



GlobalWafers Co., Ltd.  
環球晶圓股份有限公司

Stock Code : 6488

**GlobalWafers Co., Ltd.**

**2023**

**Annual General Shareholders' Meeting**

**Meeting Handbook**

Time: Tuesday, June 20, 2023  
Place: 2F, No. 1, Industrial East Rd. 2, Science Park,  
Hsinchu, Taiwan, R.O.C  
Science Park Life Hub/Darwin Hall

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

## Table of Contents

2023 ANNUAL GENERAL SHAREHOLDERS' MEETING PROCEDURE .....	1
2023 ANNUAL GENERAL SHAREHOLDERS' MEETING AGENDA .....	2
I. REPORT ITEMS .....	3
II. APPROVAL ITEMS.....	5
III. DISCUSSION ITEMS .....	6
IV. ELECTION .....	9
V. OTHER PROPOSALS .....	10
VI. EXTEMPORARY MOTION.....	10
VII. MEETING ADJOURNED .....	10
ATTACHMENT 1 .....	11
FISCAL 2022 BUSINESS REPORT .....	11
ATTACHMENT 2.....	18
AUDIT COMMITTEE'S REVIEW REPORT .....	18
ATTACHMENT 3 .....	19
INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS .....	19
ATTACHMENT 4 .....	37
EARNINGS DISTRIBUTION TABLE .....	37
ATTACHMENT 5 .....	38
PROCEDURES FOR LENDING FUNDS TO OTHER PARTIES COMPARISON CHART .....	38
ATTACHMENT 6 .....	44
ACQUISITION OR DISPOSAL OF ASSETS PROCEDURE COMPARISON CHART.....	44
ATTACHMENT 7 .....	46
INDEPENDENT DIRECTOR CANDIDATE .....	46
APPENDIX 1 .....	48
RULES AND PROCEDURES OF SHAREHOLDERS' MEETING .....	48
APPENDIX 2 .....	60
ARTICLES OF INCORPORATION .....	60
APPENDIX 3 .....	68
PROCEDURES FOR LENDING FUNDS TO OTHER PARTIES .....	68
APPENDIX 4 .....	74
ACQUISITION OR DISPOSAL OF ASSETS PROCEDURE .....	74
APPENDIX 5 .....	88
RULES FOR ELECTION OF DIRECTORS .....	88
APPENDIX 6 .....	90
SHAREHOLDINGS OF DIRECTORS .....	90
APPENDIX 7 .....	91
OTHER STATEMENT .....	91

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

### **2023 Annual General Shareholders' Meeting Procedure**

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

# **GlobalWafers Co., Ltd.**

## **2023 Annual General Shareholders' Meeting Agenda**

Convening Method: Physical Meeting

Time: 9:00 AM, Tuesday, June 20, 2023

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

1. Call Meeting to Order
2. Chairperson's Address
3. Report Items
  - (1) 2022 business report
  - (2) Audit Committee's report on 2022 annual final accounting books and statements
  - (3) Report on 2022 remuneration distribution of employees & directors
  - (4) 2022 earning distribution
  - (5) Report on cancellation of the amendment to the "Regulations Governing of the First Share Repurchase and Transfer to the Employees"
  - (6) Report on new share issuance as the consideration payable to Crystalwise Technology Inc. in exchange for its shares.
4. Approval Items
  - (1) 2022 business report, financial statements and earning distribution
5. Discussion Items
  - (1) Amendment to the "Procedures for Lending Funds to Other Parties"
  - (2) Amendment to the "Acquisition or Disposal of Assets Procedure"
  - (3) Issuance of new shares through public offering in response to the Company's capital needs
6. Election
  - (1) Election to add one independent director
7. Other Proposals
  - (1) Release the prohibition on the new director from participation in competitive business
8. Extemporary Motion
9. Meeting Adjourned

