



Stock Symbol : 6488

# **GlobalWafers Co., Ltd.**

## **2020 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 5, 2021

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

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Job title: Vice President of Logistics and Administration Dept.

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Name of deputy spokesman: Pao-Chuan Chen

Job title: Department Manager in Taisil branch

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Email: GWCIR@sas-globalwafers.com

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

**Headquarter**

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Tel: (+886)-3-577-2255

**Chunan Plant**

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Tel: (+886)-37-582533

**Taisil Branch**

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**Niigata**

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**Tokuyama**

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Tel: (+81) 834-41-3001

**Sekikawa**

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Tel: (+81) 254-64-0254

**Oguni Silicon Crystal Center**

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#### Korea Subsidiary

##### Cheonan Plant

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331-831 Korea

Tel: (+82) 41 550 4114

#### China Subsidiary

##### Kunshan Plant

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TEL:(+86) 512-5778-1262

#### Malaysia Subsidiary

##### Kuala Lumpur Plant

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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

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Tel: (+1) 903 957 1999

##### Missouri Plant

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Tel: (+1) 636 474 5000

#### Italy Subsidiary

##### Merano Plant

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Tel: (+39) 0473 333 333

##### Novera Plant

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

Tel: (+39) 0321 33 4444

#### Denmark Subsidiary

##### Copenhagen Plant

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Tel: (+45) 47 36 56 00

**3. Stock Transfer Agency**

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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, Cheng-Chien Chen

Address: 68F, No. 7, Sec. 5, Hsinyi Rd., Taipei, Taiwan

Website: <http://www.kpmg.com.tw>

Tel: +886-2-8101-6666

**5. Global Depositary Receipt (GDR) Agency**

Luxembourg Stock Exchange

Website: <https://www.bourse.lu/security/US37891E1038/250465>

**6. Company Website**

<http://www.sas-globalwafers.com>

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**Attachment 1. 2020 Consolidated Financial Statements with Independent Auditors' Report**

**Attachment 2. 2020 Standalone Financial Statements with Independent Auditors' Report**

**Attachment 3. 2020 Affiliation Report**

## One. Letter to Shareholders

Dear Shareholders,

Thank you for sparing time in attending the Company's 2020 general shareholders' meeting. We also appreciate the care and support extended by you to the Company.

The semiconductor market has recovered gradually from last year's weak demands in the memory market, sliding of the average selling price (ASP) and trough resulted from high inventories. Although the global economics recessed in 2020 due to the strong impacts from COVID-19 and geopolitical frictions, as the semiconductors are essential for society's operation, compared to other industries, the semiconductor industry has grown instead. Other than the penetration of 5G accelerating, the pandemic also accelerates the transformation toward digitalization; the trend of remote working/learning stimulates the growth of PC, data center, cloud services and other related devices. The full-year consolidated revenue of GlobalWafers for 2020 is NT\$ 55.359 billion. Although the strong appreciation of the New Taiwan Dollar detracted the full year revenue to be 4.71% lower than the revenue of 2019, in USD term, the full year revenue of 2020 is almost the same as 2019, only 0.26% lower. It demonstrates that GlobalWafers has performed well in such headwinds, thanks to its flexible operating strategy. The full year revenue is the third highest in the history, with the operating revenue of NT\$15.287 billion, net profit after tax of NT\$13.104 billion, and earnings per share after tax of NT\$ 30.11.

While the pandemic impacted the global economy in 2020, the revenue and shipment of GlobalWafers have been growing every quarter, regardless of the headwinds! The revenue, gross profit, profit before tax, net income, and earnings per share of 2020 have been the third highest in history. The net income has even been the highest since the foundation of the Company!

The following is a summary report on the 2020 operation results, the 2021 business plan summary, future company development, external competition, regulatory environment and overall economic environment:

### I. Operating Results in 2020

#### (I) Business Plan Implementation Results

Unit: NT\$ thousands

Year Item	2020 (IFRSs)	2019 (IFRSs)	Percent Change (%)
Revenue	55,358,788	58,094,331	-4.7%
Cost of Goods Sold	34,790,674	35,247,610	-1.3%
Gross Profit	20,568,114	22,846,721	-10.0%
Operating Expense	5,281,265	4,949,500	6.7%



Operating Income	15,286,849	17,897,221	-14.6%
Profit Before Tax	16,614,967	18,553,865	-10.5%
Net Profit	13,103,631	13,635,656	-3.9%

While the macroeconomics is so uncertain, GlobalWafers has outperformed and maintained the high profitability as always through signing long-term contracts with clients, flexible deployment of production locations, and active control over costs.

(II) Budget Implementation: The Company had not announced its financial forecast in 2020.

### (III) Profitability Analysis

Items		2020	2019
Financial structure	Debt Ratio (%)	53.45%	53.33%
	Long-term funds to PPE (%) (PPE-plant, property, equipment)	176.55%	200.81%
Profitability analysis	ROA (%) (return on assets)	13.75%	14.69%
	ROE (%) (return on equity)	29.37%	30.91%
	Percentage in Paid-up Capital	Operating Profit(%)	349.61%
		Profit Before Tax (%)	409.31%
	Net Profit Margin (%)		23.67%
	EPS (NT\$)		23.47%
		30.11	31.35

### (II) Financial Income and Expenditure

The Company's 2020 operating revenue is NT\$55,358,788 thousand. Operating cost is NT\$34,790,674 thousand, and the operating expense is NT\$5,281,265 thousand. Non-operating income is NT\$1,328,118 thousand. Profit before tax is NT\$16,614,967 thousand, and net profit is NT\$13,103,631 thousand; the financial revenue and expenditure are normal.

(V) Research and Development Status

1. R&D Expenditure in 2020

Unit: NT\$ thousands

Item/Year	2020	2019
R&D expenses	1,624,308	1,710,801
Net operating revenues	55,358,788	58,094,331
R&D expenses as a percentage of net revenue	2.93%	2.94%

2. R&D Results in 2020

Name of Technology or Product

- (1) 6" silicon carbide 170um ultra-thin wafer regeneration processing technology
- (2) 4" Semi insulating SiC Crystal and the wafer
- (3) Optimization technology for the structure of back barrier layer and manufacturing process of GaN epitaxy
- (4) Image determination technology for quality measuring of smart chips
- (5) Silicon substrate for next generation IC process
- (6) AI application on the silicon wafer with no height difference topography
- (7) AI application to adjust the oxygen content in crystal ingots
- (8) Introduction of new polishing technology
- (9) Introduction of new grinding technology
- (10) Technology controlling tiny fallout applied to 300mm high-end wafers
- (11) 200mm ultra-low resistance and heavy red phosphorus-doped wafer and epitaxy technology
- (12) Advanced AI technology applied to the improvement of manual efficiency and productivity in mass productions
- (13) New assessing technology to lower the limits of heavy metal pollution detection

### 3. Future R&D Plan:

- (1) 300mm ultra low resistivity  $<1.8\text{m}\Omega\text{-cm}$  wafer with antimony doped
- (2) SiC wafer for next generation high power automotive electronic device application
- (3) Epi-substrate for GaN\_HEMT application
- (4) High strength and ultra thin silicon substrate with nano structure
- (5) SOI substrate for next generation RF device application
- (6) Development of 300mm diamond wire cutting manufacturing process
- (7) "ECAS<sup>®</sup>" wafer for next generation 3D memory device
- (8) 12" MCZ wafer with lower carbon and lower oxygen for power devices, memory devices, and mobile CIS
- (9) 6" Semi insulating SiC Crystal and the wafer
- (10) 8" GaN/Silicone normally open power application epi-wafer
- (11) 4"/6" GaN/S.I.-SiC RF application epi-wafer

## II. Summary of the Business Plan for 2021

### (I) Operating Philosophy

- (1) Flexible scheduling of product production to achieve the competitiveness of the most economies of scale, master the downstream terminal customer market and strengthen the research and development links with customers, and expand product market share and profitability.
- (2) 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.
- (3) Actively develop GaN/Si/SiC products to expand the blue sea market, and enhance the patent position.
- (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), the global market of discrete components by product field decreased 0.3% to USD 23.8 billion in 2020, and grow 10% in 2021. For photoelectric, it decreased 2.8% to USD 40.4 billion in 2020 but recover 8.8% in 2021. In addition, the component markets in most fields demonstrated upward trends in 2020, including the growth in sensors, which grew 10.7%, and the trend of growth will be kept in 2021 for 16.8% growth. In the regard of digital IC, the full year growth in 2020 is 8.4% or USD 361.2 billion (analog: 3.2%, memory: 10.4%, logic: 11.1%, micro-controllers: 4.9%), and the growth will reach 10.9% in 2021.

For 2021, the impacts from COVID-19 on the global semiconductors are still uncertain as the pandemic is still developing. The abovementioned are the best forecasts may be provided under the current circumstance.

(III) Important production and marketing policies:

- (1) Combine the technology, resources and various possibilities within the Group to optimize the bottleneck spots of each plant and maximize product capacity, deepen the multinational technology integration platform, and comprehensively improve quality and customer satisfaction to meet market demand.
- (2) 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. .
- (3) Develop high-efficiency niche products with core technology capabilities to enhance added value.
- (4) Actively sign long-term cooperation plans with key partners to consolidate the foundation of cooperation.
- (5) Enhance the future sales key points of 12" and special materials
- (6) Grasp the emerging vertical applications in the end markets, and integrate the product design and production models flexibly. Fully apply the existing technologies to expand the leading advantages.

#### (IV) Development Strategies of the Company in the Future

- (1) 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 growth and power semiconductor epitaxy technology, as well as becoming the world's largest silicon wafer supplier.
- (2) Accelerate the development of next-generation application products, including GaN and SiC, and actively expand the new blue sea.
- (3) Expand the collaboration among government, industry, and academy, to keep high product innovation capability, accelerate the development capability in terms of products and technologies, to reach the international level.
- (4) Have a firm grasp of market trends and industry pulse and adjust business strategies in a timely manner, continue developing potential products in various application areas, and carrying out patent protection measures to strengthen our own competitiveness.
- (5) 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.
- (6) Based on the current stable outstanding management performance, securely expand the Company's operation scale via strategic alliance or acquisitions.

#### (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 daily life. The use of semiconductor products can be seen in food, clothing, housing, transportation, education and music. Therefore, the semiconductor industry boom has a considerable degree of links with the overall economy. 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 risk from the booming cycle of a single industry. So when the overall economy is not good, the Company can diversify risks and stabilize operations in this way.

- (2) The semiconductor wafer industry has undergone decades of development and has established a considerable degree of entry barriers in terms of 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 the decline in product prices to affect sales and profit, we will continue to combine the technological advantages of the Company 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, development of COVID-19, and regional trade conflicts have shocked the macroeconomics. However, 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. Clients all over the world also effectively diversify the impacts from the pandemic to the revenue and lower the economic risks from a single area.

Looking ahead to 2021, the global economy will recover from the heavy hits brought by the pandemic, and the semiconductor industry is expected to grow faster. As the automotive market recovery is driven by the higher electrification and auto-driving penetration and acceleration of 5G, AI, and machine learning is also seen as the key drivers for the semiconductor industry in 2021. Major makers have contributed significant research resources and increased the capital expenses, which in turn will drive the next evolution for semiconductor technologies and the expansion of innovative technologies for the growth of the industry. Although the pandemic development and vaccine rollout still overshadow the future with uncertainties, GlobalWafers will take advantage of the Group's abundant domestic and overseas R&D energies to work on the next-generation technologies; with over 1,400 patents, we actively expand the niche products' landscape, and work on the third-generation semiconductors other than the existing complete product spectrum, as the opportunity of development, so that we will create more values for the employees, clients, and shareholders.

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



## Two. Company Profile

I. Date of Incorporation: October 18, 2011

II. Corporate 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
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
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

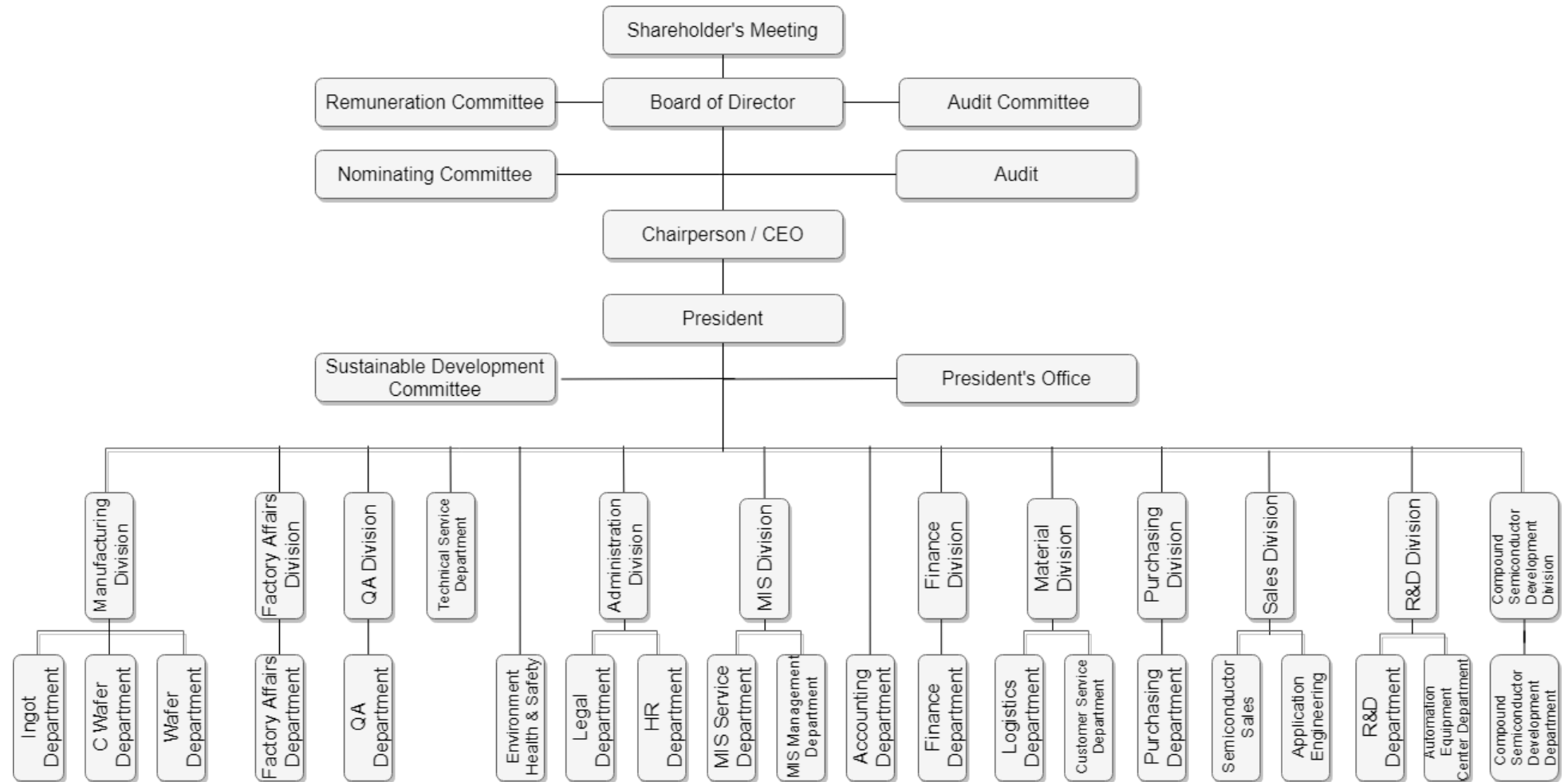
	Award of 31st term” organized by Corporate Synergy Development Center.
November 2018	The subsidiary, Taisil Electronic, received two silver top awards and one bronze top award of the “QCC Taiwan Continuous Improvement Award of 31st term” organized by Corporate Synergy Development Center.
December 2018	President of the subsidiary, Taisil Electronic, Yin-sheng Hsueh received the “National Manager Excellence Award-Excellent President” of 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 at 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 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 Corporate Synergy Development Center.
April 2020	Ranking at Top 5% among TPEx-listed companies in the 2019 Corporate Governance Evaluation of sixth term organized by Securities and Futures Bureau.
September 2020	Both Hsinchu Plant and Zhunan Plant won the Extra Excellency Award of “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	GlobalWafers’ subsidiary, GlobalWafers GmbH, announced to publicly acquire all outstanding shares of Siltronic AG; the statutory public acquisition extension expired on March 1, 2021. The final stake acquired is 70.27%. The completion of the acquisition depends on the approval of the competent authorities. GlobalWafers expects the acquisition will complete the final delivery in the second half of 2021
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 at Top 5% among TPEx-listed companies in the 2020 Corporate Governance Evaluation of sixth 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.
Technical Service Division	Provide technical consultations, assist in the integration of technical issues and customer complaints, participate in/conduct the development and experimental design of new technologies, and collect technical information from peers or related industries.
Environment, Health & Safety	<ol style="list-style-type: none"> <li>1. Define the labor safety &amp; health management plans, and instruct related departments to implement the same.</li> <li>2. Plan and supervise the labor safety &amp; health audit and management conducted by various departments.</li> <li>3. Plan and supervise the checkpoints and inspection on safety &amp; health facilities.</li> <li>4. Plan and implement the labor safety &amp; health educational training.</li> <li>5. Supervise the investigation, treatment, statistics and analysis on labors' occupational disasters.</li> <li>6. Provide the information and suggestions about labor safety &amp; health management.</li> <li>7. Plan and supervise the execution of environmental protection plans.</li> </ol>
Administration Division	<ol style="list-style-type: none"> <li>1. Plan, recruit and reserve human resources; implement personnel regulations and systems, educational training and welfare policies.</li> <li>2. Consultation about legal affairs and compliance.</li> </ol>
MIS Division	<ol style="list-style-type: none"> <li>1. Maintain software and hardware equipment related to information system.</li> <li>2. Plan and execute computerization.</li> </ol>
Accounting Department	<ol style="list-style-type: none"> <li>1. Establish, boost and control the preparation of the Company's annual budget, and review the results thereof.</li> <li>2. Plan, establish, execute and amend the accounting system.</li> <li>3. Preparation of financial structure, changes of income and accounting reports, and analysis and interpretation thereon.</li> <li>4. Tax planning.</li> </ol>
Finance Division	<ol style="list-style-type: none"> <li>1. Allocate the Company's financial capital and negotiate with financial institutions for credit facilities.</li> <li>2. Execute the plans related to any specific projects.</li> </ol>
Material Division	<ol style="list-style-type: none"> <li>1. Manage production schedules and arrange allocation of production capacity.</li> <li>2. Handle customers' order and shipment, communication and after-services.</li> </ol>
Purchasing Division	Execute the purchasing operations, evaluate new vendors, and manage raw materials and collaborative vendors.
Sales Division	<ol style="list-style-type: none"> <li>1. Make marketing strategy, expand sales market, make communication with customers and provide after-sales service.</li> <li>2. Responsible for collection of market information, customer service and product application, and assistance in the development and promotion of new products.</li> </ol>
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	Forward-looking 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 24, 2021; 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.	Chi-Hsiung Cheng	Male	June 25, 2018	Three years	January 19, 2015	5	0.00%	1,005	0.00%	—	—	—	—	MA in Accounting and Information	Note 5	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	
															Technology from National Chung Cheng University / Deputy division chief of Yulon Motor / Audit Director of Yue Sheng Industrial Co., Ltd. / Cost Director of Yueki Industrial Co., Ltd. / Administration Manager of Rica Auto Parts Co., Ltd / Finance Division Director of Wafer Works Corp.					
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 6	None	None	None	—
Independent Director	Taiwan R.O.C.	Hsien-Chin Chiu	Male	June 23, 2020	One years	June 23, 2020	—	—	—	—	—	—	—	—	PhD in Electrical Engineering of National Central University / Professor of Electronics Engineering Department in Chang Gung University / Senior Engineer of WIN Semiconductors 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., Director of GlobalWafers Inc., Director of GlobalSemiconductor, 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., Representative of Institutional Director of SAS Sunrise Pte., Ltd., Chairperson of Sunrise PV Three Co., Ltd., Chairperson of Sunrise PV Four Co., Ltd., Representative of Institutional Chairman of Taiwan Specialty Chemicals Corporation, Representative of Institutional Chairman of Advanced Wireless Semiconductor Company, Chairman of GlobalWafers Holding Co., Ltd., Chairperson of SAS Holding Co., Ltd.

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

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 Director of SAS Sunrise Pte., Ltd., 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., and Director of GWafers Singapore Pte. Ltd., Director of GlobalWafers Holding Co., Ltd., and Director of SAS Holding Co., Ltd.

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

Note 5: Remuneration Committee member of Kenly Precision Industrial Co., Ltd.

Note 6: Independent Director of Ant Precision Industry Co., Ltd., Independent Director of Actron Technology Corporation, Consultant to Lunghwa University of Science and Technology

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 Directors 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.

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%); The 1st Time in 2007 of Capital investment by Nomura Co., Ltd. from New Labor Pension Fund (2.31%); Nan Shan Life Insurance Co., Ltd. (2.27%); Wei-Lian Technology Co., Ltd. (2.24%); Ming-Kuang Lu (1.94%); Fubon Life Insurance Co. Ltd. (1.84%); Hong-Mao Investment Co., Ltd. (1.78%); Jpmorgan Chase Bank N.A. Taipei Branch In Custody For Jpmorgan Funds (1.50%); China Life Insurance Co., Ltd. (1.42%); Ching-Chao Chang (1.35%).

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%).

### 3. Information of directors and supervisors' Independence

Name	Conditions (Note 1)	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria (Note 2)												Number of Other Public Issuing Companies in Which the Individual is Concurrently Serving as an Independent Director
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, CPA, or Other Professional or Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Director																	
Hsiu-Lan Hsu			✓				✓	✓		✓	✓	✓	✓	✓	✓	✓	None
Sino-American Silicon Products Corporation Representative: Ming-Kuang Lu			✓				✓	✓		✓	✓	✓	✓	✓	✓	✓	None
Sino-American Silicon Products Corporation Representative: Tang-Liang Yao			✓				✓	✓		✓	✓	✓	✓	✓	✓	✓	None
Kuo-Chou Chen			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Independent Director																	
Chi-Hsiung Cheng			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Jeng-Ywan Jeng	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Hsien-Chin Chiu	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None

Note: Please tick "✓" the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or a supervisor of the company or an affiliate (this restriction does not apply, however, when the person is an independent director independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).
- (3) The director, or his or her spouse or minor child, does not hold, in his or her own name or in another name, more than 1% of the Company's total outstanding shares, nor is one of the Company's ten largest natural-person shareholders.
- (4) Not a spouse, relative within the second degree of kinship, or direct blood relative within the third degree of kinship of a person listed in the three foregoing paragraphs.
- (5) Is not a director, supervisor, or employee of an institutional shareholder directly holding more than 5% of the Company's total outstanding shares, one of the five largest institutional shareholders in terms of shareholdings, or is a director or supervisor assigned as representative according to Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (this restriction does not apply, however, when the person is an independent director appointed by the company, its parent company, or a subsidiary pursuant to Securities and Exchange Act or the local laws and regulations).
- (6) Not a director, supervisor, or employee of that other company where majority of the company's director seats or voting shares and those of any other company are controlled by the same person (this restriction does not apply, however, when the person is an independent director independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).
- (7) Not the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution (this restriction does not apply, however, when the person is an independent director independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (this restriction does not apply, however, when certain company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the company, and when the person is an independent director independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides 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 of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company;
- (11) Not been a person of any conditions defined in Article 30 of the Company Act.
- (12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.



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

April 25, 2019; 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 Technologies	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	—
R&D Vice 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	—
QA/Product Integration 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	—
Production 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	—
Projects 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	—
R&D 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), Director & President of Sino-American Silicon Products Inc., Director of Crystalwise Technology Inc., Director of GlobalWafers Inc., Director of GlobalSemiconductor, Chairman & CEO of GlobiTech Incorporated, Chairman of GlobalWafers Japan Co., Ltd., Chairman of MEMC Japan Limited, Vice Chairman of Kunshan Sino Silicon Technology Co., Ltd., Director of Shanghai Growfast, Chairman of Topsil GlobalWafers A/S, Representative of Corporate Chairman of Taisil Electronic Materials Corp., Director of GWafers Singapore Pte., Director of GlobalWafers Singapore Pte., Ltd., Director of GlobalWafers B.V., Director of MEMC Korea Company, Representative of Institutional Director of SAS Sunrise Inc., Representative of Institutional Director of SAS Sunrise Pte., Ltd., Representative of Institutional Director of Sunrise PV Three Co., Ltd., Representative of Institutional

Chairman of Xuai Energy Corporation, Representative of Institutional Chairman of Taiwan Specialty Chemicals, Representative of Institutional Chairman of Advanced Wireless Semiconductor Company, Chairman of GlobalWafers Holding Co., Ltd., Chairman of SAS 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., 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 Sino-American Silicon Products Inc., Director of Kunshan Sino Silicon Technology Co., Ltd., Director of MEMC Electronic Materials S.p.A., Director of GlobalWafers GmbH, Director of GlobiTech Incorporated, Director of MEMC Electronic Materials Sdn. Bhd., Representative of Institutional Director of Whole Global Investment Corporation, Representative of Institutional Supervisor of Sunrise PV Three Co., Ltd., Representative of Institutional Director of Sunrise PV Three Co., Ltd., Representative of Institutional Chairman of Xuai Energy Corporation, Representative of Institutional Chairman of Sunrise PV Electric Power Five; Supervisor of Taiwan Specialty Chemicals.

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 (2020)

1. Remunerations to general and independent directors

December 31, 2020 Unit: NT\$ thousands

Title	Name	Remuneration of Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation paid to directors from an invested company other than the company's subsidiary or from the parent company
		Remuneration (A)		Severance Pay (B)		Director Remuneration (C)		Business Execution Cost (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Remuneration (G)						
		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	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			
Director	Hsiu-Lan Hsu	0	0	0	0	40,000	42,800	120	120	0.31%	0.33%	3,537	3,537	0	0	45,000	0	45,000	0	0.68%	0.70%	60,287
	Sino-American Silicon Products Corporation Representative: Ming-Kuang Lu																					
	Sino-American Silicon Products Corporation Representative: Tang-Liang Yao																					
	Kuo-Chou Chen																					
Independent Director	Chi-Hsiung Cheng	1,910	1,910	0	0	4,500	4,500	90	90	0.05%	0.05%	0	0	0	0	0	0	0	0	0.05%	0.05%	0
	Jeng-Ywan Jeng																					
	Hsien-Chin Chiu																					
<div>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 approved by the Remuneration Committee, and submitted to the Board of Directors for approval.</div> <div>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</div>																						

**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 Hsien-Chin Chiu	Independent director Hsien-Chin Chiu	Independent director Hsien-Chin Chiu	Independent director Hsien-Chin Chiu
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	Independent director Chi-Hsiung Cheng Jeng-Ywan Jeng	Independent director Chi-Hsiung Cheng Jeng-Ywan Jeng	Independent director Chi-Hsiung Cheng Jeng-Ywan Jeng	Independent director Chi-Hsiung Cheng Jeng-Ywan Jeng
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	—	—	—	—
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 7 persons	A total of 7 persons	A total of 7 persons	A total of 7 persons

2. Remunerations paid to president and vice presidents in the recent year (2020)

December 31, 2020 Unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and allowances (C)		Employee compensation (D) (Note 2)				Ratio of total compensation (A+B+C+D) 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	55,239	62,821	1,138	1,138	11,624	11,624	91,600	0	104,100	0	1.22%	1.37%	12,500
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)	—	—
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	C.W. Lee	C.W. Lee
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	—	—
NT\$5,000,000 ~ NT\$9,999,999	Wei-Wen Chen/Sheng-Hsiung Hong/Yao-Yi Huang/Chung-Jung Huang/Chun-Wei Huang	Wei-Wen Chen/Sheng-Hsiung Hong/Yao-Yi Huang/Chung-Jung Huang/Chun-Wei Huang
NT\$10,000,000 ~ NT\$14,999,999	Mark Lynn England/ Wen-Ching Hsu/Jing-Wen Chou/Liang-Chin Chen	Wen-Ching Hsu/Jing-Wen Chou/Liang-Chin Chen
NT\$15,000,000 ~ NT\$29,999,999	Yin-Sheng Hsueh	Mark Lynn England/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, 2020 Unit: NT\$ thousands

	Title	Name	Stock	Cash amount	Total	The ratio of sum to net income after tax (%)
Managerial Officer	CEO	Hsiu-Lan Hsu	—	101,800	101,800	0.78%
	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	2020 Proportion of remuneration to income after tax (%)		2019 Proportion of remuneration to income after tax (%)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Director	0.36%	0.38%	0.37%	0.40%
President and Vice President	1.22%	1.37%	0.76%	0.81%

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 includes 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 June 25, 2018 to June 24, 2021. the Board of Directors held seven meetings during 2020, 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	7	0	100%	4th term (elected on June 25, 2018)
Director	Sino-American Silicon Products Corporation Representative: Ming-Kuang Lu	7	0	100%	
Director	Sino-American Silicon Products Corporation Representative: Tang-Liang Yao	7	0	100%	
Director	Kuo-Chou Chen	7	0	100%	
Independent Director	Chi-Hsiung Cheng	7	0	100%	
Independent Director	Jeng-Ywan Jeng	7	0	100%	Elected on June 23, 2020
Independent Director	Hsien-Chin Chiu	5	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. 15th Board Meeting, 4th Term, May 5, 2020
    - Proposal: Allocation of Directors' Remuneration of the Company of 2019
    - 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. 15th Board Meeting, 4th Term, May 5, 2020
    - Proposal: The Company's Allocation of Managers' Remuneration of 2019
    - 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. 16th Board Meeting, 4th Term, June 23, 2020
    - Proposal: The Company acquires the equity of Sunrise PV Electric Power Five from the parent company, 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 Tang-Liang Yao also serve as the director, Chairman and Vice Chairman of Sino-American Silicon

Products Inc.; they recused themselves due to conflict of interest, not participating discussion and voting.

### III. Implementation of the Board of Directors Appraisal

Evaluation cycles	Evaluation periods	Evaluation scope	Evaluation method	Evaluation method
Once a year	Evaluated the performance between January 1, 2020 to December 31, 2020	Board of directors Individual board member Functional committee	Self-evaluation within the Board of Directors Self-evaluation of board member Self-evaluation of functional committee	<p>Evaluation of the Board of Directors Performance</p> <ol style="list-style-type: none"> <li>1. The degree of participation in the company's operations.</li> <li>2. Improvement in the quality of decision making by the board of directors.</li> <li>3. The composition and structure of the board of directors.</li> <li>4. The election of the directors and their continuing professional education.</li> <li>5. Internal controls.</li> </ol> <p>Evaluation of the Individual Board Member Performance</p> <ol style="list-style-type: none"> <li>1. Their grasp of the company's goals and missions.</li> <li>2. Their recognition of director's duties.</li> <li>3. Their degree of participation in the company's operations.</li> <li>4. Their management of internal relationships and communication.</li> <li>5. Their professionalism and continuing professional education.</li> <li>6. Internal controls.</li> </ol> <p>Evaluation of the Functional Committee Performance</p> <ol style="list-style-type: none"> <li>1. The degree of participation in the company's operations.</li> <li>2. Their recognition of the duties of the functional committee.</li> <li>3. Improvement in the quality of decision making by the functional committee.</li> <li>4. The composition of the functional committee, and election and appointment of committee members.</li> <li>5. Internal controls.</li> </ol>

- 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 "Rules of 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 June 25, 2018 to June 24, 2021. During 2020, the Audit Committee had convened seven meetings, and the attendance of independent directors are as following:

Title	Name	Actual attendance no.	No. of presence by proxy	Actual attendance rate (%)	Notes
Independent Director	Chi-Hsiung Cheng	7	0	100%	2nd term (elected on June 25, 2018)
Independent Director	Jeng-Ywan Jeng	7	0	100%	
Independent Director	Hsien-Chin Chiu	5	0	100%	Elected on June 23, 2020

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:

- (2) The fair expression of the Company's financial statements.
- (3) Selection (dismissal) of the external auditor and his competence, qualification, independence and performance.
- (4) Effective implementation of the Company's internal control.
- (5) The Company's compliance with related laws and rules.
- (6) 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, resolution of the Audit Committee and the Company's handling of said resolution:
  - (1) Circumstances referred to in Article 14-5 of the Securities and Exchange Act:  
All of the motions have been approved by all members present at the Committee meetings and then by all directors present at the Board meetings in 2020. The motions are stated as following (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 Committee meetings each quarter.

(II) The summary of the communication between independent directors and internal auditing officers in 2020

Date	Focus of communication	Recommendations and results
March 17, 2020 Audit committee	2019 Internal audit report 2019 Statement of Declaration on Internal Control System	No objection.
May 5, 2020 Audit committee	Internal audit report of Q1 2020	No objection.
August 4, 2020 Audit committee	Internal audit report of Q2 2020	No objection.
November 3, 2020	Internal audit report of Q3 2020 2021 Internal audit plan	No objection.

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

Date	Focus of communication	Recommendations and results
March 17, 2020 Audit committee	Report on the result of audit on 2019 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 5, 2020 Audit committee	Report on the result of audit on the consolidated financial statements of Q1 2020, and review and communication about the effects of application of accounting principles and amendments to laws & regulations.	No objection.
August 4, 2020 Audit committee	Report on the result of audit on the consolidated financial statements of Q2 2020, and review and communication about the effects of application of accounting principles and amendments to laws & regulations.	No objection.
November 3, 2020 Audit committee	Report on the result of audit on the consolidated financial statements of Q3 2020, and review and communication about the effects of application of accounting principles and amendments to laws & regulations.	No objection.

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

The Audit Committee held a total of seven meetings in 2020 to review the following motions:

1. Review on financial statements and accounting policies & procedures:  
Review on the 2019 financial statements, and Q1 to Q3 financial statements of 2020.

