

GlobalWafers Co., Ltd.

Rules Governing Supervision and Management of Financial and Business Matters Among Related Parties

- Article 1 To improve the financial and business matters between the Company and its related parties, and to prevent irregular transactions and improper transfer of benefits including transactions such as sales and purchases, acquisition and disposal of assets, endorsement and guarantees, and lending of funds between related parties, these Rules are duly established under Article 17 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for compliance.
- Article 2 Unless otherwise provided by laws and regulations or the Articles of Incorporation, financial and business matters between the Company and its related parties shall be conducted under the provisions of these Rules.
- Article 3 The term “related parties” described in these Rules shall be defined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- The term “affiliated enterprise” described in these Rules shall refer to an enterprise that exists independently and has either of the following relationships with the Company as defined in Article 369-1 of the Company Act:
- I. A relationship of control or subordination.
  - II. A relationship of mutual investment. In determining whether a relationship of control or subordination under the preceding paragraph exists, the substance of the relationship shall be considered in addition to the legal form.
- Article 4 The Company shall establish an effective internal control system designed for transactions with related parties (including affiliated enterprises) in regard to its overall operational activities, and shall periodically review the system to adapt to internal and external changes and ensure that the system's design and operation remain effective.
- The Company shall ensure that any subsidiary develops an effective internal control system, taking into account the laws and regulations of the jurisdiction in which the subsidiary is located and the nature of its operations. For any affiliate that is not a public company, the Company shall still, in consideration of the degree of influence it has on the Company's business and finances, require that it develop effective systems for internal control and for managing financial, business, and accounting matters.
- Article 5 In addition to implementing the adopted internal control system, the Company shall pay close attention to the following matters when exercising supervision over the operation and management of its affiliated enterprises:



- I. The Company shall obtain an appropriate number of director and supervisory positions in the affiliate under the percentage of the shares it holds.
- II. A director that the Company assigns to an affiliated enterprise shall regularly attend the affiliated enterprise's Board meetings, and to monitor its operation, shall carefully review its corporate objectives and strategy, financial position, business performance, cash flows, and important contracts, as reported by the various members of the affiliated enterprise's management. The director assigned to the affiliated enterprise shall ascertain the cause of any irregularity found, compile a record, and report the matter to the Chairman or President of the Company.
- III. A supervisor assigned to an affiliated enterprise by the Company shall supervise the affiliated enterprise's business operations, investigate its financial and business conditions, and review its books, records and audit reports, and may also request reports from the affiliated enterprise's Board of Directors or executives. For any irregularity that may be found, the supervisor assigned to the affiliated enterprise shall ascertain the cause, compile a record, and report to the Chairman or President of the Company.
- IV. The Company shall assign competent personnel to assume important positions at its affiliated enterprise, such as the President, financial officer, or internal audit officer, to assume the duties and responsibilities of management, decision-making, and supervision and evaluation.
- V. The Company, in consideration of the type of business, scale of operations, and number of personnel of a subsidiary, shall instruct the subsidiary in the procedures and methods for establishing an internal audit unit and adopting internal control system self-inspection operations.
- VI. In addition to reviewing the audit reports or self-inspection reports submitted by each subsidiary, the internal audit personnel of the Company must also carry out audits of the subsidiaries on a scheduled or unscheduled basis. After audit findings and recommendations have been presented, they shall instruct the audited subsidiaries to make any necessary corrections, and shall prepare follow-up reports on a regular basis to ensure that the subsidiaries have taken appropriate corrective measures in a timely manner.
- VII. Subsidiaries of the Company shall regularly submit monthly financial statements for the preceding month before the 10th day of each month, including balance sheets, income statements, statements of expenses, statements of cash flow and cash flow forecasts, accounts receivable aging schedules and statements of delinquent accounts receivable, aging inventory analyses, and monthly statements of loans to others and endorsements/guarantees. In the event of irregularities, analysis reports shall also be



submitted to allow management and control by the Company. Other affiliated enterprises shall also regularly submit financial statements for the preceding quarter before the 15th day of each quarter, including balance sheets and income statements, for analysis and review by the Company.

Article 6 A executive of the Company may not concurrently serve as a executive of any affiliated enterprise of the Company, and shall not operate the same type of business as the Company, either on the officer's own behalf or with another party, unless otherwise approved by a resolution of the Board of Directors.

The division of powers and responsibilities between the Company and its affiliated enterprises with respect to personnel management shall be clearly identified, and personnel transfers between the two shall be avoided. However, where personnel support or transfer is indeed necessary, the scope of work, division of powers and responsibilities, and allocation of costs shall be specified in advance.