## I. Report Items

- Item 1** Fiscal 2022 Business Report submitted for review  
Please refer to the Fiscal 2022 Business Report on Attachment 1 (page 11) of this handbook.
- Item 2** Audit Committee's report on 2022 annual final accounting books and statements submitted for review  
For the Audit Committee's 2022 Review Report, please refer to Attachment 2 (page 18) of this handbook.
- Item 3** Distribution of remuneration to directors and employees in fiscal 2022, submitted for review
- (1) The company 2022 earning (Before deducting remuneration to employees and directors from Profit before Tax) is NTD 18,060,146,252. Pursuant to Article 31 of Articles of Incorporation, if the Company is profitable at the end of each fiscal year, 3~15% of the profit shall be appropriated for the employees' remuneration and no more than 3% shall be appropriated for directors' remuneration.
  - (2) The Company is proposed to distribute NTD 543,507,783 to employees (distribution ratio 3.01%) and NTD 54,360,000 to directors (distribution ratio 0.30%). Distribution to both employees and directors is made in cash.
  - (3) Employees entitled to receive remuneration is pursuant to Article 31 of Articles of Incorporation. Remuneration amount will be decided after consideration with seniority, position, performance, contribution or special dedication, and chairperson is fully authorized.
- Item 4** Report on 2022 earning distribution, submitted for review.  
Pursuant to the Articles of Incorporation, the Board of Directors is authorized to resolve to distribute earning and capital reserve in cash after the end of each half-year. The respective amounts and payment dates of 2022 cash dividends of each half year approved by the Board of Directors are demonstrated in the table below:

2022	Approval Date (year/month/date)	Payment Date (year/month/date)	Cash Dividends Per Share (NT\$)			Total Amount (NT\$)
			Earning	capital reserve	Total	
First Half	2022/12/06	2023/02/10	5.265	1.235	6.5	2,829,040,500
Second Half	2023/05/02	2023/08/11	9.5	0	9.5	4,134,751,500
Total			16			6,963,792,000

#### Item 5

Report on cancellation of the amendment to the "Regulations Governing of the First Share Repurchase and Transfer to the Employees", submitted for review.

- (1) In line with the amendment to Article 28-2 of the Securities and Exchange Act, the company's board of directors approved the revision to the "Regulations Governing of the First Share Repurchase and Transfer to the Employees" on August 3, 2021, and the period for transferring the repurchased shares to employees was extended from three years to five years, and will expire on December 27, 2023, and was reported to the 2022 annual shareholder meeting.
- (2) Due to factors such as global inflation and weakening macroeconomics, the financial market was relatively volatile, which affected employees' willingness to subscribe. Therefore, the company's board of directors resolved on November 1, 2022 to cancel the previous revision of extending the transfer period from three years to five-year. On November 9, 2022 Hsinchu Science Park Bureau of the National Science and Technology Council approved the company to write off 2,013,000 treasury shares, and the total number of issued shares was changed from the original 437,250,000 shares to 435,237,000 shares.

#### Item 6

Report on new share issuance as the consideration payable to Crystalwise Technology Inc. in exchange for its shares, submitted for review.

- (1) Eyeing sustainable development and resources integration, the board meeting approved to sign Share Swap Agreement with Crystalwise Technology Inc. (Crystalwise) on May 2, 2023, to acquire 100% of Crystalwise pursuant to Article 29-6 in Business Mergers and Acquisitions Act. Crystalwise will become GlobalWafers' wholly owned subsidiary upon the completion of share swap.
- (2) According to the Fairness Opinion of the share swap ratio issued by an independent expert, it is stipulated that every 1 common share of Crystalwise will be swapped for 0.02 newly issued common shares of GlobalWafers, which will obtain 100% shareholding of Crystalwise and the shares are paid to Crystalwise's shareholders as considerable.
- (3) The share swap record date is tentatively scheduled for November 1, 2023.