2. Appraisal on internal control system and validity thereof:  
Review on internal audit report and validity of 2019 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;

4. Transactions of substantial assets, derivatives, loaning of fund and endorsements or guarantees;

5. Appointment (dismissal), remuneration, competence, independence and performance of external auditors:  
Review on the competence, independence and performance of external auditors in 2019;

6. Appointment/dismissal of financial, accounting or internal audit managers;

7. Reviewing the Company’s acquisition of Siltronic AG’s equity

V. Annual operations of Audit Committee:

Board of directors of the Remuneration Committee	Content of motion	Matters listed in Article 14-5 of Securities and Exchange Act	Resolution results of the Audit Committee and the Company's Treatment of the Audit Committee's Opinions
4th term 14th Meeting March 17, 2020	1. Motion for report on Internal audit report.	V	Approved by all members present at the Audit Committee meeting and passed by all directors present at
	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 evaluates the capability to complete the preparation of financial statements	V	
	5. The Company’s business report and financial statements for 2019	V	
	6. The Company’s Earnings Allocation of 2019	V	
	7. Cash Dividend Distribution by Capital Reserve	V	
	8. Declaration of Internal Control System of 2019	V	

	9. Amendment to the Company's "Internal Control System"	V	the Board meeting.
	10. Amendment to the Company's "Procedures for Endorsement and Guarantee"	V	
	11. The Company's 2019 Certified Fees of CPAs	V	
	12. Improvement of loaning of funds among subsidiaries	V	
	13. Capital increase of the subsidiary, Sunrise PV Four Co., Ltd.	V	
4th term 15th Meeting May 5, 2020	1. Motion for the Company's consolidated financial statements of Q1 2020.	V	
	2. Motion for report on Internal audit report.	V	
	3. Motion for report on undertaking of derivatives trading.	V	
	4. Reappointment of the Company's audit officer	V	
	5. Investment in a venture capital	V	
4th term 16th Meeting June 23, 2020	1. The Company acquires the equity of Sunrise PV Electric Power Five from the parent company, Sino-American Silicon Products Inc.	V	
4th term 17th Meeting August 4, 2020	1. Motion for the Company's consolidated financial statements of Q2 2019.	V	
	2. Motion for report on Internal audit report.	V	
	3. Motion for report on undertaking of derivatives trading.	V	
	4. Approval of applying bank loan for the Company's subsidiary, and issuance of a letter of support (LOS).	V	
	5. Motion for the Company's acting as a guarantor in the application of the subsidiary, Topsil GlobalWafers A/S, for credit facility with the bank	V	
	6. Capital increase of the subsidiary, Sunrise PV Electric Power Five	V	
	7. Cancel the investment in a venture capital	V	
	8. The Company's intention to establish an investment company.	V	
	9. Whether transfer the Company and the subsidiaries' overdue receivable for over three months to loaning of funds to others.	V	
4th term 18th Meeting November 3, 2020	1. Motion for the Company's consolidated financial statements of Q3 2020.	V	
	2. Motion for report on Internal audit report.	V	
	3. Motion for report on undertaking of derivatives trading.	V	
	4. Approval of equity investments	V	
	5. The Company's 2021 audit plan.	V	
	6. Whether transfer the Company and the subsidiaries' overdue receivable to loaning of funds to others.	V	
4th term 19th Meeting November 28, 2020	1. Whether transfer the Company and the subsidiaries' overdue receivable for over three months to loaning of funds to others.	V	
	2. The Company's acquisition of Siltronic AG's equity	V	
4th term 20th Meeting December 9, 2020	1. Establish the 2021 business plan	V	
	2. The Company's earnings allocation for the first half of 2020	V	
	3. The Company's intention to publicly acquire Siltronic AG's equity through the German subsidiary, GlobalWafers GmbH	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) Whether the Company has established internal policies that prevent insiders from trading securities based on non-public information?	V		(IV) The Company establishes the “Procedure for Prevention of Insider Trading” to prohibit insiders from trading securities based on non-public information.	
III. Composition and Responsibilities of the Board of 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	
(I) Whether the Board of Directors has diversified policies regulated and implemented substantively according to the composition of the members?	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. The Company’s 4th-term Board of Directors consists of 7 directors, including 3 independent directors. Apparently, the formation thereof has taken the diversification into consideration. 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, 57% 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. The diversified policies applicable to the Company’s Board members and status of diversification of the individual Board member are disclosed on the Company’s website.	
(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?	V		(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	



Evaluation Item	Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>III) Does the company established the Regulations 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?</p>	V		<p>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.</p> <p>(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 and Remuneration 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 2020performance appraisal on the Board of Directors and functional committees. The appraisal report was already reported to the Board meeting on March 19, 2019 and disclosed on the Company’s website.</p>	
<p>(IV) Whether the Company assesses the independence of the external auditor periodically?</p>	V		<p>(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</p>	

Evaluation Item	Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>completed the 2020 appraisal on independence and performance of external auditors. The appraisal report was already reported to the Audit Committee meeting and the Board meeting on March 16, 2021.</p> <p>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.</p>	
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		<p>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:</p> <ol style="list-style-type: none"> <li>1. Convention of the Board meetings and shareholders’ meetings under laws.</li> <li>2. Preparation of the Board meeting and shareholders’ meeting minutes.</li> <li>3. Helping directors with their duties and continuing education.</li> <li>4. Providing directors with the information needed to perform their duties.</li> <li>5. Helping directors comply with laws.</li> <li>6. Other requirements under the Articles of Incorporation.</li> </ol> <p>The status of business executed by the corporate governance officer this year:</p>	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													
			<p>1. Set and plan the review on the corporate governance-related regulations, and add and amend the same to fulfill the compliance.</p> <p>2. Provide the directors with the information needed to perform their duties, and help the directors with their compliance.</p> <p>3. Help the new directors with their duties and provide related support.</p> <p>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 years in then year).</p> <p>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.</p> <p>6. Pre-register the shareholders’ meetings pursuant to laws, produce the meeting notices, parliamentary handbook, annual reports and meeting minutes, and complete registration of changes (amendments to the Articles of Incorporation, and election of directors).</p> <p>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:</p> <table><tr><th>Training date</th><th>Sponsored by</th><th>Course Name</th><th>Number of Training Hours</th></tr><tr><td>April 17, 2020</td><td>Taiwan Corporation Governance Association</td><td>Case introduction of Corporate governance and compliance</td><td>3.0</td></tr><tr><td>April 24, 2020</td><td>Taiwan Corporation Governance Association</td><td>Effectiveness of the board of directors’ operations and decision-making</td><td>3.0</td></tr></table>	Training date	Sponsored by	Course Name	Number of Training Hours	April 17, 2020	Taiwan Corporation Governance Association	Case introduction of Corporate governance and compliance	3.0	April 24, 2020	Taiwan Corporation Governance Association	Effectiveness of the board of directors’ operations and decision-making	3.0	
Training date	Sponsored by	Course Name	Number of Training Hours													
April 17, 2020	Taiwan Corporation Governance Association	Case introduction of Corporate governance and compliance	3.0													
April 24, 2020	Taiwan Corporation Governance Association	Effectiveness of the board of directors’ operations and decision-making	3.0													

Evaluation Item	Status					Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons	
	Yes	No	Abstract Illustration				
			August 6, 2020	Taiwan Corporation Governance Association	View the corporate governance from the latest operation right disputes	3.0	
			November 5, 2020	Taiwan Corporation Governance Association	Operation right battle and case analysis	3.0	
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?	V		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.				No significant difference
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		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.				No significant difference
VII. Information Disclosure							
(I) Whether the Company has established a website that discloses financial, business, and corporate governance-related information?	V		(I) The Company has set up the website dedicated to providing financial, business, and corporate governance-related information.				No significant 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	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				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	
<p>and disclosing relevant information, properly implement the spokesman system, and post the meetings minutes with institutional investors on the Company website, et al.)?</p> <p>(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?</p>		V	<p>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.</p> <p>(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.</p>	<p>Partial difference: The Company has many of overseas subsidiaries. Considering that the international financial statements taking longer time to prepare and audit the annual financial statements, the Company announce and declare the annual statements within the statutory period of three months after the end of the fiscal year.</p>
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 relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of	V		<p>(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 the fair relationship of mutual trust and reliance with the employees via various employee welfare policies and excellent educational training systems.</p> <p>(II) Investor relations: Disclose the information sufficiently via the MOPS</p>	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	
customer relations policies, and purchasing insurance for directors and supervisors)?			<p>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.</p> <p>(III) Supplier relations: The Company maintains fair interactive relations with the suppliers, and conducts audits from time to time to ensure the suppliers’ quality.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p>	
<p>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:</p> <p>According to the Corporate Governance Evaluation of 2020, the Company ranked at Top 5% among TPEX-listed companies. The corrections and remaining deficiencies are stated as following:</p>				

Evaluation Item	Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(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.				
(II) Remaining deficiencies				
1. Planned to set seats of independent directors more than required by laws				

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

##### 1. Information of Remuneration Committee Members

Information of Remuneration Committee Members																	
Title	Name	Conditions	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience	Independence Criteria (Note 1)											Number of Other Public Issuing Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Notes	
			An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, or University	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9			10
Independent Director	Chi-Hsiung Cheng			V	V	V	V	V	V	V	V	V	V	V	1	-	
Independent Director	Jeng-Ywan Jeng	V		V	V	V	V	V	V	V	V	V	V	V	2	-	
Independent Director	Hsien-Chin Chiu	V		V	V	V	V	V	V	V	V	V	V	V	0	-	

Note 1: Please tick "✓" the corresponding boxes that apply to the members during the two years prior to being elected or during the term of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates. (this restriction does not apply, however, when the person is an independent director independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).
- (3) The director, or his or her spouse or minor child, does not hold, in his or her own name or in another name, more than 1% of the Company's total outstanding shares, nor is one of the Company's ten largest natural-person shareholders.
- (4) Not a spouse, relative within the second degree of kinship, or direct blood relative within the third degree of kinship of a person listed in the three foregoing paragraphs.
- (5) Is not a director, supervisor, or employee of an institutional shareholder directly holding more than 5% of the Company's total outstanding shares, one of the five largest institutional shareholders in terms of shareholdings, or is a director or supervisor assigned as representative according to Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (this restriction does not apply, however, when the person is an independent director appointed by the company, its parent company, or a subsidiary pursuant to Securities and Exchange Act or the local laws and regulations).
- (6) Not a director, supervisor, or employee of that other company where majority of the company's director seats or voting shares and those of any other company are controlled by the same person (this restriction does not apply, however, when the person is an independent director independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).
- (7) Not the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution (this restriction does not apply, however, when the person is an independent director independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (this restriction does not apply, however, when certain company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the company, and when the person is an independent director independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides 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 of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not been a person of any conditions defined in Article 30 of the Company Act.

##### 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.



The 2020 annual review and evaluation of the company's remuneration information is as follows:

Date	(Session)	Content of motion
March 17, 2020	The third session 4th	1. Employee Remuneration and Director Remuneration Distribution Plan of the Company of 2019
		2. Remuneration of Managerial Officers in Taisil branch.
May 5, 2020	The third session 5th	1. Amendment to the Company's "Management Measures for Managers' Compensation"
		2. Allocation of Directors' Remuneration of the Company of 2019
		3. The Company's Allocation of Managers' Remuneration of 2019
December 9, 2020	The third session 7th Meeting	1. Amendment to the Company's "Management Measures for Managers' Compensation"
		2. Amendment to the Company's "Allocation Rules of Directors' Remuneration"

### 3. Operations of Remuneration Committee

The office of this term of Remuneration Committee members is from June 25, 2018 to June 24, 2021. During 2020, the Remuneration Committee had convened four meetings, and the attendance of independent directors are as following:

Title	Name	Actual attendance no.	No. of presence by proxy	Actual attendance rate	Notes
Convener	Chi-Hsiung Cheng	4	0	100%	The third term (elected on June 25, 2018)
Board member	Jeng-Ywan Jeng	4	0	100%	
Board member	Hsien-Chin Chiu	4	0	100%	Appointed on November 7, 2019

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:

Session/Date of the Remuneration Committee	Content of motion	Resolution results	The Company's response to the Remuneration Committee's opinion
The third session 4th March 17, 2020	1. Employee Remuneration and Director Remuneration Distribution Plan of the Company of 2019	Agreed and approved by all the members present	Submitted to the Board meeting and passed upon approval of the whole present directors unanimously.
	2. Remuneration of Managerial Officers in Taisil branch		
The third session 5th May 5, 2020	1. Amendment to the Company's "Management Measures for Managers' Compensation"	Agreed and approved by all the members present	
	2. Allocation of Directors' Remuneration of the Company of 2019		
	3. The Company's Allocation of Managers' Remuneration of 2019		
The third session 6th Meeting June 23, 2020	1. Appointment of the Chief Director of the CZ 200mm and 300mm Plants.	Agreed and approved by all the members present	
The third session	1. The Company Intended to Establish a Saving Association	Agreed and	

7th Meeting December 9, 2020	of Employee Benefits.	approved by all the members present	
	2. Amendment to the Company's "Management Measures for Managers' Compensation"		
	3. Amendment to the Company's "Allocation Rules of Directors' Remuneration"		
	4. Motion for Promotion.		

(V) Composition, functions, and operation of Nomination Committee

1. Information of Nomination Committee Members

Title	Name	Notes
Convener	Hsiu-Lan Hsu	Appointed on November 9, 2020
Board member	Jeng-Ywan Jeng	
Board member	Hsien-Chin Chiu	

2. Function of Nomination 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) 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.

3. Operations of the Nomination Committee

The Company established the Nomination Committee on December 9, 2020. The office of this term of Nomination Committee is from December 9, 2020 to June 24, 2021. In 2020, no official meeting was convened by the Nomination Committee.

(VI) Fulfillment of Corporate Social Responsibility, and variance from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies , and the reason for any such variance

Evaluation Item	Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
I. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	V		<p>The Company has the "Risk Management Procedures" and "Risk Management Policies" approved by the Board of Directors. The President's Office coordinates the promotion and operation of the risk management plan, and various departments responsible for promoting the risk management for their own business. The annual risk assessment is conducted and the operation is report to the Board of Directors. The scope of risk management includes hazard risk, operational risk, financial risk, strategic risk, compliance risk/contract risk, and other risks. Through the effective implementation of risk management processes (including risk identification, risk measurement, risk monitoring, risk reporting and disclosure, and risk response), the Company's risk management strategy is realized.</p> <p>In response to international development trends, the company's "Corporate Sustainability Committee" also conducts risk assessments on environmental, social, corporate governance, climate change and other issues related to company operations based on the principle of materiality, and sets corresponding risks management strategy. For the detailed risk assessment and management strategy information, please refer to the Company's Corporate Social Responsibility Report "Chapter Two, Governance and Operation."</p>	No significant difference
II. Does the Company have a dedicated (or ad-hoc) CSR organization with Board of Directors authorization for senior management, which reports to the Board of Directors?	V		<p>The Company has established the “Corporate Sustainability Committee”. The Chairman of Board acts as the Committee chairman, and various functional organizations delegate their representatives to act as the Committee members. The Company also establishes the ESG (environment, society and corporate governance)-related policies and development strategies and review the effect of implementation thereof to pursue improvement continuously. The Committee chairman will report the status and performance of the implementation to the Board of Directors each year to pursue corporate sustainability and fulfill corporate social responsibility.</p>	No significant difference

Evaluation Item	Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>III. Environmental Topic</p> <p>(I) Has the Company set an environmental management system designed to industry characteristics?</p>	V		<p>(I) The Company insists the corporate social responsibility, seeks to take into account environmental protection while serving customers, and to provide a better and safer working environment; through commitments such as "compliance with laws and regulations, environmental protection, hazard prevention, continuous improvement, and awareness of all employees," the environmental safety and health policies are implemented. The Company has passed the certification of environmental management system (ISO 14001:2015), energy management system (ISO 50001:2018), and occupational safety and healthy management system (ISO 45001:2018). Meanwhile, the Company is responsible for boosting and execution of environmental protection problems, safety and health affairs for environmental management by promoting the environmental protection concept, strengthening the educational training, saving energy and reducing carbon internally, fulfilling the environmental management policies and establishing the unit dedicated to managing occupational safety and health affairs.</p>	No significant difference
<p>(II) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</p>	V		<p>(II) Through the promotion of the ISO 14001 environment management system, the Company introduces the concept of product life cycle to reduce the consumption of raw materials and waste output. Depending on the characteristics of the process, the Company uses recycled raw materials as much as possible, and by recycling silicon raw materials, cutting fluid (carrier), product packaging cartons and wafer boxes, it effectively reduces new purchases, lower waste output, and improve the efficiency of utilization of various resources. For information on the reuse of various resources, please refer to the "Chapter Four, Sustainable Environment" of the Company's Corporate Social Responsibility Report.</p>	
<p>(III) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?</p>	V		<p>(III) The Company follows the structure recommended in The Task Force on Climate-Related Financial Disclosures (TCFD) announced by the Financial Stability Board (FSB), to disclose information about climate change,</p>	

Evaluation Item	Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(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?			<p>identify potential risks and opportunities of climate change to the Company's operations, as well as related response measures and goals. For relevant information, please refer to the Company's Corporate Social Responsibility Report "Chapter Two, Governance and Operation."</p> <p>(IV) The Company boosts various energy-saving 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 Company inventories and tracks greenhouse gas emissions, total water consumption, recycled water volume, waste treatment volume, and use of recycled raw materials every year. For relevant inventory information, please refer to the Company's Corporate Social Responsibility Report Chapter Four, Sustainable Environment."</p> <p>The Company's policies and annual targets for energy saving and carbon reduction, greenhouse gas reduction, water reduction or other waste management are as follows:</p> <p>(1) 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 electricity use and the improvement of energy efficiency are the top priorities of the Company at present. In Taiwan, 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.</p>	

Evaluation Item	Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>→The management target for 2021: reduction of unit energy consumption of electricity <math>\geq 1\%</math>; reduction of unit emission of greenhouse gas <math>\geq 1\%</math></p> <p>(2) Reduce water consumption: The Company's water-saving measures management process in Taiwan 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.</p> <p>→2021 annual management target: water consumption unit reduction <math>\geq 1\%</math></p> <p>(3) 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 and reuses in the plants, to reduce the volume of newly purchased raw materials, while reducing the generation of waste.</p> <p>→The management goal for 2021: waste management (recycling and reusing treatment accounted for the total waste volume) cumulatively increased to 80%</p> <p>(4) 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 environment.</p> <p>→The management target for 2021: <math>\leq 1</math> of abnormal events reported to the competent authorities</p>	
IV. IV. Social Topic (I) Whether the Company establishes the related management policies and procedures in accordance with the relevant laws and international human rights	V		(I) 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	No significant difference

Evaluation Item	Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>conventions?</p> <p>(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?</p>	V		<p>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.</p> <p>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.</p> <p>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.</p> <p>(II) 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</p>	

Evaluation Item	Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(III) Whether the Company provides its employees with a safe and healthy work environment, and regularly implements employee safety and health education measures?	V		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. In addition, employee welfare plans has been set up, and an internal team is formed to continuously plan and improve overall employee welfare. The Company fairly decides and distributes employees’ remunerations from the annual profit based on the percentage 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.	
(IV) Has the Company established effective career development training plans?	V		(III) 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 addition, the Company has acquired certifications including the environmental management (ISO 14001:2015) and occupational safety and healthy management system (ISO 45001:2018). (IV) 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 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	



Evaluation Item	Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(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 policies to protect consumers' rights and consumer appeal procedures?	V		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.	
(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		(V) The Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling all comply with the related regulations and standards in the industry; a compliance unit is also established to ensure the observation of related regulations and standards. The Company has a confidentiality agreement with its major customers to protect the privacy and confidential information of both parties. At the same time, it also signs and observes the plant operation specifications required by the customers to maintain health and safety. The Company has established procedures for handling customer complaints to maintain good communications with its customers, as well as effective appealing procedures regarding products and service.  (VI) The Company has established the "supplier evaluation management process", including written reviews, on-site evaluations, monthly evaluations, process monitoring, qualification evaluation and continuous evaluation, and regularly or from time to time audits suppliers. There is also an annual evaluation mechanism for performance evaluation. The Company requires suppliers to sign the "Supplier's Code of Conduct and 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 relevant policies and regulations on environmental protection and occupational safety and health, intellectual property rights, and labor human rights.	
V. Does the Company refer to international reporting rules or guidelines to publish CSR Report to disclose non-financial	V		The Company prepares the corporate social responsibility reports by referring to the "GRI Standards" issued by the Global Reporting Initiative	No significant difference

Evaluation Item	Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
information of the Company? Has the said Report acquire 3rd certification party verification or statement of assurance?			(GRI) and the "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies." The Company's 2019 Corporate Social Responsibility Report was inspected by DNV GL Business Assurance Co., Ltd. It complies with the GRI Standards. The 2019 Corporate Social Responsibility Report and the verification agency's inspection statement are disclosed on the Company's website "Stakeholders Section" and MOPS.	
<p>VI. If the Company has established the corporate social responsibility principles based on "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between the Principles and their implementation:</p> <p>The Company has established the "Corporate Social Responsibility Best-Practice Principles" and devoted to promote the corporate social responsibilities, which has no significant difference with the Rules.</p>				
<p>VII. Other important information to facilitate better understanding of the Company's corporate social responsibility practices:</p> <p>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.</p> <p>2. Social welfare: Social welfare activities participated by the Company in 2020 include</p> <p>(1) "Send Love to a Remote Countryside Activity: Helping Poor Children to Change Their Lives in Naluo Educational Classroom," "Send Love to a Remote Countryside Activity: Invest in Rich Life-Plum Blossom for Children's Painting, Children's Fun", shopping bag charity sale: "Disadvantaged Family and Children's Health and Pandemic Prevention Plan," and donation to Taiwan World Vision, totaling NT\$509,000.</p> <p>(2) The Mid-Autumn Festival moon cake donation charity event, donating to Shi-Guang Correctional Institution, Hua Guang Intelligent Development Center, and Private Xiang Yuan Memorial Correctional Institution, totaling NT\$68,000</p> <p>(3) The 2020 Hsinchu Family Support Center "Luckily We Have You" Warm Winter Charity Children Party, with donation to the Hsinchu Family Support Center, for total of NT\$10,000.</p> <p>(4) Organized the "Friendly Earth-You and Me, Hand in Hand" beach cleaning and forest protection activity at Zhunan Longfeng Fishing Port Beach, calling on 108 people to participate and cleaning up about 2,000 kilograms of garbage.</p> <p>(5) Hold the Nanliao Fishing Port beach cleaning activity, called on 41 people to participate, and clean up 18 large bags of garbage. The garbage included PET bottles, styrofoam chips, plastic baskets, fishing nets covered with seaweed, beverage cartons, and other man-made wastes that are extremely harmful to marine life.</p> <p>(6) Conduct blood donation activities on a regular basis, which contributed to a total of 54,000 c.c. of blood.</p> <p>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.</p> <p>4. For human rights: The Company won the 2019 "Excellence Award for Promoting Work Equality in the Workplace" from the Ministry of Science and Technology Hsinchu Science Park. It has long been committed to promoting equal rights in the workplace, regardless of race, gender, and age, each employee is entitled the same right to work, and personal</p>				

Evaluation Item	Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>free expression and development opportunity is offered to achieve respect for personal dignity.</p> <p>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.</p> <p>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.</p> <p>7. Plant pandemic prevention: In 2020, the global COVID-19 pandemic spread, Globalwafers initiated the plant pandemic prevention measures at once. 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:</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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</p> <p>(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.</p> <p>(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.</p> <p>(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.</p>				

(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 Practice Principles for TWSE/GTSM Listed Companies”?	V		(II) In the "Ethical Management and Guidelines for Conduct", the Company has established the risk assessment mechanism for the unethical conducts listed in Article 7, Paragraph 2 of the “Ethical Corporate Management Best Practice Principles,” 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, with assistance of the audits from the internal audit units. So that the preventive 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. 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) Whether the company has established relevant policies	V		(III) Pursuant to the “Ethical Corporate Management Best Practice Principles,”	

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	
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?			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 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.	No significant difference
(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,	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	

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	
and program to prevent unethical conduct and monitor its implementation?			<p>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.</p> <p>Implementation during the year.</p> <p>(1) Formulation and review of policies relating to ethical corporate management</p> <p>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 from time to time.</p> <p>(2) Internal and external policy propaganda</p> <p>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.</p> <p>(3) Reporting channels, treatment, and protection of whistle-blowers</p> <p>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,</p>	

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		<p>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.</p> <p>(4) Education and training The Company formulates and conducts training regularly. The attendees and hours of trainings in 2020 are listed as the following:</p> <ol style="list-style-type: none"> <li>1. New employees, “Ethical Education Training for New Employees,” for total 24.5 hours.</li> <li>2. Managers at section-level or above in the R&amp;D units, and the managers in the semiconductor business group, “Anti-Corruption Education” (centered at the FCPA of the U.S.) for total 1.5 hours.</li> <li>3. Newly elected directors, “Overview of Laws Regarding Insider Trading and Stake Changes of the Insiders,” for 1 hour.</li> <li>4. Newly elected directors, “Ethical Management Training,” for 2 hours.</li> <li>5. Supervisor-level staff, “Training on Prevention of Concerted Actions” (Lesson learnt from Quanta Storage), for 0.5 hour.</li> <li>6. Supervisors in marketing units, “Training of Compliance with Trading Laws and Regulations” (Competition Act, export restriction regulations, anti bribery and corruption), for 2 hours.</li> </ol> <p>The accumulated statistics in 2020 are: total 55 sessions, 217 attendees, and 31.5 class hours.</p> <p>(III) In the “Code of Ethical Conduct,” the Company specifies the employees shall deal with the business in an objective and efficient manner, refrain from obtaining improper benefits for him/herself, others, or other business by</p>	

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		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.	
(V) Does the company regularly hold internal and external educational trainings on operational integrity?	V		<p>(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.</p> <p>(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 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 attended 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’</p>	



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	
			meetings. The related trainings offered in 2020 including: “Ethical Education Training for New Employees,” “Anti-Corruption Education” (centered at the FCPA of the U.S.), “Overview of Laws Regarding Insider Trading and Stake Changes of the Insiders,” “Ethical Management Training,” “Training on Prevention of Concerted Actions” (Lesson learnt from Quanta Storage), and “Training of Compliance with Trading Laws and Regulations” (Competition Act, export restriction regulations, anti bribery and corruption). In total, 55 sessions were held with 217 attendees, and 31.5 class hours.	
III. Operation of the Company's reporting system				No significant difference
(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?	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) Whether the company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?	V		(II) In the “Procedures of Handling Reports of Illegal, Unethical, and Dishonest Conduct,” the Company specifies the investigation and handling process 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	V		(III) Pursuant to the “Procedures of Handling Reports of Illegal, Unethical, and	

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	
protection?			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. 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”.				

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. 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):				
7.	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.			
8.	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.			
9.	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.			
10.	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 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.			
11.	Some clauses of the Company’s "Operational Procedures and Guidelines for Ethical Corporate Management" were amended to cope with the new version of the “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct” issued by FSC, in order to established the operational procedures and guidelines of conducts in line with the competent authority’s “Ethical Corporate Management Best-Practice Principles.” Moreover, to conform to Article 17 of the Guidelines, specifying that “Before the Company establish a business relationship with others, the legitimacy and ethical management policy of the agencies, suppliers, clients, or other counterparties, and if they have records involving unethical conducts shall be assessed, to ensure that they run the business in fair and transparent manner, an the Company never request, provide, or accept briberies,” the Company has design the “Evaluation Chart for Client/Distributor/Agency’s Ethical Management” for the Marketing Department, and the “Evaluation Chart for Suppliers’ (and Their Distributors/Agencies) Ethical Management” for the Procurement Department. By communicating the weights and methods with the two departments, the evaluation is implemented. The Company assigns the compliance unit to ensure the legitimacy of any political donation, charity donation or sponsorship that they comply with the local laws of the place where we operated, before reported to the Chairman. The			

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	
amendment is made to the "Operational Procedures and Guidelines for Ethical Corporate Management". The contents above have been approved by the Chairman on September 30, 2020, to complete the fourth amendment.				

(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 (<http://www.sas-globalwafers.com>).

(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 Area” and “Stakeholders Area”

2. Directors’ education and training

Name	Training date	Sponsored by	Training Course	Number of Training Hours
Hsiu-Lan Hsu	August 6, 2020	Taiwan Corporation Governance Association	View the corporate governance from the latest operation right disputes	3
	November 5, 2020	Taiwan Corporation Governance Association	Operation right battle and case analysis	3
Ming-Kuang Lu	August 6, 2020	Taiwan Corporation Governance Association	View the corporate governance from the latest operation right disputes	3
	November 5, 2020	Taiwan Corporation Governance Association	Operation right battle and case analysis	3
Tang-Liang Yao	August 6, 2020	Taiwan Corporation Governance Association	View the corporate governance from the latest operation right disputes	3
	November 5, 2020	Taiwan Corporation Governance Association	Operation right battle and case analysis	3
Kuo-Chou Chen	August 6, 2020	Taiwan Corporation Governance Association	View the corporate governance from the latest operation right disputes	3
	November 12, 2020	Taipei Exchange	2020 promotion seminar of corporate governance and ethics to directors and supervisors	3
Chi-Hsiung Cheng	August 6, 2020	Taiwan Corporation Governance Association	View the corporate governance from the latest operation right disputes	3
	October 16, 2020	Taipei Exchange	2020 promotion seminar of corporate governance and ethics to directors and supervisors	3
	November 5, 2020	Taiwan Corporation Governance Association	Operation right battle and case analysis	3
Jeng-Ywan Jeng	August 6, 2020	Taiwan Corporation Governance Association	View the corporate governance from the latest operation right disputes	3
	November 5, 2020	Taiwan Corporation Governance Association	Operation right battle and case analysis	3
Hsien-Chin Chiu	July 29, 2020	Taiwan Academy of Banking and Finance	Seminar of corporate governance and sustainable operation	3
	August 6, 2020	Taiwan Corporation Governance Association	View the corporate governance from the latest operation right disputes	3
	August 28, 2020	Taipei Exchange	The advocacy conference on Insider Shareholdings in TPEx Listed Companies	3
	November 5, 2020	Taiwan Corporation Governance Association	Operation right battle and case analysis	3

(X) Internal Control System Execution Status:

1. Declaration of Internal Control

Internal Control System Statement for the public company  
Design and implementation are both effective  
(This statement is applicable on the declaration of all statutes)

**GlobalWafers Co., Ltd.**

Declaration of Internal Control System

Report date: March 16, 2021

For the internal control system of 2020, 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 31<sup>st</sup>, 2020 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 16, 2021. Among the seven directors (zero proxy included) present, none of them has any objection. The rest of them agree with the content of this declaration and make this declaration.

GlobalWafers Co., Ltd.

Chairman: Hsiu-Lan Hsu Signature/Seal

President: Mark Lynn England Signature/Seal

Note 1: If there are significant deficiencies in the design and implementation of the internal control system of a public issuing company in the year, an explanatory paragraph should be added after Item 4 of the declaration of the internal control system, listing and explaining the major deficiencies found in the self inspection and the improvement actions taken and improvements made by the Company before the date of assets and liabilities.

Note 2: The date of declaration is "the ending date of the accounting year".

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 2020 annual shareholders meeting (June 23, 2020):

Important resolutions	Implementation Status
1. The revision of the Company's "Articles of Incorporation".	Approved by the Hsinchu Science Park Bureau of the Ministry of Science and Technology on July 3, 2020 after the resolution of the shareholders' meeting, and implemented according to revised provisions.
2. Approved the amendment to "Procedures for Endorsement and Guarantee"	Implemented according to revised provisions after the resolution of the shareholders' meeting.
3. Election of one vacant seat of independent director	Approved by the Hsinchu Science Park Bureau of the Ministry of Science and Technology on July 3, 2020 after the resolution of the shareholders' meeting.
4. Approval of the Business Report and Financial Statements of 2019	Resolved by the Shareholders' meeting
5. Approval of the Company's earnings distribution for 2019.	Distributed cash dividends (NT\$25 per share, including distributing EPS NT\$ 22 and from capital reserve for NT\$ 3 per share; total amount of NT\$10,880,925,000) on August 7, 2020 after the resolution of the shareholders' meeting.

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

Date	Important resolutions
March 17, 2020	<ol style="list-style-type: none"> <li>2019 business report and financial statements</li> <li>2019 Employee and Director Remuneration Distribution Plan</li> <li>2019 Earnings Allocation</li> <li>Cash dividend by Capital Reserve</li> <li>Declaration of 2019 Internal Control System</li> <li>Amendment to the Company's "Internal Control System"</li> <li>Amendment to the Company's "Articles of Incorporation"</li> <li>Amendment to the Company's "Procedures for Endorsement and Guarantee"</li> <li>Amendment to the Company's "Measures for Compliance."</li> <li>Election of one vacant seat of independent director.</li> <li>Nomination of listed candidates for independent directors</li> <li>Approved matters relevant to the nomination of listed candidates for independent directors in the 2020 annual shareholders' meeting</li> <li>Approved the 2020 shareholders' meeting agenda and relevant matters.</li> <li>Approved the 2020 shareholders' meeting procedures, written proposals made by shareholders and relevant matters.</li> <li>Approved the credit lines and foreign exchange quotas provided by the financial institution</li> <li>2019 Certified Fees of CPAs</li> <li>Improvement of loaning of funds among subsidiaries</li> <li>Change of the Registered address of Taisil branch</li> <li>Remuneration of Managerial Officers in Taisil branch</li> <li>Motion for Promotion.</li> <li>Capital increase of the subsidiary, Sunrise PV Four Co., Ltd..</li> </ol>
May 5, 2020	<ol style="list-style-type: none"> <li>Approved the credit lines and foreign exchange quotas provided by the financial institution</li> </ol>

Date	Important resolutions
	<ol style="list-style-type: none"> <li>2. Amendment to the Company's "Management Measures for Managers' Compensation"</li> <li>3. Approval of non-profit distribution for the subsidiary MEMC Korea Company in 2019</li> <li>4. Reappointment of the Company's audit officer</li> <li>5. Investment in a venture capital</li> <li>6. Allocation of Directors' Remuneration of 2019</li> <li>7. Allocation of Managers' Remuneration of 2019</li> </ol>
June 23, 2020	<ol style="list-style-type: none"> <li>1. Approved the credit lines and foreign exchange quotas provided by the financial institution</li> <li>2. Appointment of the Chief Director of the CZ 200mm and 300mm Plants.</li> <li>3. The Company acquires the equity of Sunrise PV Electric Power Five from the parent company, Sino-American Silicon Products Inc.</li> </ol>
August 4, 2020	<ol style="list-style-type: none"> <li>1. Approved the credit lines and foreign exchange quotas provided by the financial institution</li> <li>2. Approval of applying bank loan for the Company's subsidiary, and issuance of a letter of support (LOS).</li> <li>3. Approval of applying bank loan for the Company's subsidiary, and the Company serves as the guarantor.</li> <li>4. Amendment of the Company's "Rules of Procedure for Board of Directors Meetings<sup>1</sup>"</li> <li>5. Amendments to the "Audit Committee Charter."</li> <li>6. Amendments to the "Remuneration Committee Charter".</li> <li>7. Amendments to the "Rules Governing the Scope of Powers of Independent Directors."</li> <li>8. Capital increase of the subsidiary, Sunrise PV Electric Power Five</li> <li>9. Cancel the investment in a venture capital</li> <li>10. Establish an investment company.</li> <li>11. Whether transfer the Company and the subsidiaries' overdue receivable for over three months to loaning of funds to others.</li> </ol>
November 3, 2020	<ol style="list-style-type: none"> <li>1. Approved the credit lines and foreign exchange quotas provided by the financial institution</li> <li>2. 2021 audit plan.</li> <li>3. Whether transfer the Company and the subsidiaries' overdue receivable for over three months to loaning of funds to others.</li> </ol> <p>Approval of no profit distribution for the subsidiary GlobalWafers Japan Co., Ltd in 2015</p>
November 28, 2020	<ol style="list-style-type: none"> <li>1. Acquisition of Siltronic AG's equity</li> </ol>
December 9, 2020	<ol style="list-style-type: none"> <li>1. 2021 business plan</li> <li>2. The Company's earnings allocation for the first half of 2020</li> <li>3. Establishment of the "Nomination Committee Charter."</li> <li>4. Establishment of the first term of the Nomination Committee</li> <li>5. The Company Intended to Establish a Saving Association of Employee Benefits.</li> <li>6. Amendment to the Company's "Management Measures for Managers' Compensation"</li> <li>7. Amendment to the Company's "Allocation Rules of Directors' Remuneration"</li> <li>8. Approved the credit lines and foreign exchange quotas provided by the financial institution</li> <li>9. Motion for Promotion.</li> <li>10. Publicly acquire Siltronic AG's equity through the German subsidiary, GlobalWafers GmbH</li> </ol>
January 19, 2021	<ol style="list-style-type: none"> <li>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</li> </ol>



Date	Important resolutions
February 1, 2021	1. Funds lending to the 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" 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 Quota by Financial Institution 2. Apply for a credit line provide a guarantee for the subsidiary GlobalWafers GmbH
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 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. Approval of applying bank loan 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 Managerial Officers' Remuneration of 2020

(XII) 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.

(XIII) As Of The Date Of This Annual Report, Resignation Or Dismissal Of Personnel Responsible For Financial Report (Including Chairperson, President, Accounting And Audit Managers):

May 15, 2021

Title	Name	Date Assumed	Date of Dismissal	Reason for Resignation or Dismissal
Audit Officer	Chi-Ya Liu	April 1, 2014	June 1, 2020	Transferred to Sino-American Silicon Products Inc.

IV. Information Regarding Audit Fees: The Company shall disclose the information on CPA professional fees under the following circumstances

(I) Audit Fees

Accounting Firm	Name of accountant		Period Covered by CPA's Audit	Remarks
KPMG	Cheng-Chien Chen	An-Chih Cheng	January 1, 2020 ~ December 31, 2020	

Fee Range		Fee Items	Audit fee	Non-Audit fee	Total
1	Under NT\$ 2,000,000			V	
2	NT\$ 2,000,000 (included) ~ NT\$ 4,000,000				
3	NT\$ 4,000,000 (included) ~ NT\$ 6,000,000				
4	NT\$ 6,000,000 (included) ~ NT\$ 8,000,000				
5	NT\$ 8,000,000 (included) ~ NT\$ 10,000,000		V		
6	Over NT\$ 100,000,000				V

(II) Non-Audit Fee Paid to Auditors and the Accounting Firm Accounted for More Than One-Fourth of Total Audit Fee Shall Disclose the Amount and The Service Item:

Information on CPA professional fees

Unit: NT\$ thousands

Accounting Firm	Name of accountant	Audit fee (Note 1)	Non-Audit fee					Period Covered by CPA's Audit	Remarks
			System of Design	Company Registration	Human Resource	Others (Note 2)	Subtotal		
KPMG	Cheng-Chien Chen	9,166	0	0	0	1,130	1,130	January 1, 2020 to December 31, 2020	Other fees include fees for transfer pricing certificates, global archives and country reports
	An-Chih Cheng								

Note 1: If the company changes its accountant or accounting firm in the current year, it shall separately list the auditing period, explain the reasons for change in the remarks column, and disclose information such as the audit and non-audit fees.

Note 2: Non-audit fees shall be listed separately according to the service item. If "other fees" in non-audit fees reaches 25% of the non-audit fees paid thereto, the details of non-audit services shall be disclosed in the remarks column.

(III) 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.

(IV) 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: None.

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	2020		Current year to April 24, 2021		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	(22,560)	—	—	—	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	Chi-Hsiung Cheng	—	—	—	—	Took the office on January 19, 2015
Independent Director	Jeng-Ywan Jeng	—	—	—	—	Took the office on June 25, 2018
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	—	—	(4,000)	—	Took the office on July 1, 2016
Manager	Chung-Wei Lee	—	—	—	—	Took the office on March 21, 2017

Title	Name	2020		Current year to April 24, 2021		Remarks
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged	
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 24, 2021, 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	Relationship	
Sino-American Silicon Products Inc.	222,727,000	51.17%	—	—	—	—	None.	None.	
Representative: Ming-Kuang Lu	1,000,000	0.23%	290,000	0.07%	—	—	None.	None.	
JPMorgan Chase Bank N.A. Taipei Branch in custody for Capital Income Builder	16,534,000	3.80%	—	—	—	—	None.	None.	
Capital Investment in custody for New Labor Pension Fund	7,983,000	1.83%	—	—	—	—	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	3,400,000	0.78%	—	—	—	—	None.	None.	
J.P. Morgan Securities PLC	3,327,771	0.76%	—	—	—	—	None.	None.	
Government of Singapore--GOS-EFM C	3,255,985	0.75%	—	—	—	—	None.	None.	
Murray International Trust PLC	3,000,000	0.69%	—	—	—	—	None.	None.	
Vanguard Emerging Markets Stock Index Fund A Series of Vanguard International Equity Index Funds	2,887,810	0.66%	—	—	—	—	None.	None.	
JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund a series of Vanguard Star Funds	2,687,436	0.62%	—	—	—	—	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, 2020  
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.	12,200	100.00%			12,200	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 Electronic Materials GmbH	-	-	0.002	100.00%	0.002	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, 2020; 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, 2020; Units: NT\$; Shares

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 24, 2021; Unit: Person; Share; %

Shareholders Structure	Government Institutions	Financial Institutes	Other Juridical Persons	Natural Persons	Foreign institutes and foreigners	Total
No. of people	5	142	149	16,818	835	17,949
Shareholding (shares)	11,775,000	18,710,829	227,470,668	27,370,533	149,909,970	435,237,000
Holding Percentage (%)	2.71%	4.30%	52.27%	6.27%	34.45%	100%

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

## (III) Shareholding Distribution Status

April 24, 2021; Unit: Person; Share; %

Class of Shareholding	Number of Shareholders	Shareholding (shares)	Shareholding ratio
1 ~ 999	8,773	862,208	0.20%
1,000 ~ 5,000	7,635	12,026,535	2.76%
5,001 ~ 10,000	509	3,982,628	0.92%
10,001 ~ 15,000	171	2,202,569	0.51%
15,001 ~ 20,000	116	2,084,547	0.48%
20,001 ~ 30,000	151	3,761,050	0.86%
30,001 ~ 40,000	86	3,020,581	0.69%
40,001 ~ 50,000	77	3,560,182	0.82%
50,001 ~ 100,000	143	10,237,670	2.35%
100,001 ~ 200,000	94	13,612,126	3.13%
200,001 ~ 400,000	87	25,315,967	5.82%
400,001 ~ 600,000	34	16,747,412	3.85%
600,001 ~ 800,000	23	15,671,843	3.60%
800,001 ~ 1,000,000	11	9,996,232	2.30%
Over 1,000,001	39	312,155,450	71.71%
Total	17,949	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 24, 2021; Unit: Share; %

Name of Major Shareholders	Shares	Shareholding (shares)	Percentage (%)
Sino-American Silicon Products Inc. Representative: Ming-Kuang Lu		222,727,000	51.17%
JPMorgan Chase Bank N.A. Taipei Branch in custody for Capital Income Builder		16,534,000	3.80%
New System Labor Pension Fund		7,983,000	1.83%
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		3,400,000	0.78%
J.P. Morgan Securities PLC		3,327,771	0.76%
Government of Singapore--GOS-EFM C		3,255,985	0.75%
Murray International Trust PLC		3,000,000	0.69%
Vanguard Emerging Markets Stock Index Fund A Series of Vanguard International Equity Index Funds		2,887,810	0.66%
JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund a series of Vanguard Star Funds		2,687,436	0.62%

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

Year			2019	2020	2021 up to March 31
Category					
Market price per unit	Highest Market Price		394.00	742.00	839.00
	Lowest Market Price		238.50	290.00	606.00
	Average Market Price		322.21	424.31	709.09
Net Worth Per Share	Before Distribution		103.55	101.45	102.81
	After Distribution		78.55	83.45	—
Earnings per Share	Weighted average shares		435,237	435,237	435,237
	Earnings per Share	Before adjustment	31.35	30.11	6.18
		After adjustment	31.21	30.03	6.17
Dividend	Cash dividend		25.0	18.0	—
	Free Dividends	—	—	—	—
		—	—	—	—
	Accumulated Undistributed Dividends		—	—	—
Return on Investment	Price / Earnings Ratio		10.28	14.09	—
	Price / Dividend Ratio		12.89	23.57	—
	Cash Dividend Yield Rate		7.76%	4.24%	—

(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

The AGM has approved to amend the Articles of Incorporation of the Company on June 23, 2020, and authorized the Board of Directors to distribute profits in cash upon the end of every six months. Regarding the semi-annual cash dividends resolved and approved by the Board of Directors for 2020, the amount and date of distribution are as the following:

2020	Date of approval (Month/Day/Year)	Date of distribution (Month/Day/Year)	Cash dividend per share (NT Dollars)	Total amount of cash dividends (NT Dollars)
First half of the year	December 9, 2020	February 19, 2021	8.0	3,481,896,000
Latter half of the year	May 4, 2021	August 6, 2021	10.0	4,352,370,000
Total			18.0	7,834,266,000

## 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 16, 2021 is as follows:

Employees' remuneration: NT\$463,952,806, all distributed in cash.

