurchased shares should not exceed the sum of the Company’s retained earnings, share premium, and realized capital surplus. In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

E. Other equity

		Exchange differences on translation of foreign financial statements	Gains (losses) from equity instruments measured at fair value through other comprehensive income	Total
January 1, 2021	$	(2,591,201)	857,063	(1,734,138)
Foreign exchange differences (net of tax)		(4,938,947)	-	(4,938,947)
Unrealized gains from financial assets measured at fair value through other comprehensive income		-	537,528	537,528
December 31, 2021	$	(7,530,148)	1,394,591	(6,135,557)
January 1, 2020		(2,530,493)	239,237	(2,291,256)
Foreign exchange differences (net of tax)		(60,708)	-	(60,708)
Unrealized gains from financial assets measured at fair value through other comprehensive income		-	617,826	617,826
December 31, 2020	$	(2,591,201)	857,063	(1,734,138)

(16) Share-based payment

The Company signed a cash-settled share-based payment contract with its certain employees. According to the agreement, the vesting period is 4 years, and the employees have to fulfill their required service condition, which requires that at each vesting date, (February 28, 2019 to 2022), the employees shall be still employed by the Company. At each vesting date, the employee is entitled to 25% of the awards. Furthermore, the value of cash award is determined by the stock price of the Company at each vesting date and the performance of each employee.

As of December 31, 2021 and 2020, the stock prices of the Company were $888.0 and $708.0, respectively. For the years 2021 and 2020, the amount of $91,242 thousand and $72,836 thousand, respectively, were recognized by the Company as compensation costs.

(17) Earnings per share (“EPS”)

A. Basic earnings per share

		2021	2020
Net income attributable to the shareholders of the Company	$	11,870,037	13,103,614
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)		435,237	435,237
Basic earnings per share (dollars)	$	27.27	30.11

B. Diluted earnings per share

		2021	2020
Net income attributable to the shareholders of the Company		11,870,037	13,103,614
Interest expense on convertible bonds, net of tax		152,897	-
Net income attributable to the shareholders of the Company (diluted)	$	12,022,934	13,103,614
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)		435,237	435,237
Effect of conversion of convertible bonds (in of thousands shares)		27,065	-
Effect of the employee remuneration issued by stock (in thousands of shares)		626	1,079
		462,928	436,316
Diluted earnings per share (dollars)	$	25.97	30.03

(18) Revenue from contracts with customers

A. Disaggregation of revenues

		2021	2020
Primary geographical markets:			
Taiwan	$	10,245,458	9,615,287
Asia－others		10,847,157	8,750,423
America		1,926,361	1,821,355
Northeast Asia		1,684,996	1,410,771
Europe		790,836	717,192
Other areas		77,486	191,072
	$	25,572,294	22,506,100
Major product categories:			
Semiconductor wafers	$	22,223,076	11,314,832
Semiconductor ingot		1,772,536	9,717,070
Others		1,576,682	1,474,198
	$	25,572,294	22,506,100

B. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities	$ 5,503,842	1,019,398	2,036,201

For details on accounts receivables and allowance for impairment, please refer to note 6(4).

The major change in the balance of contract liabilities is the advance consideration received from customers for the contracts, in which revenue is recognized when products are delivered to customers. The amount of revenue recognized for the years ended December 31, 2021 and 2020, which was included in the contract liability balance at the beginning of the period, was $560,553 thousand and $1,622,757 thousand, respectively.

The contract liabilities primarily relate to the advance consideration received from customers for the wafer sales contracts, in which revenue is recognized when products are delivered to customers.

(19) Remuneration to employees and directors

In accordance with the Articles of Incorporation the Company should contribute between 3% and 15% of the profit as employee compensation and no higher than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and compensation for employees is approved by the Board of Directors. Remuneration to directors is paid in cash. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions. A resolution for employee remuneration in the form of shares has to be approved first in the Board of Directors meeting, wherein at least half of the votes are needed, or two thirds of the members are present during the meeting; thereafter, to be reported during the shareholders' meeting.

For the years ended December 31, 2021 and 2020, the Company accrued and recognized its employee remuneration amounting to $440,456 thousand and $463,953 thousand and directors' remuneration amounting to $45,000 thousand and $44,500 thousand, respectively. These amounts were calculated by using the Company’s pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company’s Articles of Incorporation, and expensed under operating costs or expenses. If there would be any changes in accounting estimates the changes shall be accounted for as profit or loss in the following year. If, however, the shareholders determine that the employee remuneration is to be distributed through issuance of shares, the calculation of distributable share shall be calculated using the stock price on the day before a resolution was made by the Board of Directors. The amounts as stated in the 2021 and 2020 parent-company-only financial statements were not significantly different from those approved in the Board of Directors meetings.

(20) Non-Operating income and expenses

A. Interest income

		2021	2020
Interest income			
Interest from bank deposits	$	89,601	90,551
Other interest income		6,214	-
	$	95,815	90,551

B. Other gains and losses

		2021	2020
Foreign exchange gains (losses), net	$	472,972	(573,863)
Gains (losses) on disposal of property, plant and equipment		189	(5,315)
Realized gains (losses) on financial assets (liabilities) measured at fair value through profit or loss		(483,602)	141,984
Dividend income		54,998	2,210
Termination fees		(1,566,000)	-
Others		97,151	40,138
	$	(1,424,292)	(394,846)

C. Finance costs

		2021	2020
Interest expense－borrowings	$	(38,519)	(63,670)
Interest expense－financing from related parties		(118,586)	(194,623)
Interest expense－bonds		(236,215)	-
Interest expense－lease liabilities		(5,908)	(5,382)
	$	(399,228)	(263,675)

(21) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The main customers of the Company are from the silicon wafer and related industries. The Company generally sets credit limits to its customers according to their credit evaluations. Therefore, the credit risk of the Company is mainly influenced by the silicon wafer industry. As of December 31, 2021 and 2020, 72% and 70%, respectively, of the Company's accounts receivable (including related parties) were from the top 10 customers. Although there is a potential for concentration of credit risk, the Company routinely assesses the collectability of the accounts receivable and makes a corresponding allowance for doubtful accounts.

(c) Credit of receivables

For credit risk exposure on notes and accounts receivables, please refer to note 6(4).

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
December 31, 2021							
Non-derivative financial liabilities							
Notes and accounts payable (including related parties)	$ 16,040,419	(16,191,833)	(4,491,050)	(99,211)	(6,873,796)	(4,727,776)	-
Accrued payroll and bonus	1,333,407	(1,333,407)	(418,806)	(914,601)	-	-	-
Accrued remuneration of directors (other current liabilities)	45,000	(45,000)	-	(45,000)	-	-	-
Lease liabilities	501,383	(541,622)	(24,728)	(24,728)	(44,010)	(115,310)	(332,846)
Ordinary bonds	18,980,771	(19,470,000)	(40,300)	(67,900)	(108,200)	(19,253,600)	-
Convertible bonds	26,143,969	(27,565,891)	-	-	-	(27,565,891)	-
Dividend payable	3,481,896	(3,481,896)	(3,481,896)	-	-	-	-
Other accrued expense (other current liabilities)	1,566,000	(1,566,000)	(1,566,000)	-	-	-	-
Derivative financial instruments							
Forward exchange contracts:							
Outflows	(195,715)	(3,548,900)	(3,548,900)	-	-	-	-
Inflows	-	3,353,185	3,353,185	-	-	-	-
	$ 67,897,130	(70,391,364)	(10,218,495)	(1,151,440)	(7,026,006)	(51,662,577)	(332,846)

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
December 31, 2020							
Non-derivative financial liabilities							
Short-term borrowings	$ 9,871,000	(9,880,689)	(9,379,885)	(500,804)	-	-	-
Notes and accounts payable (including related parties)	16,347,971	(16,347,971)	(8,115,920)	-	(8,232,051)	-	-
Accrued payroll and bonus	1,330,764	(1,330,764)	(367,474)	(963,290)	-	-	-
Accrued remuneration of directors (other current liabilities)	55,800	(55,800)	-	(55,800)	-	-	-
Lease liabilities	464,257	(505,055)	(22,614)	(17,439)	(34,878)	(104,633)	(325,491)
Derivative financial instruments							
Swap exchange contracts:							
Outflows	(34,281)	(2,311,480)	(2,311,480)				
Inflows		2,277,199	2,277,199				
Forward exchange contracts:							
Outflows	-	(5,396,400)	(5,396,400)	-	-	-	-
Inflows	30,481	5,426,881	5,426,881	-	-	-	-
	$ 28,065,992	(28,124,079)	(17,889,693)	(1,537,333)	(8,266,929)	(104,633)	(325,491)

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

C. Currency risk

(a) Exposure to foreign currency risk

The Company’ s significant exposure to foreign currency risk was as follows:

	December 31, 2021		
	Foreign currency	**Exchange rate**	**NTD**
Financial assets			
Monetary Items			
USD	$ 1,304,072	27.68	36,096,713
JPY	2,089,422	0.2405	502,506
CNY	668,265	4.344	2,902,943
Investments accounted for using equity method			
USD	1,489,137	27.68	41,219,311
JPY	68,341,231	0.2405	16,436,066

	December 31, 2021		
	Foreign currency	**Exchange rate**	**NTD**
Financial liabilities			
Monetary Items			
USD	378,561	27.68	10,478,576
JPY	20,147,663	0.2405	4,845,513
CNY	65,349	4.344	283,874
Non-Monetary Items			
JPY	14,000,000	0.2405	Note

	December 31, 2020		
	Foreign currency	**Exchange rate**	**NTD**
Financial assets			
Monetary Items			
USD	$ 428,876	28.48	12,214,391
JPY	658,012	0.2763	181,809
Non-Monetary Items			
JPY	15,000,000	0.2763	Note
Investments accounted for using equity method			
USD	1,370,371	28.48	39,028,167
JPY	61,386,714	0.2763	16,942,733
Financial liabilities			
Monetary Items			
USD	285,285	28.48	8,124,930
JPY	26,065,843	0.2763	7,201,992
Non-Monetary Items			
USD	80,000	28.480	Note
JPY	5,000,000	0.2763	Note

Note: The fair value of forward exchange contracts was measured at the reporting date. For related information, please refer to note 6(2).