## II. Approval Items

### Item 1

(Proposed by the Board of Directors)

Motion: To approve FY 2022 business report, financial statements and earning distribution

- (1) 2022 Financial Statements were audited by KPMG CPAs, Cheng, An-Chih and Tseng, Mei-Yu. The aforementioned, FY 2022 Business Report and Earning Distribution Table have been approved by the board and the audit committee with review report.
- (2) For the Business Report, CPA Audit Report, Financial Statements and Earning Distribution Table, please refer to Attachment 1 (page 11), Attachment 3 (page 19) and Attachment 4 (page 37) of this handbook.
- (3) Approval requested

Resolution:

### III. Discussion Items

#### Item 1

(Proposed by the Board of Directors)

Motion: Amendment to the “Procedures for Lending Funds to Other Parties”

- (1) In response to the instructions of the Taipei Exchange and the Financial Supervisory Commission, the Company proposes to revise some of the articles of its "Procedures for Lending Funds to Other Parties" in order to comply with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.” For the comparison chart, please refer to Attachment 5 (page 38) of this handbook.
- (2) Resolution requested

Resolution:

#### Item 2

(Proposed by the Board of Directors)

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

- (1) Owing to group restructure, the company's Cayman subsidiary, GlobalWafers Inc., has been liquidated on November 1, 2022. the Company proposes to amend the promises of being listed in the Taipei Exchange in the “Acquisition or Disposal of Assets Procedure.” For the comparison chart, please refer to Attachment 6 (page 44) of this handbook.
- (2) Resolution requested

Resolution:

#### Item 3

(Proposed by the Board of Directors)

Motion: Discussion on issuance of new shares through public offering

Description:

- (1) In order to fund various initiatives, including 1) M&A, 2) strategic alliance, 3) general working capital, 4) repayment of debt, 5) investment, and/or capital expenditures to improve competitiveness, the Company proposes to authorize the Board to issue new stocks up to 50 million shares under appropriate conditions and in determination of the method of stock issuance in common shares or in GDR for common shares, and adjustment of issuing size within the said quota at once or through installment.
- (2) Principles and Conducting of Raising Funds
  1. The issuance of new common shares for capital increase in cash  
Pursuant to the Article 28-1 of Securities and Exchange Act, Board of Directors is authorized to choose either book building or public application regarding underwriting and proceed as below:
    - I. Book Building

Unless otherwise the Article 267 of the Company Act to retain 10%-15% new issuance shares for the company employees, and the remaining 85%-90% according to the Securities and Exchange Act Rule 28-1, shall be all provided with public application in the book building method. In case the actual purchases of the reserved stock options for the employees falls short, the chairperson is authorized to negotiate with specific parties to purchase those shares at the issue price in accordance with the Taiwan Securities Association Rules Governing Underwriting and Resale of Securities by Securities Firms.

The issue price by the Taiwan Securities Association Rules Governing Issue Company raising and issuing securities (hereinafter "Discipline Principles") may not be lower than 90% of the average closing prices of common shares of the Company for either one, three, or five business days before either the date on which the application is filed at Taipei Exchange or the five business days before the ex-rights date. The aforementioned price should be determined in compliance with related requirements of competent authorities. The Board of Directors will be authorized to negotiate with the lead underwriter to have actual price determined in light of market status.

## II. Public Application Offering

Pursuant to the Article 267 of Company Act, 10%-15% of the new share issuance will be reserved for employees' preemptive subscription and 10% will be reserved for public offer. The remaining 85%-90% of the share issuance will be reserved for preemptive purchase of original shareholders based on the shareholder's name and his/her shares registered in the shareholders roster at the dividend record date. For the issuance not subscribed by employees and the original shareholders in proportion or as a whole, the chairperson of the Board is to be authorized to negotiate with specific parties to purchase shares at issuing price. The issue price of new common shares from the cash capital increase may not be lower than 70% of the average closing prices of common shares of the Company for either the one, three, or five business days before either the date on which the application is filed with the Financial Supervisory Commission or the five business days before the ex-rights date. The average closing price mentioned above shall be after adjustment for any distribution of stock/cash dividends or capital reduction.