Article 7 The Company shall establish an effective system of communication with each affiliated enterprise with respect to financial and business matters, and to mitigate credit risks, shall regularly conduct comprehensive risk assessments of their banks, principal clients, and suppliers.

With respect to an affiliated enterprise with which it has financial and business interactions, the Company shall especially maintain close control over material financial and business items to manage risk.

Article 8 Any loans or endorsements/guarantees between the Company and a related party shall be carefully assessed and carried out in compliance with the provisions of the “Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies” and with the procedures prescribed by the Company regarding loans to others and provision of endorsements/guarantees.

With respect to the provision of loans, endorsements, or guarantees between the Company and a related party, the matters set out below shall be closely reviewed, and results of the assessment submitted to the Board of Directors (any loan of funds shall be made only by a resolution of the Board of Directors, and no other party may be authorized to decide on the matter. The Board of Directors, under the preceding paragraph, may authorize the Chairman to provide an endorsement or guarantee within a specific limit, provided it is subsequently submitted to and ratified by the next Board meeting):

- I. The necessity and the reasonableness of the loan or the endorsement or guarantee. When funds are loaned or an endorsement or guarantee is made because of business dealings, an assessment shall be made of whether the amount of the loan or amount of the endorsement or guarantee is commensurate with the total amount of the business involved. When short-term financing is needed, the reasons for and the



circumstances surrounding the loan shall be set out.

- II. A credit check and a risk assessment of the counterparty requesting the loan or the endorsement or guarantee.
- III. The effects on the Company's operational risk and financial position and the rights and interests of its shareholders.
- IV. Whether collateral must be obtained, and an appraisal of its value.

The Company shall properly implement subsequent control measures with respect to loans or endorsements or guarantees. When there is a likelihood of overdue claims or the occurrence of loss, the Company shall adopt appropriate conservatory measures to safeguard its rights and interests.

Article 9 Price terms and payment methods shall be expressly stipulated for any business interaction between the Company and any related party. The purpose, pricing, and terms of a transaction, and its formal and substantive nature and the related handling procedures, shall not differ markedly from those of a normal transaction with a non-related party, nor may they be obviously unreasonable.

When business needs require the purchase of finished products, semi-finished products, or materials from an affiliate, purchasing personnel shall thoroughly evaluate the reasonableness of the price quoted by the affiliated enterprise based on market prices and other transaction terms and conditions. Except in special circumstances, or given advantageous conditions that differ from those of ordinary suppliers, where the granting of preferential pricing or terms of payment can be reasonably stipulated, any other prices and payment terms shall be commensurate with those offered to ordinary suppliers.

Price quotes for the sale of any finished products, semi-finished products, or materials to an affiliate shall be made with reference to current market prices. Except in cases of long-term cooperation or other special factors that are different from ordinary clients, where reasonable stipulations may be made to grant preferential pricing or terms of payment, any other prices and payment terms shall be commensurate with those offered to ordinary clients.

For professional or technical services provided between the Company and a related party, both parties shall enter into a contract specifying the scope of the services, fees charged, time period, payment terms, and after-sales service. The contract shall be implemented after approval by the President or Chairman of the Company, and all contract terms and conditions shall comply with normal business practice.

By the end of each month, the accounting personnel of both the Company and its related parties shall perform cross checks of the purchases and sales of goods between them for the preceding month and the related balances of accounts payable and receivable. If any discrepancies are found, accounting personnel shall identify the cause and prepare a



reconciliation statement.

#### Article 9-1

The Company shall submit the following information to the Board of Directors for approval before entering into a transaction for the sale or purchase of goods, labor or technical services from a related party exceeding 10% of the Company's most recent consolidated total assets or most recent consolidated net operating revenues for the entire year, except when the provisions of the Regulations Governing the Acquisition or Disposal of Assets by Public Companies apply or when the transaction is between the Company and its parent, subsidiary or between its subsidiaries:

- I. Items, purpose, necessity, and projected benefits of the transactions.
- II. The reason for choosing the related party as a transaction counterparty.
- III. The calculation principle of the transaction price and the projected limit of annual transaction value.
- IV. Description of whether transaction terms are consistent with regular commercial terms and that these terms will not damage the Company's interest or shareholders' equity.
- V. Restrictions and other important terms and conditions of the transaction.