(b) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, borrowings, and accounts payable, that are denominated in foreign currencies. A weakening (strengthening) of 1% of the NTD against the USD, JPY and CNY as of December 31, 2021 and 2020, would have increased or decreased the net income before income tax by $238,942 thousand and $24,809 thousand, respectively. The analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis was performed on the same basis for comparative years.

(c) Foreign exchange gains and losses on monetary items

The information on foreign exchange gains (losses) on monetary items is disclosed by an aggregate amount. Foreign exchange gains (losses) (including these realized and unrealized portions) by the Company's monetary items, were as follows:

	For the years ended December 31,			
	2021		2020	
	Foreign exchange gains (losses)	Average rate	Foreign exchange gains (losses)	Average rate
USD	$ (298,041)	27.998	(571,170)	29.533
JPY	883,290	0.2550	(3,420)	0.2769
EUR	(120,960)	33.114	7,567	33.738
CNY	8,665	4.340	(6,529)	4.281
SGD	18	20.836	(313)	21.417
KRW	-	0.0247	2	0.0253

D. Interest rate analysis

Please refer to the notes on liquidity risk management for interest rate exposure of the Company's financial liabilities.

The following sensitivity analysis is based on the exposure to interest rates. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased or decreased by 0.25%, the Company's net income before income tax would have increased or decreased by $16,042 thousand and $19,265 thousand, for the years ended December 31, 2021 and 2020, respectively, assuming all other variable factors remain constant. This is mainly due to the Company's bank deposits and borrowings with variable rates.

E. Other price risk

For the years ended December 31, 2021 and 2020, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the years ended December 31,			
	2021		2020	
Prices of securities at the reporting date	Other comprehensive income before tax	Net income before income tax	Other comprehensive income before tax	Net income before income tax
Increasing 5%	$ 9,254	143,982	5,074	145,797
Decreasing 5%	(9,254)	(143,982)	(5,074)	(145,797)

F. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Overseas securities held	$ 2,879,639	2,879,639	-	-	2,879,639
Privately offered funds	195,163	-	-	195,163	195,163
	$ 3,074,802	2,879,639	-	195,163	3,074,802
Financial assets at fair value through other comprehensive income					
Stock listed on domestic market	$ 185,073	185,073	-	-	185,073
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 40,106,096	-	-	-	-
Notes and accounts receivable (including related parties)	5,964,590	-	-	-	-
Other financial assets－current and non-current	4,149,426	-	-	-	-
	$ 50,220,112	-	-	-	-

	December 31, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Forward exchange contract	$ 195,715	-	195,715	-	195,715
Embedded derivatives of convertible bonds	178,637	-	-	-	-
	$ 374,352	-	195,715	-	195,715
Financial liabilities measured at amortized cost					
Notes and accounts payable (including related parties)	16,040,419	-	-	-	-
Accrued remuneration of directors (other current liabilities)	45,000	-	-	-	-
Ordinary bonds	18,980,771	-	-	-	-
Convertible bonds	26,143,969	-	-	-	-
Lease liabilities－current and non-current	501,383	-	-	-	-
Other accrued expense (other current liabilities)	1,566,000	-	-	-	-
	$ 63,277,542	-	-	-	-

	December 31, 2020				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Forward exchange contract	$ 41,682	-	41,682	-	41,682
Overseas securities held	2,915,940	2,915,940	-	-	2,915,940
Privately offered fund	117,204	-	-	117,204	117,204
	$ 3,074,826	2,915,940	41,682	117,204	3,074,826
Financial assets at fair value through other comprehensive income					
Stock listed on domestic market	$ 101,475	101,475	-	-	101,475
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 3,304,352	-	-	-	-
Notes and accounts receivable (including related parties)	4,832,344	-	-	-	-
Other financial assets－current and non-current	5,708,854	-	-	-	-
	$ 13,845,550	-	-	-	-

	December 31, 2020				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Forward exchange contract	$ 11,201	-	11,201	-	11,201
Swap exchange contract	34,281	-	34,281	-	34,281
	$ 45,482	-	45,482	-	45,482
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 9,871,000	-	-	-	-
Notes and accounts payable (including related parties)	16,347,971	-	-	-	-
Lease liabilities-current and non-current	464,257	-	-	-	-
	$ 26,683,228	-	-	-	-

(b) Valuation techniques for financial instruments measured at fair value

i. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s-length basis. Whether transactions are taking place ‘regularly’ is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments in an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique, including a model using observable market data at the reporting date.

ii. Derivative financial instruments

Measurements of the fair value of derivative instruments are based on the valuation techniques generally accepted by market participants, such as the discounted cash flow or option pricing models. The fair value of forward currency is usually determined based by the forward currency exchange rate.

(c) Reconciliation of Level 3 fair value

		Financial assets measured at fair value through profit or loss
January 1, 2021	$	117,204
Addition in investment		27,819
Recognized in profit or loss		50,140
December 31, 2021	$	195,163
January 1, 2020	$	95,163
Addition in investment		29,064
Recognized in profit or loss		(7,023)
December 31, 2020	$	117,204

(d) The fair value of the Company's financial instruments that use Level 3 inputs to measure fair value was based on the price of the third party. The Company did not disclose quantified information and sensitivity analysis on significant unobservable inputs because the unobservable inputs used in fair value measurement were not established by the Company.

(e) As of December 31, 2021 and 2020, there were no transfer at fair value level.

(22) Financial risk management

A. Overview

The Company has exposures to the following risks from its financial instruments:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying parent-company-only financial statements.

B. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The board is responsible for developing and monitoring company's risk management policies. Internal auditors assist the Board of Directors to monitor and review the risk management control and internal procedures regularly and report them to the Board of Directors.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company audit committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, and the results of which are reported to the audit committee.

C. Credit risk

The Company's potential credit risk is derived primarily from cash and accounts receivable. The Company maintains its cash in various creditworthy financial institutions. Credit risk exposure to each financial institution is controlled by the Company. As a result, the Company believes that there is no concentration of credit risk for cash.

For the year ended December 31, 2021, the Company only provided endorsements for its 100% owned subsidiaries.

D. Liquidity risk

There is no liquidity risk of being unable to raise capital to settle contract obligations since the Company has sufficient capital and working capital to fulfill contract obligations.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Company's entities, primarily the New Taiwan Dollar (NTD), but also include the Chinese Yen (CNY), US Dollar (USD), Euro (EUR) and Japanese Yen (JPY). These transactions are denominated in NTD, USD, EUR and JPY.

Interest is denominated in the currency used in borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company, primarily NTD, but also include USD.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when it is necessary to address short-term imbalances.

(b) Interest rate risk

The Company holds variable-rate assets and liabilities, which cause the exposure to interest rate risk in cash flows.

(23) Capital management

The Board of Directors policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings and non-controlling interests of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary stockholders.

The Company' s debt-to-equity ratios at the end of the reporting periods were as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 79,533,388	38,501,010
Less: cash and cash equivalents	(40,106,096)	(3,304,352)
Net debt	$ 39,427,292	35,196,658
Total equity	$ 45,631,503	44,154,900
Debt-to-equity ratio	86.40%	79.71%

The increase in long-term payable resulted in the debt-to-equity ratio to increase as at December 31, 2021.