### 2. The issuance of GDR for the new common shares from cash capital increase:

I. Pursuant to the Article 267 of Company Act, 10%-15% of the share issuance will be reserved for employees' preemptive subscription. For those stocks not subscribed by employees in proportion or as a whole, the chairperson of the Board is to be authorized to negotiate with specific parties to purchase the unsubscribed share in common stock or GDR of subscription at the issuing price in accordance with the market development. For the remaining 85%-90% of issuance, based on the Article 28-1 of the Securities and Exchange Act, the board proposes to offer through public application offering for the issuance of GDR according to the Taiwan Securities Association Rules Governing Underwriting and Resale of Securities by Securities Firms.

II. The issuing price of new common shares for capital increase in cash or the issuing price of GDR for the new common shares from cash capital increase is to be determined based on general practices worldwide and it shall not affect shareholder's interests. However, the final issuing price is to be determined by the lead underwriter and the Chairperson of the Board who is authorized by the Shareholders' Meeting by referring to market conditions at

the time of issuance; also, it must be in compliance with related requirements of competent authorities.

- a. According to the “Disciplinary Rules”, the issuing price of the new common shares from cash capital increase may not be lower than 90% of the closing price of common shares at Taipei Exchange on the price determination day or 90% of average closing price of the common shares of the Company for either one, three, or five business days before the price determination date, after adjustment for any distribution of stock/cash dividends or capital reduction. The aforementioned price may adjust when variation occurred in domestic requirements. Since domestic share price may vary excessively within a short period, the Chairman of the Board of Directors will be authorized to negotiate with the lead underwriter to have actual price determined in light of international conventions, capital market, domestic share price and overall book building.
  - b. For the rights of original shareholders, the issuance of new shares for cash capital increase up to 50 million common shares will have the maximum dilution effect of at 10.30% which is calculated on the foundation of outstanding 435,237,000 shares as of 2023/2/28. The funds raised from the capital increase in cash shall generate sustainable growth in Company’s business; reinforce competitiveness, and surely benefit shareholders. GDR issue price is determined according to fair value domestically. Original shareholders may purchase common stock in domestic market at Taipei Exchange for the price close to GDR price, exempting from currency and fluidity risks. There is no huge impact on original shareholders.
- (3) After the approval by the shareholders’ meeting on the domestic capital increase by cash or the issuance of new shares and/or GDR for cash capital increase, the Board is authorized to determine public offering of the issuance of common shares, conditions, volume, pricing, amount, fund usage, project items, project schedule, possible projected production benefits, record date for the capital increase and relevant matters including commands from the authorities or market and objective environmental alteration, and others not included.
- (4) Rights and obligations about the issuance of new shares are the same with those of the issued shares.
- (5) Resolution requested

Resolution:

## IV. Election

### Item 1

(Proposed by the Board of Directors)

Motion: Election to add one independent director, submit for election.

- (1) In accordance with the "Taipei Exchange Directions for Compliance Requirements for the Appointment and Exercise of Powers of the Boards of Directors of TPEx Listed Companies", if the board chairperson and the general manager or a person holding an equivalent position of a TPEx listed company are the same person or are spouses or relatives within the first degree of kinship, the company shall appoint not less than four independent directors by 31 December 2023.
- (2) The company elects an additional independent director in accordance with the regulations. The election of independent director adopts a candidate nomination system, and shareholders select candidate from the list of independent director candidate. For the list of independent director candidate, please refer to the Attachment 7 (page 46)
- (3) The newly elected independent directors will take office immediately after the shareholders' meeting, and the term of office is the same as that of the current session of the board of directors, from June 20, 2023 to August 23, 2024.
- (4) Election requested.