Director's remuneration: NT\$44,500,000, 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 2020.

- (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 17, 2020 as the following:

Unit: NT\$

Category	Resolution of the Board of Directors	Actual distribution	Difference	Reasons for difference
Employee Bonus	622,810,000	622,810,000	None	N/A.
Remuneration to directors and supervisors	49,200,000	49,200,000	None	N/A.

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

March 31, 2021

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. Corporate Bonds: None.

III. Preferred Shares: None.

#### IV. Global Depositary Receipts (GDR):

March 31, 2021

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	<p>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:</p> <p>(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.</p> <p>(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.</p>
Trustee	N/A.
Depository bank	CitiBank, N.A.
Custodian bank	First Commercial Bank
Outstanding balance	1,160,246 units
Treatment of expenses incurred at issuance and thereafter	<p>(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</p>

			<p>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.</p> <p>(II) Expenses incurred during the effective period of GDR</p> <p>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.</p>
Important conventions about depository and escrow agreement			-
Market price per unit	2020	Highest	USD 25.80
		Lowest	USD 10.20
		Average	USD 14.33
	The year ended March 31 <sup>st</sup> , 2021	Highest	USD 28.00
		Lowest	USD 22.20
		Average	USD 25.22

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: None.

## Five. Operating Highlights

### I. Business Activities

#### (I) Scope of the business

##### 1. The main operating categories of the company

CC01080 Electronic Parts and Components Manufacturing

C801990 Other Chemical Materials Manufacturing

F119010 Electronic Materials Wholesale (restricted to areas outside Hsinchu Science Park)

F219010 Electronic Materials Retail (restricted to areas outside Hsinchu Science Park)

F401010 International Trade

Research, design, development and manufacturing and sale of the following products:

1. Silicon-based semiconductor materials and their components
2. Silicon compound
3. Silicon carbide compound
4. Concurrently engaged in import and export related to the previous business.

##### 2. Sales Proportion

Unit: NT\$

Year Product Item	2019		2020	
	Net operating revenues	Proportion (%)	Net operating revenues	Proportion (%)
Semiconductor wafer	57,721,510	99.3%	55,138,940	99.6%
Semiconductor ingot	275,284	0.5%	113,541	0.2%
Electricity Income	-	-	4,239	-
Other	97,537	0.2%	102,068	0.2%
Total	58,094,331	100.00%	55,358,788	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. Polished wafer and Epi wafer
- F. Unpolished wafer and ultra-thin wafer
- G. SOI wafer and bounding wafer for high power electronic device
- H. Diffusion wafer and deep diffusion polished wafer
- I. High strength silicon substrate for GaN\_HEMT application
- J. FZ wafer
- K. GaN Epi Wafer
- L. 4"~8" GaN on Silicon Epi wafer
- M. 6" GaN on Si E mode power epi wafer
- N. 6" GaN on Si D mode power epi wafer
- O. 6" GaN on Si RF epi wafer
- P. 4"~6" N type SiC wafer
- Q. 4" Semi insulating SiC Crystal and the wafer

##### 4. New product development projects

- A. 12" Ultra-low resistivity wafer with Antimony doped
- B. SiC wafer for next generation high power automotive electronic device application



- C. Epi-substrate for GaN\_HEMT application
- D. 12" MCZ wafer with lower carbon and lower oxygen for power devices, memory devices, and mobile CIS
- E. 6" Semi-insulating SiC Crystal and the Wafer
- F. 8" GaN on Si D mode power epi wafer
- G. GaN on SI-SiC RF epi wafer

## (II) Industry Overview

### 1. Industry status and development

#### A. Global demand for semiconductors

Semiconductor Trade Statistics (WSTS) notes that as the global semiconductor industry in 2020 is benefited from the demands of consumer electronics due to COVID-19, the production value is expected to be USD 440.389 billions or growing at about 6.80% from 2019. This growing trend is likely to continue into 2021; it is expected that the whole year production value of 2021 will be USD 488.274 billion or growing at 10.90% annually. The sensor market grows most strongly, with the expected annual growth rate of 16.80%; followed by the analog market, with the expected annual growth rate of 15.20%. The logic component market closely followed with the expected annual growth rate of 13%.

Fall 2020 Q4 Update CORRECTED	Amounts in US\$M			Year on Year Growth in %		
	2019	2020	2021	2019	2020	2021
Americas	78,619	95,366	104,663	-23.7	21.3	9.7
Europe	39,816	37,520	42,975	-7.3	-5.8	14.5
Japan	35,993	36,471	40,350	-9.9	1.3	10.6
Asia Pacific	257,879	271,032	300,287	-8.8	5.1	10.8
<b>Total World - \$M</b>	<b>412,307</b>	<b>440,389</b>	<b>488,274</b>	<b>-12.0</b>	<b>6.8</b>	<b>10.9</b>
Discrete Semiconductors	23,881	23,804	26,189	-0.9	-0.3	10.0
Optoelectronics	41,561	40,397	43,966	9.3	-2.8	8.8
Sensors	13,511	14,962	17,471	1.2	10.7	16.8
Integrated Circuits	333,354	361,226	400,648	-15.2	8.4	10.9
Analog	53,939	55,658	64,105	-8.2	3.2	15.2
Micro	66,440	69,678	76,262	-1.2	4.9	9.5
Logic	106,535	118,408	133,856	-2.5	11.1	13.0
Memory	106,440	117,482	126,424	-32.6	10.4	7.6
<b>Total Products - \$M</b>	<b>412,307</b>	<b>440,389</b>	<b>488,274</b>	<b>-12.0</b>	<b>6.8</b>	<b>10.9</b>

Source: Semiconductor Trade Statistics (WSTS) (March 17, 2021)

The market research institution, IC Insight forecasts that the global GDP is likely to grow by 4.80% in 2021, and thus drives the global semiconductor market to grow 12%. It is forecasted that the full year sales amount will be USD 441.5 billion. DRAM products have the greatest growth for growing 18% in terms of the full year sales amount. NAND flash products are expected to grow 17% in terms of full year sales amount, underpinned by the 5G technology development.

IC Insight particularly notes that, the simulation chips specifically for automotive, and the logic chips for special purpose will be benefited from the increasing global vehicle sales, and the penetration of autonomous driving technologies. Sales of various vehicle-loaded chips are expected to grow and the chip-loading value per new vehicle is expected to grow to USD 550 or more.

**Top-Growing IC Markets 2019-2021F (\$)**

Rank	2019		2020		2021F	
1	Industrial/Other—Spcl Purp Logic	37%	Wireless Comm—Spcl Purp Logic	28%	DRAM	18%
2	Standard Cell	17%	Computer and Periph—Spcl Purp Logic	26%	NAND Flash	17%
3	Auto—Spcl Purp Logic	16%	Cellphone Application MPUs	24%	Auto—App-Specific Analog	16%
4	Embedded MPUs	9%	NAND Flash	24%	Auto—Spcl Purp Logic	16%
5	Display Drivers	8%	Wired Comm—Spcl Purp Analog	18%	Embedded MPUs	15%
6	PLDs	5%	Display Drivers	10%	Display Drivers	11%
7	—	-	Industrial/Other—Spcl Purp Logic	10%	Wired Comm—App-Specific Analog	11%
8	—	-	Wired Comm—Spcl Purp Logic	10%	32-bit MCU	10%
9	—	-	Automotive—Spcl Purp Logic	9%	Computer and Periph—Spcl Purp Logic	10%
10	—	-	—	-	Wireless Comm—Spcl Purp Logic	10%

Source: Market research institution, IC Insight (Jan 28, 2021)

The market research institution expects the growth rate of the global semiconductor market in 2021 to be 7.70%, with the total production value of USD 476 billion, much higher than USD 442 billion in 2020. Under the impact of COVID-19, many people have been forced to work and learn from home; which in turns drives the demands for PCs to grow significantly and stimulate governments, IT departments of enterprises to increase their investment to establish services like cloud computing and servers, in order to enhance the efficiency of remote working. IDC forecasts that the revenue of semiconductor products related to computers and servers will grow by 6.30% to USD 116.0 billion.

IDC observed that the 5G mobile phone shipment drove the smart phone's share to 30%. As more memories and sensors are built in the 5G mobile phones, these phones are sold much more expensively and thus are likely to push the overall revenue generated by semiconductors for mobile phones in 2021 to grow by 11.40% to USD 128 billion. The semiconductors for 5G mobile phones will take nearly 54% of the total revenue.

The popularity of EVs drive the demands for automotive semiconductor products to grow materially. The main reason is that the semiconductor products required for each EV are double those required by common gasoline and diesel vehicles. IDC forecasts the growth rate of the automotive semiconductor products in 2021 will be 12.60%; the market development is constructive.

While most survey and research institutions say the semiconductor market in 2021 will recovery greatly, World Bank warns that the development of COVID-19 shall be monitored closely, as it still is a major uncertainty to the economics. The key factor of COVID-19 control is the vaccination rate. If the vaccines are not accepted well among the public, the vaccination rate and progress will be negatively impacted and thus the pandemic may worsen. That would overshadow the operating activities of companies.

#### 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.

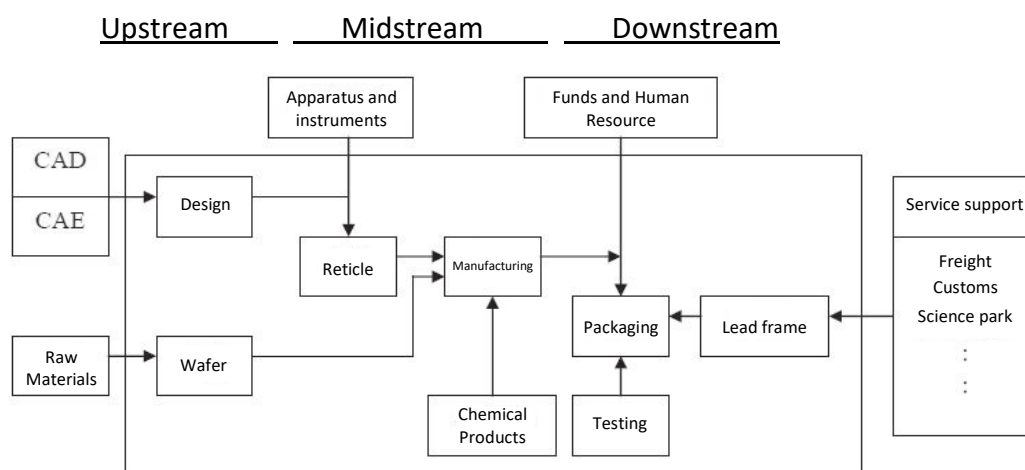
Wafer is currently the base material for manufacturing ICs. Its original material is “silicon,” which is cerium oxide, an inexhaustible source of raw materials on earth. High-purity polycrystalline silicon is extracted by the electric arc furnace, chlorination with hydrochloric acid and distillation. 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 the 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 greatest uncertainty in 2020- COVID-19, impacted the economic activities in the world severely. Most countries have imposed restrictions such as lockdowns to keep the pandemic in check. In the latter half of 2020, the success of vaccines brought the first light in the dark. Vaccination programs were launched, and the factor of the pandemic is expected to be under control in 2021. The World Bank has forecast the global economic growth for 2021 will be 4%, and the developed economies will grow by 3.30%, while developing and emerging market economies will grow by 5%. Although the economic growth will be affected by the uncertainty that COVID-19 virus may vary, comparing the negative growth in 2020, a new turning point of the world is likely to emerge in 2021.

	2018	2019	2020e	2021f	2022f
<b>World</b>	<b>3.0</b>	<b>2.3</b>	<b>-4.3</b>	<b>4.0</b>	<b>3.8</b>
<b>Advanced economies</b>	<b>2.2</b>	<b>1.6</b>	<b>-5.4</b>	<b>3.3</b>	<b>3.5</b>
United States	3.0	2.2	-3.6	3.5	3.3
European area	1.9	1.3	-7.4	3.6	4.0
Japan	0.6	0.3	-5.3	2.5	2.3
<b>Emerging market and developing economies</b>	<b>4.3</b>	<b>3.6</b>	<b>-2.6</b>	<b>5.0</b>	<b>4.2</b>
East Asia and Pacific	6.3	5.8	0.9	7.4	5.2
China	6.6	6.1	2.0	7.9	5.2
Europe and Central Asia	3.4	2.3	-2.9	3.3	3.9

#### B. US macroeconomic trend

The market research institution, IHS Markit, forecast that the GDP growth of the U.S. in 2021 will be 4%. World Bank's forecast is 3.50%, while Economist Intelligence Unit's forecast is 3.70%. For the stimulus, the new U.S. President, Joe Biden proposed a package of USD 1.9 trillion; it is expected to further bolster the U.S macroeconomics.

With regard to the job market, the U.S. Bureau of Labor Statistics reported that the U. S. jobless rate of December 2020 was 6.70%. The Consumer Price Index (CPI) of December 2020 grew by 1.40% from 12 months ago and 0.20% from the previous month. The core CPI, excluding food and energy, was 1.60%, unchanged from the previous month.

With regard to 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 2020, the manufacturing PMI was 60.7 and service sector PMI was 57.2. Both were higher than expansion base line 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 2021 will be 3.40%. World Bank's forecast is 4.80%, while Economist Intelligence Unit's forecast is 3.60%.

For the job market in Europe, the jobless rate of November 2020, as reported by Eurostat, was 7.50%, and the Eurozone jobless rate was 8.30%. The December 2020 CPI, also reported by Eurostat, grew by -0.30% from 12 month ago and was unchanged from the previous month.

For the economic outlook of Europe, the Economic Sentiment Indicator (ESI) reported by the EU Commission, was 89.5 and 90.4 for EU and Eurozone, respectively, in December 2020. Under the ESI, the service and retail sector both had a declining sentiment index from the previous month for EU and Eurozone, but the manufacturing, construction and consumer sentiments were better than that of the previous month.

#### D. Japan's macroeconomic trends

Market research institution, IHS Markit, forecast that the GDP growth of Japan

will be 2.33% in 2021. While the manufacturing sector in Japan was benefited from the strong demands of semiconductors, the non-metal and other manufacturing sectors had higher order prices and thus the order declined 2.40% from the previous month.

Ministry of Finance Japan reported that the full year import and export amount in 2020 was 67.7319 trillion yen and 68.4066 trillion yen, respectively. The market research institution, IHS Markit cited Jibun Bank PMI, that in December, the finished product orders tended to grow and the employed workers grew for the first time from February 2020, so the PMI reached 50.0, indicated expansion.

For the leading indicators, the leading indicator for Japan is 96.60 in November 2020, other than the industrial producers' inventory and final-demand goods inventory, both negative, other indices grew positively. For Japan's economic outlook, the three-month moving average of leading indicators was 94.70 and for seven-month was 89, an increase of 2.56 from October.

#### E. China's macroeconomic trends

In January 2021, the market research institution, IHS Markit, forecast that the GDP growth of China in 2021 will be 7.56%, while Economist Intelligence Unit's forecast is 7.900%. China's National Bureau of Statistics released that the 2020 output growth of industries with annual revenue of 20 million CNY or more from their main business operations grew by 2.80% year on year.

For consumption, the total amount of social consumer goods retail in 2020 was CNY 39.1981 trillion or 3.90%, a decline from 2019. In terms of investment, the fully year fixed asset investment in 2020 (agriculture household excluded) grew by 2.90% year on year, and the private fixed asset investment grew 1% from that of the previous year and increased by 0.80% from the 11-month period from January. China's General Administration of Custom reported that the trade amount in 2020 was USD 4,646.26 billion or a growth of 1.50% from 2019. The export amount was USD 2,590.650 billion, with the growth rate of 3.60%. The import amount was USD 2,055.610, declined by 1.10%. The top three export destination were the U.S. (17.40%), EU (15.10%) and ASEAN (14.80%); the total share of the three regions was 47.30%.

For production and commercial activities, in December, other than the employee index increased from November and raw materials inventory was unchanged, other indicators of manufacturing all declined. Therefore, PMI was 51.90% or 0.20% declined from November; the service PMI declined 0.70% from November to 55.70%.

#### F. Taiwan's macroeconomic trends

The COVID-19 pandemic is expected lessened in 2021 gradually; with the low-base factor, the major international forecasting institutions all believe that the global economic and trading growth would be meaningfully better than 2020.

The export performance of Taiwan will mitigate the impact from the pandemic gradually. As some production lines were moved back to Taiwan, with great demands by the emerging technologies, the export amount will grow significantly. In addition, the semiconductor manufacturers keep on investing in

advanced manufacturing processes, while being benefited from the restructure of global supply chain. The green energy constructions promoted by the government, will attract foreign investors with abundant capitals. All these factors are helpful to drive the domestic demands. Both domestic and overseas demands improve simultaneously and thus the full year economic growth will be larger than 2020. Based on the latest forecast released by TIER in November 2020, the GDP growth for 2021 will be 4.01%, or 2.10% higher than 1.91% of 2020 (updated data).

It is forecast that the import and export of Taiwan in 2021 will grow by 4.83% and 3.87%, respectively, or by 4.41% and 6.35% higher than 2020. For the prices and monetary policies, it is expected that the international oil price will recover mildly and the probability of drastically higher price is low. The CPI growth rate for 2021 is expected to be 1%. With regard to the financial market, as the domestic market has performed relatively better and the CPI is mild and stable, it is expected that the Central Bank of Taiwan will follow the suit of central banks of major countries to keep accommodating policies and keep the interest rate at the record low, as an effective counter measures to the changes and impacts from the international financial market.

#### 4. Product 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 1400 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\$

Item/Year	2019	2020	March 31, 2021
R&D expenses	1,710,801	1,624,308	499,063
Net operating revenues	58,094,331	55,358,788	14,805,831
R&D expenses as a percentage of net revenue (%)	2.94	2.93	3.37



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

Year	Name of technology or product
2019	<ol style="list-style-type: none"> <li>1. Silicon substrate for 5nm IC process</li> <li>2. Epitaxial wafers applied to CMOS image sensors</li> <li>3. AI is applied to the slicing and rough polishing to forecast the nano-topography at the later stages</li> <li>4. Big data analyses are applied to the forecast of slicer crash.</li> <li>5. Development of structural wire cutting</li> <li>6. Development of single wafer rinsing</li> <li>7. Design and development of 200mm low-energy consuming hot field for crystal pulling.</li> <li>8. Analyses applied to the measurement of silicon wafer impurities</li> <li>9. ECAS wafer carbon impurity reduction technology applied to CMOS image sensors</li> <li>10. Technology to control stacking fault defects for the ultra-heavily doped red phosphorus epitaxy.</li> <li>11. AI applied to oxygen impurities during the crystal pulling.</li> <li>12. AI applied to the high epitaxy deposition rate.</li> <li>13. 6" SiC wafer ultra-thin wafer regeneration processing technology</li> <li>14. Development of heterogeneous substrate material bonding</li> <li>15. Digitization system applied to the development of SiC wafer manufacturing process technology</li> <li>16. Development of slicing technology for high-precision, low-damage silicon wafers</li> </ol>
2020	<ol style="list-style-type: none"> <li>1. Reclaim wafer manufacturing technology for 6" 170um ultra-thin SiC wafer</li> <li>2. 4" Semi insulating SiC Crystal and the wafer</li> <li>3. Back barrier in GaN epi structure and process optimization technology.</li> <li>4. Smart Wafer Quality Measurement Image Judgement Technology</li> <li>5. Silicon substrate for next generation IC process.</li> <li>6. AI development in Shape Neutral wafer development.</li> <li>7. AI development in ingot oxygen concentration tuning.</li> <li>8. New polishing technology introduction</li> <li>9. New lapping/grinding technology introduction</li> <li>10. Tiny particle control technology of 300mm wafer for the cutting-edge device</li> <li>11. Ultra-low resistivity 200mm substrate (RP doped) and epi process technology</li> <li>12. Advanced AI technology for supporting to improve labor efficiency and productivity in mass production</li> <li>13. New evaluation technology for lower detection limit for heavy metal contamination</li> </ol>

(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. It is also developing towards high-efficiency silicon crystals in the aim to become a global silicon wafer supplier that provides the most comprehensive products with highest quality and efficiency.
- E. 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.
- F. It will also 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.
- G. Based on the current stable outstanding management performance, securely expand 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 optimize the bottleneck spots 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. 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.
- F. 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. Market of premium products:

Unit: NT\$

Region		2019		2020	
		Sales	Rate (%)	Sales	Rate (%)
Sales in domestic markets		12,572,918	21.6%	10,739,224	19.4%
Export sales	Asia	26,952,513	46.4%	27,835,758	50.3%
	The Americas	8,410,577	14.5%	7,231,434	13.1%
	Others	10,158,323	17.5%	9,552,372	17.2%
Total		58,094,331	100.00%	55,358,788	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 position 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 the market research institution, IC Insights, the Q1 sales amount of the semiconductor market is expected to grow 2% to USD 113.1 billion. Shall the growth rate of 2% be retained for Q2 to Q4, the full year revenue growth of semiconductors will be 12%. Based on IC Insights' forecasts, the shipment of IC units in 2021 will increase sharply by 17%, and the average selling price of IC will grow by 1%. As Q2 grows by 3%, Q3 grows by 8%, and Q4 grows by 0%, the full year growth will be 19%. From the view of current semiconductor market, IC Insights believes these figures are rather conservative and views the future development of the semiconductor market positively.

**2Q21-4Q21 IC Market Growth Rate Scenarios**



Source: Market research institution, IC Insight (Mach 9, 2021)

Other than the abovementioned semiconductor overall market forecasts, the Company's competitive edge is that the clientele base of the Company is broad and diverse. End products are applicable to many industries and areas of utilization such as automotive products, power source, memory and others. As the demand in the market of end products will continue to grow that the launch of different kinds of new products will pull the demand for good quality silicon wafers and thus drive the Company's overall operating performance.

#### 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 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.

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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).

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In addition, GlobalWafers is also actively expanding its patent portfolio to protect its intellectual properties procured from R&D and has obtained more than 1400 patents worldwide. These R&D achievements will enforce us to progress and become the leading wafer supplier in the world.

#### 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 the product line for the complete process of pulling, slicing, grinding,

polishing, cleaning and epi-substrate process for 3"~12" products. 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 number 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 technical staff 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. Clients 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

The thriving of the semiconductor industry has brought about the growth in the demand for silicon wafer very quickly. Likewise, the demand for material of polycrystalline silicon at semiconductor grade also grew. If the suppliers at upstream could not give timely supply, production will be halted under the shortage of material supply.

The Response Policy:

The key material for the Company –polycrystalline silicon, is purchased from world-renowned bound by supply agreement for assurance of stable quality and sufficient quantity of supply of the material.

(b) 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

As countries lock boundaries to hold back the COVID-19 pandemic, the transportation costs of the Company has increased, making the total production costs to raise and corrode profits.

The Response Policy:

The Company owns production facilities in Europe, Americas, and Asia; through the flexible deployment of production 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.

(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 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	2019				2020			
	Name	Amount	Proportion to annual net purchase (%)	Relationship with the issuer	Name	Amount	Proportion to annual net purchase (%)	Relationship with the issuer
1	Company d	1,694,753	10.4%	None	Company d	1,912,976	12.7%	None
	Other	14,608,342	89.6%		Other	13,190,070	87.3%	
	Net purchase	16,303,095	100.0%		Net purchase	15,103,046	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	2019				2020			
	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	10,253,312	17.6%	None	Company C	10,936,309	19.8%	None
	Other	47,841,019	82.4%		Other	44,418,240	80.2%	
	Net sale	58,094,331	100.00%		Net sale	55,358,788	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

Production volume and value Key items (or by department)	Year	2019			2020		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Semiconductor wafer		56,122	51,852	33,795,720	57,744	52,792	34,012,309
Semiconductor ingot		367	267	1,352,145	354	233	1,257,199
Total		-	-	35,147,865	-	-	35,269,507

A. Shipments and Sales over the Last Two Years:

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

Sale volume and value Key items (or by department)	Year	2019				2020			
		Domestic sale		Export sale		Domestic sale		Export sale	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Semiconductor wafer		9,001	10,869,416	31,438	46,852,094	9,706	9,938,406	32,514	45,166,332
Semiconductor ingot		0.03	199	40	275,085	-	-	25	167,426
Electricity Income		-	-	-	-	-	4,239	-	-
Other		-	13,302	-	84,235	-	18,537	-	63,848
Total			10,882,917		47,211,414		9,961,182		45,397,606

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		2019	2020	March 31, 2021
Number of employees	Staff	329	732	716
	Manufacturing	281	860	895
	Total	610	1,592	1,611
Average age		38.79	40.69	40.81
Average Years of Service (year)		9.69	11.60	11.62
Education %	Doctors	1.15	0.82	0.74
	Masters	15.08	13.07	12.97
	Bachelor's Degree	47.87	47.55	47.98
	Senior high schools and below	35.90	38.57	38.30

Note: Subsidiaries are not included in 2019

#### 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. Investment of pollution preventing main facilities, and the purposes and possible benefits:

(Expressed in NTD thousands)

##### A. 2019 Environmental expenditure :

Air pollution prevention measures: NTD17,549.

Industrial water treatment: NTD16,449.

Industrial waste treatment : NTD131.

Other environmental Expenditure : NTD2,624.

##### B. 2020 Environmental expenditure:

Air pollution prevention measures: NTD25,618.

Industrial water treatment: NTD33,659.

Industrial waste treatment: NTD880.

Other environmental Expenditure :NTD1,529.

3. The improvement of pollution control in the last 2 years 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 last 2 years 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): Yes
  - (1) Date of the Event:2020/8/7
  - (2) Fine Notification No. : 40-109-070013
  - (3) Matter of Violation: Taisil Branch's output of non-hazardous oil sludge D-0903, which was found by Bureau of Environmental Protection, exceeded the permitted amount by more than 10% between March to June 2019; therefore, Taisil Branch violated the Article 31, paragraph 1, subparagraph 1 of Waste Disposal Act.
  - (4) Correction Measures: It was found that the approved amount of non-hazardous oil sludge disposal in Taisil's Business Waste Cleaning Plan was underestimated compared with the actual output. As the result, Taisil submitted the revised version of the Business Waste Plan in July 2019, and it was approved with 2.4 tons of non-hazardous oil sludge disposal every month on 29th July 2019, which complied with Taisil's actual output.
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.
- (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. Employees under compulsory retirement will be entitled to an additional 20% of the aforementioned basis points if they are physically or mentally disabled.

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) The Company Shall Disclose Present and Future Countermeasures and Possible Expenditures of Labor-Conflict-Caused Losses in the Latest Year to the Date Issued Annual Report: The Company’s labor relations are harmonious, and labor disputes are also solved in accordance with the mediation procedure. In the most recent year and as of the date of printing of the annual report, there was no loss due to labor disputes, nor was there any penalty for violating labor laws and regulations, and the legal compliance department also assists to legislate and implement company regulations so as to comply with labor laws.

## VI. Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Land Lease Agreement	Hsinchu Science Park Administration	2019.01.01 ~ 2040.12.31	Area: 4,633 m <sup>2</sup>	Only for designated purpose
Land Lease Agreement	Hsinchu Science Park Administration	2018.01.2 ~ 2037.12.31	Area: 12,004.74 m <sup>2</sup>	Only for designated purpose
Land Lease Agreement	Hsinchu Science Park Administration	2020.02.01 ~ 2039.12.31	Area: 47,632.03 m <sup>2</sup>	Only for designated purpose
Supplier Agreement	Supplier d	2021.01.01 ~ 2021.12.31	Silicon Materials Agreement	None
Supply Agreement	Customer C	2017 ~ 2027	Silicon wafer supply agreement	None
Business Combination Agreement	Siltronic AG	2020.12.09 ~ 2024.12.31	Siltronic's Executive Board and Supervisory Board support GlobalWafers' tender offer for Siltronic as well as the cooperation framework after settlement.	Approvals by the relevant authorities are required.
Undertaking Agreement	Wacker Chemie AG	2020.12.09 til the fulfillment of contract conditions	Aquairing Siltronic AG Shares	Approvals by the relevant authorities are required.



## 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

Year		Financial information of the last 5 years					
		2016	2017	2018	2019	2020	Financial information as of 2021 March 31
Item							
Current Assets		22,212,281	35,110,873	53,200,515	51,492,745	49,586,369	34,543,919
Funds & Long-Term Investments		31,035,540	28,202,304	30,887,035	34,697,367	37,111,052	35,330,725
Intangible Assets		4,436,073	3,939,134	3,649,397	3,227,583	2,797,463	2,692,931
Other Assets		2,876,343	2,980,026	2,085,174	7,168,058	5,356,733	24,013,242
Total Assets		60,560,237	70,232,337	89,822,121	96,585,753	94,851,617	96,580,817
Current Liabilities	Before Distribution	24,890,930	22,251,273	24,422,441	26,910,651	29,331,386	32,409,659
	After Distribution	25,984,055	26,623,773	35,303,366	37,791,576	29,331,386	36,762,029
Non-current Liabilities		19,850,805	13,926,658	22,243,567	24,601,852	21,365,331	19,424,473
Total Liabilities	Before Distribution	44,741,735	36,177,931	46,666,008	51,512,503	50,696,717	51,834,132
	After Distribution	45,834,860	40,550,431	57,546,933	62,393,428	50,696,717	56,186,502
Equity attributable to owners of parent							
Capital Stock		3,692,500	4,372,500	4,372,500	4,372,500	4,372,500	4,372,500
Capital Surplus	Before Distribution	11,741,399	24,772,805	24,772,608	24,776,630	23,470,919	23,470,919
	After Distribution	11,741,399	24,772,805	24,772,608	23,470,919	23,470,919	23,470,919
Retained Earnings	Before Distribution	1,933,282	6,857,529	15,932,425	18,785,920	18,622,398	21,312,791
	After Distribution	1,164,290	1,174,596	5,051,500	9,210,706	18,622,398	16,960,421
Other Equity		(1,592,477)	(1,956,906)	(1,361,299)	(2,291,256)	(1,734,138)	(3,832,746)
Treasury Stock		-	-	(576,779)	(576,779)	(576,779)	(576,779)
Non-controlling Equity		43,798	58,478	16,658	6,235	-	-
Total Shareholders' Equity	Before Distribution	15,818,502	34,054,406	43,156,113	45,073,250	44,154,900	44,746,685
	After Distribution	14,725,377	28,371,473	32,275,188	34,192,325	44,154,900	40,394,315

Note: 1. The financial information in the period of 2016~2020 was audited. The financial information in 2021 Q1 was reviewed by CPA.

## (2) IFRS (standalone)

Unit: NT\$ 1,000

Item \ Year		Financial information of the last 5 years				
		2016	2017	2018	2019	2020
Current Assets		6,810,506	13,460,511	9,053,216	6,322,895	18,580,837
Property, plant and equipment		334,997	411,784	1,094,293	1,100,268	4,370,269
Intangible assets		1,631,850	1,313,919	995,988	678,057	360,228
Other assets		33,070,416	47,078,130	58,602,543	67,401,040	59,344,576
Total assets		41,847,769	62,264,344	69,746,040	75,502,260	82,655,910
Current Liabilities	Before Distribution	17,317,308	21,671,662	23,396,505	22,936,170	25,913,394
	After Distribution	18,410,433	26,044,162	34,277,430	33,817,095	30,265,764
Non-current Liabilities		8,755,757	6,546,754	3,210,080	7,499,075	12,587,616
Total Liabilities	Before Distribution	26,073,065	28,218,416	26,606,585	30,435,245	38,501,010
	After Distribution	27,166,190	32,590,916	37,487,510	41,316,170	42,853,380
Equity attributable to owners of the parent						
Capital stock		3,692,500	4,372,500	4,372,500	4,372,500	4,372,500
Capital surplus	Before Distribution	11,741,399	24,772,805	24,772,608	24,776,630	23,470,919
	After Distribution	11,741,399	24,772,805	24,772,608	23,470,919	23,470,919
Retained Earnings	Before Distribution	1,933,282	6,857,529	15,932,425	18,785,920	18,622,398
	After Distribution	1,164,290	1,174,596	5,051,500	9,210,706	14,270,028
Other equity		(1,592,477)	(1,956,906)	(1,361,299)	(2,291,256)	(1,734,138)
Treasury share		-	-	(576,779)	(576,779)	(576,779)
Non-Controlling Interests		-	-	-	-	-
Total Equity	Before Distribution	15,774,704	34,045,928	43,139,455	45,067,015	44,154,900
	After Distribution	14,681,579	28,362,995	32,258,530	34,186,090	39,802,530

Note: The financial information in the period of 2016~2020 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 2021 to March 31
	2016	2017	2018	2019	2020	
Revenue	18,426,950	46,212,601	59,063,510	58,094,331	55,358,788	14,805,831
Gross Profit	4,130,383	11,807,766	22,298,844	22,846,721	20,568,114	5,193,209
Operating Income	1,378,347	7,413,542	17,578,051	17,897,221	15,286,849	3,951,774
Non-Operating Income & Expenses	(33,908)	(538,843)	675,316	656,644	1,328,118	(422,311)
Net Income (Loss) Before Tax	1,344,439	6,874,699	18,253,367	18,553,865	16,614,967	3,529,463
Income Before Income Tax From Continuing Operations	939,171	5,278,207	13,633,771	13,635,656	13,103,631	2,690,393
Loss From Discontinuing Operation	-	-	-	-	-	-
Net Income (Loss)	939,171	5,278,207	13,633,771	13,635,656	13,103,631	2,690,393
Other Comprehensive Income (After Tax)	(44,044)	18,274	431,248	(841,189)	347,092	(2,098,608)
Total Comprehensive Income	895,127	5,296,481	14,065,019	12,794,467	13,450,723	591,785
Net Income Attributable To the Shareholder of the Company	939,485	5,274,723	13,630,673	13,644,095	13,103,614	2,690,393
Net Income Attributable To Non-Controlling Interests	(314)	3,484	3,098	(8,439)	17	-
Comprehensive Income Attributable To the Shareholder of the Company	895,176	5,328,810	14,055,257	12,804,463	13,450,706	591,785
Comprehensive Income Attributable To Non-Controlling Interests	(49)	(32,329)	9,762	(9,996)	17	-
Earnings Per Share	2.54	12.68	31.18	31.35	30.11	6.18

Note: The financial information in the period of 2016~2020 was audited. The financial information in 2021 Q1 was reviewed.

## (2) IFRS (standalone)

Unit: NT\$ 1,000

Item \ Year	Financial information of the last 5 years				
	2016	2017	2018	2019	2020
Revenue	6,749,320	9,280,321	13,740,705	12,465,803	22,506,100
Gross Profit	1,360,109	2,172,052	4,872,970	4,840,549	9,166,598
Operating Income	667,833	1,495,352	3,881,832	3,594,556	6,697,030
Non-Operating Income & Expenses	333,297	4,531,292	12,212,451	11,871,354	8,214,401
Net Income (Loss) Before Tax	1,001,130	6,026,644	16,094,283	15,465,910	14,911,431
Income Before Income Tax From Continuing Operations	939,485	5,274,723	13,630,673	13,644,095	13,103,614
Loss From Discontinuing Operation	-	-	-	-	-
Net Income (Loss)	939,485	5,274,723	13,630,673	13,644,095	13,103,614
Other Comprehensive Income (After Tax)	(44,309)	54,087	424,584	(839,632)	347,092
Total Comprehensive Income	895,176	5,328,810	14,055,257	12,804,463	13,450,706
Net Income Attributable to the Shareholder of the Company	939,485	5,274,723	13,630,673	13,644,095	13,103,614
Net Income Attributable To Non-Controlling Interests	-	-	-	-	-
Comprehensive Income Attributable To the Shareholder of the Company	895,176	5,328,810	14,055,257	12,804,463	13,450,706
Comprehensive Income Attributable To Non-Controlling Interests	-	-	-	-	-
Earnings Per Share	2.54	12.68	31.18	31.35	30.11

Note: The financial information in the period of 2016~2020 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
2016	KPMG	Mei-Yu Tseng, Yong-Hua Huang	Unqualified opinion
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

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

Year	Accounting Firm	Names of CPAs retained as external auditors	Remarks
2016	KPMG	Mei-Yu Tseng, Yong-Hua Huang	Unqualified opinion
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

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)

<div> <div>Year</div> <div>Items of analysis (Note 2)</div> </div>		Financial analysis of the last 5 years (Note 1)					Financial information as of 2021/3/31
		2016	2017	2018	2019	2020	
Financial Structure (%)	Ratio Of Liabilities To Assets	73.88	51.51	51.95	53.33	53.45	53.67
	Ratio Of Long-Term Capital To Property, Plant & Equipment	114.93	170.13	211.74	200.81	176.55	181.63
Solvency (%)	Current Ratio	89.24	157.79	217.83	191.35	169.06	106.59
	Quick Ratio	58.30	122.53	188.36	163.45	142.50	83.81
	Times Interest Earned Ratio	14.33	18.26	169.99	259.72	226.58	125.60
Operating Ability	Accounts Receivable Turnover (Turns)	3.02	5.92	6.88	6.68	6.84	6.91
	Average Collection Period	121	62	53	55	53	53
	Inventory Turnover (Turns)	2.54	4.42	4.88	4.83	4.65	5.14
	Accounts Payable Turnover (Turns)	4.39	7.32	8.04	8.11	9.06	9.75
	Average Days In Sales	144	83	75	76	78	71
	Property, Plant & Equipment Turnover (Turns)	0.91	1.56	2.00	1.77	1.54	1.64
	Total Assets Turnover (Turns)	0.44	0.70	0.74	0.62	0.58	0.62
Profitability	Return On Total Assets (%)	2.39	8.53	17.14	14.69	13.75	11.33
	Return On Shareholders' Equity (%)	5.78	21.18	35.32	30.91	29.37	24.21
	Pre-tax Income to Paid-in Capital Ratio (%)	36.41	157.22	417.46	424.33	379.99	246.12
	Profit Ratio (%)	5.10	11.42	23.08	23.47	23.67	18.17
	Earnings Per Share (\$)	2.54	12.68	31.18	31.35	30.11	6.18
Cash Flow	Cash Flow Ratio (%)	10.76	73.14	148.14	64.62	49.65	12.46
	Cash Flow Adequacy Ratio (%)	106.26	171.48	246.86	184.77	154.48	153.13
	Cash Reinvestment Ratio (%)	1.22	18.15	30.16	5.82	3.26	0.73
Leverage	Operating Leverage	2.16	1.68	1.27	1.27	1.36	1.38
	Financial Leverage	1.08	1.05	1.01	1.00	1.00	1.01
Explain the changes in the financial ratios of the last 2 years: 1. Cash flow ratio: due to the decrease in cash inflows from operating activities in the current period compared with the previous period and the increase in current liabilities over the previous period. 2. Cash Reinvestment Ratio: due to the decrease in cash inflows from operating activities in the current period compared with the previous period.							