(24) Cash flow information

A. For acquiring right-of-use assets by lease, please refer to note 6(8).

B. Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Foreign exchange movement and others	December 31, 2021
Short-term borrowings	$ 9,871,000	(9,871,000)	-	-
Lease liabilities	464,257	(48,614)	85,740	501,383
Bonds payable	-	46,812,845	(1,688,105)	45,124,740
Payables to related parties	12,376,551	(819,167)	-	11,557,384
Total liabilities from financing activities	$ 22,711,808	36,074,064	(1,602,365)	57,183,507

	January 1, 2020	Acquisition from business combination	Cash flows	Foreign exchange movement and others	December 31, 2020
Short-term borrowings	$ 9,886,000	-	(15,000)	-	9,871,000
Lease liabilities	66,281	438,244	(40,508)	240	464,257
Payables to related parties	10,540,000	(9,199,117)	11,399,508	(363,840)	12,376,551
Total liabilities from financing activities	**$ 20,492,281**	**(8,760,873)**	**11,344,000**	**(363,600)**	**22,711,808**

7. Related-party transactions:

(1) Parent company and ultimate controlling company

Sino-American Silicon Product Inc. ("SAS") is both the parent company and the ultimate controlling party of the Company. As of December 31, 2021, it owns 51.17% of all shares outstanding of the Company and has issued the consolidated financial statements available for public use.

(2) Names and relationship with related parties

The followings are entities that have had transactions with the Company during the periods covered in the parent-company-only financial statements:

Name of related party	Relationship with the Company
Sino-American Silicon Products Inc. ("SAS")	The parent company
Sunrise PV World Co., (SPW) (note 1)	SAS's subsidiary
Actron Technology Corp.	SAS's associate using equity method
Crystalwise Technology Inc.	SAS's associate using equity method
GlobalSemiconductor Inc. (GSI)	The Company's directly held subsidiary
GWafers Singapore Pte. Ltd. (GWafers Singapore)	The Company's directly held subsidiary
GlobalWafers Japan Co., Ltd. (GWJ)	The Company's directly held subsidiary
Topsil Globalwafers A/S (Topsil A/S)	The Company's indirectly held subsidiary
Taisil (Note 2)	The Company's directly held subsidiary
Sunrise PV Five Co., Ltd. (SPV 5)	The Company's directly held subsidiary
Sunrise PV Four Co., Ltd. (SPV 4)	The Company's directly held subsidiary
GlobalWafers Holding Co., Ltd. (GWH)	The Company's directly held subsidiary

Name of related party	Relationship with the Company
Kunshan Sino Silicon Technology Co., Ltd. (SST)	The Company's indirectly held subsidiary
GlobiTech Incorporated (GTI)	The Company's indirectly held subsidiary
Topsil Semiconductor sp z o.o. (Topsil PL)	The Company's indirectly held subsidiary
GlobalWafers Singapore Pte. Ltd. (GWS)	The Company's indirectly held subsidiary
GlobalWafers B.V. (GWBV)	The Company's indirectly held subsidiary
MEMC Japan Ltd. (MEMC Japan)	The Company's indirectly held subsidiary
MEMC Electronic Materials, SpA (MEMC SpA)	The Company's indirectly held subsidiary
MEMC Electronic Materials France SarL (MEMC SarL)	The Company's indirectly held subsidiary
MEMC Electronic Materials GmbH (MEMC GmbH)	The Company's indirectly held subsidiary
MEMC Korea Company (MEMC Korea)	The Company's indirectly held subsidiary
MEMC LLC (MEMC LLC)	The Company's indirectly held subsidiary
MEMC Electronic Materials, Sdn Bhd (MEMC Sdn Bhd)	The Company's indirectly held subsidiary
SunEdison Semiconductor Technology (Shanghai) Ltd. (SunEdison Shanghai)	The Company's indirectly held subsidiary
MEMC Ipoh Sdn Bhd (MEMC Ipoh)	The Company's indirectly held subsidiary

Note 1: Sunrise PV World was dissolved after merging with the parent company SAS on January 31, 2020.

Note 2: Taisil was dissolved after merging with the Company on February 1, 2020.

(3) Key management personnel compensation

Key management personnel compensation comprised of:

	For the years ended December 31,	
	2021	2020
Short-term employee benefits	$ 193,690	165,622
Post-employment benefits	706	706
	$ 194,396	166,328

The Company provided a car costing $1,500 thousand, for key management use in 2021 and 2020, respectively.

(4) Significant transactions with related parties

A. Sales

The amounts of significant sales by the Company to related parties were as follows:

	For the years ended December 31, 2021	2020
Parent company	$ 15,155	4,699
Subsidiary	6,458,403	5,945,874
Other related parties	289,725	224,061
	$ 6,763,283	6,174,634

The sales price for sales to the related parties was determined by market price and adjusted according to the sales area and sales volume.

The credit terms for third parties were 0 to 120 days after month-end both in 2021 and 2020, while those for related parties were 30 to 90 days after month-end both in 2021 and 2020.

B. Purchases and process outsourcing

The amounts of purchases and process outsourcing by the Company from related parties were as follows:

	For the years ended December 31, 2021	2020
Parent company	$ 2,090,471	1,061,950
Subsidiary－GWJ	7,247,129	6,765,853
Subsidiary－SST	2,094,546	1,784,604
Subsidiary－GTI	2,128,679	1,839,483
Subsidiary－others	1,624,152	1,105,696
Other related parties	157	-
	$ 15,185,134	12,557,586

The prices of purchases and process outsourcing were determined by market rates.

The payment terms to third parties were 0 to 120 days after month-end both in 2021 and 2020, while those of related parties were 30 days after the following month-end both in 2021 and 2020.

C. Receivables from related parties

The receivables from related parties were as follows:

Items	Categories	December 31, 2021	December 31, 2020
Receivable from related parties	Parent company	$ 2,701	582
Receivable from related parties	Subsidiary	1,183,908	962,077
Receivable from related parties	Other related parties	65,929	72,414
		$ 1,252,538	1,035,073

D. Payables to related parties

The payables to related parties were as follows:

Items	Categories	December 31, 2021	December 31, 2020
Payable to related parties	Parent company	$ 177,872	207,834
Payable to related parties	Subsidiary－GWJ	1,955,393	1,923,569
Payable to related parties	Subsidiary－others	1,055,693	710,059
		$ 3,188,958	2,841,462

E. Prepayments

The prepayments to the parent company were for material purchases which were paid in full. As of December 31, 2021 and 2020, the balance of prepayments, which were recognized as other current assets, amounted to $1,717,408 thousand and $0 thousand, respectively.

F. Loans to other parties

For the year ended 2021 and 2020, the loans to related parties during the period were as follows:

	2021		
Related parties	Ending balance	Interest rate period	Interest Income
Subsidiary	$ 10,000	1%	6,214

As of December 31, 2021, the interest receivable was $16 thousand.

For the year ended 2021 and 2020, the financing loans from related parties during the period were as follows:

	2021		
Related parties	Ending balance	Interest rate period	Interest expense
Subsidiary	$ 11,557,384	0.5%~1.2%	118,586

Related parties	2020 Ending balance	2020 Interest rate period	2020 Interest expense
Subsidiary	$ 12,376,551	0.5%~1.5%	194,623

As of December 31, 2021 and 2020, the interest payable both was $0.

G. Guarantees and endorsements

For the years ended 2021 and 2020. The maximum amount of guarantees and endorsements for related parties to apply for bank financing credit lines were as follows:

(amounts in thousands)

Related parties	For the year ended December 31, 2021		For the year ended December 31, 2020	
Subsidiary	NTD	1,479,800	NTD	-
Subsidiary	EUR	2,961,000	EUR	10,000
Subsidiary	USD	-	USD	60,000
Subsidiary	DKK	-	DKK	25,000

As of December 31, 2021 and 2020, the balance of guarantees and endorsements were summarized as follows:

(amounts in thousands)

Related parties	December 31, 2021		December 31, 2020	
Subsidiary	NTD	1,479,800	NTD	-
Subsidiary	EUR	2,961,000	EUR	10,000
Subsidiary	USD	-	USD	60,000
Subsidiary	DKK	-	DKK	25,000

H. Payment on behalf of others

As of December 31, 2021 and 2020, receivables from related parties and payables to related parties generated from material purchases, insurance and utilities payments and manpower support recognized as receivable from related parties were $3,106 thousand and $479 thousand, respectively and payable to related parties were $961 thousand and $7,681 thousand, respectively.

I. Transactions of property, plant and equipment

(a) Purchase amounts of property, plant and equipment from related parties were summarized as follows:

	For the years ended December 31,	
Related parties	**2021**	**2020**
Parent company	$ 1,150	3,307
Subsidiary	3,891	7,788
Other related parties	1,017	16,316
	$ 6,058	**27,411**

As of December 31, 2021 and 2020, the payables were $181 thousand and $1,524 thousand, respectively.

(b) Disposal amounts of property, plant and equipment to related parties were summarized as follows:

	For the years ended December 31,	
Related parties	**2021**	**2020**
Parent company	$ -	260
Subsidiary	-	1,190
	-	**1,450**

As of December 31, 2021 and 2020, the receivable from the above transactions had been fully received.

Lease

The Company rented the plant from its Parent company. A two-year lease contract was signed. The total value of the contract was $21,579 thousand, please refer to note(12).

For the year ended December 31, 2021, the Company recognized the amount of $86 thousand as the interest expense. As of December 31, 2021, the balance of lease liabilities amounted to $16,221 thousand.