Election result:

## **V. Other Proposals**

### **Item 1**

(Proposed by the Board of Directors)

Motion: Release of the newly elected directors from the non-competition restrictions

- (1) Pursuant to Article 209 of the Company Act, a director engaging, either for himself/herself or on behalf of another person, activities that are within the scope of the Company's business, shall explain at the shareholders' meeting the essential details of such activities and obtain the shareholders' approval for engaging in such activities.
- (2) To rely on expertise and relevant work experiences of the director, hereby request the shareholders' approval to release the new director from the non-competition restrictions. Before discussing the proposal at the shareholders' meeting, the scope and content of the proposal will be supplemented on the spot
- (3) Resolution requested

Resolution:

## **VI. Extemporary Motion**

## **VII. Meeting Adjourned**

## Attachment 1

### GlobalWafers Co., Ltd.

#### Fiscal 2022 Business Report

As the pandemic gradually slows down, countries are opening their borders and returning to the real economy. The demand for personal consumables brought about by the pandemic has decelerated and returned to normal. In addition, the weak demand for products such as notebooks due to inflation has led to the reduced demand for small-sized wafers, raising inventory levels. But with downstream suppliers adjusting their shipments, inventories are expected to gradually shrink in 2023. Demand for large-sized and special wafers (FZ, SOI) continues to be robust due to the strong demand from automotive and industrial applications. With the incentive policies for EVs, net zero emissions, etc., the compound semiconductor's market scale is expected to expand rapidly. In 2022, GlobalWafers showed outstanding results with an annual growth of 14.98% in consolidated revenue, which amounted to NT\$70.29 billion, generating NT\$30.34 billion in gross profit, NT\$24.98 billion in operating profit, NT\$20.11 billion in profit before tax, NT\$15.37 billion in net profit, and NT\$35.31 EPS, with revenue, gross profit, operating profit, profit before tax, net profit, and EPS hitting record highs!

The following is a summary report on the 2022 operation results, the 2023 business plan summary, future company development, external competition, regulatory environment and overall economic environment:

#### I. Operating Results in 2022

##### (I) Business Plan Implementation Results

Unit: NT\$ thousands

Year Item	2022	2021	Percent Change (%)
	(IFRSs)	(IFRSs)	
Revenue	70,286,871	61,130,592	14.98%
Cost of Goods Sold	39,945,282	37,844,704	5.55%
Gross Profit	30,341,589	23,285,888	30.30%
Operating Expenses	5,358,576	5,592,496	-4.18%
Operating Income	24,983,013	17,693,392	41.20%
Profit Before Tax	20,106,928	16,445,453	22.26%
Net Profit	15,367,386	11,870,037	29.46%

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

(II) Budget Implementation: The Company had not announced its financial forecast for 2022.

(III) Profitability Analysis

Item			2022	2021
Financial Structure	Debt to Asset Ratio		67.95%	69.71%
	Long-Term Funds to PPE Ratio (PPE-plant, property, equipment)		338.60%	352.31%
Profitability Analysis	Return on Assets Ratio		9.83%	9.85%
	Return on Equity Ratio		30.75%	26.44%
	Percentage in Paid-In Capital	Operating Profit	574.01%	404.65%
		Profit Before Tax	461.98%	376.11%
	Net Profit Margin		21.86%	19.42%
Earnings Per Share (NT\$)		35.31	27.27	

(IV) Financial Income and Expenditure

The Company's 2022 operating revenue is NT\$70,286,871 thousands, the cost of goods sold is NT\$39,945,282 thousands, the operating expenses is NT\$5,358,576 thousands. The non-operating revenue and expenditure is net expenditure NT\$4,876,085 thousands and profit before tax is NT\$20,106,928 thousands, net profit after tax is NT\$15,367,386 thousands, financial income and expenditure are normal.

(V) Research and Development Status

1. R&D expenditure in 2022

Unit: NT\$ thousands

Item/Year	2022	2021
R&D Expenses	2,089,325	2,069,507
Revenue	70,286,871	61,130,592
R&D Expenses to Revenue (%)	2.97%	3.39%