Note 1: The financial information in the period of 2016~2020 was audited. The financial information in 2021 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.
- (2) Financial Leverage = Income from operations / (Income from operations – Interest Expenditures).

(II) Financial Analysis – IFRS (standalone)

Year Items of analysis (Note 2)		Financial analysis of the last 5 years (Note 1)				
		2016	2017	2018	2019	2020
Financial Structure (%)	Ratio Of Liabilities To Assets	62.30	45.32	38.15	40.31	46.58
	Ratio Of Long-Term Capital To Fixed Assets	7,322.59	9,857.76	4,235.57	4,777.57	1,298.38
Solvency (%)	Current Ratio	39.33	62.11	38.69	27.57	71.70
	Quick Ratio	30.49	53.69	32.41	23.01	64.35
	Times Interest Earned Ratio	27.17	22.03	86.51	101.84	57.55
Operating Ability	Accounts Receivable Turnover (Turns)	2.69	3.46	4.19	3.49	5.61
	Average Collection Period	136	105	87	105	65
	Inventory Turnover (Turns)	4.54	4.45	5.66	6.20	8.84
	Accounts Payable Turnover (Turns)	2.10	2.07	2.63	2.62	4.07
	Average Days In Sales	80	82	64	59	41
	Property, plant, and equipment turnover	21.23	24.85	18.25	11.35	8.23
	Total Assets Turnover (Turns)	0.22	0.17	0.21	0.17	0.28
Profitability	Return On Total Assets (%)	3.20	10.61	20.90	18.97	16.86
	Return on equity (%)	5.78	21.17	35.32	30.94	29.37
	EBT to paid-in capital ratio (%)	27.11	137.83	368.08	353.71	341.03
	Profit Ratio (%)	13.92	56.83	99.20	109.53	58.22
	Earnings Per Share (\$)	2.54	12.68	31.18	31.35	30.11
Cash flow	Cash Flow Ratio (%)	5.47	21.38	21.33	11.01	18.41
	Cash Flow Adequacy Ratio (%)	90.97	78.63	87.81	59.26	56.41
	Cash Reinvestment Ratio (%)	-3.80	8.82	1.34	-15.93	-7.97
Leverage	Operational Leverage	1.15	1.27	1.12	1.14	1.18
	Financial Leverage	1.06	1.23	1.05	1.04	1.04
<p>Explain the changes in the financial ratios of the last 2 years:</p> <ol style="list-style-type: none"> <li>1. Ratio of Long-Term Capital To Fixed Assets: To streamline the Company's operating structure, the Company conducted a short-form merger with its former subsidiary company, Taisil Electronic Materials Corp.(Hereinafter referred to as Taisil) in February 2020, causing rising levels in property, plant and equipment.</li> <li>2. Current Ratio and Quick Ratio: due to the Company conducted a short-form merger with subsidiary Taisil in this period, resulting in an increase in current assets.</li> <li>3. Times Interest Earned Ratio: due to the depreciation of the US dollar recognized as the loss of foreign exchange and the decline in overseas investment profits.</li> <li>4. Accounts Receivable Turnover (Turns) &amp; Average Collection Period: due to the Company conducted a short-form merger in this period with subsidiary Taisil, sales revenue increased compared to the previous period.</li> <li>5. Inventory Turnover (Turns): due to the Company conducted a short-form merger with subsidiary Taisil in this period, the sales revenue and the cost of goods solds increased.</li> </ol>						



	<p>6. Fixed Assets Turnover(Turns): due to the Company in this period conducted a short-form merger with the subsidiary Taisil, the amount of property, plant and equipment increased.</p> <p>7. Total Assets Turnover (Turns): due to the Company conducted a short-form merger with subsidiary Taisil in this period, the sales revenue increased compared to the previous period.</p> <p>8. Profit Ratio: due to the Company conducted a short-form merger with subsidiary Taisil in this period, sales revenue increased due to the Company conducted a short-form merger with subsidiary Taisil in this period.</p> <p>9. Cash Flow Ratio: due to the Company conducted a short-form merger with subsidiary Taisil in this period, the net cash inflows from operating activities increased.</p> <p>10.Cash Reinvestment Ratio (%): due to the Company conducted a short-form merger with subsidiary Taisil in this period, the net cash inflows from operating activities and the amount of property, plant and equipment increased.</p>
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Note 1: The financial information in the period of 2016~2020 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 2020 Business Report, Consolidated and Standalone Financial Statements and Earnings Distribution Proposal. GlobalWafers Co., Ltd. Consolidated and Standalone Financial Statements have been audited and certified by Chen, Chen-Chien, CPA, and Cheng, An-Chih, CPA, of KPMG and audit review reports relating to the Financial Statements have been issued. The aforementioned reports have been reviewed and considered to be complied with relevant rules by the undersigned, the audit committee of GlobalWafers Co., Ltd. according to Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this report.

GlobalWafers Co., Ltd.

Audit Committee Convener:



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Chi-Hsiung Cheng

May 4, 2021

- 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. Analysis of Financial Status

Unit: NT\$ 1,000

Item \ Year	2020	2019	Difference	
			Amount	Change in percentage (%)
Current Assets	49,586,369	51,492,745	(1,906,376)	-3.7%
Property, Plant & Equipment	37,111,052	34,697,367	2,413,685	7.0%
Intangible Assets	2,797,463	3,227,583	(430,120)	-13.3%
Other Assets	5,356,733	7,168,058	(1,811,325)	-25.3%
Total Assets	94,851,617	96,585,753	(1,734,136)	-1.8%
Current Liabilities	29,331,386	26,910,651	2,420,735	9.0%
Non-current Liabilities	21,365,331	24,601,852	(3,236,521)	-13.2%
Total Liabilities	50,696,717	51,512,503	(815,786)	-1.6%
Capital	4,372,500	4,372,500	0	0.0%
Capital Surplus	23,470,919	24,772,630	(1,301,711)	-5.3%
Retained Earnings	18,622,398	18,785,920	(163,522)	-0.9%
Total Equity	44,154,900	45,073,250	(918,350)	-2.0%
1. Analysis of the difference greater than 20% in the last 2 years: (1) Other assets: due to the increase of other asset-non-current. 2. Significant influence and the plan for response: None.				

## II. Analysis of 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	2020	2019	Changes in amount	Change in percentage (%)
Total Net Revenues	55,358,788	58,094,331	(2,735,543)	-5%
Gross Profit	20,567,114	22,846,721	(2,279,607)	-10%
Operation Profit	15,286,849	17,897,221	(2,610,372)	-15%
Non-Operating Income and Expense	1,328,118	656,644	671,474	102%
Profit before Tax	16,614,967	18,553,865	(1,938,898)	-10%
Income Tax Expense	3,511,336	4,918,209	(1,406,873)	-29%
Net Profit	13,103,631	13,635,656	(532,025)	-4%
Other Comprehensive Income	347,092	(841,189)	1,188,281	-141%
Total Comprehensive Income	13,450,723	12,794,467	656,256	5%
<p>Analysis of the difference greater than 20% in the last 2 years:</p> <p>(1) Non-operating Income and Expense: due to the increase of interest in financial assets (liabilities) measured at fair value through profit and loss.</p> <p>(2) Other Comprehensive Income: due to the change in the exchange difference presented in the financial statements of overseas operations.</p>				

### III. Analysis of Cash Flow:

#### (I) Analysis of the changes in cash flow in the most recent year (2020)

##### (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
32,821,512	14,563,559	24,945,590	22,439,481	NA	NA
Analysis of the change in cash flow of current period: (1) Operation: The continued profit in 2020 with the net cash inflow from operation. (2) Investment: the purchase of fixed assets in 2020, financial assets and repatriated offshore funds resulted in net cash outflow from investment. (3) Financing: dividend distribution resulted in net cash outflow from financing.					

(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 (2021)

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
22,439,481	16,570,465	4,936,776	34,073,170	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 2020	Main reason for profit or loss	Corrective action plan
GlobalWafers Inc.	22,123	Operation is normal	None
GlobalSemiconductor Inc.	343,004	Operation is normal	None
GlobalWafers Japan Co., Ltd.	1,662,236	Operation and profit position is stable	None
GWafers Singapore Pte. Ltd.	6,478,384	Operation is normal	None
Topsil GlobalWafers A/S	120,147	Operation is normal	None
Hong-Wang Investment Company	36,809	Operation is normal	None
Taisil Electronic Materials Corp.(Note 1)	293,186	Operation and profit position is stable	None
Kunshan Sino Silicon Technology Co., Ltd.	342,602	Operation is normal	None
MEMC Japan Ltd.	239,045	Operation and profit position is stable	None
Topsil Semiconductor sp z o.o.	-	Operation is normal	None
GlobalWafers Singapore Pte. Ltd.	6,739,840	Operation and profit position is stable	None
GlobalWafers B.V.	4,465,267	Operation is normal	None
MEMC Electronic Materials, S.p.A	239,045	Operation and profit position is stable	None
MEMC Electronic Materials France SarL	738	Operation is normal	None
MEMC Electronic Materials GmbH	(17)	Operation is normal	None
MEMC Korea Company	350,282	Operation and profit position is stable	None
GlobiTech Incorporated	1,659,904	Operation and profit position is stable	None
MEMC LLC	58,956	Operation is normal	None
MEMC Electronic Materials Sdn. Bhd	738	Operation is normal	None
MEMC Ipoh Sdn Bhd	848	Operation is normal	None
Sunrise PV Four Co., Ltd.	(154)	Operation is normal	None
Sunrise PV Electric Power Five Co., Ltd.	(428)	Operation is normal	None
GlobalWafers GmbH	(65)	Operation is normal	None
GlobalWafers Holding Co., Ltd.	22,123	Operation is normal	None

Note 1: The Company conducted a short-form merger with subsidiary Taisil Electronic Materials Corp, which dissolved and the Company is the existing company.

(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:

The effect of inflation in the most recent year on the income position of the Company was insignificant. The Company and its subsidiaries pay close attention to the fluctuation of price and will take relevant measures in response where 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 2019 and 2020 was accounted 2.94% and 2.93% 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	350,000	<ol style="list-style-type: none"> <li>1. Design and development low-energy consuming hot field for crystal growth</li> <li>2. Development of low-pollution wire cutting process</li> <li>3. Improvement to advanced crystal-growing/wafer manufacturing process yield</li> </ol>
R&D of quality improvement	400,000	<ol style="list-style-type: none"> <li>1. Development of crystal defect control and measuring technology</li> <li>2. Development of ultra-flat silicon wafer processing technology</li> <li>3. Polishing technology for the surface defects of wafers</li> <li>4. Development of surface polishing technology for the atomic-grade wafers</li> <li>5. Development of RFSOI manufacturing process yield technology</li> <li>6. Measuring system of wafer chamfer</li> <li>7. Low-temperature FTIR analyses applied to the carbon/oxygen contents in heavy doping silicon wafers.</li> <li>8. PL and FTIR technologies applied to the development of low-carbon silicon wafer measuring technology</li> <li>9. Development of technology growing epitaxy with low-stacking fault defects at the heavily doped red phosphorus wafers with resistant &lt; 0.9 mΩ-cm</li> </ol>
R&D of equipment improvement	350,000	<ol style="list-style-type: none"> <li>1. Development of automated and digitized manufacturing system</li> <li>2. Development and design of crystal furnace with high productivity and crystal quality</li> <li>3. Development and design of low energy-consumption manufacturing process equipment</li> </ol>

Type	Expected R&D Costs (thousand NTD)	Description of the R&D project
		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. Development of 8" FZ wafers for the next generation power components
New product development	520,000	1. Development of large-size semi insulating SiC crystal and the wafers 2. Development of SOI substrate for next generation RF device application 3. Development of heteroepitaxy technology 4. Development of ECAS wafers with low carbon, low defects, and quasi IG structure for the next generation 3D storage components and CMOS image sensors 5. PPCM applied to the CMOS image sensors with high resolution 6. Development of new 8" GaN epitaxy products 7. Development of GaN and SiC epitaxy wafers 8. Development of SiC epitaxy wafers

- (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 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.

- (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:

The Company's subsidiary, GlobalWafers GmbH, publicly acquired all outstanding shares of Siltronic AG at the price of EUR 145 per share; the statutory public acquisition extension expired on March 1, 2021. The final stake acquired is 70.27%. The finalization of this acquisition depends on the approval of the competent authorities. The Company and Siltronic AG expect this merger will bring series of strategic and operational effects, including: more resources input for further expansion of capacity and technology; satisfaction to the demands from growing clients, diversified resource mixes, more flexible capacity, and further enhancement of financial and operational scales. It is expected that the synergy generated will create positive values for shareholders and clients, and broader client base. The Company proceeded to M&A in accordance with the "Procedure for the Acquisition or Disposition of Assets", and will be cautious in assessment for assurance of the best interest of the Company and the shareholders' equity.

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

To respond to the clients' demand for new capacity of advanced 12" wafer manufacturing process, the Company's subsidiary, MEMC Korea Company invested in plant and equipment, to expand the 12" wafer production line in the existing wafer fab in Korea. The mass production with full capacity was scheduled in mid 2020; however, impacted by COVID-19, the installation of equipment and samples to clients were delayed. Through the close collaboration of the engineers in the plant and the clients, most capacity has been utilized at the end of 2020, and the full-load production is expected by mid 2021. In consideration of the possible risk and influence from the economic cycle of the semiconductor industry on the new capacity, the capacity expansion for this instance is based on the long-term purchase order confirmed by the customers where the products from the new production capacity are fully for supplying the customers. This helps to mitigate the influence of the economic cycle on the Company.

- (IX) The risks deriving from concentration of purchase and sale, and the response: None.

(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. The assessment of information security risk and response:

The Company outsourced with the group parent (Sino-American Silicon Products Inc.) to manage its information system. The internal audit function of the Company orchestrates the audit on the information system and information security annually and reports to the Board on the governance of information security.

The Company takes "Information Security Governance" as the theme of the information security strategy – pursuit in compliance with the Information Security Policy, with timely introduction of new technologies for the improvement of the capacity in security information governance. "Compliance" – the Company reviews newly enacted legal rules and regulations and introduces new technology products for enhancing information security management. "Application of Technology" – cooperation with famous professional information security service provider to make improvement of information security governance capacity in these 3 aspects. Through close cooperation and mutual support, and endless improvement, the Company optimizes its capacity in overall information security defense.

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 SP-ISAC of the Industrial Park. Through the annual exchange with famous information security service providers and programs, 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. The parent company, Sino-American Silicon, retained KPMG to conduct the information security drill in the first half of 2019. The outcome of

the drill was reported to the parent company, Sino-American Silicon, and the Company's Board of Directors (19 recommendations without defect). As of 2020, 17 items have been improved. In 2021, the information collection and analysis technology will be introduced to include the weakness of enterprise network detection into the routine management.

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, it needs to be evaluated before deciding whether to purchase information security insurance. 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.

## 2. 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.

**Secret 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 2019. The latest

certificate expires on December 31, 2021. Also the Company reports the IP management implementation to the Board of Directors annually.

Potential risks and counter strategies:

Whereas the secret leakage becomes a frequent headlines 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. 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 audit is conducted periodically to investigate the implementation of secret management, and increase the capacity of management.

List of the Intellectual Property Rights

Currently, GlobalWafers has more than 1,400 effective patents globally, and the certified patents are aggregated to 952 (as of December 31, 2020) °

VII. Additional information: None

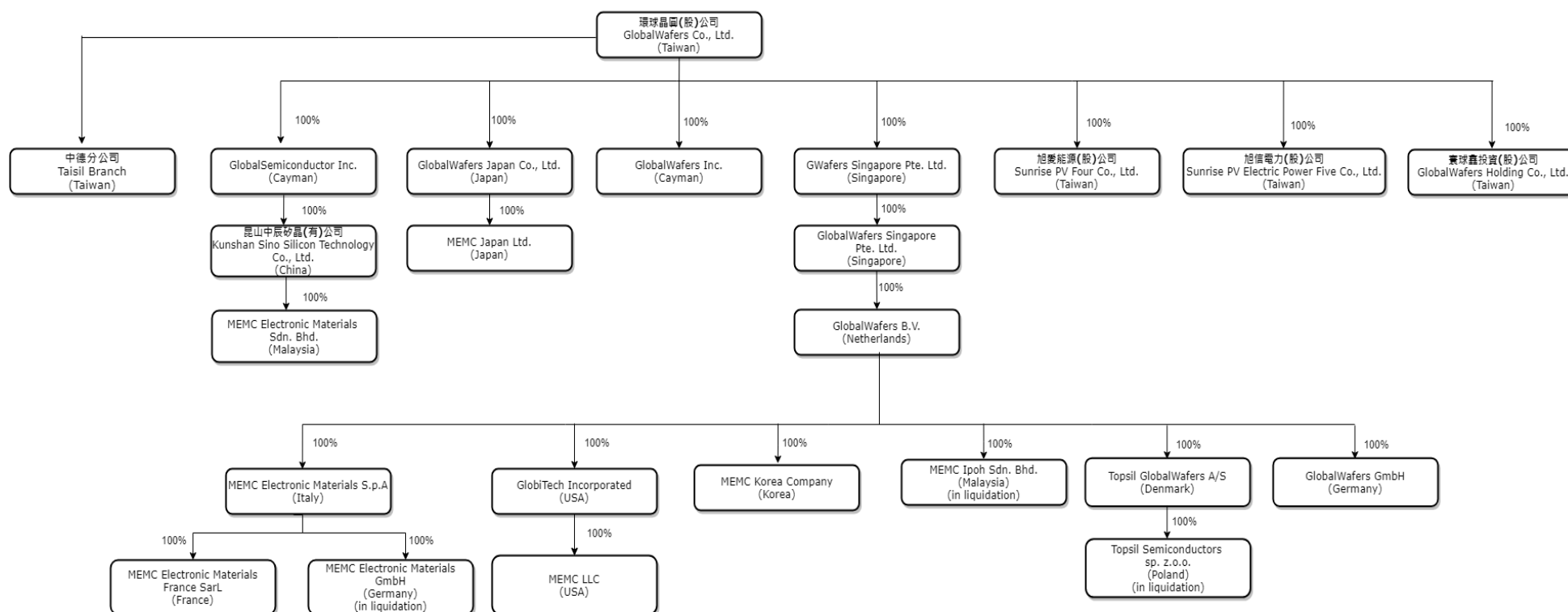
## Eight. Special Disclosure

### I. Affiliated Businesses

#### (I) Affiliated Business Consolidated Business Report

##### 1. Affiliated Company Chart

2020.12.31



## 2. Relationship with Affiliated Companies and Share Crossholdings

December 31, 2020

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 Electronic Materials GmbH	1998/02/10	c/o Rene Schaeffler-Steinsdorfstr, 13, D-80538 Muenchen, Germany	EUR 200	Trading
MEMC Korea Company	1990/12/18	854, Manghyang-ro, Sunggeo-eup, Cheonan-si, Chungchongnam-do, Korea	KRW 126,000,000	Semiconductor silicon wafer manufacturing and trading



Enterprise name	Date of incorporation	Address	Paid-in Capital	Principal business or Products
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.
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 122,000,000	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, 2019

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, SpA	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 Electronic Materials GmbH	Director	Marco Sciamanna	0.002	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	12,200	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

2020.12.31; 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.	—	1,823	—	1,823	—	—	22,123	—
GlobalSemiconductor Inc.	756,286	1,832,883	—	1,832,883	—	(3,189)	339,834	—
GlobalWafers Japan Co., Ltd.	1,924,982	21,351,307	4,389,722	16,961,585	11,010,707	1,937,094	1,659,904	—
GWafers Singapore Pte. Ltd.	15,426,873	43,838,012	301	43,837,711	—	(5,332)	6,659,202	—
Topsil GlobalWafers A/S	4,610	2,197,482	354,412	1,843,070	1,192,066	141,437	120,147	—
Taisil Electronic Materials Corp. (Note 1)	—	—	—	—	919,283	258,032	239,186	—
Kunshan Sino Silicon Technology Co., Ltd.	769,177	2,171,530	401,860	1,769,670	2,037,277	279,273	342,600	—
MEMC Japan Ltd.	27,630	3,064,880	1,500,496	1,564,384	4,535,975	374,663	239,045	—
Topsil Semiconductor sp z o.o.	38	—	—	—	—	—	—	—
GlobalWafers Singapore Pte. Ltd.	15,518,043	58,671,858	19,958,867	38,712,991	21,663,864	2,614,567	6,739,840	—
GlobalWafers B.V.	3	44,092,669	2,969,566	41,123,103	—	(11,276)	4,465,267	—
MEMC Electronic Materials S.p.A.	1,092,624	11,180,495	2,366,907	8,813,588	10,443,708	1,138,359	1,017,366	—
MEMC Electronic Materials France SarL	560	5,593	3,983	1,610	—	1,184	738	—
MEMC Electronic Materials GmbH	7	5,155	143	5,012	—	—	(17)	—
MEMC Korea Company	3,326,400	20,657,608	3,609,055	17,048,553	8,914,711	1,533,801	1,508,160	—
GlobiTech Incorporated	—	9,972,926	978,852	8,994,074	5,842,194	592,617	350,282	—
MEMC LLC	—	4,884,854	1,099,959	3,784,895	2,004,609	(682,013)	(171,320)	—
MEMC Electronic Materials Sdn. Bhd.	7,310	1,075,295	256,921	818,374	1,703,413	90,643	58,956	—
MEMC Ipoh Sdn. Bhd.	4,319,652	3,630	74	3,556	—	(86)	(63)	—
GlobalWafers GmbH	876	876	444	431	-	(277)	(428)	—
Sunrise PV Four Co., Ltd.	1,045,000	1,082,421	36,477	1,045,944	4,239	(390)	859	—
Sunrise PV Electric Power Five Co., Ltd.	122,000	121,897	51	121,846	-	(193)	(143)	—
GlobalWafers Holding Co., Ltd.	250,000	249,935	0	249,935	-	(75)	(65)	-

Note 1: Taisil Electronic Materials Corp. conducted a short-form merger with the Company. The Company is the existing company while Taisil Electronic Materials Corp. dissolved.

- (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
<p>The Company promises to add below in “Acquisition or Disposal of Assets Procedure”</p> <p>The Company shall not give up capital increase in future years to GlobalSemiconductor Inc.(GSI) 、GlobalWafers Inc.(GWI) and GWafers Inc.( GWafers).</p> <p>GSI shall not give up capital increase in future years to Kunshan Sino Silicon Technology Co., Ltd. (SST)</p> <p>GWl shall not give up capital increase in future years to GlobiTech Incorporated</p> <p>GWafers shall not give up capital increase in future years to GlobalWafers Japan Co., Ltd.</p> <p>If the aforesaid companies have to give up capital increase or dispose of above mentioned subsidiaries due to consideration of strategic alliance or other factors in the future, it shall acquire OTC’s consent as well as submit to the Board of Directors for special resolution approval. Also, if the Procedure is amended, the Company shall make material announcement in MOPS and submit to TPEX for recordation.</p> <p>The procedure should be disclosed in material announcements in MOPS and submit to TPEX for recordation if modification is made.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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</p>

	<p>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.</p> <p>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.</p>
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- 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. Consolidated Financial Statements

Stock Code:6488

**GlobalWafers Co., Ltd. and Subsidiaries**  
**Consolidated Financial Statements**  
**With Independent Auditors' Report**  
**For the Years Ended December 31, 2020 and 2019**

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

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## **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, 2020 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 16, 2021

## **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, 2020 and 2019, 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, 2020 and 2019, 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(12) "Intangible 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 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, 2020 and 2019, on which we have issued an unqualified opinion.

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

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

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

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

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

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

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)  
March 16, 2021

#### **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.

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

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

## December 31, 2020 and 2019

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

		December 31, 2020		December 31, 2019				December 31, 2020		December 31, 2019			
		Amount	%	Amount	%			Amount	%	Amount	%		
Assets						Liabilities and Equity							
Current assets:						Current liabilities:							
1100	Cash and cash equivalents (note 6(1))	\$	22,439,481	24	32,821,512	34	2100	Short-term borrowings (notes 6(11) and 8)	\$	9,871,000	10	9,886,000	10
1110	Financial assets at fair value through profit or loss—current (note 6(2))		5,656,668	6	1,883,576	2	2120	Financial liabilities at fair value through profit or loss—current (note 6(2))		45,953	-	216,632	-
1170	Notes and accounts receivable, net (note 6(4))		7,962,618	8	8,089,619	8	2130	Contract liabilities—current (note 6(19))		3,639,970	4	4,035,411	4
1180	Accounts receivable due from related parties, net (note 7)		74,812	-	50,348	-	2170	Notes and accounts payable		3,640,950	4	3,606,374	4
130X	Inventories (note 6(5))		7,207,731	8	6,848,823	7	2180	Accounts payable to related parties (note 7)		254,514	-	231,107	-
1476	Other financial assets—current (note 9)		5,588,381	6	896,531	1	2201	Payroll and bonus payable		2,408,567	3	2,473,035	3
1479	Other current assets (note 6(10))		<u>656,678</u>	<u>1</u>	<u>902,336</u>	<u>1</u>	2216	Dividends payable		3,481,896	4	-	-
Total current assets			<u>49,586,369</u>	<u>53</u>	<u>51,492,745</u>	<u>53</u>	2230	Current tax liabilities		2,035,186	2	2,672,322	3
Non-current assets:						2399	Other current liabilities (note 6(13))		<u>3,953,350</u>	<u>4</u>	<u>3,789,770</u>	<u>4</u>	
1513	Financial assets at fair value through profit or loss—non-current (note 6(2))		117,204	-	95,163	-	Total current liabilities			<u>29,331,386</u>	<u>31</u>	<u>26,910,651</u>	<u>28</u>
1517	Financial assets at fair value through other comprehensive income—non-current (note 6(3))		101,475	-	-	-	Non-Current liabilities:						
1550	Investments accounted for using equity method (note 6(6))		1,202,176	1	571,929	1	2527	Contract liabilities—non-current (notes 6(19))		13,088,058	14	16,164,687	16
1600	Property, plant and equipment (notes 6(7), 7 and 8)		37,111,052	39	34,697,367	36	2570	Deferred tax liabilities (note 6(15))		4,942,689	5	4,745,579	5
1755	Right-of-use assets (note 6(8))		657,121	1	771,057	1	2670	Other non-current liabilities (note 6(13))		852,997	1	741,196	1
1780	Intangible assets (note 6(9))		2,797,463	3	3,227,583	3	2640	Net defined benefit liabilities (note 6(14))		<u>2,481,587</u>	<u>3</u>	<u>2,950,390</u>	<u>3</u>
1840	Deferred tax assets (note 6(15))		2,230,787	2	1,855,040	2	Total non-current liabilities			<u>21,365,331</u>	<u>23</u>	<u>24,601,852</u>	<u>25</u>
1980	Other financial assets—non-current (notes 8 and 9)		260,393	-	3,098,123	3	Total liabilities			<u>50,696,717</u>	<u>54</u>	<u>51,512,503</u>	<u>53</u>
1990	Other non-current assets (note 6(10))		<u>787,577</u>	<u>1</u>	<u>776,746</u>	<u>1</u>	Equity (note 6(16)):						
Total non-current assets			<u>45,265,248</u>	<u>47</u>	<u>45,093,008</u>	<u>47</u>	Equity attributable to shareholders of GlobalWafers Co., Ltd.:						
							3110	Ordinary share		<u>4,372,500</u>	<u>5</u>	<u>4,372,500</u>	<u>5</u>
							3200	Capital surplus		<u>23,470,919</u>	<u>25</u>	<u>24,776,630</u>	<u>26</u>
							Retained earnings:						
							3310	Legal reserve		4,060,325	4	2,686,883	3
							3320	Special reserve		2,291,256	2	1,133,596	1
							3350	Unappropriated retained earnings		<u>12,270,817</u>	<u>13</u>	<u>14,965,441</u>	<u>15</u>
										<u>18,622,398</u>	<u>19</u>	<u>18,785,920</u>	<u>19</u>
							3400	Other equity interest		<u>(1,734,138)</u>	<u>(2)</u>	<u>(2,291,256)</u>	<u>(2)</u>
							3500	Treasury shares		<u>(576,779)</u>	<u>(1)</u>	<u>(576,779)</u>	<u>(1)</u>
							Total equity attributable to shareholders of GlobalWafers Co., Ltd.			<u>44,154,900</u>	<u>46</u>	<u>45,067,015</u>	<u>47</u>
							36XX	Non-controlling interests		-	-	6,235	-
							Total equity			<u>44,154,900</u>	<u>46</u>	<u>45,073,250</u>	<u>47</u>
Total assets		\$	<u>94,851,617</u>	<u>100</u>	<u>96,585,753</u>	<u>100</u>	Total liabilities and equity		\$	<u>94,851,617</u>	<u>100</u>	<u>96,585,753</u>	<u>100</u>

See accompanying notes to consolidated financial statements.



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

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2020 and 2019**

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

		2020		2019	
		Amount	%	Amount	%
4000	<b>Operating revenue</b> (notes 6(19) and 7)	\$ 55,358,788	100	58,094,331	100
5000	<b>Operating costs</b> (notes 6(5), (17), (20) and 7)	34,790,674	63	35,247,610	61
	<b>Gross profit from operations</b>	<u>20,568,114</u>	<u>37</u>	<u>22,846,721</u>	<u>39</u>
	<b>Operating expenses</b> (notes 6(17), (20) and 7):				
6100	Selling expenses	1,233,877	2	1,193,223	2
6200	Administrative expenses	2,431,832	4	2,040,734	3
6300	Research and development expenses	1,624,308	3	1,710,801	3
6450	Expected credit losses (gains) (note 6(4))	(8,752)	-	4,742	-
	<b>Total operating expenses</b>	<u>5,281,265</u>	<u>9</u>	<u>4,949,500</u>	<u>8</u>
	<b>Net operating income</b>	<u>15,286,849</u>	<u>28</u>	<u>17,897,221</u>	<u>31</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income(note 6(21))	243,546	-	723,336	1
7020	Other gains and losses (notes 6(21) and 7)	1,158,228	2	5,022	-
7050	Finance costs(notes 6(13), (21) and 7)	(73,656)	-	(71,714)	-
		<u>1,328,118</u>	<u>2</u>	<u>656,644</u>	<u>1</u>
	<b>Income before income tax</b>	<u>16,614,967</u>	<u>30</u>	<u>18,553,865</u>	<u>32</u>
7950	Income tax expense (note 6(15))	3,511,336	6	4,918,209	9
	<b>Net income</b>	<u>13,103,631</u>	<u>24</u>	<u>13,635,656</u>	<u>23</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that may not be reclassified subsequently to profit or loss:</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	(248,547)	-	179,553	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6,118	-	27,542	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(15))	(38,521)	-	120,951	-
		<u>(203,908)</u>	<u>-</u>	<u>86,144</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently to profit or loss:</b>				
8361	Exchange differences on translation of foreign operations	(75,886)	-	(1,503,580)	(2)
8370	Share of other comprehensive income of associates accounted for using equity method	611,708	1	275,843	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(15))	(15,178)	-	(300,404)	(1)
		<u>551,000</u>	<u>1</u>	<u>(927,333)</u>	<u>(1)</u>
8300	<b>Other comprehensive income (after tax)</b>	<u>347,092</u>	<u>1</u>	<u>(841,189)</u>	<u>(1)</u>
	<b>Total comprehensive income</b>	<u>\$ 13,450,723</u>	<u>25</u>	<u>12,794,467</u>	<u>22</u>
	<b>Net income attributable to:</b>				
	Shareholders of GlobalWafers Co., Ltd	\$ 13,103,614	24	13,644,095	23
	Non-controlling interests	17	-	(8,439)	-
		<u>\$ 13,103,631</u>	<u>24</u>	<u>13,635,656</u>	<u>23</u>
	<b>Total comprehensive income attributable to:</b>				
	Shareholders of GlobalWafers Co., Ltd	\$ 13,450,706	25	12,804,463	22
	Non-controlling interests	17	-	(9,996)	-
		<u>\$ 13,450,723</u>	<u>25</u>	<u>12,794,467</u>	<u>22</u>
	<b>Earnings per share (NT dollars) (note 6(18))</b>				
	Basic earnings per share	<u>\$ 30.11</u>		<u>31.35</u>	
	Diluted earnings per share	<u>\$ 30.03</u>		<u>31.21</u>	

See accompanying notes to consolidated financial statements.

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)  
**GlobalWafers Co., Ltd. and subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars)**

Equity attributable to shareholders of GlobalWafers Co., Ltd.

	Retained earnings						Other equity interest		Treasury shares	Total	Non-controlling interests	Total equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	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
Balance at January 1, 2019	\$ 4,372,500	24,772,608	1,341,111	1,133,596	13,457,718	15,932,425	(1,328,874)	(32,425)	(1,361,299)	(576,779)	43,139,455	16,658	43,156,113
Net income for the year	-	-	-	-	13,644,095	13,644,095	-	-	-	-	13,644,095	(8,439)	13,635,656
Other comprehensive income for the year	-	-	-	-	58,602	58,602	(1,201,619)	303,385	(898,234)	-	(839,632)	(1,557)	(841,189)
Comprehensive income for the year	-	-	-	-	13,702,697	13,702,697	(1,201,619)	303,385	(898,234)	-	12,804,463	(9,996)	12,794,467
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	1,345,772	-	(1,345,772)	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(10,880,925)	(10,880,925)	-	-	-	-	(10,880,925)	-	(10,880,925)
Difference between consideration and the carrying amount of subsidiaries acquired or disposed	-	(41)	-	-	-	-	-	-	-	-	(41)	(427)	(468)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	31,723	31,723	-	(31,723)	(31,723)	-	-	-	-
Difference between consideration and the carrying amount of associates acquired or disposed	-	4,063	-	-	-	-	-	-	-	-	4,063	-	4,063
Balance at December 31, 2019	4,372,500	24,776,630	2,686,883	1,133,596	14,965,441	18,785,920	(2,530,493)	239,237	(2,291,256)	(576,779)	45,067,015	6,235	45,073,250
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 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

See accompanying notes to consolidated financial statements.

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

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2020 and 2019**

(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 16,614,967	18,553,865
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expenses	5,165,290	4,380,511
Amortization expenses	356,495	364,830
Expected credit losses (gains)	(8,752)	4,742
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(457,641)	286,218
Interest expense	73,656	71,714
Interest income	(243,546)	(723,336)
Dividend income	(2,210)	(4,137)
Shares of profit of associates accounted for using equity method	(36,809)	(20,331)
Loss on disposal of property, plant and equipment	5,559	7,992
Loss on disposal of intangible assets	-	1,141
Provisions for inventory valuation	144,385	123,286
<b>Total adjustments</b>	<u>4,996,427</u>	<u>4,492,630</u>
<b>Changes in operating assets and liabilities:</b>		
Notes and accounts receivable (including related parties)	110,868	1,081,878
Inventories	(490,308)	74,794
Other operating assets	221,566	(792,437)
Other financial assets	(40,290)	100,841
<b>Total changes in operating assets</b>	<u>(198,164)</u>	<u>465,076</u>
Contract liabilities	(3,472,070)	(1,978,993)
Notes and accounts payable (including related parties)	57,983	(1,032,964)
Net defined benefit liabilities	(495,042)	(3,253)
Other operating liabilities	85,024	(477,072)
<b>Total changes in operating liabilities</b>	<u>(3,824,105)</u>	<u>(3,492,282)</u>
<b>Total changes in operating assets and liabilities</b>	<u>(4,022,269)</u>	<u>(3,027,206)</u>
<b>Total adjustments</b>	<u>974,158</u>	<u>1,465,424</u>
Cash inflow generated from operations	17,589,125	20,019,289
Interest received	242,694	747,584
Dividends received	2,210	4,137
Interest paid	(70,946)	(67,369)
Income taxes paid	(3,199,524)	(3,314,743)
<b>Net cash flows from operating activities</b>	<u>14,563,559</u>	<u>17,388,898</u>

(Continued)

See accompanying notes to consolidated financial statements.

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

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

**For the years ended December 31, 2020 and 2019**

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

	<b>2020</b>	<b>2019</b>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(95,357)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	79,178
Acquisition of financial assets at fair value through profit or loss	(5,611,917)	(1,907,850)
Proceeds from disposal of financial assets at fair value through profit or loss	2,103,746	95,901
Acquisition of investments accounted for using equity method	-	(109,760)
Cash dividends from associates accounted for using equity method	18,270	16,510
Acquisition of property, plant and equipment	(8,167,167)	(7,602,947)
Proceeds from disposal of property, plant and equipment	97,282	75,718
Increase in refundable deposits	(1,288)	-
Acquisition of intangible assets	(3,631)	-
Increase in other financial assets	(1,811,690)	(3,081,247)
<b>Net cash flows used in investing activities</b>	<b>(13,471,752)</b>	<b>(12,434,497)</b>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term borrowings	(15,000)	4,844,000
Repayments of long-term borrowings	-	(430,000)
Decrease in guarantee deposits received	(156,249)	(145,941)
Payment of lease liabilities	(159,280)	(171,013)
Cash dividends paid	(10,880,925)	(10,880,925)
Change in non-controlling interests	(6,252)	(468)
<b>Net cash flows used in financing activities</b>	<b>(11,217,706)</b>	<b>(6,784,347)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(256,132)</b>	<b>(562,865)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(10,382,031)</b>	<b>(2,392,811)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>32,821,512</b>	<b>35,214,323</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 22,439,481</b>	<b>32,821,512</b>

See accompanying notes to consolidated financial statements.

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

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2020 and 2019**

**(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, 2020, 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 16, 2021.

**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, 2020:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

**GlobalWafers Co., Ltd. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

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

The Group assessed that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- 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”

(3) The impact of IFRSs 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:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>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.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	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 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”

**GlobalWafers Co., Ltd. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

- 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.