The following particulars about transactions with related parties in the preceding paragraph shall be reported at the most recent shareholders' meeting after the end of a fiscal year:

- I. Actual transaction value and terms and conditions.
- II. Whether the calculation principle of the transaction price approved by the Board of Directors has been followed.
- III. Whether the total value is under the limit on the annual transaction value approved by the Board of Directors. If the total amount is above the limit, describe the reason, necessity, and fairness.

**Article 10** Any asset transaction, derivative trading, merger, demerger, acquisition, or share transfer between the Company and a related party shall be conducted under the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and the procedures for acquisition and disposal of assets prescribed by the Company.

When the Company makes an acquisition of securities from or a disposition of securities to a related party, or an acquisition of securities whose underlying is the stock of an affiliated enterprise, it shall, in advance of the transaction date, obtain the financial statements of the issuing company for the most recent period, audited and attested or reviewed by a certified public accountant (CPA), for reference in appraising the transaction price. If the amount of the transaction is 20% or more of the Company's paid-in capital, 10% of its total assets, or NT\$300 million or more, it shall also, in advance of the transaction date, request a CPA to provide an opinion on the fairness of the transaction price. This requirement does not apply,



however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

When the Company acquires or disposes of intangible assets or right-of-use assets or membership card and the transaction amount reaches 20% or more of paid-in capital, 10% of its total assets, or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.

Article 11 When the Company intends to conduct any acquisition or disposal of real property or its right-of-use assets from or to any of its related parties, or to conduct an acquisition or disposal of assets other than real property or its right-of-use assets from or to any of its related parties in which the transaction amount is furthermore 20% or more of the Company's paid-in capital, 10% of its total assets, or NT\$300 million or more, with the exception of the purchase or sale of government bonds, repo or reverse repo bond transactions, or subscription to or repurchase of money market funds issued by domestic securities investment trust enterprises, it shall have the following matters approved by the Board of Directors and recognized by the supervisors before it may enter into a contract for the transaction and pay the required monies:

- I. An appraisal issued by a professional appraiser as required by regulations, or a CPA opinion.
- II. The purpose, necessity, and projected benefits of the acquisition or disposal of real property.
- III. The reason for choosing the related party as a trading counterparty.
- IV. Information relating to appraisal of the reasonableness of the preliminary transaction terms when acquiring real property from a related party under Articles 16 and 17 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."
- V. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.
- VI. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- VII. Restrictive covenants and other important terms related to the transaction.
- VIII. An opinion issued by a CPA engaged to review whether the transaction with the related party conforms with ordinary commercial terms and whether or not it is damaging to the interests of the Company and its minority shareholders.





When the amount of the transaction under the preceding paragraph is 20% or more of the Company's paid-in capital, 10% of its total assets, or NT\$300 million or more, the Company shall obtain an appraisal report issued by a professional appraiser. If the discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount, the Company shall additionally request a CPA to provide a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price, and it shall be approved by a majority of the directors in attendance at a Board of Directors meeting attended by two-thirds or more of the directors.

In an acquisition of real property or its right-of-use assets from a related party, if the actual transaction price is higher than the appraised transaction cost, and no objective evidence can be presented and no concrete opinion that the transaction is reasonable can be obtained from a professional appraiser and a CPA, the Board of Directors shall thoroughly review the transaction and determine whether it may prejudice the rights and interests of the Company and its shareholders, and when necessary, shall refuse to enter into the transaction. The supervisors shall also exercise their supervisory powers in respect of such a transaction, and when necessary shall notify the Board of Directors to stop the transaction.

When a transaction as described under the preceding paragraph has been approved by the Board of Directors and recognized by the supervisors, the Company shall set aside a special reserve against the difference between the transaction price and the appraised cost, and may not distribute the difference or use it for capital increase or for issuance of bonus shares. In addition, the Company shall report the handling of the above transaction to the shareholders meeting and shall disclose the details of the transaction in the annual report and any prospectus.

When any of the following circumstances is present in a transaction with a related party, after passage by the Board of Directors, the information described under the subparagraphs of Paragraph 1 shall also be submitted to the shareholders' meeting for passage of a resolution, and a shareholder that is an interested party shall not participate in the voting:

- I. The Company or its subsidiary that is not a domestic listed company has performed the transaction under Paragraph 1, and the amount of the transaction is 10% or more of the Company's total assets. However, this restriction does not apply to transactions between the Company and its parent company, subsidiaries or between subsidiaries.
- II. Other transactions required for submission to the shareholders' meeting for resolution as determined by the Board of Directors.