J. Others

(a) The Company's direct sales transaction to the related parties was viewed as the transfer of inventories so that sales revenue and related cost would be eliminated in the financial statements and would not be regarded as the Company’ s sales and cost.

For the years ended December 31, 2021 and 2020, the amount of selling transactions was as follows:

Related parties	For the years ended December 31, 2021	2020
Subsidiary	$ 10,535,345	8,662,820

For the years ended December 31, 2021 and 2020, the service revenue generated from the Company's purchase of raw materials on behalf of subsidiaries was $840,120 thousand and $743,649 thousand, respectively.

In addition, the Company made an agreement with subsidiaries for charging commission income. For the years ended December 31, 2021 and 2020, the commission revenue were $46,213 thousand and $35,558 thousand, respectively, and recognized as service revenue.

The balance of accounts receivable generated from above transactions were as follows:

Items	Categories	December 31, 2021	December 31, 2020
Receivable from related parties	Subsidiary	$ 2,016,760	1,366,222

(b) The Company charged the related parties for royalty. Details of royalty income and receivable from related parties were as follows:

Categories	For the years ended December 31, 2021	2020
Subsidiary	$ 650,723	644,901

Items	Categories	December 31, 2021	December 31, 2020
Receivable from related parties	Subsidiary	$ 107,619	85,358

(c) The Company provided other services for related parties, including service support, machinery usage, human resources and plant lease, etc. Details of related other income and receivables from related parties were as follows:

Categories	For the years ended December 31, 2021	2020
Parent company	$ 6,647	10,728
Subsidiary	48,766	29,957
Other related parties	266	536
	$ 55,679	41,221

Items	Categories	December 31, 2021	December 31, 2020
Receivable from related parties	Parent company	$ 777	1,232
Receivable from related parties	Subsidiary	6,202	2,623
Receivable from related parties	Other related parties	89	433
		$ 7,068	4,288

(d) The related parties charged the Company for their services, including administrative assistance, technical service, legal work appointment, and plant lease, etc. Details of related other expenses and payables to related parties were as follows:

Categories	For the years ended December 31, 2021	2020
Parent company	$ 89,778	20,330
Subsidiary	362,803	329,708
Other related parties	1,829	-
	$ 454,410	350,038

Items	Categories	December 31, 2021	December 31, 2020
Payables to related parties	Parent company	$ 26,814	5,102
Payables to related parties	Subsidiary	66,979	88,605
Payables to related parties	Other related parties	183	-
		$ 93,976	93,707

8. Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Purpose of pledge	December 31, 2021	December 31, 2020
Time deposits (recognized in other financial assets－non-current)	Guarantee for gas consumption from CPC Corporation	$ 2,000	2,000
Time deposits (recognized in other financial assets－non-current)	Guarantee payment for import VAT	5,000	5,000
Time deposits (recognized in other financial assets－non-current))	Guarantee for the lease contract with the Hsinchu Science Industrial Park Bureau	40,687	40,679
Time deposits (recognized in other financial assets－non-current)	Guarantee for bank financing projects	138,400	142,400
		$ 186,087	190,079

9. Commitments and contingencies:

(1) Significant unrecognized contractual commitments

A. As of December 31, 2021 and 2020, the purchase amounts for future procurement from suppliers under the existing agreements were amounted to $12,699,896 thousand and $42,094 thousand, respectively.

B. As of December 31, 2021 and 2020, the significant outstanding commitments for construction and purchase of property, plant and equipment amounted to $1,939,188 thousand and $257,082 thousand, respectively.

C. Research and Development which was the Company requested a bank to issue amounted $48,000 thousand and $14,000 thousand, respectively.

D. The Company signed a long-term sales contract with certain customers and received advance payments. The customer is required to order minimum quantity according to the contract. As of December 31, 2021 and 2020, a guarantee letter for the customer issued by the bank amounted to $0 thousand and $88,651 thousand, respectively.

E. The Company has made an application of the Management, Utilization, and Taxation of Repatriated Offshore Funds Act to the tax authorities on November 28, 2019 and February 21, 2020. The application was approved and the fund was repatriated. Up to 5% of the funds could be withdrawn and freely utilized. The remaining 95% can only be withdrawn for the investments approved by the Ministry of Economic Affairs, R.O.C. upon the elapse of five full years after the date of depositing the fund into a segregated foreign exchange deposit account The Company has made an application to utilize the fund for capital investment. The fund is planned to utilize for factory extension, purchase of factory's facilities and other related capital expenditure. As of December 31, 2021 and 2020, the balances of the account were $3,944,367 thousand and $5,491,302 thousand, respectively, recorded as other current financial assets and other non-current financial assets.

F. GlobalWafers Co., Ltd.'s board resolved to acquire Siltronic AG outstanding shares at EUR125 per share on December 9, 2020. The business combination with Siltronic AG would maximize the shareholders benefits. GlobalWafers Co., Ltd. and Siltronic AG signed a business combination agreement on December 10, 2020, wherein the Group issued a EUR50 million letter of payment guarantee through the bank.

The Company also signed an irrevocable undertaking agreement with Wacker Chemie AG (Wacker Chemie). It was approved by German Federal Financial Supervisory Authority (BaFin) on December 21, 2020, to publish the offer document outlining terms of the voluntary public takeover offer for the acquisitions of all no-par value registered shares in Siltronic AG.

On January 22, 2021, the final offer price was adjusted to EUR145 per share, and the acceptance period of takeover offer was due on March 1, 2021. The Group signed the letter of payment guarantee with an amount up to EUR4.2 billion (equivalent to acquisition consideration) through the bank. As of January 31, 2022, the Company did not obtain the approval from the German government in due course.

(2) Contingent liabilities: None

10. Losses due to major disasters: None

11. Subsequent Events:

As of January 31, 2022, the closing date of the transaction, the Company failed to obtain the approval of the German Government, therefore, the Company's public offer for Siltronic and the related contract lapsed due to the failure to fulfill the conditions.
The 13.67% shares of Siltronic acquired by the Company in the market may be freely disposed of, and there is no restriction on the holding period. The 56.60% of Siltronic shares that should have been sold during the public offer period remained with the original shareholders, and were converted to outstanding common shares on February 8, 2022, for which the Company has no obligation to perform.
In addition, according to the business combination agreement between the Company and Siltronic, a termination fee of EUR 50 million was payable to Siltronic for failure to obtain the required approval from the competent authorities, which had been provisionally recorded in other current liabilities.

12. Other:

A summary of the employee benefits, depreciation, and amortization expenses, by function is as follows:

By function	For the years ended December 31,					
	2021			2020		
By item	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salary	1,114,949	811,324	1,926,273	956,420	435,690	1,392,110
Labor and health insurance	109,082	36,425	145,507	92,533	28,825	121,358
Pension	53,088	19,829	72,917	54,587	18,238	72,825
Others	31,960	21,393	53,353	23,785	16,523	40,308
Remuneration of directors	-	47,505	47,505	-	46,620	46,620
Depreciation	800,044	60,589	860,633	823,802	51,955	875,757
Amortization	180,128	835	180,963	317,932	17	317,949

Additional information on the numbers of employees and employee benefit costs was as follows:

	For the years ended December 31,	
	2021	2020
The numbers of employees	1,630	1,586
The numbers of non-employee directors	6	6
The average of employee benefits	$ 1,353	1,029
The average of salaries	$ 1,186	881
The average of salary adjustment rate	1.45%	
Supervisors' remuneration	$ -	-

The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

(1) Remuneration of directors

The director’s remuneration is based on the Company's profitability for the year. The Company may allocate the remuneration to non-independent directors according to their degree of participation and contribution of the Company's operations.

The standard of above remuneration to directors (including independent directors) shall be proposed by the Remuneration Committee; thereafter, to be submitted to the Board of Directors for resolution.

(2) Remuneration to employees

According to the Company's salary policy and regulations, the remuneration is based on each employee’s title, level, academic experience, professional ability, responsibilities, etc.

In accordance with the Company's "Employee salary and remuneration allocation regulations ", when the Company have annual profits, the employee remuneration rewards will be allocated based on the employee's level, title and performance.

(3) Remuneration to managers

The Company evaluates its managers' remuneration with reference to the Taiwan market, the salary level of competitors in the same industry, the Company's salary policy and manager’s title, level, academic experience, professional ability and responsibilities, to grant a reasonable basic salary to each manager. After presenting the results to the salary committee for discussion, the resolution will be submitted to the Board of Directors for approval.

In accordance with the Company's “Employee salary and remuneration allocation regulations”, when the Company has annual profits, the remuneration rewards to managers will be allocated based on their level, title and performance.

Based on the overall performance, the chairman proposes to the Remuneration Committee the allocation of rewards based on each manager's contribution to the Company's entire operation results. The manager's remuneration will be reported to the Remuneration Committee for discussion and resolution; thereafter; to be submitted to the Board of Directors for approval.

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

A. Loans to other parties: Please refer to Table 1.

B. Guarantees and endorsements for other parties: Please refer to Table 2.

C. Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.

D. Individual securities acquired or disposed of with accumulated amounts exceeding the lower of NT$300 million or 20% of the capital stock: Please refer to Table 4.