**GlobalWafers Co., Ltd. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

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**

<b>Name of Investor</b>	<b>Name of Subsidiary</b>	<b>Business</b>	<b>Percentage of Ownership</b>		<b>Note</b>
			<b>December 31, 2020</b>	<b>December 31, 2019</b>	
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%	67.2%	note(1)
The Company	Topsil GlobalWafers A/S (Topsil A/S)	Manufacturing and trading of silicon wafers	- %	100%	note(2)
The Company	Taisil	Manufacturing and trading of silicon wafers	- %	99.98%	note(3)
The Company	Sunrise PV Four Co., Ltd. (SPV4)	Electricity activities	100%	- %	
The Company	Sunrise PV Five Co., Ltd. (SPV5)	Electricity activities	100%	- %	
The Company	GlobalWafers Holding Co., Ltd. (GWH)	Investment activities	100%	- %	note(4)
GSI	Kunshan Sino Silicon Technology Co., Ltd. (SST)	Processing and trading of ingots and wafers	100%	100%	



**GlobalWafers Co., Ltd. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership		Note
			December 31, 2020	December 31, 2019	
GWJ	GWafers Singapore	Investment activities	- %	32.8%	note(1)
GWJ	MEMC Japan Ltd. (MEMC Japan)	Manufacturing and trading of silicon wafers	100%	100%	
SST	Shanghai GrowFast Semiconductor Technology Co., Ltd.(Shanghai GrowFast)	Sale and marketing	- %	60%	note(5)
SST	MEMC Electronic Materials Sdn Bhd (MEMC Sdn Bhd)	Manufacturing and trading of silicon wafers	100%	- %	note(6)
Topsil A/S	Topsil Semiconductor sp z o.o. (Topsil PL)	Manufacturing and trading of silicon wafers	100%	100%	
GWafers Singapore	GlobalWafers Singapore Pte. Ltd. (GWS)	Investment, marketing and trading activities	100%	100%	
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%	100%	
GWBV	MEMC Korea Company (MEMC Korea)	Manufacturing and trading of silicon wafers	100%	100%	
GWBV	MEMC Sdn Bhd	Research and development, manufacturing and trading of silicon wafers	- %	100%	note(6)
GWBV	SunEdison Semiconductor Technology (Shanghai) Ltd. (SunEdison Shanghai)	Trading	100%	100%	note(7)
GWBV	MEMC Ipoh Sdn Bnd (MEMC Ipoh)	Manufacturing and trading of silicon wafers	100%	100%	

**GlobalWafers Co., Ltd. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership		Note
			December 31, 2020	December 31, 2019	
GWBV	GlobiTech Incorporated (GTI)	Manufacturing and trading of epitaxial wafers and silicon wafers	100%	100%	
GWBV	Topsil A/S	Manufacturing and trading of silicon wafers	100%	-	% note(2)
GWBV	GlobalWafers GmbH (GW GmbH)	Manufacturing and trading of silicon wafers	100%	-	% note(8)
GTI	MEMC LLC	Manufacturing and trading of silicon wafers	100%	100%	

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

- (1) GWafers Singapore was transferred from both the Company and GWI to the Company only.
- (2) Topsil A/S was transferred from the Company to GWBV.
- (3) The Company merged with Taisil on February 1, 2020, wherein the Company became the surviving company and Taisil as the dissolved entity.
- (4) GlobalWafers Holding was established on September 21, 2020.
- (5) Shanghai GrowFast was dissolved on November 19, 2020.
- (6) MEMC Sdn Bhd was transferred from GWBV to SST.
- (7) SunEdison Shanghai was dissolved in July 2020.
- (8) GW GmbH was established in February 2020.

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.

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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 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.

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(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.

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

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.

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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.

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.

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(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) 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.

(e) 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.

(f) 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.

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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.



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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.

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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 40 years
- (b) Machinery and equipment: 1 to 15 years
- (c) Other equipment and leased assets: 1 to 12 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 40 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

A. Identifying a lease

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. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- (a) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- (b) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- (c) the customer has the right to direct the use of the asset throughout the period of use only if either:
  - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
  - the relevant decisions about how and for what purpose the asset is used are predetermined and:
    - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

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- the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

**B. 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

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- (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, 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.

**C. 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.

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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.

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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.

**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.

**(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.

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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.

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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.



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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 reverse, 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.

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(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 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 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.

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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

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Cash on hand	\$ 8,618	12,686
Demand deposits	18,171,462	18,417,342
Time deposits	3,604,213	13,646,957
Repurchase agreement	655,188	744,527
	<b>\$ 22,439,481</b>	<b>32,821,512</b>

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

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Financial assets mandatorily measured at fair value through profit or loss:		
Forward exchange contracts	\$ 52,356	6,920
Overseas securities held	5,604,312	1,876,656
	<b>\$ 5,656,668</b>	<b>1,883,576</b>
Financial assets mandatorily measured at fair value through profit or loss — non-current:		
Privately offered funds	<b>\$ 117,204</b>	<b>95,163</b>

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	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Financial liabilities designated as at fair value through profit or loss:		
Swap exchange contracts	\$ 34,281	-
Forward exchange contract	11,672	216,632
	<b>\$ 45,953</b>	<b>216,632</b>

During the year ended December 31, 2020, the dividends of \$2,210 thousand 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, 2020 and 2019:

	<b>December 31, 2020</b>			
	<b>Contract amount (in thousands)</b>		<b>Currency</b>	<b>Maturity date</b>
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

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<b>December 31, 2019</b>				
	<b>Contract amount (in thousands)</b>		<b>Currency</b>	<b>Maturity date</b>
Forward exchange contracts sold	USD	21,050	USD to EUR	January 24, 2020~ February 26, 2020
Forward exchange contracts sold	USD	2,838	USD to KRW	January 23, 2020
Forward exchange contracts purchased	JPY	19,000,000	JPY to NTD	January 14, 2020~ June 29, 2020
Forward exchange contracts purchased	JPY	50,000	JPY to EUR	February 26, 2020
Forward exchange contracts purchased	EUR	3,508	EUR to KRW	January 23, 2020
Forward exchange contracts purchased	JPY	1,632,949	JPY to KRW	January 23, 2020

(3) Financial assets at fair value through other comprehensive income

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Equity investment in domestic entities	<b>\$ 101,475</b>	<b>-</b>

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.

In July 2019, due to changes in investing strategy, the Group disposed of financial assets measured at fair value through other comprehensive income. The fair value at the time of disposal was \$79,178 thousand, and the cumulative disposal gain was calculated at \$31,723 thousand. Therefore, the accumulated disposal gain has been transferred from other equity to retained earnings.

For the year ended December 31, 2019, the dividend income of \$2,118 thousand, related to equity investments at fair value through other comprehensive income, was recognized.

For market risk, please refer to note 6(23).

The financial assets mentioned above were not pledged as collateral.

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(4) Notes and accounts receivable, net

	<b>December 31, 2020</b>	<b>December 31, 2019</b>	<b>January 1, 2019</b>
Notes receivable	\$ 149,634	168,881	187,522
Accounts receivable	7,820,329	7,928,927	8,936,122
Accounts receivable-fair value through other comprehensive income	-	7,487	42,578
Less: allowance for doubtful accounts	<u>(7,345)</u>	<u>(15,676)</u>	<u>(11,198)</u>
	<b><u>\$ 7,962,618</u></b>	<b><u>8,089,619</u></b>	<b><u>9,155,024</u></b>

The movements in the allowance for doubtful accounts related to notes and accounts receivable were as follows:

	<b>2020</b>	<b>2019</b>
Balance on January 1 per IFRS 9	\$ 15,676	11,198
Impairment losses (gains) recognized	(8,752)	4,742
Foreign exchange losses (gains)	<u>421</u>	<u>(264)</u>
Balance on December 31	<b><u>\$ 7,345</u></b>	<b><u>15,676</u></b>

The Group assessed a portion of its accounts receivables that had been held within a business model whose objective was achieved by selling financial assets; therefore, such accounts receivables were measured at fair value through other comprehensive income.

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:

	<b>December 31, 2020</b>		
	<b>Gross amount of notes and accounts receivable</b>	<b>Weighted-average loss rate</b>	<b>Credit loss allowance</b>
Current	<b><u>\$ 1,988</u></b>	<b><u>0%</u></b>	<b><u>-</u></b>

The Group began to invest in the power plant operating segment in 2020, wherein the Group did not have any expected loss provision for receivables within its power plant operating segment as at December 31, 2019.

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The credit loss provision of semiconductor segment was determined as follows:

	<b>December 31, 2020</b>		
	<b>Gross amount of notes and accounts receivable</b>	<b>Weighted-average loss rate</b>	<b>Credit loss allowance</b>
Current	\$ 7,883,350	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%	-
91 to 120 days past due	-	50%	-
121 to 150 days past due	-	70%	-
151 to 180 days past due	-	90%	-
More than 181 days past due	<u>6,768</u>	100%	<u>6,768</u>
	<u><b>\$ 7,967,975</b></u>		<u><b>7,345</b></u>

	<b>December 31, 2019</b>		
	<b>Gross amount of notes and accounts receivable</b>	<b>Weighted-average loss rate</b>	<b>Credit loss allowance</b>
Current	\$ 7,823,157	0%	-
1 to 30 days past due	241,061	0%	-
31 to 60 days past due	17,797	0~15%	325
61 to 90 days past due	1,385	30%	416
91 to 120 days past due	13,626	50%	6,806
121 to 150 days past due	-	70%	-
151 to 180 days past due	1,402	90%	1,262
More than 181 days past due	<u>6,867</u>	100%	<u>6,867</u>
	<u><b>\$ 8,105,295</b></u>		<u><b>15,676</b></u>

The Group factored a portion of its accounts receivable to manage credit risks as of each reporting date as follows:

The Group entered into an agreement with banks to factor certain accounts receivable without recourse. According to the agreement, within the factoring line, the Group does not have to ensure the ability of debtors to pay when transferring the rights and obligations. The Group derecognized the above accounts receivables because it had transferred substantially all of the risks and rewards of their ownership, and it did not have any continuing involvement in them.

As of the December 31, 2020, the Group did not have any accounts receivable factoring.

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As of the December 31, 2019, details of accounts receivable factoring were as follows:

<b>December 31, 2019</b>						
<b>Purchaser</b>	<b>Amounts derecognized</b>	<b>Factoring Line</b>	<b>Advanced Amount</b>	<b>Reclassified to other receivables</b>	<b>Range of Interest Rate</b>	<b>Collateral</b>
Mitsubishi UFJ, etc.	\$ 329,440	-	329,440	-	1.175%~1.475%	None

The factoring agreements were entered into with individual purchasers.

The notes and accounts receivable mentioned above were not pledged as collateral.

(5) Inventories

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Finished goods	\$ 2,414,530	1,789,646
Work in progress	1,470,148	2,046,973
Raw materials	3,323,053	3,012,204
	<b>\$ 7,207,731</b>	<b>6,848,823</b>

Components of operating costs were as follows:

	<b>2020</b>	<b>2019</b>
Cost of sales	\$ 34,524,415	35,028,273
Provisions for inventory valuation loss	144,385	123,286
Unallocated fixed manufacturing expense	121,874	96,051
	<b>\$ 34,790,674</b>	<b>35,247,610</b>

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:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Associates	<b>\$ 1,202,176</b>	<b>571,929</b>

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:



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	<b>December 31, 2020</b>	<b>December 31, 2019</b>
The carrying amount of investments in the individually insignificant associates	<b>\$ 1,202,176</b>	<b>571,929</b>
	<b>2020</b>	<b>2019</b>
Amount of individually insignificant associates' interests attributable to the Group:		
Net income	\$ 36,809	20,331
Other comprehensive income (loss)	611,708	275,843
Total	<b>\$ 648,517</b>	<b>296,174</b>

- B. The Group acquired equity interests of Hongwang Investment Co., Ltd. for \$109,760 thousand in 2019, which was recognized as an addition to investments accounted for using the equity method. The difference of \$4,063 thousand between the investment cost and the equity acquired was recognized in additional paid-in capital. Ownership increased from 24.39% to 30.98% as a result of the acquisition. For the years ended December 31, 2020 and 2019, the cash dividends of the invested companies were \$18,270 thousand and \$16,510 thousand, respectively, which were recognized as deductions of investments accounted for using the equity method.

C. Collateral

The investments accounted for using equity method mentioned above were not pledged as collateral as of December 31, 2020 and 2019.

(7) Property, plant and equipment

- A. The movements of cost and depreciation of the property, plant and equipment of the Group were as follows:

	<b>Land</b>	<b>Buildings</b>	<b>Machinery and equipment</b>	<b>Other equipment</b>	<b>Construction in progress and equipment awaiting inspection</b>	<b>Total</b>
Cost:						
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	<b>\$ 2,733,191</b>	<b>18,001,372</b>	<b>61,716,645</b>	<b>4,288,522</b>	<b>1,586,391</b>	<b>88,326,121</b>

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					Construction in progress and equipment awaiting inspection	
	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>		<u>Total</u>
Balance at January 1, 2019	\$ 2,895,527	16,304,829	49,256,978	2,983,431	3,210,212	74,650,977
Additions	-	9,690	122,357	397,443	8,464,905	8,994,395
Disposals	-	(7,359)	(431,343)	(32,329)	(8,140)	(479,171)
Reclassification and transfer	3,238	517,573	1,182,861	265,266	(2,603,076)	(634,138)
Effect of changes in exchange rates	(57,232)	(307,934)	(900,600)	(79,417)	(265,369)	(1,610,552)
Balance at December 31, 2019	<u>\$ 2,841,533</u>	<u>16,516,799</u>	<u>49,230,253</u>	<u>3,534,394</u>	<u>8,798,532</u>	<u>80,921,511</u>
Depreciation :						
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	<u>\$ -</u>	<u>8,734,310</u>	<u>40,288,093</u>	<u>2,192,666</u>	<u>-</u>	<u>51,215,069</u>
Balance at January 1, 2019	\$ -	7,673,088	34,511,907	1,578,947	-	43,763,942
Depreciation for the year	-	700,663	3,225,880	288,448	-	4,214,991
Disposals	-	(7,111)	(368,237)	(20,113)	-	(395,461)
Reclassification and transfer	-	177	(685,321)	10,182	-	(674,962)
Effect of changes in exchange rates	-	(105,791)	(516,714)	(61,861)	-	(684,366)
Balance at December 31, 2019	<u>\$ -</u>	<u>8,261,026</u>	<u>36,167,515</u>	<u>1,795,603</u>	<u>-</u>	<u>46,224,144</u>
Carrying amounts:						
Balance at December 31, 2020	<u>\$ 2,733,191</u>	<u>9,267,062</u>	<u>21,428,552</u>	<u>2,095,856</u>	<u>1,586,391</u>	<u>37,111,052</u>
Balance at January 1, 2019	<u>\$ 2,895,527</u>	<u>8,631,741</u>	<u>14,745,071</u>	<u>1,404,484</u>	<u>3,210,212</u>	<u>30,887,035</u>
Balance at December 31, 2019	<u>\$ 2,841,533</u>	<u>8,255,773</u>	<u>13,062,738</u>	<u>1,738,791</u>	<u>8,798,532</u>	<u>34,697,367</u>

**B. Collateral**

For the years ended December 31, 2020 and 2019, the property, plant and equipment was pledged as collateral for long-term borrowings and credit lines. Please refer to note 8.

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(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:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Total</u>
Cost :					
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	-
Disposals 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	<u>\$ 567,936</u>	<u>146,862</u>	<u>1,409</u>	<u>243,149</u>	<u>959,356</u>
Balance at January 1, 2019	\$ 578,244	143,293	39,047	151,280	911,864
Additions	-	-	-	25,994	25,994
Transfer and others	(2,077)	5,476	(80)	(8,881)	(5,562)
Effect of changes in exchange rates	(658)	(1,568)	(1,473)	(1,509)	(5,208)
Balance at December 31, 2019	<u>\$ 575,509</u>	<u>147,201</u>	<u>37,494</u>	<u>166,884</u>	<u>927,088</u>
Depreciation and impairment losses:					
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	<u>\$ 69,110</u>	<u>56,945</u>	<u>929</u>	<u>175,251</u>	<u>302,235</u>
Balance at January 1, 2019	\$ -	-	-	-	-
Depreciation	39,907	30,095	11,316	84,202	165,520
Transfer and others	(1,841)	-	(434)	(3,425)	(5,700)
Effect of changes in exchange rates	(143)	(842)	(645)	(2,159)	(3,789)
Balance at December 31, 2019	<u>\$ 37,923</u>	<u>29,253</u>	<u>10,237</u>	<u>78,618</u>	<u>156,031</u>

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	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Total</u>
<b>Carrying amounts:</b>					
Balance at December 31, 2020	\$ <u>498,826</u>	<u>89,917</u>	<u>480</u>	<u>67,898</u>	<u>657,121</u>
Balance at January 1, 2019	\$ <u>578,244</u>	<u>143,293</u>	<u>39,047</u>	<u>151,280</u>	<u>911,864</u>
Balance at December 31, 2019	\$ <u>537,586</u>	<u>117,948</u>	<u>27,257</u>	<u>88,266</u>	<u>771,057</u>

(9) Intangible assets

The cost and amortization of the intangible assets of the Group were as follows:

	<u>Goodwill</u>	<u>Patents and trademarks</u>	<u>Development costs</u>	<u>Computer software</u>	<u>Total</u>
<b>Cost:</b>					
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	<u>(93,692)</u>	<u>(6,630)</u>	<u>6,185</u>	<u>(3,619)</u>	<u>(97,756)</u>
Balance at December 31, 2020	\$ <u>2,327,364</u>	<u>1,757,731</u>	<u>296,841</u>	<u>69,839</u>	<u>4,451,775</u>
Balance at January 1, 2019	\$ 2,488,317	1,704,483	160,515	-	4,353,315
Disposals	-	-	(50,711)	-	(50,711)
Effect of changes in exchange rates	<u>(67,261)</u>	<u>(1,738)</u>	<u>(5,133)</u>	<u>-</u>	<u>(74,132)</u>
Balance at December 31, 2019	\$ <u>2,421,056</u>	<u>1,702,745</u>	<u>104,671</u>	<u>-</u>	<u>4,228,472</u>
<b>Amortization:</b>					
Balance at 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	<u>-</u>	<u>(5,737)</u>	<u>3,812</u>	<u>(10,862)</u>	<u>(12,787)</u>
Balance at December 31, 2020	\$ <u>-</u>	<u>1,384,540</u>	<u>207,941</u>	<u>61,831</u>	<u>1,654,312</u>
Balance as of January 1, 2019	\$ -	666,222	37,696	-	703,918
Amortization for the year	-	332,113	15,767	-	347,880
Disposals	-	-	(49,570)	-	(49,570)
Effect of changes in exchange rates	<u>-</u>	<u>(1,154)</u>	<u>(185)</u>	<u>-</u>	<u>(1,339)</u>
Balance at December 31, 2019	\$ <u>-</u>	<u>997,181</u>	<u>3,708</u>	<u>-</u>	<u>1,000,889</u>

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	<u>Goodwill</u>	<u>Patents and trademarks</u>	<u>Development costs</u>	<u>Computer software</u>	<u>Total</u>
Carrying amounts:					
Balance at December 31, 2020	\$ <u>2,327,364</u>	<u>373,191</u>	<u>88,900</u>	<u>8,008</u>	<u>2,797,463</u>
Balance at January 1, 2019	\$ <u>2,488,317</u>	<u>1,038,261</u>	<u>122,819</u>	<u>-</u>	<u>3,649,397</u>
Balance at December 31, 2019	\$ <u>2,421,056</u>	<u>705,564</u>	<u>100,963</u>	<u>-</u>	<u>3,227,583</u>

During the years ended December 31, 2020 and 2019, the amortization expenses of intangibles assets recognized under operating expenses in the statements of comprehensive income amounted to \$348,782 thousand and \$347,880 thousand, respectively.

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.

Based on the result of the Group's assessment, no goodwill impairment losses were recognized.

The intangible assets mentioned above were not pledged as collateral.

(10) Other assets — current and non-current

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Prepayment for materials	\$ 632,057	657,872
Refundable tax and overpaid tax	331,234	572,485
Others	<u>480,964</u>	<u>448,725</u>
	<u>\$ 1,444,255</u>	<u>1,679,082</u>

(11) Short-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Unsecured borrowings	\$ <u>9,871,000</u>	<u>9,886,000</u>
Unused credit lines	<u>\$ 16,225,687</u>	<u>17,505,079</u>
	<u>0.56%~</u>	<u>0.70%~</u>
Range of interest rates at year end	<u>0.6446%</u>	<u>0.76%</u>

The Group did not provide the bank with assets pledged as collateral for its short-term borrowings.

(12) Long-term borrowings

In the first quarter of 2019, the Group repaid its long-term borrowings of \$430,000 thousand due to its operating strategy.

**GlobalWafers Co., Ltd. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(13) Lease liabilities

The carrying amounts of lease liabilities of the Group were as follows:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Current	\$ <u>92,842</u>	<u>159,976</u>
Non-current	\$ <u>576,129</u>	<u>628,050</u>

For the maturity analysis, please refer to note 6(22) "Financial instruments".

The amounts recognized in profit or loss were as follows:

	<b>For the year ended December 31, 2020</b>	<b>2019</b>
Interest on lease liabilities	\$ <u>8,794</u>	<u>10,394</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>1,786</u>	<u>-</u>
Expenses relating to short-term leases	\$ <u>6,172</u>	<u>12,674</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>736</u>	<u>3,059</u>

The amounts recognized in the statement of cash flows were as follows:

	<b>For the year ended December 31, 2020</b>	<b>2019</b>
Total cash outflow for leases	\$ <u>176,768</u>	<u>197,140</u>

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:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Total present value of obligations	\$ (8,125,593)	(8,413,828)
Fair value of plan assets	<u>5,644,006</u>	<u>5,463,438</u>
Recognized liabilities for defined benefit obligations	\$ <u>(2,481,587)</u>	<u>(2,950,390)</u>

The plans entitle a retired employee to receive a pension benefit based on years of service prior to retirement.

**GlobalWafers Co., Ltd. and subsidiaries**  
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(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 \$228,887 thousand, as of December 31, 2019. 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 Pension Fund (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:

	<b>2020</b>	<b>2019</b>
Defined benefit obligation at January 1	\$ 8,413,828	8,137,636
Current service costs and interest cost	231,060	488,583
Re-measurements for defined benefit obligations		
—Actuarial gains and losses arising from experience adjustments	155,471	10,819
—Actuarial gains and losses resulting from changes in demographic assumptions	280,829	371,907
—Actuarial gains and losses resulting from changes in financial assumptions	83,476	77,575
Past service credit	6,459	-
Benefits paid	(463,540)	(487,484)
Expected settlement of benefit obligations	(424,645)	-
Effects of changes in exchange rates	(157,345)	(185,208)
Defined benefit obligation at December 31	<b>\$ 8,125,593</b>	<b>8,413,828</b>

**GlobalWafers Co., Ltd. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(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:

	<b>2020</b>	<b>2019</b>
Fair value of plan assets at January 1	\$ 5,463,438	4,964,607
Interest revenue	125,523	160,130
Re-measurements for defined benefit obligations		
—Return on plan asset (excluding interest revenue)	491,454	639,854
Contributions made	253,801	174,528
Benefits paid	(308,756)	(330,306)
Expected settlement of benefit obligations	(191,699)	-
Effects of changes in exchange rates	(189,755)	(145,375)
Fair value of plan assets at December 31	<b>\$ 5,644,006</b>	<b>5,463,438</b>

(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	<b>2020</b>	<b>2019</b>
Current service costs	\$ 94,242	471,742
Net interest of defined benefit obligation	11,295	(143,289)
Past service credit	6,459	-
	<b>\$ 111,996</b>	<b>328,453</b>
Operating cost	\$ 78,108	282,386
Selling expenses	10,978	27,782
Administration expenses	11,982	8,827
Research and development expenses	10,928	9,458
	<b>\$ 111,996</b>	<b>328,453</b>

(e) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Discount rate	0.03%~3.06%	0.32%~3.04%
Future salary increase rate	0.8%~5.75%	1.33%~9.96%



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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 \$227,010 thousand.

The weighted-average durations of the defined benefit obligation are 3 years to 16.87 years.

(f) Sensitivity analysis

When the actuarial assumptions had changed 0.25% as of the December 31, 2020 and 2019, the impact on the present value of the defined benefit obligation would be as follows:

<u>Actuarial assumptions</u>	<u>Impact on defined benefit obligations</u>	
	<u>Increased by 0.25%</u>	<u>Decreased by 0.25%</u>
December 31, 2020		
Discount rate	\$ <u>(188,734)</u>	<u>200,367</u>
Future salary increase rate	\$ <u>67,641</u>	<u>(61,906)</u>
December 31, 2019		
Discount rate	\$ <u>(203,338)</u>	<u>211,847</u>
Future salary increase rate	\$ <u>92,917</u>	<u>(86,530)</u>

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 2020 and 2019.

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 \$61,339 thousand and \$59,900 thousand for the years of 2020 and 2019, respectively. Such contributions were made to the Bureau of the Labor Insurance.

The Group recognized the pension costs of \$189,711 thousand and \$157,103 thousand for its overseas subsidiaries in the years of 2020 and 2019, respectively.

**GlobalWafers Co., Ltd. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(15) Income tax

A. Income tax expense

The components of income tax expenses in 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Current tax expense	\$ 3,437,666	4,111,092
Deferred tax expense	73,670	807,117
	<u>\$ 3,511,336</u>	<u>4,918,209</u>

The amounts of income tax (benefit) recognized in other comprehensive income in 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit obligations	\$ <u>(38,521)</u>	<u>120,951</u>
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign financial statements	\$ <u>(15,178)</u>	<u>(300,404)</u>

Reconciliations of income tax and income before income tax for 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Income before income tax	\$ 16,614,967	18,553,865
Income tax using the Company's domestic tax rate	3,322,993	3,710,773
Effect of tax rates in foreign jurisdictions	431,352	404,599
Shares of profit of foreign subsidiaries accounted for using equity method	1,797,820	1,697,507
Tax effect of permanent differences	(165,394)	(28,736)
Investment tax credits	(606,077)	(144,840)
Changes in unrecognized temporary differences and others	(721,417)	(330,309)
Tax-refunded for repatriated offshore funds to Taiwan	(547,941)	(390,785)
	<u>\$ 3,511,336</u>	<u>4,918,209</u>

**GlobalWafers Co., Ltd. and subsidiaries**  
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**B. Deferred tax assets and liabilities**

- (a) The deferred tax assets have not been recognized in respect of the following items:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Tax effect of deductible temporary differences	<b>\$ <u>678,731</u></b>	<b><u>356,631</u></b>

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:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Aggregate amount of temporary differences related to investments in subsidiaries	<b>\$ <u>(1,535,975)</u></b>	<b><u>(997,762)</u></b>

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as at December 31, 2020 and 2019. 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

	<b>January 1, 2020</b>	<b>Recognized in profit or loss</b>	<b>Recognized in other comprehen -sive income</b>	<b>Effect of changes in exchange rates</b>	<b>December 31, 2020</b>
Assets:					
Allowance for inventory valuation	\$ 163,197	70,708	-	25,654	259,559
Defined benefit obligations	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	<u>692,578</u>	<u>231,768</u>	<u>-</u>	<u>35,249</u>	<u>959,595</u>
	<b>\$ <u>1,855,040</u></b>	<b><u>271,755</u></b>	<b><u>(28,258)</u></b>	<b><u>132,250</u></b>	<b><u>2,230,787</u></b>

**GlobalWafers Co., Ltd. and subsidiaries**  
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	<u>January 1, 2020</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehen -sive income</u>	<u>Effect of changes in exchange rates</u>	<u>December 31, 2020</u>
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	<u>(960,980)</u>	<u>(43,924)</u>	<u>-</u>	<u>391,532</u>	<u>(613,372)</u>
	<u><b>\$ (4,745,579)</b></u>	<u><b>(345,425)</b></u>	<u><b>81,957</b></u>	<u><b>66,358</b></u>	<u><b>(4,942,689)</b></u>
	<u>January 1, 2019</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehen -sive income</u>	<u>Effect of changes in exchange rates</u>	<u>December 31, 2019</u>
Assets:					
Allowance for inventory valuation	\$ 119,329	48,556	-	(4,688)	163,197
Defined benefit obligation	395,594	(44,377)	101,353	(3,912)	448,658
Loss carryforwards	27,483	83,084	-	(3,767)	106,800
Unrealized exchange losses	113,126	15,928	-	(1,322)	127,732
Equity method investments	56,638	(11,370)	15,621	-	60,889
Depreciation differences of property, plant and equipment	166,495	107	-	(3,035)	163,567
Allowance for doubtful accounts	99,021	(1,661)	-	(5,741)	91,619
Others	<u>408,891</u>	<u>295,814</u>	<u>-</u>	<u>(12,127)</u>	<u>692,578</u>
	<u><b>\$ 1,386,577</b></u>	<u><b>386,081</b></u>	<u><b>116,974</b></u>	<u><b>(34,592)</b></u>	<u><b>1,855,040</b></u>
Liabilities:					
Equity method investments	\$ (2,487,625)	(710,856)	265,915	-	(2,932,566)
Depreciation differences of property, plant and equipment	(729,816)	(148,850)	-	26,633	(852,033)
Fair value adjustment for the net assets acquired in business combination	(435,519)	15,224	-	9,963	(410,332)
Others	<u>(11,051)</u>	<u>(348,716)</u>	<u>(203,436)</u>	<u>12,555</u>	<u>(550,648)</u>
	<u><b>\$ (3,664,011)</b></u>	<u><b>(1,193,198)</b></u>	<u><b>62,479</b></u>	<u><b>49,151</b></u>	<u><b>(4,745,579)</b></u>

**GlobalWafers Co., Ltd. and subsidiaries**  
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C. Assessment of tax filings

As of December 31, 2020, income tax returns of the Company for the years through 2018 were assessed by the tax authority.

(16) Capital and other equity

A. Ordinary shares

As of December 31, 2020 and 2019, 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:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Additional paid-in capital	\$ 23,406,252	24,711,963
Employee stock options	60,727	60,727
Difference between the consideration and the carrying amount of subsidiaries' share acquired or disposed	<u>3,940</u>	<u>3,940</u>
	<b><u>\$ 23,470,919</u></b>	<b><u>24,776,630</u></b>

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.

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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.

**GlobalWafers Co., Ltd. and subsidiaries**  
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(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 Ruling 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 \$2,291,256 thousand and \$1,133,596 thousand as of December 31, 2020 and 2019, respectively.

(c) Earnings distribution

The distributions of dividends per share for the first half of 2020 and for the year 2019 were approved by the board of directors on December 9, 2020 and March 17, 2020, respectively. Earnings distribution, by the way of cash dividends, for the year of 2018 was approved during the shareholders' meeting held on June 25, 2019.

	<b>The first half of 2020</b>	<b>2019</b>	<b>2018</b>
Dividends distributed to ordinary shareholders:			
Cash (dividends per share were \$8, \$22 and \$25, respectively)	\$ <u><u>3,481,896</u></u>	<u><u>9,575,214</u></u>	<u><u>10,880,925</u></u>

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, 2020, a total of 2,013 thousand shares has yet to be transferred.

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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, 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	<u>\$ (2,591,201)</u>	<u>857,063</u>	<u>(1,734,138)</u>
January 1, 2019	(1,328,874)	(32,425)	(1,361,299)
Foreign exchange differences (net of tax)	(1,201,619)	-	(1,201,619)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	27,542	27,542
Disposition of equity instruments measured at fair value through other comprehensive income	-	(31,723)	(31,723)
Unrealized gains from financial assets measured at fair value through other comprehensive income of associates accounted for using equity method	-	275,843	275,843
December 31, 2019	<u>\$ (2,530,493)</u>	<u>239,237</u>	<u>(2,291,256)</u>

(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, 2020 and 2019, the stock prices of the Company were \$708.0 and \$382.5, respectively. For the years 2020 and 2019, the amounts of \$164,352 thousand and \$92,739 thousand, respectively, were recognized by the Group as compensation costs.



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(18) Earnings per share (“EPS”)

A. Basic earnings per share

	<u>2020</u>	<u>2019</u>
Net income attributable to the shareholders of the Company	\$ <u>13,103,631</u>	<u>13,644,095</u>
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)	<u>435,237</u>	<u>435,237</u>
Basic earnings per share (dollars)	\$ <u>30.11</u>	<u>31.35</u>

B. Diluted earnings per share

	<u>2020</u>	<u>2019</u>
Net income attributable to the shareholders of the Company	\$ <u>13,103,631</u>	<u>13,644,095</u>
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)	435,237	435,237
Effect of the employee remuneration issued by stock (in thousands of shares)	<u>1,079</u>	<u>1,982</u>
	<u>436,316</u>	<u>437,219</u>
Diluted earnings per share (dollars)	\$ <u>30.03</u>	<u>31.21</u>

(19) Revenue from contracts with customers

A. Disaggregation of revenues

	<u>2020</u>			<u>2019</u>		
	<u>Semiconductor Segment</u>	<u>Power plant Segment</u>	<u>Total</u>	<u>Semiconductor Segment</u>	<u>Power plant Segment</u>	<u>Total</u>
Primary geographical markets:						
Taiwan	\$ 10,734,985	4,239	10,739,224	12,572,918	-	12,572,918
Northeast Asia (Japan and Korea)	16,824,092	-	16,824,092	17,852,401	-	17,852,401
Asia - others	11,011,666	-	11,011,666	9,100,112	-	9,100,112
America	7,231,434	-	7,231,434	8,410,577	-	8,410,577
Europe	7,218,230	-	7,218,230	7,165,985	-	7,165,985
Other areas	<u>2,334,142</u>	<u>-</u>	<u>2,334,142</u>	<u>2,992,338</u>	<u>-</u>	<u>2,992,338</u>
	<u>\$ 55,354,549</u>	<u>4,239</u>	<u>55,358,788</u>	<u>58,094,331</u>	<u>-</u>	<u>58,094,331</u>

**GlobalWafers Co., Ltd. and subsidiaries**  
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	2020			2019		
	Semiconductor Segment	Power plant Segment	Total	Semiconductor Segment	Power plant Segment	Total
Major product categories:						
Semiconductor wafers\$	55,138,940	-	55,138,940	57,721,510	-	57,721,510
Semiconductor ingot	113,541	-	113,541	275,284	-	275,284
Electricity revenue	-	4,239	4,239	-	-	-
Others	102,068	-	102,068	97,537	-	97,537
	<u>\$ 55,354,549</u>	<u>4,239</u>	<u>55,358,788</u>	<u>58,094,331</u>	<u>-</u>	<u>58,094,331</u>

**B. Contract balances**

	December 31, 2020	December 31, 2019	January 1, 2019
Contract liabilities	<u>\$ 16,728,028</u>	<u>20,200,098</u>	<u>19,107,591</u>

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, 2020 and 2019, which was included in the contract liability balance at the beginning of the period, was \$2,999,561 thousand and \$2,146,960 thousand, respectively.

The contract liabilities primarily relate to the advance consideration received from customers for the wafers 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.

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For the years ended December 31, 2020 and 2019, the Company accrued and recognized its employee remuneration amounting to \$463,953 thousand and \$622,810 thousand and directors' remuneration amounting to \$44,500 thousand and \$49,200 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 2020 and 2019 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

	<u>2020</u>	<u>2019</u>
Interest income	\$ <u>243,546</u>	<u>723,336</u>

B. Other gains and losses

	<u>2020</u>	<u>2019</u>
Foreign exchange gains (losses), net	\$ (456,515)	(188,739)
Gains (losses) on disposal of property, plant and equipment	(5,559)	(7,992)
Unrealized gains (losses) on financial assets (liabilities) measured at fair value through profit or loss	1,463,255	86,181
Others	<u>157,047</u>	<u>115,572</u>
	\$ <u>1,158,228</u>	<u>5,022</u>

C. Finance costs

	<u>2020</u>	<u>2019</u>
Interest expense—borrowings	\$ 64,862	61,320
Interest expense—lease liabilities	<u>8,794</u>	<u>10,394</u>
	\$ <u>73,656</u>	<u>71,714</u>

**GlobalWafers Co., Ltd. and subsidiaries**  
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(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, 2020 and 2019, 46% and 55%, 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.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>December 31, 2020</b>							
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)	55,800	(55,800)	-	(55,800)	-	-	-
Lease liabilities	668,971	(720,082)	(61,981)	(53,497)	(89,632)	(154,103)	(360,869)
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	-	-	-	-
	<u>\$ 16,974,767</u>	<u>(16,954,199)</u>	<u>(14,491,922)</u>	<u>(1,857,673)</u>	<u>(89,632)</u>	<u>(154,103)</u>	<u>(360,869)</u>

**GlobalWafers Co., Ltd. and subsidiaries**  
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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>December 31, 2019</b>							
Non-derivative financial liabilities							
Short-term borrowings \$	9,886,000	(9,892,576)	(9,892,576)	-	-	-	-
Notes and accounts payable (including related parties)	3,837,481	(3,837,481)	(3,837,481)	-	-	-	-
Lease liabilities	788,026	(844,933)	(81,995)	(87,402)	(91,874)	(172,103)	(411,559)
Derivative financial instruments:							
Forward exchange contracts							
Outflows	209,712	(6,745,031)	(6,745,031)	-	-	-	-
Inflows	-	6,535,319	6,535,319	-	-	-	-
	<u>\$ 14,721,219</u>	<u>(14,784,702)</u>	<u>(14,021,764)</u>	<u>(87,402)</u>	<u>(91,874)</u>	<u>(172,103)</u>	<u>(411,559)</u>

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:

	<u>December 31, 2020</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>			
<u>Monetary Items</u>			
USD	\$	490,516	28.48
JPY		896,275	0.2763
EUR		40,085	35.02
<u>Non-Monetary Items</u>			
USD		19,900	28.48
JPY		15,295,381	0.2763
EUR		111	35

**GlobalWafers Co., Ltd. and subsidiaries**  
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<b>December 31, 2020</b>			
	<b>Foreign currency</b>	<b>Exchange rate</b>	<b>NTD</b>
<u>Financial liabilities</u>			
<u>Monetary Items</u>			
USD	317,396	28.48	9,039,437
JPY	25,393,211	0.2763	7,016,144
EUR	11,976	35.02	419,410
<u>Non-Monetary Items</u>			
USD	86,760	28.48	Note
JPY	5,000,000	0.2763	Note
<b>December 31, 2019</b>			
	<b>Foreign currency</b>	<b>Exchange rate</b>	<b>NTD</b>
<u>Financial assets</u>			
<u>Monetary Items</u>			
USD	\$ 415,496	29.98	12,456,570
JPY	257,676	0.276	71,119
EUR	14,647	33.59	491,993
<u>Non-Monetary Items</u>			
USD	22,238	29.98	Note
JPY	2,632,949	0.276	Note
EUR	3,508	33.59	Note
<u>Financial liabilities</u>			
<u>Monetary Items</u>			
USD	26,945	29.98	807,811
JPY	2,408,522	0.276	664,750
EUR	17,837	33.59	599,145
<u>Non-Monetary Items</u>			
USD	1,650	29.980	Note
JPY	18,050,000	0.276	Note

Note: The fair value of forward exchange contracts was measured at the reporting date. For related information, please refer to note 6(2).