If the Company has performed a transaction under Paragraph 1 with a related party, information about the actual transaction (including the actual price and terms of the transaction, and the information described in the subparagraphs of Paragraph 1) shall be reported at the next shareholders' meeting after the end of a year.

If the Company has established an Audit Committee, matters to be recognized by the supervisors as required under this article shall be approved by the majority of all members of the Audit Committee and shall be resolved at the Board of Directors, and the provisions of Paragraphs 4 and 5 of Article 6 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" shall apply mutatis mutandis.

Article 12 With respect to any financial or business interaction between the Company and any related party that requires a resolution of the Board of Directors, full consideration shall be given to each independent director's opinion. Specific opinions by independent directors expressing assent or dissent, and the reasons for dissent, shall be included in the minutes of Board meetings.

When a director is an interested party with respect to a particular agenda item, that director shall enter into recusal and may neither vote on that item nor exercise voting rights as proxy for another director. Directors shall maintain self-discipline among themselves and may not enter into relationships of inappropriate mutual support with other directors.

Where the spouse or a relative by blood within the second degree of kinship of a director, or a company having a controlling or subordinate relationship with a director, is an interested party with respect to said agenda item, such director shall be deemed to be an interested party with respect to that agenda item.

Upon discovering that, in the course of their duties, the Board of Directors or a director has committed a violation of law or regulations, the Articles of Incorporation, or a shareholders' meeting resolution, the Audit Committee shall immediately notify the Board of Directors or the individual director to cease the misconduct, and shall take appropriate measures to curb expansion of the misconduct. When necessary, the Audit Committee shall also file a report with the relevant competent authority or agency.

Article 13 The Company, in compliance with the requirements of laws and regulations regarding matters that must be publicly disclosed or filed and the deadlines for so doing, shall make timely arrangements for the provision by each subsidiary of required financial and business information, or to retain CPAs to audit or review the financial reports of each subsidiary.

The Company shall publicly disclose the consolidated balance sheets, consolidated statements of comprehensive income, and CPA secondary review reports covering affiliated enterprises by the deadlines for the filing of the annual financial reports under





applicable laws and regulations. Information on any increase, decrease, or other change in affiliates shall be filed with the TWSE or TPEX within two days of the change.

Information on any material transaction between the Company and a related party shall be fully disclosed in the annual report, financial statements, the three reporting forms for affiliated enterprises, and prospectuses.

If a related party experiences financial difficulties, the Company shall obtain its financial statements and related materials to assess the resulting effect on the finances, business, or operations of the Company, and when necessary, appropriate conservatory measures shall be adopted to safeguard the Company's rights as a creditor. Under the above circumstances, in addition to specifying the resulting effect on the Company's financial position in its annual report and prospectus, the Company shall also make a timely announcement of material information on the Market Observation Post System (MOPS).

Article 14 When any of the following circumstances applies to an affiliated enterprise, the Company shall make a public disclosure and regulatory filing on its behalf:

- I. For a subsidiary whose shares have not been publicly issued domestically, the dollar amount of the subsidiary's acquisition or disposal of assets, endorsements or guarantees for others, and loans of funds to others meets the criteria for public disclosure and regulatory filing.
- II. The parent or the subsidiary undergoes bankruptcy or reorganization proceedings pursuant to applicable laws and regulations.
- III. A major policy is adopted by resolution of the affiliated enterprise's Board of Directors that has a material effect on the rights and interests of the shareholders or the securities prices of the Company.
- IV. Any matter regarding a subsidiary or the unlisted (neither TWSE nor TPEX listed) parent of the Company constitutes material information required to be announced under the provisions of the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities" and of the "Taipei Exchange Procedures for Verification and Disclosure of Material Information of Companies with TPEX Listed Securities".

If the parent of the Company is a foreign company, the Company shall make a filing of the following information on its behalf before the opening of trading hours on the first business day following the day on which the Company becomes aware of the information or on which there is media reporting of the information:

- I. A material change in shareholder equity.
- II. A material change in business policy.



- III. A material disaster resulting in serious reduction or complete cessation of production.
- IV. A material effect on the rights and interests of shareholders or the parent's operations resulting from a change in the laws, regulations, or rules of the parent's home country.
- V. Mass media reporting about the parent sufficient to affect the securities prices of the Company.
- VI. The occurrence of any other material event that, pursuant to the laws or regulations of the foreign company's home country, must be filed immediately.

Article 15 These Rules shall be enforced upon approval of the Board of Directors. The same applies to any amendments.

Article 16 These Rules were established on August 12, 2014.  
The first amendment was made on March 14, 2023.