E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: Please refer to Table 5.

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 6.

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 7.

I. Trading in derivative instruments: Please refer to notes 6(2).

(2) Information on investees: Please refer to Table 8.

(3) Information on investment in mainland China:

A. The names of investees in Mainland China, the main businesses and products and other information: Please refer to Table 9(1).

B. Limitation on investment in Mainland China: Please refer to Table 9(2).

C. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in the “Information on significant transactions”.

(4) Major shareholders:

Shareholder’s Name	Shares	Percentage
Sino-American Silicon Products Inc.	222,727,000	51.17%

14. Segment information:

Please refer to the Consolidated financial statements for the year ended December 31, 2021.

GlobalWafers Co., Ltd.
Loans to other parties
For the year ended December 31, 2021

Table 1 (In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 3)
													Item	Value		
0	The Company	GlobalWafers GmbH	Receivable from related parties	Yes	6,866,000	-	-	0.45%	2	-	Operating capital	-	-	-	18,252,601	18,252,601
0	The Company	SPV5	Receivable from related parties	Yes	10,000	10,000	10,000	1.00%	2	-	Operating capital	-	-	-	18,252,601	18,252,601
0	The Company	GWH	Receivable from related parties	Yes	500,000	500,000	-	1.00%	2	-	Operating capital	-	-	-	18,252,601	18,252,601
1	GWJ	MEMC Japan	Receivable from related parties	Yes	1,443,000	1,443,000	745,550	0.59%	2	-	Operating capital	-	-	-	16,451,608	16,451,608
1	GWJ	The Company	Receivable from related parties	Yes	5,667,660	3,607,500	2,886,000	0.56%	2	-	Operating capital	-	-	-	16,451,608	16,451,608
1	GWJ	The Company	Receivable from related parties	Yes	5,106,080	-	-	0.55%	1	7,245,440	Business between two parties	-	-	-	7,245,440	16,451,608
2	MEMC SpA	GlobalWafers B.V.	Receivable from related parties	Yes	1,888,150	1,722,600	1,722,600	0.45%	2	-	Operating capital	-	-	-	8,678,590	8,678,590
2	MEMC SpA	GlobalWafers Singapore	Receivable from related parties	Yes	2,680,860	2,442,960	1,908,946	3.44%	2	-	Operating capital	-	-	-	8,678,590	8,678,590
3	GlobalWafers Singapore	GlobalWafers B.V.	Receivable from related parties	Yes	2,853,500	936,857	936,857	1.20%	2	-	Operating capital	-	-	-	40,588,738	40,588,738
3	GlobalWafers Singapore	GlobalWafers GmbH	Receivable from related parties	Yes	4,291,250	3,915,000	3,915,000	0.45%	2	-	Operating capital	-	-	-	40,588,738	40,588,738
3	GlobalWafers Singapore	The Company	Receivable from related parties	Yes	12,270,050	11,902,400	7,287,384	0.80%~ 1.20%	2	-	Operating capital	-	-	-	40,588,738	40,588,738
4	GTI	MEMC LLC	Receivable from related parties	Yes	199,745	193,760	-	1.75%	2	-	Operating capital	-	-	-	9,776,708	9,776,708
4	GTI	The Company	Receivable from related parties	Yes	1,426,750	1,384,000	1,384,000	0.80%	2	-	Operating capital	-	-	-	9,776,708	9,776,708
5	GlobalWafers B.V.	GlobalWafers GmbH	Receivable from related parties	Yes	4,806,200	4,384,800	2,662,000	0.45%	2	-	Operating capital	-	-	-	40,277,615	40,277,615
6	GWH	SPV4	Receivable from related parties	Yes	50,000	50,000	10,000	1.00%	2	-	Operating capital	-	-	-	100,161	100,161

Note 1: The nature of financing purposes:

(1) Represents entities with business transaction with the Group.

(2) Represents where an inter-company or inter-firm short-term financing facility is necessary.

Note 2: For entities who have business transactions with the Company, the amount of financing shall not exceed the amount of business transaction for the current year. For the purpose of lending operating capital, the amount of financing offered to a single company and to an investee whose voting shares, directly or indirectly, owned by the Company shall not exceed 40 percent of the lender’s net worth.

Note 3: The total amount available for financing purposes shall not exceed 40 percent of the lender’s net worth. The total amount available for financing to investees whose voting shares, directly or indirectly, owned by the Company shall not exceed 40 percent of the Company’s net worth.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

GlobalWafers Co., Ltd.
Guarantees and endorsements for other parties
For the year ended December 31, 2021

Table 2 (In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3, 4)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	GlobalWafers GmbH	2	136,894,509	112,244,400	91,485,720	6,577,200	-	200.49%	136,894,509	Y	N	N
0	The Company	GWH	2	136,894,509	1,300,000	1,300,000	-	-	2.85%	136,894,509	Y	N	N
0	The Company	SPV4	2	136,894,509	100,000	100,000	-	-	0.22%	136,894,509	Y	N	N
0	The Company	SPV5	2	136,894,509	79,800	79,800	79,800	-	0.17%	136,894,509	Y	N	N
0	The Company	GWS	2	136,894,509	1,260,000	1,252,800	1,252,800	-	2.75%	136,894,509	Y	N	N
1	GTI	MEMC LLC	2	48,883,540	428,025	415,200	93,013	-	4.25%	48,883,540	N	N	N

Note 1: The characters of guarantees and endorsements are coded as follows:
(1) The issuer is coded "0".
(2) The investee is coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relation between guarantor and guarantee and their endorsement should be disclosed as one of the following:
(1) Ordinary business relationship.
(2) Subsidiary which owned more than 50 percent by the guarantor.
(3) An investee owned more than 50 percent in total by both the guarantor and its subsidiary.
(4) An investee owned more than 90 percent by the guarantor or its subsidiary.
(5) Fulfillment of contractual obligations by providing mutual endorsements and guarantor for peer or joint builders in order to undertake a construction project.
(6) An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
(7) The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for per-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The total amount of external endorsements and/or guarantees shall worth no more than triple of the Company’s net worth.

Note 4: The total amount of external endorsements and/or guarantees for any single company shall not exceed 10 percent of the Company’s net worth. However, for subsidiaries shall not exceed 3 times of the Company’s net worth.

GlobalWafers Co., Ltd.
Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures)
December 31, 2021

Table 3 (In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	CDIB Capital Growth Partners L.P.	None	Financial assets at fair value through profit or loss, mandatorily measured at fair value－non-current	-	195,163	3.85%	195,163	
The Company	Siltronic AG	None	Financial assets at fair value through profit or loss－non-current	650	2,879,639	2.17%	2,879,639	
GlobalWafers GmbH	Siltronic AG	None	Financial assets at fair value through profit or loss－non-current	2,851	12,631,231	9.50%	12,631,231	
GWBV	Siltronic AG	None	Financial assets at fair value through profit or loss－non-current	600	2,662,679	2.00%	2,662,679	
The Company	WT Microelectronics Co., Ltd.	None	Financial assets at fair value through other comprehensive income	2,518	185,073	0.32%	185,073	

GlobalWafers Co., Ltd.

Individual securities acquired or disposed of with accumulated amounts exceeding the lower of than NT$300 million or 20% of the capital stock

For the year ended December 31, 2021

Table 4

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
GWBV	Siltronic AG	Financial assets at fair value through profit or loss－non-current	-	None	600	2,688,372	-	-	-	-	-	-	600	2,662,679
GlobalWafers GmbH	Siltronic AG	Financial assets at fair value through profit or loss－non-current	-	None	-	-	2,851	12,631,231	-	-	-	-	2,851	12,631,231
The Company	Siltronic AG	Financial assets at fair value through profit or loss－non-current			650	2,915,490	-	-	-	-	-	-	650	2,879,639

Note: Ending balance including unrealized gain or loss.

GlobalWafers Co., Ltd.

Acquisition of individual real estate with amount exceeding the lower than NT$300 million or 20% of the capital stock

For the year ended December 31, 2021

Table 5 (In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
MEMC Korea	Property, plant and equipment	October 5, 2018	1,814,200	To the progress of the project	Sungdo Eng. Company	Non-related parties	-	-	-	-	Fair value	For operating purpose	None
MEMC Korea	Property, plant and equipment	September 2018	330,175	To the progress of the project	L.Keeley Construction	Non-related parties	-	-	-	-	Fair value	For operating purpose	None

GlobalWafers Co., Ltd.