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(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, 2020 and 2019, would have increased or decreased the net income before income tax by \$8,537 thousand and \$109,480 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 2020 and 2019, foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$(456,515) thousand and \$(188,739) 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 would have increased or decreased by \$20,773 thousand and \$21,360 thousand, for the years ended December 31, 2020 and 2019, 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, 2020 and 2019, 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,			
	2020		2019	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Prices of securities at the reporting date				
Increasing 5%	\$ 5,074	280,216	-	93,833
Decreasing 5%	(5,704)	(280,216)	-	(93,833)

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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, 2020				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
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
	<u>\$ 5,773,872</u>	<u>5,604,312</u>	<u>52,356</u>	<u>117,204</u>	<u>5,773,872</u>
<b>Financial assets at fair value through other comprehensive income</b>					
Stock listed on domestic market	\$ <u>101,475</u>	<u>101,475</u>	<u>-</u>	<u>-</u>	<u>101,475</u>
<b>Financial assets measured at amortized cost</b>					
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	-	-	-	-
	<u>\$ 36,325,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities at fair value through profit or loss</b>					
Swap exchange contract	\$ 34,281	-	34,281	-	34,281
Forward exchange contract	11,672	-	11,672	-	11,672
Short-term borrowings	<u>\$ 45,953</u>	<u>-</u>	<u>45,953</u>	<u>-</u>	<u>45,953</u>
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	\$ 9,871,000	-	-	-	-
Notes and accounts payable (including related parties)	3,895,465	-	-	-	-
Lease liabilities — current and non-current	668,971	-	-	-	-
	<u>\$ 14,435,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



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		December 31, 2019				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>						
Forward exchange contract	\$	6,920	-	6,920	-	6,920
Overseas securities held		1,876,656	1,876,656	-	-	1,876,656
Privately offered fund		95,163	-	-	95,163	95,163
	\$	<u>1,978,739</u>	<u>1,876,656</u>	<u>6,920</u>	<u>95,163</u>	<u>1,978,739</u>
<b>Financial assets measured at amortized cost</b>						
Cash and cash equivalents	\$	32,821,512	-	-	-	-
Notes and accounts receivable (including related parties)		8,139,967	-	-	-	-
Other financial assets—current and non-current		3,994,654	-	-	-	-
	\$	<u>44,956,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities at fair value through profit or loss</b>						
	\$	<u>216,632</u>	<u>-</u>	<u>216,632</u>	<u>-</u>	<u>216,632</u>
<b>Financial liabilities measured at amortized cost</b>						
Short-term borrowings	\$	9,886,000	-	-	-	-
Notes and accounts payable (including related parties)		3,837,481	-	-	-	-
Lease liabilities—current and non-current		785,026	-	-	-	-
	\$	<u>14,508,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(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.

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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

	<b>Financial assets measured at fair value through profit or loss</b>
January 1, 2020	\$ 95,163
Addition in investment	29,064
Recognized in profit or loss	(7,023)
December 31, 2020	<b>\$ 117,204</b>
January 1, 2019	\$ 64,697
Addition in investment	31,195
Recognized in profit or loss	(729)
December 31, 2019	<b>\$ 95,163</b>

(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, 2020 and 2019, 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

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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.

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

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Total liabilities	\$ 50,696,717	51,512,503
Less: cash and cash equivalents	<u>(22,439,481)</u>	<u>(32,821,512)</u>
Net debt	<u><b>\$ 28,257,236</b></u>	<u><b>18,690,991</b></u>
Total equity	<u><b>\$ 44,154,900</b></u>	<u><b>45,073,250</b></u>
Debt-to-equity ratio	<u><b>64.00 %</b></u>	<u><b>41.47 %</b></u>

The increase in financial assets and the decrease in cash and cash equivalents, resulted in the debt-to-equity ratio to increase as at December 31, 2020.

(25) Cash flow information

A. For acquiring right-of-use assets by lease, please refer to note 6(8).

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B. Reconciliations of liabilities arising from financing activities were as follows:

	<b>January 1, 2020</b>	<b>Cash flows</b>	<b>Foreign exchange movement and others</b>	<b>December 31, 2020</b>
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	<u>\$ 10,866,759</u>	<u>(330,529)</u>	<u>38,772</u>	<u>10,575,002</u>

	<b>January 1, 2019</b>	<b>Cash flows</b>	<b>Foreign exchange movement and others</b>	<b>December 31, 2019</b>
Long-term borrowings	\$ 430,000	(430,000)	-	-
Short-term borrowings	5,042,000	4,844,000	-	9,886,000
Lease liabilities	949,124	(171,013)	9,915	788,026
Guarantee deposit received	342,861	(145,941)	(4,187)	192,733
Total liabilities from financing activities	<u>\$ 6,763,985</u>	<u>4,097,046</u>	<u>5,728</u>	<u>10,866,759</u>

**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, 2020, 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.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Sino-American Silicon Product Inc. ("SAS")	The parent company
Actron Technology Corp.	Associate of the parent company
Crystalwise Technology Inc.	Associate of the parent company

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(3) Key management personnel compensation

Key management personnel compensation comprised of:

	<b>For the years ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Short-term employee benefits	\$ 271,528	231,756
Post-employment benefits	706	705
	<b>\$ 272,234</b>	<b>232,461</b>

The Group provided a car costing \$1,500 thousand, for key management use in 2020 and 2019, respectively.

(4) Significant transactions with related parties

A. Sales

The amounts of significant sales by the Group to related parties were as follows:

	<b>For the years ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Parent company	\$ 5,954	4,378
Other related parties	224,490	229,341
	<b>\$ 230,444</b>	<b>233,719</b>

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 2020 and 2019, while those for related parties were 30 to 90 days after month-end both in 2020 and 2019.

B. Purchases and process outsourcing

The amounts of purchases and process outsourcing by the Group from related parties were as follows:

<b>Related parties</b>	<b>For the years ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Parent company	\$ 1,061,951	877,825
Other related parties	442	79
	<b>\$ 1,062,393</b>	<b>877,904</b>

**GlobalWafers Co., Ltd. and subsidiaries**  
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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 2020 and 2019, while those of related parties were 30 days after the following month-end both in 2020 and 2019.

**C. Receivables from related parties**

The receivables from related parties were as follows:

<u>Items</u>	<u>Categories</u>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Receivable from related parties	Parent company	\$ 582	634
Receivable from related parties	Other related parties	72,414	48,111
		<b><u>\$ 72,996</u></b>	<b><u>48,745</u></b>

**D. Payables to related parties**

The payables to related parties were as follows:

<u>Items</u>	<u>Categories</u>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Payable to related parties	Parent company	\$ 207,834	220,875
	Other related parties		
Payable to related parties		\$ 273	83
		<b><u>\$ 208,107</u></b>	<b><u>220,958</u></b>

**E. 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, 2020 and 2019 were as follows:

<u>Related parties</u>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Parent company	\$ 116	103
Parent company	(1,643)	(810)
Other related parties	(76)	(957)
	<b><u>\$ (1,603)</u></b>	<b><u>(1,664)</u></b>

**GlobalWafers Co., Ltd. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

F. Transactions of property, plant and equipment

- (a) Purchase amounts of property, plant and equipment from related parties were summarized as follows:

<b>Related parties</b>	<b>For the years ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Parent company	\$ 94,311	27,388
Other related parties	55,398	-
	<b>\$ 149,709</b>	<b>27,388</b>

As of December 31, 2020 and 2019 the prepayment for equipment was \$32,435 thousand and \$0 thousand, respectively ; the payables were \$35,797 thousand and \$0 thousand, respectively.

- (b) Disposal amounts of property, plant and equipment to related parties were summarized as follows:

<b>Related parties</b>	<b>For the years ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Parent company	\$ 260	-

As of December 31, 2020, the consideration from the above transactions had been fully received.

G. 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:

<b>Related parties</b>		<b>For the years ended December 31,</b>	
		<b>2020</b>	<b>2019</b>
Parent Company		\$ 9,473	11,589
Other related parties		107	210
		<b>\$ 9,580</b>	<b>11,799</b>

<b>Items</b>	<b>Categories</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Receivable from related parties	Parent company	\$ 1,267	1,371
Receivable from related parties	Other related parties	433	129
		<b>\$ 1,700</b>	<b>1,500</b>



**GlobalWafers Co., Ltd. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

- (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:

<b>Related parties</b>		<b>For the years ended December 31,</b>	
		<b>2020</b>	<b>2019</b>
Parent company		\$ <u>38,411</u>	<u>38,553</u>
<b>Items</b>	<b>Categories</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Payables to related parties	Parent company	\$ <u>8,891</u>	<u>8,382</u>

**8. Pledged assets:**

The carrying values of pledged assets were as follows:

<b>Pledged assets</b>	<b>Purpose of pledge</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Time deposits (recognized in other financial assets — current)	Guarantees of acceptances bill	\$ 17,423	39,977
Property, plant and equipment	Credit lines of borrowings	3,093,503	3,155,429
Time deposits (recognized in other financial assets — non-current)	Guarantee for gas consumption from CPC Corporation	2,000	6,700
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 land lease contract with the Hsinchu Science Industrial Park Bureau	40,679	40,671
Time deposits (recognized in other financial assets — non-current)	Guarantee for bank financing projects	142,400	-
Refundable deposits (recognized in other financial assets — non-current))	Guarantee from the government for R&D program	-	1,655
Time deposits (recognized in other financial assets — non-current))	Court guarantee	-	10,748
Time deposits (recognized in other financial assets — non-current))	Tax-refunded restricted deposits for repatriated overseas funds to Taiwan	-	2,998,120
		<u>\$ 3,301,005</u>	<u>6,258,300</u>

**GlobalWafers Co., Ltd. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

**9. Commitments and contingencies:**

(1) Significant unrecognized contractual commitments

- A. The purchase amounts for future procurement from suppliers under the existing agreements were as follows:

(Unit: currency in thousands)

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
USD	\$ <u>4,560</u>	<u>35,306</u>
EUR	\$ <u>21,556</u>	<u>3,779</u>
JPY	\$ <u>505,362</u>	<u>-</u>

- B. The Group's unused letters of credit were as follows:

(Unit: currency in thousands)

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
USD	\$ <u>3,320</u>	<u>3,263</u>
DKK	\$ <u>-</u>	<u>-</u>

- C. As of December 31, 2020 and 2019, the significant outstanding commitments for construction and purchase of property, plant and equipment amounted to \$1,404,731 thousand and \$5,406,980 thousand, respectively.
- D. As of December 31, 2020 and 2019, a guarantee letter for the Customs Administration and research and development projects issued by the bank amounted to \$14,000 thousand and \$9,000 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, 2020 and 2019, a guarantee letter for the customer issued by the bank amounted to \$88,651 thousand and \$111,871 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, 2020 and 2019, the balances of the account were \$5,491,302 thousand and \$2,998,120 thousand, respectively, recorded as other current financial assets and other non-current financial assets.

**GlobalWafers Co., Ltd. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

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. The closing of acquisition remains subject to receipt of further regulatory approvals.

(2) Contingent liabilities: None

**10. Losses due to major disasters: None**

**11. Subsequent Events:**

For public tender offer of acquiring Siltronic AG stock, please refer to note 9.

**12. Other:**

A summary of the employee benefits, depreciation, and amortization expenses, by function is as follows:

By item	By function					
	For the years ended December 31,					
	2020			2019		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salary	7,337,765	1,838,266	9,176,031	6,855,977	2,191,619	9,047,596
Labor and health insurance	1,050,990	173,736	1,224,726	1,208,059	260,903	1,468,962
Pension	281,561	81,485	363,046	399,519	86,037	485,556
Others	130,701	45,453	176,154	592,201	129,548	721,749
Depreciation	5,030,822	134,468	5,165,290	4,228,567	151,944	4,380,511
Amortization	347,433	9,062	356,495	358,628	6,202	364,830

**GlobalWafers Co., Ltd. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

**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, 2020 (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”.

**GlobalWafers Co., Ltd. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

**14. Segment information:**

(1) General information

The Group has two reportable segments since January 2020 based on its business strategic adjustment. After the adjustment, the reportable segments and operating results were as follows:

A. Semiconductor Segment

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.

Operating segment information in 2019 was consistent with the consolidated financial statements as of and for the year ended December 31, 2019. For income information, please refer to note 6(19). For segment assets, please refer to the consolidated balance sheets.

(2) Product and service information

	2020			
	Semiconductor segment	Power plant segment	Reconciliation and elimination	Total
Revenue				
External customers	\$ 55,354,549	4,239	-	55,358,788
Intersegment	-	-	-	-
Total revenue	<u>\$ 55,354,549</u>	<u>4,239</u>	<u>-</u>	<u>55,358,788</u>
Interest expense	<u>\$ 73,656</u>	<u>-</u>	<u>-</u>	<u>73,656</u>
Depreciation and amortization	<u>\$ 5,519,586</u>	<u>2,199</u>	<u>-</u>	<u>5,521,785</u>
Reportable segment profit or loss	<u>\$ 13,066,106</u>	<u>716</u>	<u>-</u>	13,066,822
Share of profit (loss) of associates accounted for using equity method				36,809
				<u>\$ 13,103,631</u>

**GlobalWafers Co., Ltd. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

	<b>Semiconductor segment</b>	<b>Power plant segment</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
Reportable segment assets:				
December 31, 2020	<u>\$ 92,445,122</u>	<u>1,204,319</u>	<u>-</u>	93,649,441
Equity method investments				<u>1,202,176</u>
				<u><b>\$ 94,851,617</b></u>
Reportable segment liabilities				
December 31, 2020	<u>\$ 50,660,189</u>	<u>36,528</u>	<u>-</u>	<u><b>50,696,717</b></u>

(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:

<b>Geographical information</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Korea	\$ 15,931,775	12,564,394
United States	7,789,564	8,621,899
Japan	6,960,047	6,989,861
Taiwan	5,361,832	5,990,715
Italy	3,259,190	3,381,455
Others	<u>1,866,547</u>	<u>1,762,684</u>
	<u><b>\$ 41,168,955</b></u>	<u><b>39,311,008</b></u>

(4) Major customers information

Sales to individual customers representing greater than 10% of net sales of the Group:

	<b>For the years ended December 31, 2020</b>	<b>2019</b>
Group C	<u><b>\$ 10,936,309</b></u>	<u><b>10,253,312</b></u>

# GlobalWafers Co., Ltd. and Subsidiaries

## Loans to other parties

For the year ended December 31, 2020

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		
1	GWJ	The Company	Receivable from related parties	Yes	1,162,560	1,160,460	-	0.56%	2	-	Operating capital	-		-	16,961,586	16,961,586
1	GWJ	The Company	Receivable from related parties	Yes	5,307,240	5,194,440	5,194,440	0.50%~0.56%	1	6,765,853	Business between two parties	-	-	-	6,765,853	16,961,586
1	GWJ	MEMC Japan	Receivable from related parties	Yes	282,300	276,300	-	0.59%	2	-	Operating capital	-	-	-	16,961,586	16,961,586
1	GWJ	GlobalWafers B.V.	Receivable from related parties	Yes	1,400,500	-	-	0.55%	2	-	Operating capital	-		-	16,961,586	16,961,586
2	MEMC SpA	GWS	Receivable from related parties	Yes	2,736,240	2,731,560	2,134,460	3.444%	2	-	Operating capital	-	-	-	7,167,646	7,167,646
3	Taisil	The Company	Receivable from related parties	Yes	6,400,000	-	-	1.5%	2	-	Operating capital	-	-	-	7,091,890 Note 4	7,091,890 Note 4
4	GTI	MEMC LLC	Receivable from related parties	Yes	211,575	199,360	-	2.25%	2	-	Operating capital	-	-	-	8,994,074	8,994,074
5	GWS	GlobalWafers B.V.	Receivable from related parties	Yes	3,025,000	2,848,000	2,848,000	1.2%	2	-	Operating capital	-	-	-	38,712,991	38,712,991
5	GWS	The Company	Receivable from related parties	Yes	10,890,000	10,252,800	7,182,111	1.2%	2	-	Operating capital	-	-	-	38,712,991	38,712,991
5	GWS	GlobalWafers Inc.	Receivable from related parties	Yes	3,288,175	-	-	2.5%	2	-	Operating capital	-	-	-	38,712,991	38,712,991

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: It's 40 percent of Taisil's latest audited net worth.

Note 5: 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, 2020**

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	Topsil A/S	2	132,464,700	117,775	115,250	34,575	-	0.26 %	132,464,700	Y	N	N
0	The Company	GWS	2	132,464,700	1,815,000	-	-	-	- %	132,464,700	Y	N	N
0	The Company	GmbH	2	132,464,700	350,200	350,200	350,200	-	0.79 %	132,464,700	Y	N	N
1	GTI	MEMC LLC	2	44,970,370	453,750	427,200	94,555	-	4.75 %	44,970,370	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 100 percent of the Company's net worth.

Note 5: The Company made a guarantee payment for its import VAT amounting \$9,000 thousand.

Note 6: Taisil made a guarantee payment for its import VAT amounting to \$5,000 thousand.



**GlobalWafers Co., Ltd. and Subsidiaries**

**Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures)**

**December 31, 2020**

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	-	117,204	3.85 %	117,204	3.85 %	
The Company	Siltronic AG	None	Financial assets at fair value through profit or loss — current	650	2,915,940	2.17 %	2,915,940	2.17 %	
The Company	WT Microelectronics Co., Ltd.	None	Financial asset at fair value through other comprehensive income — non-current	2,518	101,475	0.32 %	101,475	0.32 %	
GWBV	Siltronic AG	None	Financial assets at fair value through profit or loss — non-current	600	2,688,372	2.00 %	2,688,372	2.00 %	

**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, 2020**

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 — current	-	None	-	1,876,656	-	2,688,372	-	2,103,746	1,865,577	238,169	-	2,688,372
The Company	Siltronic AG	Financial assets at fair value through profit or loss — current	-	None	-	-	-	2,915,940	-	-	-	-	-	2,915,940

**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, 2020**

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	2,038,080	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	370,920	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, 2020**

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	1,061,951	6 %	Net 30 days from the end of the next month upon issuance of invoice	-	-	(207,950)	(6)%	
The Company	GTI	Indirectly held subsidiaries	Purchase	1,839,483	10 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(279,220)	(7)%	
The Company	SST	Indirectly held subsidiaries	Purchase	1,784,471	10 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(312,837)	(8)%	
The Company	GWJ	Directly held subsidiaries	Purchase	6,762,615	36 %	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(1,921,983)	(50)%	
The Company	Topsil A/S	Indirectly held subsidiaries	Purchase	611,544	3 %	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(63,878)	(2)%	
The Company	GWS	Directly held subsidiaries	Purchase	476,050	3 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(38,330)	(1)%	
Taisil	The Company	Directly held subsidiaries	Purchase	135,729	1 %	Net 60 days from the end of the month upon issuance of invoice	-	-	-	-%	
GWS	The Company	Directly held subsidiaries	Purchase	5,988,654	26 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(968,132)	(20)%	
MEMC Korea	The Company	Indirectly held subsidiaries	Purchase	1,406,486	6 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(246,607)	(5)%	
MEMC SpA	The Company	Indirectly held subsidiaries	Purchase	686,585	3 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(162,153)	(3)%	
GTI	The Company	Indirectly held subsidiaries	Purchase	3,207,527	14 %	Net 45 days from the end of the month upon issuance of invoice	-	-	(341,702)	(7)%	
SST	The Company	Indirectly held subsidiaries	Purchase	1,021,817	5 %	Net 30 days from the end of the month upon issuance of invoice	-	-	(107,488)	(2)%	

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	1,636,285	7 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(424,512)	(9)%	
Actron Technology	The Company	Associate of the parent company	Purchase	224,053	1 %	Net 60 days from the end of the next month upon issuance of invoice	-	-	(72,414)	(2)%	
MEMC Sdn Bhd	The Company	Indirectly held subsidiaries	Purchase	120,051	1 %	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(13,087)	-%	
Topsil A/S	The Company	Indirectly held subsidiaries	Purchase	405,559	2 %	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(60,194)	(1)%	
GWS	MEMC LLC	Indirectly held subsidiaries	Purchase	1,187,475	6 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(68,481)	(2)%	
GWS	MEMC LLC	Indirectly held subsidiaries	Sale	(579,378)	(3) %	Net 60 days from the end of the month upon issuance of invoice	-	-	99,924	4%	
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	Purchase	1,703,149	9 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(291,044)	(10)%	
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	Sale	(666,932)	(3) %	Net 60 days from the end of the month upon issuance of invoice	-	-	120,248	4%	
GWS	MEMC SpA	Indirectly held subsidiaries	Purchase	3,709,365	20 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(534,832)	(19)%	
GWS	MEMC SpA	Indirectly held subsidiaries	Sale	(3,427,302)	16 %	Net 60 days from the end of the month upon issuance of invoice	-	-	472,419	17%	
GWS	MEMC Korea	Indirectly held subsidiaries	Purchase	1,335,476	7 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(214,998)	(8)%	
GWS	MEMC Japan	Indirectly held subsidiaries	Purchase	4,271,761	23 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(744,776)	(26)%	
GWS	MEMC Japan	Indirectly held subsidiaries	Sale	(1,506,205)	7 %	Net 60 days from the end of the month upon issuance of invoice	-	-	255,417	9%	
GWS	Taisil	Directly held subsidiaries (note 1)	Purchase	553,661	- %	Net 60 days from the end of the month upon issuance of invoice	-	-	-	-%	

Note 1: After merging with Taisil, the Company became the existing company and Taisil became the dissolved entity on February 1, 2020.

Note 2: 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, 2020**

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	341,702	10.73	-		538,400	-
The Company	GWJ	Directly held subsidiaries	424,512	3.84	-		373,647	-
The Company	GWS	Indirectly held subsidiaries	968,132	5.48	-		1,016,041	-
The Company	MEMC Korea	Indirectly held subsidiaries	246,606	7.90	-		163,372	-
The Company	SST	Indirectly held subsidiaries	107,488	11.35	-		166,287	-
The Company	MEMC SpA	In directly held subsidiaries	162,153	4.55	-		170,777	-
SAS	The Company	Parent Company	207,950	4.95	-		211,696	-
GTI	The Company	Indirectly held subsidiaries	279,220	6.23	-		436,925	-
SST	The Company	Indirectly held subsidiaries	312,837	6.18	-		362,099	-
GWJ	The Company	Directly held subsidiaries	1,921,983	4.11	-		1,323,502	-
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	120,248	0.11	-		120,248	-
GWS	MEMC Japan	Indirectly held subsidiaries	255,417	0.11	-		255,417	-
GWS	MEMC SpA	Indirectly held subsidiaries	472,419	0.14	-		472,419	-
GWS	The Company	Indirectly held subsidiaries	38,330	-	-		-	-
				(Note 3)				
GWJ	The Company	Directly held subsidiaries	1,923,567	-	-		-	-
				(Note 3)				
MEMC Japan	GWS	Indirectly held subsidiaries	744,776	11.45	-		744,776	-
MEMC Sdn Bhd	GWS	Indirectly held subsidiaries	291,044	11.29	-		-	-
MEMC SpA	GWS	Indirectly held subsidiaries	534,832	0.14	-		531,629	-
MEMC SpA	GWS	Indirectly held subsidiaries	432,347	-	-		-	-
				(Note 3)				
MEMC Korea	GWS	Indirectly held subsidiaries	214,998	0.13	-		214,998	-

Note 1: The amount received in subsequent period as of March 10, 2021.

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, 2020**

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	1,061,951	Net 30 days from the end of the next month upon issuance of invoice	1.92%
0	The Company	GTI	1	Purchase	1,839,483	Net 60 days from the end of the month upon issuance of invoice	3.32%
0	The Company	SST	1	Purchase	1,784,471	Net 60 days from the end of the month upon issuance of invoice	3.22%
0	The Company	GWJ	1	Purchase	6,762,615	Net 60 to 90 days from the end of the month upon issuance of invoice	12.22%
0	The Company	GWJ	1	Accounts payable	1,921,983	Net 60 to 90 days from the end of the month upon issuance of invoice	2.03%
0	The Company	Topsil A/S	1	Purchase	611,544	Net 30 to 60 days from the end of the month upon issuance invoice	1.10%
0	The Company	GTI	1	Sale	3,207,527	Net 45 days from the end of the month upon issuance of invoice	5.79%
0	The Company	SST	1	Sale	1,021,817	Net 30 days from the end of the month upon issuance of invoice	1.85%
0	The Company	GWJ	1	Sale	1,636,285	Net 60 to 90 days from the end of the month upon issuance of invoice	2.96%
0	The Company	GWS	1	Sale	5,988,654	Net 60 days from the end of the month upon issuance of invoice	10.82%
0	The Company	MEMC Korea	1	Sale	1,406,486	Net 60 days from the end of the month upon issuance of invoice	2.54%
0	The Company	GWS	1	Accounts receivable	968,132	Net 60 days from the end of the month upon issuance of invoice	1.02%
0	The Company	MEMC SpA	1	Sale	686,585	Net 60 days from the end of the month upon issuance of invoice	1.24%
1	GWS	MEMC LLC	3	Purchase	1,187,475	Net 60 days from the end of the month upon issuance of invoice	2.15%
1	GWS	MEMC LLC	3	Sale	579,378	Net 60 days from the end of the month upon issuance of invoice	1.05%
1	GWS	MEMC SpA	3	Purchase	3,709,365	Net 60 days from the end of the month upon issuance of invoice	6.70%

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 SpA	3	Sale	3,427,302	Net 60 days from the end of the month upon issuance of invoice	6.19%
1	GWS	MEMC Korea	3	Purchase	1,335,476	Net 60 days from the end of the month upon issuance of invoice	2.41%
1	GWS	MEMC Japan	3	Sale	1,506,205	Net 60 days from the end of the month upon issuance of invoice	2.72%
1	GWS	MEMC Japan	3	Purchase	4,271,761	Net 60 days from the end of the month upon issuance of invoice	7.72%
1	GWS	MEMC Sdn Bhd	3	Purchase	1,703,149	Net 60 days from the end of the month upon issuance of invoice	3.08%
1	GWS	MEMC Sdn Bhd	3	Sale	666,932	Net 60 days from the end of the month upon issuance of invoice	1.20%
1	GWS	Taisil	3	Purchase	553,661	Net 60 days from the end of the month upon issuance of invoice	1.00%
2	GWJ	The Company	2	Intercompany loan	1,923,567		2.03%

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, 2020**

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, 2020			Highest Percentage of Ownership during the year	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of Ownership	Carrying value				
The Company	GWJ	Cayman	Investment activities	1,427 (USD48)	2,241,668 (USD73,423)	-	100.00 %	1,823	100.00 %	22,123	22,123	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 %	1,836,042	100.00 %	339,834	343,004	Subsidiary
The Company	GWJ	Japan	Manufacturing and trading of silicon wafers	5,448,015	5,448,015	128	100.00 %	16,946,410	100.00 %	1,659,904	1,662,236	Subsidiary
The Company	GWafers Singapore	Singapore	Investment activities	17,378,877	11,966,930	541,674	100.00 %	37,084,288	100.00 %	6,659,202	6,478,384	Subsidiary
The Company	Topsil A/S	Denmark	Manufacturing and trading of silicon wafers	-	1,964,069 (DKK407,600)	-	- %	-	100.00 %	-	-	Subsidiary
The Company	HONG-WANG Investment Co., Ltd.	Taiwan	Investment activities	309,760	309,760	30,976	30.98 %	1,202,176	30.98 %	118,931	36,809	Associate
The Company	Taisil	Taiwan	Manufacturing and trading of silicon wafers and sale	-	14,504,663	-	- %	-	99.99 %	257,071	239,186	Subsidiary Notes 2 and 3
The Company	SPV4	Taiwan	Electricity activities	1,045,000	-	104,500	100.00 %	1,045,944	100.00 %	859	848	Subsidiary
The Company	SPV5	Taiwan	Electricity activities	122,000	-	12,200	100.00 %	121,846	100.00 %	(143)	(154)	Subsidiary
The Company	GWH	Taiwan	Investment activities	250,000	-	25,000	100.00 %	249,935	100.00 %	(65)	(65)	Subsidiary
GWJ	MEMC Japan	Japan	Manufacturing and trading of silicon wafers	373,413 (JPY100,000)	373,413 (JPY100,000)	750	100.00 %	3,141,245	100.00 %	239,045	-	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 %	43,778,025	100.00 %	6,739,840	-	Notes 2 and 3
GWS	GWBV	Netherlands	Investment activities	11,213,730 (USD362,763)	6,413,892 (USD162,723)	0.1	100.00 %	40,071,015	100.00 %	4,465,267	-	Notes 2 and 3

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Highest Percentage of Ownership during the year	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2020	December 31, 2019	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 %	8,813,587	100.00 %	1,017,366	-	Notes 2 and 3
MEMC SpA	MEMC SarL	France	Trading	1,316 (USD40)	1,316 (USD40)	0.5	100.00 %	1,609	100.00 %	738	-	Notes 2 and 3
MEMC SpA	MEMC GmbH	Germany	Trading	4,622 (USD141)	4,622 (USD141)	0.002	100.00 %	5,011	100.00 %	(17)	-	Notes 2 and 3
GWBV	MEMC Korea	Korea	Manufacturing and trading of silicon wafers and sale	11,851,262 (USD384,605)	3,641,474 (USD110,763)	25,200	100.00 %	17,004,495	100.00 %	1,508,160	-	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 %	10,216,706	100.00 %	350,282	-	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 %	3,556	100.00 %	(63)	-	Notes 2 and 3
GWBV	GlobalWafers GmbH	Germany	Trading	827 (USD27)	-	25	100.00 %	431	100.00 %	(428)	-	Notes 2 and 3
GWBV	Topsil A/S	Denmark	Manufacturing and trading of silicon wafers and sale	1,843,604 (USD60,996)	-	1,000	100.00 %	1,980,829	100.00 %	120,147	-	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 %	3,531,560	100.00 %	(171,320)	-	Notes 2 and 3
SST	MEMC Sdn Bhd	Malaysia	Manufacturing and trading of silicon wafers and sale	898,016 (USD27,315)	-	1,036	100.00 %	818,374	100.00 %	58,956	-	Notes 2 and 3

Note 1: A limited company.

Note 2: The investees are indirectly held subsidiaries of the Company. GWafers Singapore's shares had been fully transferred to the Company on January 2, 2020. Topsil A/S was transferred to GWBV; MEMC Sdn Bhd was transferred to SST. MEMC Korea had been transferred from GWBV and MEMC BV to GWBV, who held its entire shares. GWBV invested in GW GmbH, a company founded in February 2020. The Company merged with Taisil on February 1, 2020, with the Company being the surviving company and Taisil as the dissolved entity.

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, 2020**

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, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the year	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
SST	Processing and trading of ingots and wafers	769,177 (Note 7)	Note 1	713,300 (USD21,729)	-	-	713,300 (USD21,729)	342,602	100%	100%	342,602	1,769,686	-
SunEdison Shanghai	Trading business	7,527 (RMB1,500)	Note 2	-	-	-	-	(7,312)	-%	-%	(7,312)	Note 8	-
GF	Sale and marketing	9,756 (RMB2,000)	Note 3	-	-	-	-	-	-%	-%	-	Note 9	-

(2) Limitation on investment in Mainland China

Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	713,300 (USD21,729)	818,233 (USD25,000) (Note 5)	26,492,940 (Note 6)

Note 1: Investments through GSI.

Note 2: Investments through GWBV which is acquired from the acquisition of GWS (SSL).

Note 3: SST invested in GF in Mainland China. No upper limit on investment was calculated due to having without any actual cash outflows from Taiwan.

Note 4: The basis for investment income (loss) recognition is from the audited financial statements.

Note 5: Initial investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the Historical Foreign Exchange Rate.

Note 6: 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, 2020.

Note 7: Retained earnings transferred to capital was included.

Note 8: SunEdison Shanghai was dissolved in July 2020.

Note 9: GrowFast Shanghai had been dissolved in November 2020.

# Attachment 2. Standalone Financial Statements

Stock Code:6488

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

### **Parent-Company-Only Financial Statements**

#### **With Independent Auditors' Report For the Years Ended December 31, 2020 and 2019**

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

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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.

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## **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, 2020 and 2019, 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, 2020 and 2019, 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(14) “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 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 Cheng-Chien Chen and An-Chih Cheng.

KPMG

Taipei, Taiwan (Republic of China)  
March 16, 2021

#### **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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019				December 31, 2020		December 31, 2019	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(1))	\$ 3,304,352	5	2,067,325	3	2100	Short-term borrowings (note 6(10))	\$ 9,871,000	12	9,886,000	13
1110	Financial assets at fair value through profit or loss— current (note 6(2))	2,957,622	4	784	-	2120	Financial liabilities at fair value through profit or loss— current (note 6(2))	45,482	-	216,514	-
1170	Notes and accounts receivable, net (note 6(4))	2,340,924	3	1,413,525	2	2130	Contract liabilities— current (note 6(18))	865,863	1	1,718,098	2
1180	Accounts receivable due from related parties, net (note 7)	2,491,420	3	1,768,115	2	2170	Notes and accounts payable	1,027,046	1	314,527	-
130X	Inventories (note 6(5))	1,899,662	2	1,031,928	1	2180	Accounts payable to related parties (note 7)	7,088,874	9	8,782,585	12
1476	Other financial assets— current (note 9)	5,484,056	7	792	-	2201	Payroll and bonus payable	1,330,764	2	1,203,955	2
1479	Other current assets	102,801	-	40,426	-	2216	Dividends payable	3,481,896	4	-	-
	<b>Total current assets</b>	<u>18,580,837</u>	<u>24</u>	<u>6,322,895</u>	<u>8</u>	2399	Other current liabilities (note 6(12))	<u>2,202,469</u>	<u>3</u>	<u>814,491</u>	<u>1</u>
<b>Non-current assets:</b>							<b>Total current liabilities</b>	<u>25,913,394</u>	<u>32</u>	<u>22,936,170</u>	<u>30</u>
1513	Financial assets at fair value through profit or loss— non-current (note 6(2))	117,204	-	95,163	-		<b>Non-Current liabilities:</b>				
1517	Financial assets at fair value through other comprehensive income— non-current (note 6(3))	101,475	-	-	-	2527	Contract liabilities— non-current (note 6(18))	153,535	-	318,103	1
1550	Investments accounted for using equity method (note 6(6))	58,003,301	70	64,024,632	85	2622	Long-term accounts payable to related parties (note 7)	8,232,051	10	4,140,000	5
1600	Property, plant and equipment (notes 6(7) and 7)	4,370,269	5	1,100,268	2	2600	Deferred tax liabilities and others (notes 6(12), (13) and (14))	<u>4,202,030</u>	<u>5</u>	<u>3,040,972</u>	<u>4</u>
1755	Right-of-use assets (note 6(8))	459,356	1	65,910	-		<b>Total non-current liabilities</b>	<u>12,587,616</u>	<u>15</u>	<u>7,499,075</u>	<u>10</u>
1780	Intangible assets (note 6(9))	360,228	-	678,057	1		<b>Total liabilities</b>	<u>38,501,010</u>	<u>47</u>	<u>30,435,245</u>	<u>40</u>
1980	Other financial assets— non-current (notes 8 and 9)	224,798	-	3,008,938	4	3110	<b>Equity (note 6(15)):</b>				
1900	Other non-current assets (note 6(14))	438,442	-	206,397	-	3200	Ordinary share	<u>4,372,500</u>	<u>5</u>	<u>4,372,500</u>	<u>6</u>
	<b>Total non-current assets</b>	<u>64,075,073</u>	<u>76</u>	<u>69,179,365</u>	<u>92</u>		Capital surplus	<u>23,470,919</u>	<u>28</u>	<u>24,776,630</u>	<u>33</u>
							Retained earnings:				
						3310	Legal reserve	4,060,325	5	2,686,883	3
						3320	Special reserve	2,291,256	3	1,133,596	2
						3350	Unappropriated retained earnings	<u>12,270,817</u>	<u>15</u>	<u>14,965,441</u>	<u>20</u>
								<u>18,622,398</u>	<u>23</u>	<u>18,785,920</u>	<u>25</u>
						3400	Other equity interest	<u>(1,734,138)</u>	<u>(2)</u>	<u>(2,291,256)</u>	<u>(3)</u>
						3500	Treasury shares	<u>(576,779)</u>	<u>(1)</u>	<u>(576,779)</u>	<u>(1)</u>
							<b>Total equity</b>	<u>44,154,900</u>	<u>53</u>	<u>45,067,015</u>	<u>60</u>
<b>Total assets</b>		<u>\$ 82,655,910</u>	<u>100</u>	<u>75,502,260</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 82,655,910</u>	<u>100</u>	<u>75,502,260</u>	<u>100</u>

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, 2020 and 2019**

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

		<b>2020</b>		<b>2019</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue</b> (notes 6(18) and 7)	\$ 22,506,100	100	12,456,803	100
5000	<b>Operating costs</b> (notes 6(5), (19) and 7)	<u>13,339,502</u>	<u>59</u>	<u>7,616,254</u>	<u>61</u>
	<b>Gross profit from operations</b>	<u>9,166,598</u>	<u>41</u>	<u>4,840,549</u>	<u>39</u>
	<b>Operating expenses</b> (notes 6(19) and 7):				
6100	Selling expenses	369,441	2	149,108	1
6200	Administrative expenses	1,183,086	5	473,170	4
6300	Research and development expenses	918,303	4	622,864	5
6450	Expected credit loss (gain) (note 6(4))	<u>(1,262)</u>	<u>-</u>	<u>851</u>	<u>-</u>
	<b>Total operating expenses</b>	<u>2,469,568</u>	<u>11</u>	<u>1,245,993</u>	<u>10</u>
	<b>Net operating income</b>	<u>6,697,030</u>	<u>30</u>	<u>3,594,556</u>	<u>29</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income (note 6(20))	90,551	-	37,222	-
7020	Other gains and losses (notes 6(20) and 7)	(394,846)	(2)	(51,637)	(1)
7050	Finance costs (notes 6(12), (20) and 7)	(263,675)	(1)	(153,373)	(1)
7375	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method (note 6(6))	<u>8,782,371</u>	<u>39</u>	<u>12,039,142</u>	<u>97</u>
		<u>8,214,401</u>	<u>36</u>	<u>11,871,354</u>	<u>95</u>
	<b>Income before income tax</b>	14,911,431	66	15,465,910	124
7950	Income tax expense (note 6(14))	<u>1,807,817</u>	<u>8</u>	<u>1,821,815</u>	<u>15</u>
	<b>Net income</b>	<u>13,103,614</u>	<u>58</u>	<u>13,644,095</u>	<u>109</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that may not be reclassified subsequently to profit or loss:</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	(32,349)	-	(4,156)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6,118	-	27,542	-
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	(216,198)	(1)	80,810	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(14))	<u>(38,521)</u>	<u>-</u>	<u>18,052</u>	<u>-</u>
		<u>(203,908)</u>	<u>(1)</u>	<u>86,144</u>	<u>1</u>
8360	<b>Items that may be reclassified subsequently to profit or loss:</b>				
8361	Exchange differences on translation of foreign operations	(75,886)	-	(1,502,023)	(12)
8380	Share of other comprehensive income of associates accounted for using equity method	611,708	3	275,843	2
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(14))	<u>(15,178)</u>	<u>-</u>	<u>(300,404)</u>	<u>(2)</u>
	Total items that may be reclassified subsequently to profit or loss	<u>551,000</u>	<u>3</u>	<u>(925,776)</u>	<u>(8)</u>
8300	<b>Other comprehensive income (after tax)</b>	<u>347,092</u>	<u>2</u>	<u>(839,632)</u>	<u>(7)</u>
	<b>Total comprehensive income</b>	<u>\$ 13,450,706</u>	<u>60</u>	<u>12,804,463</u>	<u>102</u>
	<b>Earnings per share (NT dollars) (note 6(17))</b>				
	Basic earnings per share	<u>\$ 30.11</u>		<u>31.35</u>	
	Diluted earnings per share	<u>\$ 30.03</u>		<u>31.21</u>	