## 2. R&D results in 2022

### Name of technology or product

- (1) Ultra low resistivity ingot with Phosphorus doped
- (2) Ultra low resistivity ingot with Arsenic doped
- (3) Ultra low resistivity ingot with Boron doped
- (4) Ultra low resistivity ingot with Antimony wafers
- (5) SOI substrate for 5G RF device application
- (6) Low defects ultra-high flatness Silicon substrate for Advanced IC process
- (7) Ultra High Resistivity wafers with low oxygen
- (8) High resistivity with low oxygen silicon wafers for power applications
- (9) SOI wafer and bonding wafer for high power electronic device
- (10) High strength silicon substrate for GaN\_HEMT application
- (11) Perfect Silicon
- (12) Engineered Customizable Application Specific "ECAS®" wafer
- (13) 4"~ 8" GaN on Silicon Epi wafer
- (14) 6" N type SiC Epi wafer

### 3. Future R&D plan:

- (1) SiC wafer for next generation high power automotive electronic device application
- (2) Epi-substrate for GaN\_HEMT application
- (3) High strength and ultra thin silicon substrate with nano structure
- (4) SOI substrate for next generation RF device application
- (5) Engineered Customizable Application Specific “ECAS<sup>®</sup>” wafer SOI(ECAS-SOI)
- (6) 8” Diamond wire SAW process development
- (7) Semi insulating and large diameter SiC crystal and the wafer

## II. Summary of the Business Plan for 2023

### (I) Operating Philosophy

- (1) Actively grasp the market trends and international events. Flexible allocation with stable shipment to meet customers’ needs under the impact of politics and the pandemics.
- (2) Actively enhance the yield and debottleneck to maximize the existing capacities, prudently control capital expenditure to ensure the production expansion plan is completed as scheduled.
- (3) Actively develop the GaN/Si/SiC products, and work with strategic partners to maximize the complementary synergies in terms of materials.
- (4) Expand the collaboration among government, industry, and academy, deploy our advanced manufacturing process for niche applications and accelerate the development of new technologies.
- (5) Improve operational performance of all businesses, integrate research and maintenance, production, marketing, etc., across regions for optimal benefits.
- (6) Comply with the principle of “responsible growth,” fulfill environmental corporate social responsibilities, occupational health and safety and corporate governance, and pursue sustainable growth.

### (II) Estimated Sales Volume and the Basis:

According to the research report released by the World Semiconductor Trade Statistics (WSTS) in

November 2022, inflation has led to a sluggish consumer demand. In 2022, the world's semiconductor market amounted to USD 580.1 billion, an annual growth of 4.4%. It is expected that the overall market for semiconductors in 2023 will drop from 2022's historical high by 4.1%.

In terms of product category, the weakest semiconductor sector is the memory industry, which will drop by 12.6% YoY. In addition, discrete devices, sensors, and analog IC will maintain their growth momentum, with a growth rate of 12.4%, 16.3% and 20.8% respectively.

From a regional perspective, the United States is the region with the strongest growth momentum in the global semiconductor market and is expected to grow by 17%. The European and Japanese markets are expected to grow by 12.6% and 10%, and the Asian market will decline by 2%, making it the weakest region in the global semiconductor market.

The WSTS predicts that during 2023 the global semiconductor market will decrease by 4.1% to USD 556.5 billion, with a decline of 17% in the memory sector. In addition, discrete components, optoelectronics, sensors, and analog IC will show a slight growth of 2.8%, 3.7%, 3.7% and 1.6% respectively.

As the macroeconomies and foreign exchange rates are still volatile, the impact on the global semiconductor market is still uncertain. The above-mentioned are the best forecasts based on the current situation.

### (III) Important Production and Marketing Policies:

- (1) Actively invest in the development of large-sized wafers and special products (compound semiconductors, SOI, FZ), maximize our leading edge with existing technologies, and quickly branch into emerging applications and advanced manufacturing processes.
- (2) Prudentially control the rising costs resulting from the pandemic and inflation, secure the sources of key materials and parts to ensure smooth production.
- (3) Utilize the broad presence around the world to flexibly allocate capacities, avoid transportation plights and supply customers locally.
- (4) Continuously research and develop patents and strategic positioning to enhance the core advantages.