Related-party transactions for purchases and sales with amounts exceeding the lower than NT$300 million or 20% of the capital stock

For the year ended December 31, 2021

Table 6 (In Thousands of New Taiwan Dollars)

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase /Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	SAS	Parent Company	Purchase	2,090,471	15%	Net 30 days from the end of the next month upon issuance of invoice	-	-	(177,872)	(4)%	
The Company	GTI	Indirectly held subsidiaries	Purchase	2,073,802	3%	Net 60 days from the end of the month upon issuance of invoice	-	-	(359,256)	(4)%	
The Company	SST	Indirectly held subsidiaries	Purchase	2,061,886	3%	Net 60 days from the end of the month upon issuance of invoice	-	-	(379,953)	(4)%	
The Company	GWJ	Directly held subsidiaries	Purchase	6,697,405	11%	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(1,872,552)	(21)%	
The Company	Topsil A/S	Indirectly held subsidiaries	Purchase	866,388	1%	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(192,461)	(2)%	
The Company	GWS	Indirectly held subsidiaries	Purchase	712,957	1%	Net 60 days from the end of the month upon issuance of invoice	-	-	(122,445)	(1)%	
GWS	The Company	Indirectly held subsidiaries	Purchase	6,583,737	11%	Net 60 days from the end of the month upon issuance of invoice	-	-	(1,209,905)	(13)%	
MEMC Korea	The Company	Indirectly held subsidiaries	Purchase	1,762,010	3%	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(463,477)	(5)%	
MEMC SpA	The Company	Indirectly held subsidiaries	Purchase	811,078	1%	Net 60 days from the end of the month upon issuance of invoice	-	-	(155,577)	(2)%	
GTI	The Company	Indirectly held subsidiaries	Purchase	3,606,789	6%	Net 45 days from the end of the month upon issuance of invoice	-	-	(450,697)	(5)%	
SST	The Company	Indirectly held subsidiaries	Purchase	1,090,130	2%	Net 30 days from the end of the month upon issuance of invoice	-	-	(83,416)	(1)%	

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
GWJ	The Company	Directly held subsidiaries	Purchase	2,619,443	4%	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(735,503)	(8)%	
Topsil A/S	The Company	Indirectly held subsidiaries	Purchase	396,400	1%	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(77,771)	(1)%	
Actron Technology	The Company	Associate of the parent company	Purchase	289,612	- %	Net 60 days from the end of the next month upon issuance of invoice	-	-	(65,911)	(1)%	
MEMC Sdn Bhd	The Company	Indirectly held subsidiaries	Purchase	123,758	- %	Net 60 days from the end of the month upon issuance of invoice	-	-	(17,452)	-%	
GWS	MEMC LLC	Indirectly held subsidiaries	Purchase	1,399,475	2%	Net 60 days from the end of the month upon issuance of invoice	-	-	(219,690)	(2)%	
GWS	MEMC LLC	Indirectly held subsidiaries	Sale	(639,618)	(1)%	Net 60 days from the end of the month upon issuance of invoice	-	-	125,959	1%	
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	Purchase	1,671,021	3%	Net 60 days from the end of the month upon issuance of invoice	-	-	(295,483)	(3)%	
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	Sale	(628,577)	(1)%	Net 60 days from the end of the month upon issuance of invoice	-	-	105,615	1%	
GWS	MEMC SpA	Indirectly held subsidiaries	Purchase	3,701,587	6%	Net 60 days from the end of the month upon issuance of invoice	-	-	(651,383)	(7)%	
GWS	MEMC SpA	Indirectly held subsidiaries	Sale	(4,148,873)	(7)%	Net 60 days from the end of the month upon issuance of invoice	-	-	742,296	8%	
GWS	MEMC Korea	Indirectly held subsidiaries	Purchase	1,432,638	2%	Net 60 days from the end of the month upon issuance of invoice	-	-	(263,573)	(3)%	
GWS	MEMC Japan	Indirectly held subsidiaries	Purchase	4,067,502	7%	Net 60 days from the end of the month upon issuance of invoice	-	-	(729,443)	(8)%	
GWS	MEMC Japan	Indirectly held subsidiaries	Sale	(1,534,937)	(3)%	Net 60 days from the end of the month upon issuance of invoice	-	-	263,177	3%	

Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

GlobalWafers Co., Ltd.

Receivables from related parties with amounts exceeding the lower than NT$100 million or 20% of the capital stock

December 31, 2021

Table 7 (In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	GTI	Indirectly held subsidiaries	450,697	9.10	-		268,332	-
The Company	GWJ	Directly held subsidiaries	735,503	4.52	-		311,828	-
The Company	GWS	Indirectly held subsidiaries	1,209,905	6.05	-		1,209,905	-
The Company	MEMC Korea	Indirectly held subsidiaries	463,477	4.96	-		379,126	-
The Company	MEMC SpA	Indirectly held subsidiaries	155,577	5.11	-		151,219	-
SAS	The Company	Parent Company	177,872	11.06	-		177,872	-
GTI	The Company	Indirectly held subsidiaries	359,256	6.50	-		359,256	-
SST	The Company	Indirectly held subsidiaries	379,953	5.95	-		360,797	-
GWJ	The Company	Directly held subsidiaries	1,872,552	3.59	-		1,220,081	-
GWS	The Company	Indirectly held subsidiaries	122,445	8.34	-		80,866	-
Topsil A/S	The Company	Indirectly held subsidiaries	192,461	6.79	-		191,085	-
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	105,615	5.57	-		105,615	-
GWS	MEMC Japan	Indirectly held subsidiaries	263,177	5.92	-		263,177	-
GWS	MEMC SpA	Indirectly held subsidiaries	742,296	6.83	-		742,296	-
GWS	MEMC LLC	Indirectly held subsidiaries	125,959	5.66	-		125,959	-
MEMC Sdn Bhd	GWS	Indirectly held subsidiaries	295,483	5.70	-		295,483	-
MEMC SpA	GWS	Indirectly held subsidiaries	651,383	6.26	-		651,383	-
MEMC Korea	GWS	Indirectly held subsidiaries	263,573	5.99	-		134,282	-
MEMC Japan	GWS	Indirectly held subsidiaries	729,443	5.52	-		729,443	-
MEMC LLC	GWS	Indirectly held subsidiaries	219,690	9.71	-		219,690	-

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
GWJ	The Company	Directly held subsidiaries	2,886,000	- (Note 3)	-		481,000	-
GTI	The Company	Indirectly held subsidiaries	1,384,000	- (Note 3)	-		-	-
GWS	The Company	Indirectly held subsidiaries	7,287,384	- (Note 3)	-		-	-

Note 1: The amount received in subsequent period as of February 25, 2022.
Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.
Note 3: Receivables from related-party for financing purpose.

GlobalWafers Co., Ltd.
Information on investees
For the year ended December 31, 2021

Table 8

(In Thousands of New Taiwan Dollars/other currencies)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of Ownership	Carrying value			
The Company	GWI	Cayman	Investment activities	1,427 (USD48)	1,427 (USD48)	0.01	100.00%	1,824	1	1	Subsidiary
The Company	GSI	Cayman	Investment in various businesses and triangular trade centers with subsidiaries in Mainland China	756,809 (USD26,555)	756,809 (USD26,555)	25,000	100.00%	2,258,662	459,294	455,025	Subsidiary
The Company	GWJ	Japan	Manufacturing and trading of silicon wafers	5,448,015	5,448,015	128	100.00%	16,436,066	1,795,646	1,795,279	Subsidiary
The Company	GWafers Singapore	Singapore	Investment activities	17,378,877	17,378,877	541,674	100.00%	38,958,825	5,462,710	5,467,460	Subsidiary
The Company	HONG-WANG Investment Co., Ltd.	Taiwan	Investment activities	309,760	309,760	30,976	30.98%	1,691,344	220,804	68,396	Associate
The Company	SPV4	Taiwan	Electricity activities	1,045,000	1,045,000	104,500	100.00%	1,050,119	4,948	4,948	Subsidiary
The Company	SPV5	Taiwan	Electricity activities	278,000	122,000	27,800	100.00%	276,319	(1,527)	(1,527)	Subsidiary
The Company	GWH	Taiwan	Investment activities	250,000	250,000	25,000	100.00%	250,403	469	469	Subsidiary
GWJ	MEMC Japan	Japan	Manufacturing and trading of silicon wafers	373,413 (JPY100,000)	373,413 (JPY100,000)	750	100.00%	2,755,254	198,616	-	Notes 2 and 3
Topsil A/S	Topsil PL	Poland	Manufacturing and trading of silicon wafers	-	-	0.1	100.00%	-	-	-	Notes 2 and 3
GWafer Singapore	GWS	Singapore	Investment activities	14,671,320 (USD406,898)	14,671,320 (USD406,898)	299,445	100.00%	45,502,198	5,466,903	-	Notes 2 and 3
GWS	GWBV	Netherlands	Investment activities	11,213,730 (USD362,763)	11,213,730 (USD362,763)	0.1	100.00%	40,277,615	3,809,075	-	Notes 2 and 3