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, 2020 and 2019**  
**(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
<b>Balance at January 1, 2019</b>	\$ 4,372,500	24,772,608	1,341,111	1,133,596	13,457,718	15,932,425	(1,328,874)	(32,425)	(1,361,299)	(576,779)	43,139,455
Net income for the year	-	-	-	-	13,644,095	13,644,095	-	-	-	-	13,644,095
Other comprehensive income for the year	-	-	-	-	58,602	58,602	(1,201,619)	303,385	(898,234)	-	(839,632)
Comprehensive income for the year	-	-	-	-	13,702,697	13,702,697	(1,201,619)	303,385	(898,234)	-	12,804,463
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	1,345,772	-	(1,345,772)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(10,880,925)	(10,880,925)	-	-	-	-	(10,880,925)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	31,723	31,723	-	(31,723)	(31,723)	-	-
Difference between consideration and the carrying amount of associates acquired or disposed	-	4,063	-	-	-	-	-	-	-	-	4,063
Difference between consideration and the carrying amount of subsidiaries acquired or disposed	-	(41)	-	-	-	-	-	-	-	-	(41)
<b>Balance at December 31, 2019</b>	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)
<b>Balance at December 31, 2020</b>	<u>\$ 4,372,500</u>	<u>23,470,919</u>	<u>4,060,325</u>	<u>2,291,256</u>	<u>12,270,817</u>	<u>18,622,398</u>	<u>(2,591,201)</u>	<u>857,063</u>	<u>(1,734,138)</u>	<u>(576,779)</u>	<u>44,154,900</u>

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, 2020 and 2019**

(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 14,911,431	15,465,910
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expenses	875,757	197,206
Amortization expenses	317,949	317,931
Expected credit loss (gain)	(1,262)	851
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(320,759)	287,032
Interest expense	263,675	153,373
Interest income	(90,551)	(37,222)
Dividend income	(2,210)	(4,137)
Shares of profit of associates accounted for using equity method	(8,627,290)	(11,838,621)
Loss on disposal of property, plant and equipment	5,591	349
Provision for (reversal of) inventory valuation	(8,096)	13,727
<b>Total adjustments</b>	<u>(7,587,196)</u>	<u>(10,909,511)</u>
<b>Changes in operating assets and liabilities:</b>		
Notes and accounts receivable (including related parties)	(372,967)	775,505
Inventories	251,938	299,764
Other operating assets	36,301	122,170
<b>Total changes in operating assets</b>	<u>(84,728)</u>	<u>1,197,439</u>
Contract liabilities	(1,543,550)	(1,352,578)
Notes and accounts payable (including related parties)	387,370	(768,082)
Net defined benefit liabilities	14,708	(6,146)
Other operating liabilities	661,358	320,897
<b>Total changes in operating liabilities</b>	<u>(480,114)</u>	<u>(1,805,909)</u>
<b>Total changes in operating assets and liabilities</b>	<u>(564,842)</u>	<u>(608,470)</u>
<b>Total adjustments</b>	<u>(8,152,038)</u>	<u>(11,517,981)</u>
Cash inflow generated from operations	6,759,393	3,947,929
Interest received	125,826	37,733
Dividends received	2,210	4,137
Interest paid	(288,123)	(149,314)
Income taxes paid	(1,828,302)	(1,315,543)
<b>Net cash flows from operating activities</b>	<u>4,771,004</u>	<u>2,524,942</u>

(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, 2020 and 2019**

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

	<u>2020</u>	<u>2019</u>
<b>Cash flows from investing activities:</b>		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	(95,357)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	79,178
Acquisition of financial assets at fair value through profit or loss	(2,829,152)	(31,194)
Proceeds from disposal of financial assets at fair value through profit or loss	-	95,901
Acquisition of investments accounted for using equity method	(12,060,400)	(109,913)
Proceeds from disposal of investments accounted for using equity method	1,660,860	-
Cash dividends from subsidiaries accounted for using equity method	7,362,720	5,145,843
Cash dividends from associates accounted for using equity method	18,270	16,510
Acquisition of property, plant and equipment	(469,388)	(205,543)
Proceeds from disposal of property, plant and equipment	2,882	459
Decrease in refundable deposits	1,188	11
Acquisition of intangible assets	(120)	-
Net cash inflows from business combination	5,067,011	-
Increase in other financial assets	(2,655,566)	(2,998,204)
<b>Net cash flows from (used in) investing activities</b>	<u>(3,997,052)</u>	<u>1,993,048</u>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term borrowings	(15,000)	4,844,000
Repayments of long-term borrowings	-	(430,000)
Increase in payables to related parties	11,399,508	667,000
Payment of lease liabilities	(40,508)	(7,424)
Cash dividends paid	(10,880,925)	(10,880,925)
<b>Net cash flows from (used in) financing activities</b>	<u>463,075</u>	<u>(5,807,349)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>1,237,027</u>	<u>(1,289,359)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>2,067,325</u>	<u>3,356,684</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>\$ 3,304,352</u></u>	<u><u>2,067,325</u></u>

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, 2020 and 2019**

**(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 16, 2021.

**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 parent-company-only financial statements, from January 1, 2020:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

**GlobalWafers Co., Ltd.**  
**Notes to the Financial Statements**

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

The Company assessed that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its parent-company-only financial statements:

- 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”

(3) The impact of IFRSs 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”	<p>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.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	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 parent-company-only 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 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



**GlobalWafers Co., Ltd.**  
**Notes to the Financial Statements**

- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- 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(15).

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.

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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.

**(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.

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(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)

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.

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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).

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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.

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.

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(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) 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.

(e) 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.

(f) 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.

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(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.

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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.



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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 40 years
- (b) Machinery and equipment: 1 to 15 years
- (c) Other equipment and leased assets: 1 to 12 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 40 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

A. Identifying a lease

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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (a) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- (b) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- (c) the customer has the right to direct the use of the asset throughout the period of use only if either:
  - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
  - the relevant decisions about how and for what purpose the asset is used are predetermined and:
    - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

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- the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

**B. 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 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

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- (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.

**C. 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.

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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.

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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) 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.

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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.

(15) 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.

(16) 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.

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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.

(17) 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).

(18) 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.

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Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, 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.

**(19) 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 employee remuneration that could be settled in the form of stock.

**(20) 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.



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The accounting policies which involved the estimation and assumption uncertainty that may cause adjustments in the subsequent period 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

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Cash on hand	\$ 100	100
Demand deposits	2,165,052	1,390,135
Time deposits	1,139,200	677,090
	<b>\$ 3,304,352</b>	<b>2,067,325</b>

Please refer to note 6(21) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

**GlobalWafers Co., Ltd.**  
**Notes to the Financial Statements**

(2) Financial assets and liabilities at fair value through profit or loss

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Financial assets mandatorily measured at fair value through profit or loss:		
Forward exchange contracts	\$ <u>41,682</u>	<u>784</u>
Financial assets mandatorily measured at fair value through profit or loss – non-current:		
Privately offered funds	\$ <u>117,204</u>	<u>95,163</u>
Financial liabilities designated as at fair value through profit or loss:		
Overseas securities held	\$ <u>2,915,940</u>	<u>-</u>
Financial liabilities designated as at fair value through profit or loss:		
Swap exchange contracts	\$ <u>11,201</u>	<u>216,514</u>
Forward exchange contract	\$ <u>34,281</u>	<u>-</u>

Please refer to note 6(20) for the amount of remeasurements at fair value through profit or loss.

During the year ended December 31, 2020, the dividends of \$2,210 thousand 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, 2020 and 2019:

<b>December 31, 2020</b>				
	<b>Contract amount (in thousands)</b>		<b>Currency</b>	<b>Maturity date</b>
Forward exchange contracts purchased	JPY	20,000,000	JPY to NTD	January 20, 2021~ June 11, 2021
Swap exchange contracts	USD	80,000	USD to NTD	January 29, 2021~ February 3, 2021
<b>December 31, 2019</b>				
	<b>Contract amount (in thousands)</b>		<b>Currency</b>	<b>Maturity date</b>
Forward exchange contracts purchased	JPY	19,000,000	JPY to NTD	January 14, 2020~ June 29, 2020

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Please refer to 6(20) for the amount of remeasurements at a fair value through profit or loss.

For the years ended December 31, 2020 and 2019, the gain (loss) of the realized financial assets and liabilities from the transactions of forward exchange contracts and swap exchange contracts amounted \$(178,773) thousand and \$227,572 thousand, respectively.

(3) Financial assets at fair value through other comprehensive income

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Equity investment in domestic entities	\$ <u><u>101,475</u></u>	<u><u>-</u></u>

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.

In July 2019, due to changes in investing strategy, the Company disposed of financial assets measured at fair value through other comprehensive income. The fair value at the time of disposal was \$79,178 thousand, and the cumulative disposal gain was calculated at \$31,723 thousand. Therefore, the accumulated disposal gain has been transferred from other equity to retained earnings

For the year ended December 31, 2019, the dividend income of \$2,118 thousand, 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

	<b>December 31, 2020</b>	<b>December 31, 2019</b>	<b>January 1, 2019</b>
Accounts receivable	\$ 2,347,692	1,421,555	1,954,350
Less: allowance for doubtful accounts	<u>(6,768)</u>	<u>(8,030)</u>	<u>(7,179)</u>
	<u><u>\$ 2,340,924</u></u>	<u><u>1,413,525</u></u>	<u><u>1,947,171</u></u>

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.

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The credit loss provision of power plant segment was determined as follows:

	<b>December 31, 2020</b>		
	<b>Gross amount of notes and accounts receivable</b>	<b>Weighted-average loss rate</b>	<b>Credit loss allowance</b>
Current	\$ 2,312,143	0%	-
1 to 30 days past due	28,781	0%	-
31 to 60 days past due	-	15%	-
61 to 90 days past due	-	30%	-
91 to 120 days past due	-	50%	-
121 to 150 days past due	-	70%	-
151 to 180 days past due	-	90%	-
More than 181 days past due	6,768	100%	6,768
Total	<u>\$ 2,347,692</u>		<u>6,768</u>

	<b>December 31, 2019</b>		
	<b>Gross amount of notes and accounts receivable</b>	<b>Weighted-average loss rate</b>	<b>Credit loss allowance</b>
Current	\$ 1,387,577	0%	-
1 to 30 days past due	25,808	0%	-
31 to 60 days past due	-	15%	-
61 to 90 days past due	-	30%	-
91 to 120 days past due	-	50%	-
121 to 150 days past due	-	70%	-
151 to 180 days past due	1,402	90%	1,262
More than 181 days past due	6,768	100%	6,768
Total	<u>\$ 1,421,555</u>		<u>8,030</u>

The movements in the allowance for doubtful accounts related to notes and accounts receivable were as follows:

	<b>2020</b>	<b>2019</b>
Balance on January 1	\$ 8,030	7,179
Impairment losses (reversal gains) recognized	(1,262)	851
Balance on December 31	<u>\$ 6,768</u>	<u>8,030</u>

The notes and accounts receivable mentioned above were not pledged as collateral.

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(5) Inventories

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Merchandise and finished goods	\$ 560,824	283,991
Work in progress	364,897	27,014
Raw materials	<u>973,941</u>	<u>720,923</u>
	<b><u>\$ 1,899,662</u></b>	<b><u>1,031,928</u></b>

Components of operating costs were as follows:

	<b>2020</b>	<b>2019</b>
Cost of sales	\$ 13,225,724	7,506,476
Provision for inventory valuation loss (reversal gain)	(8,096)	13,727
Unallocated fixed manufacturing expense	<u>121,874</u>	<u>96,051</u>
	<b><u>\$ 13,339,502</u></b>	<b><u>7,616,254</u></b>

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:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Associates	\$ 1,202,176	571,929
Subsidiaries	<u>56,801,125</u>	<u>63,452,703</u>
	<b><u>\$ 58,003,301</u></b>	<b><u>64,024,632</u></b>

A. Subsidiaries

- (a) Please refer to the 2020 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, 2020 and 2019, the cash dividends of the subsidiaries were \$7,362,720 thousand and \$5,145,843 thousand, respectively, which were recognized as deductions of investments accounted for using equity method.

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- (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. The difference between investment cost of \$153 thousand and the acquisition of non-controlling interests of Taisil amounting to \$112 thousand was adjusted in the capital surplus in 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:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
The carrying amount of investments in the individually insignificant associates	<b>\$ 1,202,176</b>	<b>571,929</b>
	<b>2020</b>	<b>2019</b>
Amount of individually insignificant associates' interests attributable to the Company:		
Net income	\$ 36,809	20,331
Other comprehensive income (loss)	611,708	275,843
Total	<b>\$ 648,517</b>	<b>296,174</b>

- C. The Company merged with Taisil on February 1, 2020. Please refer to 2019 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)
	<b>\$ 17,986,796</b>

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D. The Company acquired equity interests of Hongwang Investment Co., Ltd. for \$109,760 thousand in 2019, which was recognized as an addition to investments accounted for using the equity method. The difference of \$4,063 thousand between the investment cost and the equity acquired was recognized in additional paid-in capital. Ownership increased from 24.39% to 30.98% as a result of the acquisition. For the years ended December 31, 2020 and 2019, the cash dividends of the invested companies were \$18,270 thousand and \$16,510 thousand, respectively, which were recognized as deductions of investments accounted for using the equity method.

E. Collateral

The investments accounted for using equity method mentioned above were not pledged as collateral as of December 31, 2020 and 2019.

(7) Property, plant and equipment

A. The movements of cost and depreciation of the property, plant and equipment of the Company were as follows:

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Construction in progress and equipment awaiting inspection</u>	<u>Total</u>
Cost:					
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	<u>\$ 2,472,692</u>	<u>20,889,491</u>	<u>1,225,921</u>	<u>97,177</u>	<u>24,685,281</u>
Balance at January 1, 2019	\$ 725,413	623,113	243,751	68,153	1,660,430
Additions	9,035	120,605	29,317	28,346	187,303
Disposals	(4,908)	(38,352)	(9,778)	-	(53,038)
Reclassification	-	68,073	-	(68,073)	-
Transfer and others	-	-	23,352	-	23,352
Balance at December 31, 2019	<u>\$ 729,540</u>	<u>773,439</u>	<u>286,642</u>	<u>28,426</u>	<u>1,818,047</u>
Depreciation:					
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	<u>\$ 1,246,287</u>	<u>18,386,787</u>	<u>681,938</u>	<u>-</u>	<u>20,315,012</u>
Balance at January 1, 2019	\$ 167,189	314,664	84,284	-	566,137
Depreciation for the year	50,685	98,089	40,622	-	189,396
Disposals	(4,908)	(37,799)	(9,523)	-	(52,230)
Transfer and others	-	-	14,476	-	14,476
Balance at December 31, 2019	<u>\$ 212,966</u>	<u>374,954</u>	<u>129,859</u>	<u>-</u>	<u>717,779</u>

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	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Construction in progress and equipment awaiting inspection</u>	<u>Total</u>
Carrying amounts:					
Balance at December 31, 2020	\$ 1,226,405	2,502,704	543,983	97,177	4,370,269
Balance at January 1, 2019	\$ 558,224	308,449	159,467	68,153	1,094,293
Balance at December 31, 2019	\$ 516,574	398,485	156,783	28,426	1,100,268

**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:

	<u>Land</u>	<u>Other equipment</u>	<u>Total</u>
Cost of right-of-use assets			
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
Balance at January 1, 2019	\$ -	-	-
Effect of initial application of IFRS16	71,597	2,359	73,956
Adjustment	(2,077)	-	(2,077)
Balance at December 31, 2019	\$ 69,520	2,359	71,879
Depreciation and impairments loss of right-of-use assets:			
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
Balance at January 1, 2019	\$ -	-	-
Depreciation	6,523	1,287	7,810
Adjustment	(1,841)	-	(1,841)
Balance at December 31, 2019	\$ 4,682	1,287	5,969



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	<u>Land</u>	<u>Other equipment</u>	<u>Total</u>
Carrying amounts:			
Balance at December 31, 2020	\$ <u>454,245</u>	<u>5,111</u>	<u>459,356</u>
Balance at December 31, 2019	\$ <u>64,838</u>	<u>1,072</u>	<u>65,910</u>

(9) Intangible assets

The cost and amortization of the intangible assets of the Company were as follows:

	<u>Patents and trademarks</u>	<u>Computer software</u>	<u>Total</u>
Cost:			
Balance at January 1, 2020	\$ 1,631,850	-	1,631,850
Additions	<u>-</u>	<u>120</u>	<u>120</u>
Balance at December 31, 2020	\$ <u>1,631,850</u>	<u>120</u>	<u>1,631,970</u>
Balance at January 1, 2019 (Balance at December 31, 2019)	\$ <u>1,631,850</u>	<u>-</u>	<u>1,631,850</u>
Amortization:			
Balance at January 1, 2020	\$ 953,793	-	953,793
Amortization for the year	<u>317,932</u>	<u>17</u>	<u>317,949</u>
Balance at December 31, 2020	\$ <u>1,271,725</u>	<u>17</u>	<u>1,271,742</u>
Balance at of January 1, 2019	\$ 635,862	-	635,862
Amortization for the year	<u>317,931</u>	<u>-</u>	<u>317,931</u>
Balance at December 31, 2019	\$ <u>953,793</u>	<u>-</u>	<u>953,793</u>
Carrying amounts:			
Balance at December 31, 2020	\$ <u>360,125</u>	<u>103</u>	<u>360,228</u>
Balance at January 1, 2019	\$ <u>995,988</u>	<u>-</u>	<u>995,988</u>
Balance at December 31, 2019	\$ <u>678,057</u>	<u>-</u>	<u>678,057</u>

The intangible assets mentioned above were not pledged as collateral.

(10) Short-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Unsecured borrowings	\$ <u>9,871,000</u>	<u>9,886,000</u>
Unused credit lines	\$ <u>11,458,817</u>	<u>10,835,877</u>
	<u>0.56%~</u>	<u>0.70%~</u>
Range of interest rates at year end	<u>0.6446%</u>	<u>0.76%</u>

The Company did not provide the bank with assets pledged as collateral for its short-term borrowings.

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(11) Long-term borrowings

In the first quarter of 2019, the Company repaid its long-term borrowings of \$430,000 thousand due to its operating strategy.

(12) Lease liabilities

The carrying amounts of lease liabilities of the Company were as follows:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Current	\$ <u>34,717</u>	<u>7,193</u>
Non-current	\$ <u>429,540</u>	<u>59,088</u>

For the maturity analysis, please refer to note 6(21) "Financial instruments".

The amounts recognized in profit or loss were as follows:

	<b>For the year ended December 31, 2020</b>	<b>2019</b>
Interest on lease liabilities	\$ <u>5,382</u>	<u>841</u>
Expenses relating to short-term leases	\$ <u>5,162</u>	<u>3,446</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>-</u>	<u>-</u>

The amounts recognized in the statement of cash flows were as follows:

	<b>For the year ended December 31, 2020</b>	<b>2019</b>
Total cash outflow for leases	\$ <u>51,052</u>	<u>11,711</u>

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:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Total present value of obligations	\$ (933,655)	(112,001)
Fair value of plan assets	<u>228,887</u>	<u>66,593</u>
Recognized liabilities for defined benefit obligations	\$ <u>(704,768)</u>	<u>(45,408)</u>

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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 \$228,887 thousand, as of December 31, 2020. 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:

	<u>2020</u>	<u>2019</u>
Defined benefit obligation at January 1	\$ 112,001	105,915
Current service costs and interest cost	11,052	1,807
Re-measurements for defined benefit obligations		
—Actuarial gains and losses arising from experience adjustments	9,146	736
—Actuarial gains and losses resulting from changes in demographic assumptions	5,625	1,356
—Actuarial gains and losses resulting from changes in financial assumptions	24,749	4,486
Past service credit	6,459	-
Benefits paid	(16,953)	(2,299)
The liabilities of business combination	781,576	-
Defined benefit obligation at December 31	<u><u>\$ 933,655</u></u>	<u><u>112,001</u></u>

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(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:

	<u>2020</u>	<u>2019</u>
Fair value of plan assets at January 1	\$ 66,593	58,517
Interest revenue	1,725	715
Re-measurements for defined benefit obligations		
—Return on plan asset (excluding interest revenue)	7,171	2,422
Contributions made	14,023	7,238
Benefits paid	(16,953)	(2,299)
The assets of business combination	<u>156,328</u>	<u>-</u>
Fair value of plan assets at December 31	<u><u>\$ 228,887</u></u>	<u><u>66,593</u></u>

(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	<u>2020</u>	<u>2019</u>
Current service costs	\$ 4,350	615
Net interest of net liabilities for defined benefit obligations	4,977	477
Past service credit	<u>6,459</u>	<u>-</u>
	<u><u>\$ 15,786</u></u>	<u><u>1,092</u></u>
Operating cost	\$ 12,643	798
Selling expenses	463	59
Administration expenses	637	58
Research and development expenses	<u>2,043</u>	<u>177</u>
	<u><u>\$ 15,786</u></u>	<u><u>1,092</u></u>

(e) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate	0.50%	0.750%
Future salary increase rate	2.000%~3.000%	2.000%

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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 \$36,818 thousand.

The weighted-average durations of the defined benefit obligation are 10.3 years to 10.8 years.

(f) Sensitivity analysis

When the actuarial assumptions had changed 0.25% as of the December 31, 2020 and 2019, the impact on the present value of the defined benefit obligation would be as follows:

<u>Actuarial assumptions</u>	<u>Impact on defined benefit obligations</u>	
	<u>Increased by 0.25%</u>	<u>Decreased by 0.25%</u>
December 31, 2020		
Discount rate	\$ <u>(24,786)</u>	<u>25,755</u>
Future salary increase rate	\$ <u>24,700</u>	<u>(23,906)</u>
December 31, 2019		
Discount rate	\$ <u>(3,034)</u>	<u>3,154</u>
Future salary increase rate	\$ <u>3,060</u>	<u>(2,959)</u>

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 2020 and 2019.

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 \$61,339 thousand and \$21,306 thousand for the years of 2020 and 2019, respectively. Such contributions were made to the Bureau of the Labor Insurance.

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(14) Income tax

A. Income tax expense

The components of income tax expenses in 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Current tax expense	\$ 1,578,258	1,160,158
Deferred tax expense	229,559	661,657
	<u>\$ 1,807,817</u>	<u>1,821,815</u>

The amounts of income tax (benefit) recognized in other comprehensive income in 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit obligations	\$ <u>(38,521)</u>	<u>18,052</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	\$ <u>(15,178)</u>	<u>(300,404)</u>

Reconciliations of income tax and income before income tax for 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Income before income tax	\$ 14,911,431	15,465,910
Income tax using the Company's domestic tax rate	2,982,286	3,093,182
Tax effect of permanent differences	(74,098)	(711,149)
Investment tax credits	(76,416)	(15,000)
Changes in unrecognized temporary differences	(538,213)	(323,974)
Tax-refunded for repatriated offshore funds to Taiwan	(547,941)	(390,785)
Overestimate and underestimate in prior periods and others	(1,742)	108,506
Additional tax on undistributed earnings	63,941	61,035
	<u>\$ 1,807,817</u>	<u>1,821,815</u>

B. Deferred tax assets and liabilities

(a) The deferred tax liabilities have not been recognized in respect of the following items:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Aggregate amount of temporary differences related to investments in subsidiaries	\$ <u>(1,535,975)</u>	<u>(997,762)</u>

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The Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as at December 31, 2020 and 2019. 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:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Tax effect of deductible temporary differences	<b>\$ 548,267</b>	<b>-</b>

Deferred tax assets that have not been recognized were derived from investment loss of an overseas investee of Taisil. 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

	<b>January 1, 2019</b>	<b>Recognized in profit or loss</b>	<b>Recognized in other comprehensive income</b>	<b>December 31, 2019</b>	<b>Acquired from business combination</b>	<b>Recognized in profit or loss</b>	<b>Recognized in other comprehensive income</b>	<b>December 31, 2020</b>
Deferred tax assets:								
Allowance for inventory valuation	\$ 6,963	2,810	-	9,773	47,263	(4,515)	-	52,521
Equity-method investments	56,637	(11,369)	15,621	60,889	-	(24,793)	(23,540)	12,556
Unrealized gains from associates	25,912	40,104	-	66,016	-	36,448	-	102,464
Others	44,693	18,867	816	64,376	183,300	(23,496)	(4,718)	219,462
	<b>\$ 134,205</b>	<b>50,412</b>	<b>16,437</b>	<b>201,054</b>	<b>230,563</b>	<b>(16,356)</b>	<b>(28,258)</b>	<b>387,003</b>
Deferred tax liabilities:								
Equity-method investments	\$ (2,487,625)	(710,856)	265,915	(2,932,566)	-	(224,907)	81,957	(3,075,516)
Others	(2,697)	(1,213)	-	(3,910)	-	11,704	-	7,794
	<b>\$ (2,490,322)</b>	<b>(712,069)</b>	<b>265,915</b>	<b>(2,936,476)</b>	<b>-</b>	<b>(213,203)</b>	<b>81,957</b>	<b>(3,067,722)</b>

**C. Assessment of tax filings**

As of December 31, 2020, income tax returns of the Company for the years through 2018 were assessed by the tax authority.

**GlobalWafers Co., Ltd.**  
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(15) Capital and other equity

A. Ordinary shares

As of December 31, 2020 and 2019, 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:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Additional paid-in capital	\$ 23,406,252	24,711,963
Employee stock options	60,727	60,727
Difference between the consideration and the carrying amount of subsidiaries' share acquired or disposed	3,940	3,940
	<b><u>\$ 23,470,919</u></b>	<b><u>24,776,630</u></b>

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.



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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.

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**Notes to the Financial Statements**

(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 Ruling 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 \$2,291,256 thousand and \$1,133,596 thousand as of December 31, 2020 and 2019, respectively.

(c) Earnings distribution

The distributions of dividends per share for the first half of 2020 and for the year 2019 were approved by the board of directors on December 9, 2020 and March 17, 2020, respectively. Earnings distribution, by the way of cash dividends, for the year of 2018 was approved during the shareholders' meeting held on June 25, 2019. The distribution of dividends was as follow:

	<b>The first half of 2020</b>	<b>2019</b>	<b>2018</b>
Dividends distributed to ordinary shareholders:			
Cash (dividends per share were \$8, \$22 and \$25, respectively)	\$ <u><u>3,481,896</u></u>	<u><u>9,575,214</u></u>	<u><u>10,880,925</u></u>

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, 2020, a total of 2,013 thousand shares has yet to be transferred.

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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

	<b>Exchange differences on translation of foreign financial statements</b>	<b>Gains (losses) from equity instruments measured at fair value through other comprehensive income</b>	<b>Total</b>
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	<u><u>\$ (2,591,201)</u></u>	<u><u>857,063</u></u>	<u><u>(1,734,138)</u></u>
January 1, 2019	(1,328,874)	(32,425)	(1,361,299)
Foreign exchange differences (net of tax)	(1,201,619)	-	(1,201,619)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	27,542	27,542
Disposition of equity instruments measured at fair value through other comprehensive income	-	(31,723)	(31,723)
Unrealized gains from financial assets measured at fair value through other comprehensive income of associates accounted for using equity method	-	275,843	275,843
December 31, 2019	<u><u>\$ (2,530,493)</u></u>	<u><u>239,237</u></u>	<u><u>(2,291,256)</u></u>

(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, 2020 and 2019, the stock prices of the Company were \$708.0 and \$382.5, respectively. For the years 2020 and 2019, the amount of \$27,435 thousand and \$14,822 thousand, respectively, were recognized by the Company as compensation costs.

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(17) Earnings per share (“EPS”)

A. Basic earnings per share

	<u>2020</u>	<u>2019</u>
Net income attributable to the shareholders of the Company	\$ <u>13,103,614</u>	<u>13,644,095</u>
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)	<u>435,237</u>	<u>435,237</u>
Basic earnings per share (dollars)	\$ <u>30.11</u>	<u>31.35</u>

B. Diluted earnings per share

	<u>2020</u>	<u>2019</u>
Net income attributable to the shareholders of the Company	\$ <u>13,103,614</u>	<u>13,644,095</u>
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)	435,237	435,237
Effect of the employee remuneration issued by stock (in thousands of shares)	<u>1,079</u>	<u>1,982</u>
	<u>436,316</u>	<u>437,219</u>
Diluted earnings per share (dollars)	\$ <u>30.03</u>	<u>31.21</u>

(18) Revenue from contracts with customers

A. Disaggregation of revenues

	<u>2020</u>	<u>2019</u>
Primary geographical markets:		
Taiwan	\$ 9,615,287	5,644,062
Asia — others	8,750,423	2,386,131
America	1,821,355	2,433,654
Northeast Asia	1,410,771	1,082,910
Europe	717,192	515,423
Other areas	<u>191,072</u>	<u>394,623</u>
	<u>\$ 22,506,100</u>	<u>12,456,803</u>
Major product categories:		
Semiconductor wafers	\$ 11,314,832	10,437,350
Semiconductor ingot	9,717,070	186,956
Others	<u>1,474,198</u>	<u>1,832,497</u>
	<u>\$ 22,506,100</u>	<u>12,456,803</u>

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B. Contract balances

	<b>December 31, 2020</b>	<b>December 31, 2019</b>	<b>January 1, 2019</b>
Contract liabilities	<b><u>\$ 1,019,398</u></b>	<b><u>2,036,201</u></b>	<b><u>3,388,779</u></b>

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, 2020 and 2019, which was included in the contract liability balance at the beginning of the period, was \$1,622,757 thousand and \$1,427,445 thousand, respectively.

The contract liabilities primarily relate to the advance consideration received from customers for the wafers 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, 2020 and 2019, the Company accrued and recognized its employee remuneration amounting to \$463,953 thousand and \$622,810 thousand and directors' remuneration amounting to \$44,500 thousand and \$49,200 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 2020 and 2019 parent-company-only financial statements were not significantly different from those approved in the board of directors' meetings.

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(20) Non-Operating income and expenses

A. Interest income

	<u>2020</u>	<u>2019</u>
Interest income		
Interest from bank deposits	\$ <u>90,551</u>	<u>37,222</u>

B. Other gains and losses

	<u>2020</u>	<u>2019</u>
Foreign exchange gains (losses), net	\$ (573,863)	(47,624)
Realized gains (losses) on financial assets (liabilities) measured at fair value through profit or loss	141,984	(59,460)
Others	<u>37,033</u>	<u>55,447</u>
	\$ <u>(394,846)</u>	<u>(51,637)</u>

C. Finance costs

	<u>2020</u>	<u>2019</u>
Interest expense—borrowings	\$ 258,293	152,532
Interest expense—lease liabilities	<u>5,382</u>	<u>841</u>
	\$ <u>263,675</u>	<u>153,373</u>

(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, 2020 and 2019, 70% 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).

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**B. Liquidity risk**

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>December 31, 2020</b>							
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)	16,335,414	(16,335,414)	(16,335,414)	-	-	-	-
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							
Forward exchange contracts:							
Outflows	-	(5,396,400)	(5,396,400)	-	-	-	-
Inflows	30,481	5,426,881	5,426,881	-	-	-	-
Swap exchange contracts:							
Outflows	(34,281)	(2,311,480)	(2,311,480)	-	-	-	-
Inflows	-	2,277,199	2,277,199	-	-	-	-
	<u>\$ 28,053,435</u>	<u>(28,111,522)</u>	<u>(26,109,187)</u>	<u>(1,537,333)</u>	<u>(34,878)</u>	<u>(104,633)</u>	<u>(325,491)</u>
<b>December 31, 2019</b>							
Non-derivative financial liabilities							
Short-term borrowings \$	9,886,000	(9,892,576)	(9,892,576)	-	-	-	-
Notes and accounts payable (including related parties)	13,237,112	(13,237,112)	(13,237,112)	-	-	-	-
Lease liabilities	66,281	(73,257)	(4,080)	(3,863)	(3,842)	(11,526)	(49,946)
Derivative financial instruments							
Forward exchange contracts:							
Outflows	-	-	-	-	-	-	-
Inflows	215,730	(5,450,340)	(5,450,340)	-	-	-	-
	<u>\$ 23,405,123</u>	<u>(28,653,285)</u>	<u>(28,584,108)</u>	<u>(3,863)</u>	<u>(3,842)</u>	<u>(11,526)</u>	<u>(49,946)</u>

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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:

	<b>December 31, 2020</b>		
	<b>Foreign currency</b>	<b>Exchange rate</b>	<b>NTD</b>
<u>Financial assets</u>			
<u>Monetary Items</u>			
USD	\$ 428,876	28.48	12,214,391
JPY	658,012	0.2763	181,809
<u>Non-Monetary Items</u>			
JPY	15,000,000	0.2763	Note
<u>Investments accounted for     using equity method</u>			
USD	1,370,371	28.48	39,028,167
JPY	61,386,714	0.2763	16,942,733
<u>Financial liabilities</u>			
<u>Monetary Items</u>			
USD	285,285	28.48	8,124,930
JPY	26,065,843	0.2763	7,201,992
<u>Non-Monetary Items</u>			
USD	80,000	28.48	Note
JPY	5,000,000	0.2763	Note



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<b>December 31, 2019</b>			
	<b>Foreign currency</b>	<b>Exchange rate</b>	<b>NTD</b>
<u>Financial assets</u>			
<u>Monetary Items</u>			
USD	\$ 248,660	29.98	7,454,812
JPY	396,016	0.276	109,300
<u>Non-Monetary Items</u>			
JPY	18,000,000	0.276	Note
<u>Investments accounted for using equity method</u>			
USD	972,445	29.98	29,153,894
JPY	55,298,616	0.276	15,262,418
DKK	369,902	4.5	1,660,861
<u>Financial liabilities</u>			
<u>Monetary Items</u>			
USD	30,663	29.98	919,273
JPY	19,839,629	0.276	5,475,738
<u>Non-Monetary Items</u>			
JPY	1,000,000	0.276	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 and JPY as of December 31, 2020 and 2019, would have increased or decreased the net income before income tax by \$24,809 thousand and \$11,691 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.

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(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,			
	2020		2019	
	Foreign exchange gains (losses)	Average rate	Foreign exchange gains (losses)	Average rate
USD	\$ (571,170)	29.533	(98,148)	30.912
JPY	(3,420)	0.2769	50,395	0.2760
EUR	7,567	33.738	2,828	34.61
CNY	(6,529)	4.281	(2,704)	4.472
CHF	-	-	2	31.10
SGD	(313)	21.417	-	-
KRW	2	0.0253	-	-
GBP	-	39.44	3	39.44

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 decreased or increased by \$19,265 thousand and \$21,239 thousand, for the years ended December 31, 2020 and 2019, respectively, assuming all other variable factors remain constant. This is mainly due to the Company's bank deposits and borrowings with variable rates.

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E. Other price risk

For the years ended December 31, 2020 and 2019, 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:

Prices of securities at the reporting date	For the years ended December 31,			
	2020		2019	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 5%	\$ 5,074	145,797	-	-
Decreasing 5%	(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:

	Carrying amount	December 31, 2020			
		Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
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
	<u>\$ 3,074,826</u>	<u>2,915,940</u>	<u>41,682</u>	<u>117,204</u>	<u>3,074,826</u>
<b>Financial assets at fair value through other comprehensive income</b>					
Stock listed on domestic market	\$ <u>101,475</u>	<u>101,475</u>	<u>-</u>	<u>-</u>	<u>101,475</u>

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December 31, 2020					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
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	-	-	-	-
	<u>\$ 13,845,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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
	<u>\$ 45,482</u>	<u>-</u>	<u>45,482</u>	<u>-</u>	<u>45,482</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 9,871,000	-	-	-	-
Notes and accounts payable (including related parties)	16,335,414	-	-	-	-
Lease liabilities—current and non-current	464,257	-	-	-	-
	<u>\$ 26,670,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2019					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Forward exchange contract	\$ 784	-	784	-	784
Privately offered fund	95,163	-	-	95,163	95,163
	<u>\$ 95,947</u>	<u>-</u>	<u>784</u>	<u>95,163</u>	<u>95,947</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,067,325	-	-	-	-
Notes and accounts receivable (including related parties)	3,181,640	-	-	-	-
Other financial assets—current and non-current	3,008,938	-	-	-	-
	<u>\$ 8,257,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	December 31, 2019				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial liabilities at fair value through profit or loss</b>	<b>\$ 216,514</b>	<b>-</b>	<b>216,514</b>	<b>-</b>	<b>216,514</b>
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	\$ 9,886,000	-	-	-	-
Notes and accounts payable (including related parties)	13,237,112	-	-	-	-
Lease liabilities-current and non-current	66,281	-	-	-	-
	<b>\$ 23,189,393</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(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.

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(c) Reconciliation of Level 3 fair value

	<b>Financial assets measured at fair value through profit or loss</b>
January 1, 2020	\$ 95,163
Addition in investment	29,064
Recognized in profit or loss	(7,023)
December 31, 2020	<u><u>\$ 117,204</u></u>
January 1, 2019	\$ 64,697
Addition in investment	31,194
Recognized in profit or loss	(728)
December 31, 2019	<u><u>\$ 95,163</u></u>

- (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, 2020 and 2019, 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.

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**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, 2019, 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.

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(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:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Total liabilities	\$ 38,501,010	30,435,245
Less: cash and cash equivalents	<u>(3,304,352)</u>	<u>(2,067,325)</u>
Net debt	<u>\$ 35,196,658</u>	<u>28,367,920</u>
Total equity	<u>\$ 44,154,900</u>	<u>45,067,015</u>
Debt-to-equity ratio	<u>79.71 %</u>	<u>62.95 %</u>

The increase in dividends payable and long-term payable, resulted in the debt-to-equity ratio to increase as at December 31, 2020.

(24) Cash flow information

A. For acquiring right-of-use assets by lease, please refer to note 6(8).



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B. Reconciliations of liabilities arising from financing activities were as follows:

	<b>January 1, 2020</b>	<b>Acquisition from business combination</b>	<b>Cash flows</b>	<b>Foreign exchange movement and others</b>	<b>December 31, 2020</b>
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)	11,035,668	-	12,376,551
Total liabilities from financing activities	<u>\$ 20,492,281</u>	<u>(8,760,873)</u>	<u>10,980,160</u>	<u>240</u>	<u>22,711,808</u>

	<b>January 1, 2019</b>	<b>Cash flows</b>	<b>Foreign exchange movement and others</b>	<b>December 31, 2019</b>
Long-term borrowings	\$ 430,000	(430,000)	-	-
Short-term borrowings	5,042,000	4,844,000	-	9,886,000
Lease liabilities	73,956	(7,424)	(251)	66,281
Payables to related parties	9,873,000	667,000	-	10,540,000
Total liabilities from financing activities	<u>\$ 15,418,956</u>	<u>5,073,576</u>	<u>(251)</u>	<u>20,492,281</u>

**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, 2020, 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:

<b>Name of related party</b>	<b>Relationship with the Company</b>
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

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<b>Name of related party</b>	<b>Relationship with the Company</b>
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 directly 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
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

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<u>Name of related party</u>	<u>Relationship with the Company</u>
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:

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 165,622	169,832
Post-employment benefits	706	705
	<u>\$ 166,328</u>	<u>170,537</u>

The Company provided a car costing \$1,500 thousand, for key management use in 2020 and 2019, respectively.

(4) Significant transactions with related parties

A. Sales

The amounts of significant sales by the Company to related parties were as follows:

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Parent company	\$ 4,699	1,372
Other related parties	6,169,935	229,325
	<u>\$ 6,174,634</u>	<u>230,697</u>

The sales price for sales to the related parties was determined by market price and adjusted according to the sales area and sales volume.

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The credit terms for third parties were 0 to 120 days after month-end both in 2020 and 2019, while those for related parties were 30 to 90 days after month-end both in 2020 and 2019.

**B. Purchases and process outsourcing**

The amounts of purchases and process outsourcing by the Company from related parties were as follows:

	<b>For the years ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Parent company	\$ 1,061,950	877,825
Subsidiary—GWJ	6,765,853	5,998,428
Subsidiary—SST	1,784,604	1,969,639
Subsidiary—GTI	1,839,483	2,074,272
Subsidiary—others	1,105,696	1,248,973
	<b>\$ 12,557,586</b>	<b>12,169,137</b>

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 2020 and 2019, while those of related parties were 30 days after the following month-end both in 2020 and 2019.

**C. Receivables from related parties**

The receivables from related parties were as follows:

<b>Items</b>	<b>Categories</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Receivable from related parties	Parent company	\$ 582	634
Receivable from related parties	Other related parties	1,034,491	48,111
		<b>\$ 1,035,073</b>	<b>48,745</b>

**D. Payables to related parties**

The payables to related parties were as follows:

<b>Items</b>	<b>Categories</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Payable to related parties	Parent company	\$ 207,834	220,875
Payable to related parties	Subsidiary—GWJ	1,923,569	1,365,605
Payable to related parties	Subsidiary—others	710,059	693,422
		<b>\$ 2,841,462</b>	<b>2,279,902</b>

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E. Loans to other parties

For the year ended 2020 and 2019, the financing loans from related parties during the period were as follows:

<u>Related parties</u>	<u>2020</u>		
	<u>Ending balance</u>	<u>Interest rate period</u>	<u>Interest expense</u>
Subsidiary	\$ <u>12,376,551</u>	0.5%~1.5%	<u>194,623</u>
<u>Related parties</u>	<u>2019</u>		
	<u>Ending balance</u>	<u>Interest rate period</u>	<u>Interest expense</u>
Subsidiary	\$ <u>10,540,000</u>	0.48%~1.5%	<u>109,306</u>

As of December 31, 2020 and 2019, the interest payable was \$0 and \$21,707, respectively.

F. Guarantees and endorsements

For the years ended 2020 and 2019. The maximum amount of guarantees and endorsements for related parties to apply for bank financing credit lines were as follows:

(amounts in thousands)

<u>Related parties</u>	<u>For the year ended December 31,</u>			
	<u>2020</u>		<u>2019</u>	
Subsidiary	EUR	10,000	JPY	-
Subsidiary	USD	60,000	USD	60,000
Subsidiary	DKK	25,000	DKK	25,000

As of December 31, 2020 and 2019, the balance of guarantees and endorsements were summarized as follows:

(amounts in thousands)

<u>Related parties</u>	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
Subsidiary	EUR	10,000	JPY	-
Subsidiary	USD	60,000	USD	60,000
Subsidiary	DKK	25,000	DKK	25,000

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G. Payment on behalf of others

As of December 31, 2020 and 2019, 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 \$479 thousand and \$369 thousand, respectively and payable to related parties were \$7,681 thousand and \$4,212 thousand, respectively.

H. Transactions of property, plant and equipment

- (a) Purchase amounts of property, plant and equipment from related parties were summarized as follows:

<u>Related parties</u>	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Parent company	\$ 3,307	18,300
Subsidiary	7,788	10,663
Other related parties	16,316	-
	<u><u>\$ 27,411</u></u>	<u><u>28,963</u></u>

As of December 31, 2020 and 2019, the prepayment for equipment was \$2,704 thousand and \$0 thousand, respectively; the payables were \$1,524 thousand and \$0 thousand, respectively.

- (b) Disposal amounts of property, plant and equipment to related parties were summarized as follows:

<u>Related parties</u>	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Parent company	\$ 260	-
Subsidiary	1,190	-
	<u><u>1,450</u></u>	<u><u>-</u></u>

As of December 31, 2020, the receivable from the above transactions had been fully received.

I. 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.

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For the years ended December 31, 2020 and 2019, the amount of selling transactions was as follows:

	<b>Related parties</b>	<b>For the years ended December 31,</b>	
		<b>2020</b>	<b>2019</b>
Subsidiary		<u><u>\$ 8,662,820</u></u>	<u><u>9,792,152</u></u>

For the years ended December 31, 2020 and 2019, the service revenue generated from the Company's purchase of raw materials on behalf of subsidiaries was \$743,649 thousand and \$768,294 thousand, respectively.

In addition, the Company made an agreement with subsidiaries for charging commission income. For the years ended December 31, 2020 and 2019, the commission revenue were \$35,558 thousand and \$38,805 thousand, respectively, and recognized as service revenue.

The balance of accounts receivable generated from above transactions were as follows:

<b>Items</b>	<b>Categories</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Receivable from related parties	Subsidiary	<u><u>\$ 1,366,222</u></u>	<u><u>1,497,739</u></u>

- (b) The Company charged the related parties for royalty. Details of royalty income and receivable from related parties were as follows:

		<b>For the years ended December 31,</b>	
<b>Categories</b>		<b>2020</b>	<b>2019</b>
Subsidiary		<u><u>\$ 644,901</u></u>	<u><u>1,014,643</u></u>

<b>Items</b>	<b>Categories</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Receivable from related parties	Subsidiary	<u><u>\$ 85,358</u></u>	<u><u>216,597</u></u>

- (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:

		<b>For the years ended December 31,</b>	
<b>Categories</b>		<b>2020</b>	<b>2019</b>
Parent company		\$ 10,728	14,175
Subsidiary		29,957	17,837
Other related parties		536	645
		<u><u>\$ 41,221</u></u>	<u><u>32,657</u></u>

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<b>Items</b>	<b>Categories</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Receivable from related parties	Parent company	\$ 1,232	1,371
Receivable from related parties	Subsidiary	2,623	3,165
Receivable from related parties	Other related parties	433	129
		<u><u>\$ 4,288</u></u>	<u><u>4,665</u></u>

- (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:

<b>Categories</b>	<b>For the years ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Parent company	\$ 20,330	21,982
Subsidiary	329,708	148,987
	<u><u>\$ 350,038</u></u>	<u><u>170,969</u></u>

<b>Items</b>	<b>Categories</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Payables to related parties	Parent company	\$ 5,102	5,708
Payables to related parties	Subsidiary	88,605	71,056
		<u><u>\$ 93,707</u></u>	<u><u>76,764</u></u>

**8. Pledged assets:**

The carrying values of pledged assets were as follows:

<b>Pledged assets</b>	<b>Purpose of pledge</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Time deposits (recognized in other financial assets — non-current)	Guarantee for gas consumption from CPC Corporation	\$ 2,000	-
Time deposits (recognized in other financial assets — non-current)	Guarantee payment for import VAT	5,000	-
Time deposits (recognized in other financial assets — non-current))	Guarantee for the land lease contract with the Hsinchu Science Industrial Park Bureau	40,679	9,151
Time deposits (recognized in other financial assets — non-current)	Guarantee for bank financing projects	142,400	-
		<u><u>\$ 190,079</u></u>	<u><u>9,151</u></u>



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**9. Commitments and contingencies:**

(1) Significant unrecognized contractual commitments

- A. The purchase amounts for future procurement from suppliers under the existing agreements were as follows:

(Unit: currency in thousands)

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
EUR	<u><u>\$ 1,202</u></u>	<u><u>3,779</u></u>

- B. As of December 31, 2020 and 2019, the significant outstanding commitments for construction and purchase of property, plant and equipment amounted to \$257,082 thousand and \$0 thousand, respectively.
- C. Research and Development which was the Company requested a bank to issue amounted \$14,000 thousand and \$9,000 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, 2020 and 2019, a guarantee letter for the customer issued by the bank amounted to \$88,651 thousand and \$111,871 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, 2020 and 2019, the balances of the account were \$5,491,302 thousand and \$2,998,120 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.

**GlobalWafers Co., Ltd.**  
**Notes to the Financial Statements**

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. The closing of acquisition remains subject to receipt of further regulatory approvals.

(2) Contingent liabilities: None

**10. Losses due to major disasters: None**

**11. Subsequent Events:**

For public tender offer of acquiring Siltronic AG stock, please refer to note 9.

**12. Other:**

A summary of the employee benefits, depreciation, and amortization expenses, by function is as follows:

By item	For the years ended December 31,					
	2020			2019		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salary	956,420	435,690	1,392,110	354,485	663,099	1,017,584
Labor and health insurance	92,533	28,825	121,358	31,885	16,669	48,554
Pension	54,587	18,238	72,825	12,600	9,798	22,398
Others	23,785	16,523	40,308	19,346	8,925	28,271
Remuneration of directors	-	46,620	46,620	-	51,160	51,160
Depreciation	823,802	51,955	875,757	153,153	44,053	197,206
Amortization	317,932	17	317,949	317,931	-	317,931

Additional information on the numbers of employees and employee benefit costs was as follows:

	For the years ended December 31,	
	2020	2019
The numbers of employees	<u>1,586</u>	<u>643</u>
The numbers of non-employee directors	<u>6</u>	<u>5</u>
The average of employee benefits	<u>\$ 1,317</u>	<u>1,750</u>
The average of salaries	<u>\$ 1,169</u>	<u>1,595</u>
The average of salary adjustment rate	<u>(26.71)%</u>	
Supervisors' remuneration	<u>\$ -</u>	<u>-</u>

Note: On February 1, 2020, the number of employees of the Company had increased due to its merger with Taisil whose employees were mostly operators working in the production line.

**GlobalWafers Co., Ltd.**  
**Notes to the Financial Statements**

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.

**GlobalWafers Co., Ltd.**  
**Notes to the Financial Statements**

- C. Securities held as of December 31, 2020 (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, 2020.

**GlobalWafers Co., Ltd.**  
**Loans to other parties**  
**For the year ended December 31, 2020**

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		
1	GWJ	The Company	Receivable from related parties	Yes	1,162,560	1,160,460	-	0.56%	2	-	Operating capital	-		-	16,961,586	16,961,586
1	GWJ	The Company	Receivable from related parties	Yes	5,307,240	5,194,440	5,194,440	0.50%~0.56%	1	6,765,853	Business between two parties	-	-	-	6,765,853	16,961,586
1	GWJ	MEMC Japan	Receivable from related parties	Yes	282,300	276,300	-	0.59%	2	-	Operating capital	-	-	-	16,961,586	16,961,586
1	GWJ	GlobalWafers B.V.	Receivable from related parties	Yes	1,400,500	-	-	0.55%	2	-	Operating capital	-		-	16,961,586	16,961,586
2	MEMC SpA	GWS	Receivable from related parties	Yes	2,736,240	2,731,560	2,134,460	3.444%	2	-	Operating capital	-	-	-	7,167,646	7,167,646
3	Taisil	The Company	Receivable from related parties	Yes	6,400,000	-	-	1.5%	2	-	Operating capital	-	-	-	7,091,890 Note 4	7,091,890 Note 4
4	GTI	MEMC LLC	Receivable from related parties	Yes	211,575	199,360	-	2.25%	2	-	Operating capital	-	-	-	8,994,074	8,994,074
5	GWS	GlobalWafers B.V.	Receivable from related parties	Yes	3,025,000	2,848,000	2,848,000	1.2%	2	-	Operating capital	-	-	-	38,712,991	38,712,991
5	GWS	The Company	Receivable from related parties	Yes	10,890,000	10,252,800	7,182,111	1.2%	2	-	Operating capital	-	-	-	38,712,991	38,712,991
5	GWS	GlobalWafers Inc.	Receivable from related parties	Yes	3,288,175	-	-	2.5%	2	-	Operating capital	-	-	-	38,712,991	38,712,991

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: It's 40 percent of Taisil's latest audited net worth.

Note 5: 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, 2020**

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	Topsil A/S	2	132,464,700	117,775	115,250	34,575	-	0.26 %	132,464,700	Y	N	N
0	The Company	GWS	2	132,464,700	1,815,000	-	-	-	- %	132,464,700	Y	N	N
0	The Company	GmbH	2	132,464,700	350,200	350,200	350,200	-	0.79 %	132,464,700	Y	N	N
1	GTI	MEMC LLC	2	44,970,370	453,750	427,200	94,555	-	4.75 %	44,970,370	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 100 percent of the Company's net worth.

Note 5: The Company made a guarantee payment for its import VAT amounting \$9,000 thousand.

Note 6: Taisil made a guarantee payment for its import VAT amounting to \$5,000 thousand.

**GlobalWafers Co., Ltd.**

**Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures)**

**December 31, 2020**

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	-	117,204	3.85 %	117,204	
The Company	Siltronic AG	None	Financial assets at fair value through profit or loss—current	650	2,915,940	2.17 %	2,915,940	
The Company	WT Microelectronics Co., Ltd.	None	Financial asset at fair value through other comprehensive income—non-current	2,518	101,475	0.32 %	101,475	
GWBV	Siltronic AG	None	Financial assets at fair value through profit or loss—current	600	2,688,372	2.00 %	2,688,372	

**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, 2020**

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 — current	-	None	-	1,876,656	600	2,688,372	-	2,103,746	1,865,577	238,169	600	2,688,372
The Company	Siltronic AG	Financial assets at fair value through profit or loss — current	-	None	-	-	650	2,915,940	-	-	-	-	650	2,915,940



**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, 2020**

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	2,038,080	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	370,920	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, 2020**

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	1,061,951	6 %	Net 30 days from the end of the next month upon issuance of invoice	-	-	(207,950)	(6)%	
The Company	GTI	Indirectly held subsidiaries	Purchase	1,839,483	10 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(279,220)	(7)%	
The Company	SST	Indirectly held subsidiaries	Purchase	1,784,471	10 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(312,837)	(8)%	
The Company	GWJ	Directly held subsidiaries	Purchase	6,762,615	36 %	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(1,921,983)	(50)%	
The Company	Topsil A/S	Indirectly held subsidiaries	Purchase	611,544	3 %	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(63,878)	(2)%	
The Company	GWS	Directly held subsidiaries	Purchase	476,050	3 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(38,330)	(1)%	
Taisil	The Company	Directly held subsidiaries (Note 1)	Purchase	135,729	1 %	Net 60 days from the end of the month upon issuance of invoice	-	-	-	-%	
GWS	The Company	Directly held subsidiaries	Purchase	5,988,654	26 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(968,132)	(20)%	
MEMC Korea	The Company	Indirectly held subsidiaries	Purchase	1,406,486	6 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(246,607)	(5)%	
MEMC SpA	The Company	Indirectly held subsidiaries	Purchase	686,585	3 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(162,153)	(3)%	
GTI	The Company	Directly held subsidiaries	Purchase	3,207,527	14 %	Net 45 days from the end of the month upon issuance of invoice	-	-	(341,702)	(7)%	
SST	The Company	Indirectly held subsidiaries	Purchase	1,021,817	5 %	Net 30 days from the end of the month upon issuance of invoice	-	-	(107,488)	(2)%	

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	1,636,285	7 %	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(424,512)	(9)%	
Actron Technology	The Company	Associate of the parent company	Purchase	224,053	1 %	Net 60 days from the end of the next month upon issuance of invoice	-	-	(72,414)	(2)%	
MEMC Sdn Bhd	The Company	Indirectly held subsidiaries	Purchase	120,051	1 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(13,087)	-%	
Topsil A/S	The Company	Indirectly held subsidiaries	Purchase	405,559	2 %	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(60,194)	(1)%	
GWS	MEMC LLC	Indirectly held subsidiaries	Purchase	1,187,475	6 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(68,481)	(2)%	
GWS	MEMC LLC	Indirectly held subsidiaries	Sale	(579,378)	(3) %	Net 60 days from the end of the month upon issuance of invoice	-	-	99,924	4%	
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	Purchase	1,703,149	9 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(291,044)	(10)%	
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	Sale	(666,932)	(3) %	Net 60 days from the end of the month upon issuance of invoice	-	-	120,248	4%	
GWS	MEMC SpA	Indirectly held subsidiaries	Purchase	3,709,365	20 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(534,832)	(19)%	
GWS	MEMC SpA	Indirectly held subsidiaries	Sale	(3,427,302)	16 %	Net 60 days from the end of the month upon issuance of invoice	-	-	472,419	17%	
GWS	MEMC Korea	Indirectly held subsidiaries	Purchase	1,335,476	7 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(214,998)	(8)%	
GWS	MEMC Japan	Indirectly held subsidiaries	Purchase	4,271,761	23 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(744,776)	(26)%	
GWS	MEMC Japan	Indirectly held subsidiaries	Sale	(1,506,205)	7 %	Net 60 days from the end of the month upon issuance of invoice	-	-	255,417	9%	
GWS	Taisil	Indirectly and directly held subsidiaries (Note 1)	Purchase	553,661	- %	Net 60 days from the end of the month upon issuance of invoice	-	-	-	-%	

Note 1: After merging with Taisil, the Company became the existing company and Taisil became the dissolved entity on February 1, 2020.

Note 2: 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, 2020**

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	341,702	10.73	-		538,400	-
The Company	GWJ	Directly held subsidiaries	424,512	3.84	-		373,647	-
The Company	GWS	Indirectly held subsidiaries	968,132	5.48	-		1,016,041	-
The Company	MEMC Korea	Indirectly held subsidiaries	246,606	7.90	-		163,372	-
The Company	SST	Indirectly held subsidiaries	107,488	11.35	-		166,287	-
The Company	MEMC SpA	In directly held subsidiaries	162,153	4.55	-		170,777	-
SAS	The Company	Parent Company	207,950	4.95	-		211,696	-
GTI	The Company	Indirectly held subsidiaries	279,220	6.23	-		436,925	-
SST	The Company	Indirectly held subsidiaries	312,837	6.18	-		362,099	-
GWJ	The Company	Directly held subsidiaries	1,921,983	4.11	-		1,323,502	-
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	120,248	0.11	-		120,248	-
GWS	MEMC Japan	Indirectly held subsidiaries	255,417	0.11	-		255,417	-
GWS	MEMC SpA	Indirectly held subsidiaries	472,419	0.14	-		472,419	-
GWS	The Company	Indirectly held subsidiaries	38,330	-	-		-	-
				(Note 3)				
GWJ	The Company	Directly held subsidiaries	1,923,567	-	-		-	-
				(Note 3)				
MEMC Japan	GWS	Indirectly held subsidiaries	744,776	11.45	-		744,776	-
MEMC Sdn Bhd	GWS	Indirectly held subsidiaries	291,044	11.29	-		-	-
MEMC SpA	GWS	Indirectly held subsidiaries	534,832	0.14	-		531,629	-
MEMC SpA	GWS	Indirectly held subsidiaries	432,347	-	-		-	-
				(Note 3)				
MEMC Korea	GWS	Indirectly held subsidiaries	214,998	0.13	-		214,998	-

Note 1: The amount received in subsequent period as of March 10, 2021.

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, 2020**

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, 2020			Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of Ownership	Carrying value			
The Company	GW1	Cayman	Investment activities	1,427 (USD48)	2,241,668 (USD73,423)	0.01	100.00 %	1,823	22,123	22,123	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 %	1,836,042	339,834	343,004	Subsidiary
The Company	GWJ	Japan	Manufacturing and trading of silicon wafers	5,448,015	5,448,015	128	100.00 %	16,946,410	1,659,904	1,662,236	Subsidiary
The Company	GWafers Singapore	Singapore	Investment activities	17,378,877	11,966,930	541,674	100.00 %	37,084,288	6,659,202	6,478,384	Subsidiary
The Company	Topsil A/S	Denmark	Manufacturing and trading of silicon wafers	-	1,964,069 (DKK407,600)	-	- %	-	-	-	Subsidiary
The Company	HONG-WANG Investment Co., Ltd.	Taiwan	Investment activities	309,760	309,760	30,976	30.98 %	1,202,176	118,931	36,809	Associate
The Company	Taisil	Taiwan	Manufacturing and trading of silicon wafers and sale	-	14,504,663	-	- %	-	257,071	239,186	Subsidiary Notes 2 and 3
The Company	SPV4	Taiwan	Electricity activities	1,045,000	-	104,500	100.00 %	1,045,944	859	848	Subsidiary
The Company	SPV5	Taiwan	Electricity activities	122,000	-	12,200	100.00 %	121,846	(143)	(154)	Subsidiary
The Company	GWH	Taiwan	Investment activities	250,000	-	25,000	100.00 %	249,935	(65)	(65)	Subsidiary
GWJ	MEMC Japan	Japan	Manufacturing and trading of silicon wafers	373,413 (JPY100,000)	373,413 (JPY100,000)	750	100.00 %	3,141,245	239,564	-	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 %	43,778,025	6,739,840	-	Notes 2 and 3
GWS	GWBV	Netherlands	Investment activities	11,213,730 (USD362,763)	6,413,892 (USD162,723)	0.1	100.00 %	40,071,015	4,465,267	-	Notes 2 and 3

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2020	December 31, 2019	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	100.00 %	8,813,587	1,017,366	-	Notes 2 and 3
MEMC SpA	MEMC SarL	France	Trading	1,316 (USD40)	1,316 (USD40)	0.5	100.00 %	1,609	738	-	Notes 2 and 3
MEMC SpA	MEMC GmbH	Germany	Trading	4,622 (USD141)	4,622 (USD141)	0.002	100.00 %	5,011	(17)	-	Notes 2 and 3
GWBV	MEMC Korea	Korea	Manufacturing and trading of silicon wafers and sale	11,851,262 (USD384,605)	3,641,474 (USD110,763)	25,200	100.00 %	17,004,495	1,508,160	-	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 %	10,216,706	350,282	-	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 %	3,556	(63)	-	Notes 2 and 3
GWBV	GlobalWafers GmbH	Germany	Trading	827 (USD27)	-	25	100.00 %	431	(428)	-	Notes 2 and 3
GWBV	Topsil A/S	Denmark	Manufacturing and trading of silicon wafers and sale	1,843,604 (USD60,996)	-	1,000	100.00 %	1,980,829	120,147	-	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 %	3,531,560	(171,320)	-	Notes 2 and 3
SST	MEMC Sdn Bhd	Malaysia	Manufacturing and trading of silicon wafers and sale	898,016 (USD27,315)	-	1,036	100.00 %	818,374	58,956	-	Notes 2 and 3

Note 1: A limited company.

Note 2: The investees are indirectly held subsidiaries of the Company. GWafers Singapore's shares had been fully transferred to the Company on January 2, 2020. Topsil A/S was transferred to GWBV; MEMC Sdn Bhd was transferred to SST. MEMC Korea had been transferred from GWBV and MEMC BV to GWBV, who held its entire shares. GWBV invested in GW GmbH, a company founded in February 2020. The Company merged with Taisil on February 1, 2020, with the Company being the surviving company and Taisil as the dissolved entity.

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, 2020**

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, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
SST	Processing and trading of ingots and wafers	769,177 (Note 7)	Note 1	713,300 (USD21,729)	-	-	713,300 (USD21,729)	342,602	100%	342,602	1,769,686	-
SunEdison Shanghai	Trading business	7,527 (RMB1,500)	Note 2	-	-	-	-	(7,312)	-%	(7,312)	Note 8	-
GF	Sale and marketing	9,756 (RMB2,000)	Note 3	-	-	-	-	-	-%	-	Note 9	-

(2) Limitation on investment in Mainland China

Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	713,300 (USD21,729)	818,233 (USD25,000) (Note 5)	26,492,940 (Note 6)

Note 1: Investments through GSI.

Note 2: Investments through GWBV which is acquired from the acquisition of GWS (SSL).

Note 3: SST invested in GF in Mainland China. No upper limit on investment was calculated due to having without any actual cash outflows from Taiwan.

Note 4: The basis for investment income (loss) recognition is from the audited financial statements.

Note 5: Initial investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the Historical Foreign Exchange Rate.

Note 6: 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, 2020.

Note 7: Retained earnings transferred to capital was included.

Note 8: SunEdison Shanghai was dissolved in July 2020.

Note 9: GrowFast Shanghai had been dissolved in November 2020.

**GlobalWafers Co., Ltd.**

**Statement of cash and cash equivalents**

**December 31, 2020**

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

<b>Item</b>	<b>Descriptions</b>	<b>Amount</b>
Cash	Petty cash and cash on hand	\$ <u>100</u>
Bank deposits	Check deposits	17
	Demand deposits	342,059
	Time deposits	1,139,200
	Foreign currency deposits (USD: 36,080,896.96 ; JPY: 260,495,890 ; EUR: 19,355,601.46 ; CNY: 10,414,441.97)	<u>1,822,976</u>
		<u>3,304,252</u>
	Total	<u><u>\$ 3,304,352</u></u>

Note: Foreign exchange rates at the balance sheet date are as follows:

USD exchange rates: 28.48

JPY exchange rates: 0.2763

EUR exchange rates: 35.02

RMB exchange rates: 4.377



**GlobalWafers Co., Ltd.**

**Statement of accounts receivable**

**December 31, 2020**

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

<b>Name of customer</b>	<b>Amount</b>
Client K	\$ 529,661
Client H	234,025
Client J	229,194
Client A	157,197
Client L	149,281
Client F	118,927
Other (individual amount does not exceed 5% of the account balance)	<u>929,407</u>
subtotal	2,347,692
Less: loss allowance	<u>(6,768)</u>
	<b><u>\$ 2,340,924</u></b>

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, 2020**

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

<b>Item</b>	<b>Amount</b>	
	<b>Cost</b>	<b>Net realizable value</b>
Merchandises	\$ 349,097	348,982
Finished goods	238,542	373,423
Work in progress	374,825	452,448
Raw materials	660,365	660,848
Materials	<u>328,831</u>	<u>340,393</u>
Subtotal	1,951,660	<u><b>2,176,094</b></u>
Less: loss allowance	<u>(51,998)</u>	
Total	<u><b>\$ 1,899,662</b></u>	

**GlobalWafers Co., Ltd.**

**Statement of other current assets**

**December 31, 2020**

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

<b>Item</b>	<b>Amount</b>
Income tax refund receivable	\$ 64,344
Other prepaid expenses	18,302
Prepaid materials	6,854
Prepaid insurance	6,632
Temporary payments	6,062
Others (individual amount does not exceed 5% of the amount balance)	<u>607</u>
	<b><u>\$ 102,801</u></b>

**GlobalWafers Co., Ltd.**

**Statement of changes in investments accounted for using the equity method**

**December 31, 2020**

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

Name of investee	Beginning balance		Increase (decrease)		Investment income/loss	Cumulative translation adjustment	Remeasur- ement of defined benefit plans of subsidiaries	Unrealized gains (losses) from investments in equity measured at fair value through comprehensive income of associates	Ending balance		% of owner- ship	Equity, net worth	Pledged as colla- teral
	Shares	Amount	Shares	Amount					Shares	Amount			
GW1	90,000	\$ 4,360,907	(90,000)	(4,381,207)	22,123	-	-	-	-	1,823	100.00	1,823	None
GSI	25,000	1,521,431	-	-	343,004	(28,393)	-	-	25,000	1,836,042	100.00	1,836,042	None
GWJ(GWafers)	128	15,262,418	-	-	1,662,236	94,264	(72,508)	-	128	16,946,410	100.00	16,946,410	None
Topsil A/S	1,000	1,660,861	(1,000)	(1,660,861)	-	-	-	-	-	-	-	-	None
GWafers Singapore	364,000	23,271,556	177,674	7,619,795	6,478,384	(141,757)	(143,690)	-	541,674	37,084,288	100.00	37,084,288	None
Taisil	9,999	17,705,613	(9,999)	(17,944,799)	239,186	-	-	-	-	-	-	-	None
HONG-WANG	30,976	571,929	-	(18,270)	36,809	-	-	611,708	30,976	1,202,176	30.98	1,202,176	None
SPV 4	-	-	104,500	1,045,096	848	-	-	-	1,045,096	1,045,944	100.00	1,045,944	None
SPV 5	-	-	12,200	122,000	(154)	-	-	-	122,000	121,846	100.00	121,846	None
GWH	-	-	25,000	250,000	(65)	-	-	-	250,000	249,935	100.00	249,935	None
		64,354,715		(14,968,246)	8,782,371	(75,886)	(216,198)	611,708		58,488,464		58,488,464	
Less: unrealized gross profit on sales of subsidiaries		(330,083)		-	(155,080)	-	-	-		(485,163)		-	
Total		<u>\$ 64,024,632</u>		<u>(14,968,246)</u>	<u>8,627,291</u>	<u>(75,886)</u>	<u>(216,198)</u>	<u>611,708</u>		<u>58,003,301</u>		<u>58,488,464</u>	

**GlobalWafers Co., Ltd.**

**Statement of changes in property, plant and  
equipment**

**For the year ended December 31, 2020**

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

Please refer to note 6(7) for further information on “property, plant and equipment”.

**Statement of other non-current assets**

**December 31, 2020**

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

<b>Item</b>	<b>Amount</b>
Deferred tax assets	\$ 387,002
Prepayments for equipment	50,367
Others	1,073
	<u>\$ 438,442</u>

**GlobalWafers Co., Ltd.**

**Statement of short-term borrowings**

**December 31, 2020**

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

<u>Type</u>	<u>Description</u>	<u>Ending balance</u>	<u>Contract period</u>	<u>Interest rate period</u>	<u>Unused credit lines</u>	<u>Pledged as collateral</u>
Bank of China Limited	Operating capital	\$ 700,000	Note 1	Note 3	1,008,800	None
HSBC Bank Limited	Operating capital	1,000,000	Note 1	Note 3	1,136,000	None
Citibank N.A.	Operating capital	800,000	Note 1	Note 3	1,051,200	None
MUFG Bank	Operating capital	1,398,000	Note 1	Note 3	26,000	None
BNP Paribas	Operating capital	1,100,000	Note 1	Note 3	39,200	None
Mizuho Bank, Ltd.	Operating capital	1,710,000	Note 1	Note 3	-	None
Taipei Fubon Commercial Bank Co., Ltd.	Operating capital	2,413,000	Note 1	Note 3	37,000	None
Cathay United Bank	Operating capital	250,000	Note 1	Note 3	1,000	None
The Export-Import Bank of the Republic of China	Operating capital	500,000	Note 1	Note 3	-	None
		<u><b>\$ 9,871,000</b></u>				

Note 1: The period is depending on the actual operating needs and it is usually paid within a month. The operating cycle is one year.

Note 2: Except for above-mentioned, the Company have unused credit lines of \$8,159,617 thousand.

Note 3: Interest rate 0.56%~0.6446%.

**GlobalWafers Co., Ltd.**

**Statement of accounts payable**

**December 31, 2020**

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

<b>Vendor name</b>	<b>Amount</b>
Vendor C	\$ 169,383
Vendor J	116,569
Vendor I	52,088
Others	<u>689,006</u>
Total	<u><u>\$ 1,027,046</u></u>

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**

<b>Item</b>	<b>Amount</b>
Service fee payable	\$ 900,172
Tax payable	922,622
Others (individual account does not exceed 5% of the amount balance)	<u>379,675</u>
Total	<u><u>\$ 2,202,469</u></u>

**GlobalWafers Co., Ltd.**

**Statement of lease liabilities**

**December 31, 2020**

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

<b>Item</b>	<b>Summary</b>	<b>Lease period</b>	<b>Discount rate</b>	<b>Ending balance</b>	<b>Note</b>
Land	Science Park Land	January 1, 2015~December 31, 2037	1.19%	\$ 459,100	
Other equipment	Warehouse	July 1, 2019~June 30, 2021	1.19%	5,157	
				464,257	
Less: lease liabilities due within one year				(34,717)	
				<u><u>\$ 429,540</u></u>	

**Statement of other non-current liabilities**

<b>Item</b>	<b>Amount</b>
Deferred tax liabilities	\$ 3,067,722
Net defined benefit liabilities	704,768
Lease liabilities — non-current	<u>429,540</u>
	<u><u>\$ 4,202,030</u></u>



**GlobalWafers Co., Ltd.**

**Statement of operating revenue**

**For the year ended December 31, 2020**

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

<u>Item</u>	<u>Sales volume</u>	<u>Amount</u>
Operating revenue		
Semiconductor wafers	17,142 thousand pieces	\$ 11,314,832
Semiconductor ingot	15,983 thousand kilograms	<u>9,717,070</u>
		<u>21,031,902</u>
Service revenue		779,208
Royalty income		644,901
Other operating revenue		<u>50,089</u>
Net operating income		<u><u>\$ 22,506,100</u></u>

**GlobalWafers Co., Ltd.**

**Statement of operating cost**

**For the year ended December 31, 2020**

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

<b>Item</b>	<b>Amount</b>
Goods, beginning of year	\$ 166,927
Add: Goods purchased	11,156,578
Transferred from expenses	88
Less: Write-off of selling to associates and oversea triangular trade in the period	8,017,422
Realized gain from sales of associates	1,345,134
Goods, end of year	<u>349,097</u>
Cost of purchase and selling	<u>1,611,940</u>
Raw material used	
Raw material beginning of year	655,761
Acquired from business combination	447,074
Add: Raw material purchased	5,189,639
Less: Raw materials	660,365
Transferred to expense and others	176,808
Sales in the period	<u>3,303,416</u>
Direct raw material	<u>2,151,885</u>
Material, beginning of year	75,367
Add: Material purchased	143,112
Acquired from business combination	2,266,572
Less: Material, end of year	328,831
Transferred to other expenses	363,846
Sales in the period	<u>6,842</u>
Indirect material	<u>1,785,532</u>
Direct labor	561,167
Manufacturing expenses	<u>3,835,054</u>
Manufacturing costs	8,333,638
Add: Work in process, beginning of year	28,548
Acquired from business combination	365,614
Work in process purchased	84,728
Less: work in process, end of year	<u>374,825</u>
Transferred to expenses — work in process	<u>4,161</u>
Cost of finished goods	8,433,542
Add: finished goods, beginning of year	139,711
Acquired from business combination	180,650
Finished goods purchased	3,292
Less: Finished goods, end of year	238,542
Transferred to other expenses	<u>78,603</u>
Cost of finished goods	<u>8,440,050</u>
Add: Sales of raw material	3,310,258
Cost of idle capacity	121,874
Inventory valuation loss (gains)	(8,096)
Less: Others	<u>136,524</u>
Total cost of sales	<u><u>\$ 13,339,502</u></u>

**GlobalWafers Co., Ltd.**

**Statement of operating expenses**

**December 31, 2020**

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

<b>Item</b>	<b>Selling and marketing expenses</b>	<b>Administra- tive expenses</b>	<b>Research and development expenses</b>	<b>Expected credit loss (gain)</b>
Payroll expense	\$ 89,585	70,662	275,443	-
Remuneration of director	-	44,500	-	-
Shipping expense	135,718	37	103	-
Depreciation expense	594	4,161	47,200	-
Service expense	-	900,171	-	-
Commission expense	71,460	-	-	-
Technical service fee	-	-	87,152	-
Inspection fee	12,174	13,152	73,369	-
Indirect materials	32,005	-	329,230	-
Gain on reversal of impairment loss	-	-	-	(1,262)
Others (individual amount does not exceed 5% of the account balance)	<u>27,905</u>	<u>150,403</u>	<u>105,806</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 369,441</u></b>	<b><u>1,183,086</u></b>	<b><u>918,303</u></b>	<b><u>(1,262)</u></b>

### **Attachment 3. Affiliation Report**

#### **Statement**

It is hereby declared that the 2020 Affiliation (from January 1, 2020 to December 31, 2020) 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 16, 2021

## Independent Auditors' Report on the Affiliation Report

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

We have conducted the review on the 2020 Affiliation Report of GlobalWafers Co., Ltd. in accordance with the letter of Securities and Futures Bureau, Financial Supervisory Commission (formerly known as Securities and Futures Bureau, Financial Supervisory Commission of Executive Yuan) under Tai-Cai-Cheng(6)-Zi No. 04448 dated November 30, 1999. The review is conducted in order to provide our comments on whether the 2020 Affiliation Report of GlobalWafers Co., Ltd. was prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Affiliated Business Consolidated Business Report and Consolidated Financial Statements of Affiliated Enterprises" and whether there are any significant inconsistencies between the information disclosed in the Report and the supplementary information disclosed in the notes to the 2020 financial statements.

Our review result shows that no violation of said Affiliation Report of the "Criteria Governing Preparation of Affiliation Reports, Affiliated Business Consolidated Business Report and Consolidated Financial Statements of Affiliated Enterprises" or no significant inconsistencies between the information disclosed in the Report and the supplementary information disclosed in the notes to financial statements for the above period were found.

KPMG CPA

Accountants :

Securities authority:	Financial supervision
approved and certified	certificate Six No.
document No.	0940129108
	Financial supervision
	audit No. 1060005191

March 16, 2021

GlobalWafers Co., Ltd.

Affiliation Report

2020

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	Ming-Kuang Lu 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	(4,699)	(0.02%)	(554)	Note 1	O/A 30 days~ O/A 60 days	Per the contract	O/A 0 day~ O/A 120 days		582	0.01%				
Purchase	1,061,950	5.69%	-	Note 2	O/A 30 days EOM	Per the contract	O/A 0 day~ O/A 120 days EOM		(207,834)	(5.40%)				

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 counterpart s 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 2020	3,307	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.

(3) 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 2020~ December 2020	Operating lease	Regular rent level	Collected on a monthly basis	No significant difference	816	Normal	None.
Leased to	Property	No.8, Kebei 5th Rd. Zhunan Township, Miaoli County	July 2020 ~ December 2020	Operating lease	Regular rent level	Collected on a monthly basis	No significant difference	45	Normal	None.
Leased to	Plant	B2/7F, No.6, Kezhong Rd. Zhunan Township, Miaoli County	April 2020 ~ December 2020 ; February 2020 ~ December 2020	Operating lease	Regular rent level	Collected on a monthly basis	No significant difference	10,518	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.

(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	-	214	No significant difference
Receipts under custody	-	(4,057)	No significant difference
Other revenue	9,912	1,232	No significant difference
Other expenditure	9,767	(5,102)	No significant difference

III. Endorsements/guarantees: None