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of Ownership	Carrying value			
GWBV	MEMC SpA	Italy	Manufacturing and trading of silicon wafers	6,732,641 (USD204,788)	6,732,641 (USD204,788)	65,000.0	100.00%	8,678,590	850,595	-	Notes 2 and 3
MEMC SpA	MEMC SarL	France	Trading	1,316 (USD40)	1,316 (USD40)	0.5	100.00%	2,030	625	-	Notes 2 and 3
MEMC SpA	MEMC GmbH	Germany	Trading	-	4,622 (USD141)	-	- %	-	-	-	Notes 2 and 3
GWBV	MEMC Korea	Korea	Manufacturing and trading of silicon wafers and sale	11,851,262 (USD384,605)	11,851,262 (USD384,605)	25,200	100.00%	17,283,919	2,184,873	-	Notes 2 and 3
GWBV	GTI	United States	Manufacturing and trading of epitaxial wafers and sale	2,779,849 (USD91,262)	2,779,849 (USD91,262)	1	100.00%	10,916,070	895,489	-	Notes 2 and 3
GWBV	MEMC Ipoh	Malaysia	Manufacturing and trading of silicon wafers and sale	93,907 (USD1,323)	93,907 (USD1,323)	612,300	100.00%	3,348	(109)	-	Notes 2 and 3
GWBV	GlobalWafers GmbH	Germany	Trading	827 (USD27)	827 (USD27)	25	100.00%	(161,505)	(171,165)	-	Notes 2 and 3
GWBV	Topsil A/S	Denmark	Manufacturing and trading of silicon wafers and sale	1,843,604 (USD60,996)	1,843,604 (USD60,996)	1,000	100.00%	1,945,237	137,093	-	Notes 2 and 3
GTI	MEMC LLC	United states	Manufacturing and trading of silicon wafers and sale	543,384 (USD17,839)	543,384 (USD17,839)	-	100.00%	3,809,498	279,273	-	Notes 2 and 3
SST	MEMC Sdn Bhd	Malaysia	Manufacturing and trading of silicon wafers and sale	898,016 (USD27,315)	898,016 (USD27,315)	1,036	100.00%	1,006,506	68,216	-	Notes 2 and 3

Note 1: A limited company.
Note 2: The investees are indirectly held subsidiaries of the Company.
Note 3: The investor's profits and losses included the profits and losses of the investees; therefore, the investee's profits and losses need not be disclosed.
Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

GlobalWafers Co., Ltd.

The names of investees in Mainland China, the main businesses and products and other information

For the year ended December 31, 2021

Table 9

(In Thousands of New Taiwan Dollars/other currencies)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
SST	Processing and trading of ingots and wafers	769,177 (Note 5)	Note 1	713,300 (USD21,729)	-	-	713,300 (USD21,729)	459,207	100%	459,207	2,198,254	-

(2) Limitation on investment in Mainland China

Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	713,300 (USD21,729)	1,101,933 (USD35,000) (Note 3)	27,378,902 (Note 4)

Note 1: Investments through GSI.

Note 2: The basis for investment income (loss) recognition is from the audited financial statements.

Note 3: Initial investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the Historical Foreign Exchange Rate.

Note 4: Pursuant to the 'Guidelines Governing the Review of Investment or Technical Cooperation in the Mainland Area' dated on August 29, 2008, the total amount of investment shall not exceed 60% of the Company's net worth on December 31, 2021.

Note 5: Retained earnings transferred to capital was included.

GlobalWafers Co., Ltd.

Statement of cash and cash equivalents

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Descriptions	Amount
Cash	Petty cash and cash on hand	$ 100
Bank deposits	Demand deposits	440,947
	Time deposits	33,107,824
	Foreign currency deposits (USD: 197,729,350.34； JPY: 1,251,246,398； EUR: 5,892,642.01； CNY: 3,985,677.62)	5,975,945
	Subtotal	39,524,716
Reverse repurchase agreeent		581,280
	Total	**$ 40,106,096**

Note: Foreign exchange rates at the balance sheet date are as follows:

USD exchange rates: 27.68

JPY exchange rates: 0.2405

EUR exchange rates: 31.32

RMB exchange rates: 4.344

GlobalWafers Co., Ltd.

Statement of accounts receivable

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Name of customer	Amount
Client K	$ 457,109
Client H	163,181
Client J	254,999
Client A	161,154
Client L	149,251
Client F	134,120
Other (individual amount does not exceed 5% of the account balance)	1,254,437
subtotal	2,574,251
Less: loss allowance	(6,768)
	$ 2,567,483

Note : 1. All accounts receivable are generated from operating activities.

2. Accounts receivable from related parties are not included in the above, please refer to note 7 for relevant information.

GlobalWafers Co., Ltd.

Statement of inventories

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Amount: Cost	Amount: Net realizable value
Merchandises	$ 382,405	381,960
Finished goods	148,920	265,932
Work in progress	461,121	594,857
Raw materials	884,649	884,020
Materials	360,695	563,066
Subtotal	2,237,790	**2,689,835**
Less: loss allowance	(49,510)	
Total	**$ 2,188,280**	

Statement of other current assets

Item	Amount
Prepayment for purchases	$ 1,878,118
Others (individual amount does not exceed 5% of the amount balance)	107,829
	$ 1,985,947

GlobalWafers Co., Ltd.

Statement of changes in investments accounted for using the equity method

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning balance Shares	Beginning balance Amount	Increase (decrease) Shares	Increase (decrease) Amount	Investment income/loss	Cumulative translation adjustment	Remeasur-e ment of defined benefit plans of subsidiaries	Unrealized gains (losses) from investments in equity measured at fair value through comprehensive income of associates	Ending balance Shares	Ending balance Amount	Ending balance % of owner-ship	Equity, net worth	Pledged as colla-teral
GWI	-	$ 1,823	-	-	1	-	-	-	-	1,824	100.00	1,824	None
GSI	25,000	1,836,042	-	-	455,025	(32,405)	-	-	25,000	2,258,662	100.00	2,258,662	None
GWJ(GWafers)	128	16,946,410	-	-	1,795,279	(2,299,806)	(5,817)	-	128	16,436,066	100.00	16,436,066	None
GWafers Singapore	541,674	37,084,288	-	-	5,467,460	(3,763,973)	171,051	-	541,674	38,958,826	100.00	38,958,826	None
HONG-WANG	30,976	1,202,176	-	(33,158)	68,396	-	-	453,930	30,976	1,691,344	30.98	1,691,344	None
SPV 4	104,500	1,045,944	-	(773)	4,948	-	-	-	1,045,171	1,050,119	100.00	1,050,119	None
SPV 5	12,200	121,846	15,600	156,000	(1,527)	-	-	-	277,846	276,319	100.00	276,319	None
GWH	25,000	249,935	-	-	469	-	-	-	249,935	250,404	100.00	250,404	None
		58,488,464		122,069	7,790,051	(6,096,184)	165,234	453,930		60,923,564		60,923,564	
Less: unrealized gross profit on sales of subsidiaries		(485,163)		-	(326,914)	-	-	-		(812,077)		-	
Total		$ 58,003,301		122,069	7,463,137	(6,096,184)	165,234	453,930		60,111,487		60,923,564	

GlobalWafers Co., Ltd.

Statement of changes in property, plar equipment

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(7) for further information on "property, plant and equipment".

Statement of changes in right-of-use assets

Please refer to note 6(8) for further information on "right-of-use assets".

Statement of other non-current assets

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Long-term prepayment for purchases	$ 765,709
Deferred tax assets	313,842
Others	7,552
	$ 1,087,103

GlobalWafers Co., Ltd.

Statement of accounts payable

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Vendor name	Amount
Vendor C	$ 154,712
Vendor J	134,042
Vendor D	71,287
Vendor I	58,476
Others (individual account does not exceed 5% of the amount balance)	780,442
Total	**$ 1,198,959**

Note 1: All accounts receivable are generated from operating activities.

Note 2: Accounts receivable from related party are not included in the above accounts, please refer to note 7 for relevant information.

Statement of other current liabilities

Item	Amount
Tax payable	$ 825,287
Service fee payable	330,511
Provisions	1,566,000
Others (individual account does not exceed 5% of the amount balance)	1,127,466
Total	**$ 3,849,264**

GlobalWafers Co., Ltd.

Statement of lease liabilities

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Summary	Lease period	Discount rate	Ending balance	Note
Land	Science Park Land (Hsinchu)	January 1, 2015~December 31, 2037	1.19%	$ 373,291	
Land	Science Park Land (Zhunan)	April 4, 2020~December 31, 2037	1.19%	56,249	
Land	Science Park Land (Hsinchu)	January 1, 2021~December 31, 2040	0.89%	52,714	
Other equipment	Warehouse	July 1, 2021~June 30, 2023	0.89%	16,221	
Other equipment	Telephone system	November 1, 2021~December 31, 2026	0.89%	2,497	
Other equipment	Official car	December 27, 2021~December 26, 2024	0.89%	411	
				501,383	
Less: lease liabilities due within one year				(43,910)	
				$ 457,473	

Statement of other non-current liabilities

Item	Amount
Deferred tax liabilities	$ 2,813,630
Net defined benefit liabilities	554,365
Lease liabilities－non-current	457,473
	$ 3,825,468

GlobalWafers Co., Ltd.

Statement of operating revenue

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Sales volume	Amount
Operating revenue		
Semiconductor wafers	25,576 thousand pieces	$ 22,223,076
Semiconductor ingot	560,075 thousand kilograms	1,772,536
		23,995,612
Service revenue		886,333
Royalty income		650,723
Other operating revenue		39,626
Net operating income		**$ 25,572,294**

GlobalWafers Co., Ltd.

Statement of operating cost

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Goods, beginning of year	$ 349,097
Add: Goods purchased	13,113,272
Less: Write-off of selling to associates and oversea triangular trade in the period	10,070,983
Transferred from expenses	258
Realized gain from sales of associates	1,463,108
Goods, end of year	382,405
Cost of purchase and selling	1,545,615
Raw material used	
Raw material beginning of year	660,365
Add: Raw material purchased	7,195,145
Less: Raw materials	884,649
Transferred to expense and others	316,842
Sales in the period	3,671,247
Direct raw material	2,982,772
Material, beginning of year	328,831
Add: Material purchased	2,476,169
Less: Material, end of year	360,695
Transferred to other expenses	455,598
Sales in the period	29,517
Indirect material	1,959,190
Direct labor	644,198
Manufacturing expenses	4,020,700
Manufacturing costs	9,606,860
Add: Work in process, beginning of year	374,825
Transferred from finished goods	51,974
Work in process purchased	213,963
Less: work in process, end of year	461,121
Transferred to expenses－work in process	34,995
Cost of finished goods	9,751,506
Add: finished goods, beginning of year	238,542
Less: Finished goods, end of year	148,920
Transferred to other expenses	132,144
Cost of finished goods	9,708,984
Add: Sales of raw material	3,700,764
Cost of idle capacity	92,414
Inventory valuation loss (gains)	(2,487)
Less: Others	48,008
Total cost of sales	$ 14,997,282

GlobalWafers Co., Ltd.

Statement of operating expenses

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Selling and marketing expenses	Administra-tive expenses	Research and development expenses	Expected credit loss (gain)
Payroll expense	$ 102,397	347,080	361,847	-
Remuneration of director	-	47,505	-	-
Shipping expense	211,893	-	489	-
Depreciation expense	981	7,115	52,493	-
Commission expense	69,025	-	-	-
Technical service fee	-	-	103,936	-
Inspection fee	-	-	104,904	-
Indirect materials	35,843	-	530,848	-
Others (individual amount does not exceed 5% of the account balance	67,477	281,458	114,701	-
Total	**$ 487,616**	**683,158**	**1,269,218**	**-**

Attachment 3. Affiliation Report

Statement

It is hereby declared that the 2021 Affiliation (from January 1, 2021 to December 31, 2021) was prepared pursuant to the “Criteria Governing Preparation of Affiliation Reports, Affiliated Business Consolidated Business Report and Consolidated Financial Statements of Affiliated Enterprises”, and there are no significant inconsistencies between the information given above and the supplementary information disclosed in the notes to financial statements for the above period.

Hereby declared above.

GlobalWafers Co., Ltd.

Chairperson: Hsiu-Lan Hsu

March 15, 2022

Independent Auditors' Report on the Affiliation Report

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

GlobalWafers Co., Ltd. prepared the 2021 Affiliate Report pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" (hereafter "Criteria"); the financial information related to the Report has been reviewed by us against the information disclosed in the notes of the financial reports during the abovementioned period, with this review opinion issued pursuant to the Criteria.

We believe the information disclosed in the 2021 Affiliate Report of GlobalWafers Co., Ltd. has no material inconsistency to the information disclosed in the notes of the financial reports during the abovementioned period, and no violation of the Criteria is found.

To

GlobalWafers Co., Ltd.

KPMG CPA

Accountants :	An-chih Cheng Mei-Yu Tseng
Securities authority: approved and certified document No.	Financial supervision audit No. 1060005191 (88) Taiwan Finance Certificate (6) No. 18311

March 15, 2022

GlobalWafers Co., Ltd.

Affiliation Report

2021

I. Relationship between the controlling company and its subordinates

Unit: Shares

Name of controlling company	Cause of control	Shareholding and pledges by the controlling company			Appointment of members of the controlling company as the directors, supervisors, or managerial officers	
		Number of shares held	**Shareholding ratio**	**Number of shares pledged**	**Job title**	**Name**
Sino-American Silicon Products Inc.	Holding a majority of the total number of shares with voting power issued by the subordinate	222,727,000	51.17%	0	Director Director	Hsiu-Lan Hsu Tang-Liang Yao

II. Transaction situation

The transaction situation between the Company and the controlling company, Sino-American Silicon Products Inc., is stated as following:

(1) Purchase/Sales:

Unit: NTD thousands

Status of transactions with the controlling company				Terms of transactions with the controlling company		General terms and conditions for transactions		Cause of variance	Accounts/notes receivable (payable)		Overdue accounts receivable			Remarks
Purchase (sales)	Amount	Ratio in total purchase (sales)	Gross profit for sales	Unit price (NT$)	Credit term	Unit price (NT$)	Credit term		Balance	% of total accounts /notes receivable (payable)	Amount	Manner of Handling	Allowance for bad debt	
Sales	(15,155)	(0.06%)	(8,312)	Note 1	O/A 30 days~ O/A 60 days	Per the contract	O/A 0 day~ O/A 120 days	-	2,701	0.07%	-	-	-	-
Purchase	2,090,471	15.24%	-	Note 2	O/A 30 days EOM	Per the contract	O/A 0 day~ O/A 120 days EOM	-	(177,872)	(4.22%)	-	-	-	-

Note 1: The sales primarily refer to the sales for semiconductor chips and ingots. Therefore, there was no significant difference from the

general sales price and terms & conditions.

Note 2: The purchase primarily refers to the purchase of production materials. Therefore, there was no significant difference from the general purchase price and terms & conditions.

(2) Status of transaction of property:

Unit: NTD thousands

Type of transaction (Acquisition or disposition)	Property name	Transaction date or the date when the event occurred	Trade amount	Delivery or payment terms	Status of payment collection	Gain or loss on disposition (Note 1)	The reasons why trading counterparts are controlling companies	Previous data transfer (Note 2)				The methods for determining the transactions (Note 3)	Price references	Purpose of acquisition or disposition, and status of utilization thereof	Other matters agreed
								Owner	Affiliation with the Company	Transfer date	Amount				
Acquisition	equipment	May 2021 September 2021	1,150	O/A 30 days EOM	Already paid in full amount	-	Transfer of assets	-	-	-	-	Inter-affiliate transfer	Restricted tendering or single tendering	For business	-

Note 1: Not required, in the case of acquisition of property.

Note 2: (1)The controlling company's original acquisition data should be disclosed if it is acquisition; the subsidiary's original acquisition data should be disclosed if it is disposal.

(2) The relationship between the owner and the controlling company and the subsidiary should be specified.

(3)Previous transaction information of the related party should be listed in the same column if the transaction party is also related party in the previous transaction.

Note 3: The preparer should explain the decision making level of the transaction.

Capital financing: None.

(4) Assets leasing:

Unit: NTD thousands

Type of transaction (rent or lease)	Property		Duration of lease	Nature of lease (Note 1)	Basis for determination of the rent	Method of collection (payment)	Comparison with regular rent levels	Current total rent	Status of current collection/payment	Other matters agreed (Note 2)
	Name	Location								
Rented out	Plant	2F and 4F, No. 8. Industrial East Road 2, Science Based Industrial Park, Science-Based Industrial Park B1~4F, No. 21, Kezhong Rd., Zhunan Township, Miaoli County	January 2021~ December 2021	Operating lease	Regular rent level	Collected on a monthly basis	No significant difference	816	Normal	None.

Leased	Land	No. 8, Kebei 5th Rd., Zhunan Township, Miaoli County	January 2021 to March 2021	Operating lease	Regular rent level	Collected on a monthly basis	No significant difference	16	Normal	None
Leased	Plant	5F, No. 8, Kebei 5th Rd., Zhunan Township, Miaoli County	April 2021 to June 2021	Operating lease	Regular rent level	Collected on a monthly basis	No significant difference	1,453	Normal	None
Leased	Plant	B2/7F, No. 6 Zhongke Rd., Zhunan Township, Miaoli County	January 2021 to December 2021 January 2021 to June 2021	Operating lease	Regular rent level	Collected on a monthly basis	No significant difference	9,348	Normal	None

Note 1: The preparer should explain whether the nature of this transaction is capital lease or operating lease.

Note 2: If there are other encumbrances on the ownership, such as superficies, pledges, and easement, the preparer should disclose such conditions.

Note 3: The outstanding rents as lessor are accounted under the receivables from related parties, for NT$214 thousand; the rents as lessee are accounted under the payables to related parties, for NT$1,725 thousand.

(5) Status of other important transactions:

Unit: NTD thousands

Status of transactions with the controlling company			Comparison between the terms and conditions for the general transactions and transactions with the controlling company
Title	Amount	Unpaid accounts stated as accounts receivable (payable)-related party	
Payment on behalf of others	-	149	No significant difference
Receipts under custody	-	(123)	No significant difference
Other revenue	5,831	563	No significant difference
Other expenditure	78,961	(25,089)	No significant difference

III. Endorsements/guarantees: None