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

- (1) Use the Group's high-end leading technologies to develop GaN/Si/SiC chips suitable for applications of next-generation products, and aim towards large-sized heavily-doped silicon wafer and power semiconductor epitaxy technological development, becoming the

world's largest silicon wafer supplier with the most comprehensive products.

- (2) Implement green manufacturing, fulfill corporate social responsibility, enhance the corporate governance to cement the foundation of sustainable operation.
- (3) By adopting renewable energies, enhancing the energy efficiency, carbon removal and purchasing carbon offset products to achieve the goal of 100% clean energy utilization by 2050.
- (4) Construct a resilient and flexible local supply chain and diversify suppliers to respond to the pandemic and geopolitics impact swiftly.
- (5) Increase the scale of operations through production expansion, and at the same time, keep abreast of industry trends, actively seek government subsidies, and increase competitiveness in the silicon wafer industry.
- (6) Actively sign long-term agreements with key partners to enhance cooperation.

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

- (1) With the development and application of the semiconductor industry, its related products have penetrated people's life. The use of semiconductor products can be seen in daily activities. Therefore, the semiconductor industry boom links with macroeconomics considerably. Due to the Company's wide customer base, the end products spread across various industries and application areas, such as automotive products, power products, memory, etc., which can reduce the cyclical risk from the of a single industry. When the macroeconomics is not good, the Company can diversify risks and stabilize operations.
- (2) The semiconductor wafer industry has undergone decades of development and has established entry barriers built by technology and patents. However, in the face of new competitors with significant funds, we will closely observe the industry's development. In order to prevent the new manufacturers from actively joining and leading to declining product prices and affect sales and profit, we will continue to combine the technological advantages with our global presence around the world to develop niche products with core technology capabilities, and we will also increase the added value of the product and minimize the cost to increase profit margins.
- (3) The drastic changes in the international circumstances and regional trade conflicts have shocked the macroeconomy. However, GlobalWafers has production facilities around the world and thus is able to allocate resources flexibly in response to related laws and regulations and lower the impact of taxes on the operating costs. Our client base is distributed all over the world, which also effectively diversifies the impacts from the

pandemic to the revenue and lower the economic risks from overdependence on a single area. GlobalWafers also keeps close relationships with customers and establishes a resilient local supply chain and business continuity plan (BCP) to cope with various challenges flexibly.

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

Looking forward, although the rapidly changing world environment, including drastic changes in financial policies and exchange rate fluctuations, has brought substantial impacts to the global economy, the various demands in wireless communications, automotive semiconductors, computing and data storage (cloud), industrial/Internet of Things, etc., provide the semiconductor industry with structural support, creating momentum for sustainable growth. Technological progress has driven the volume of semiconductor products and growth in unit content. The industry focuses on cost synergy, increasing the demand for large-sized wafers. With the strategies of expanding existing production capacities and building new plants, GlobalWafers actively develops large-sized wafers and compound semiconductors used in advanced processes, augmenting its proportion in the product spectrum significantly, thus further optimizing its product portfolio. By doing so, GlobalWafers is able to grasp the business opportunities of terminal technology innovation, which further cements its leading advantages.

Chairperson

Hsiu-Lan Hsu



President

Mark England



Chief Account

Yu-Ting Lo



## Attachment 2

### Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Consolidated and Standalone Financial Statements and Earnings Distribution Proposal. GlobalWafers Co., Ltd. Consolidated and Standalone Financial Statements have been audited and certified by Cheng, An-Chih, CPA, and Tseng, Mei-Yu, CPA, of KPMG and audit review reports relating to the Financial Statements have been issued. The aforementioned reports have been reviewed and considered to be complied with relevant rules by the undersigned, the audit committee of GlobalWafers Co., Ltd. according to Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this report.

GlobalWafers Co., Ltd.

Audit Committee Convener:



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Jeng-Ywan Jeng

May 2, 2023

## Attachment 3

### Independent Auditors' Report and Financial Statements

#### 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, 2022 and 2021, 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, 2022 and 2021, 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 Accountant and Standards on Auditing of 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 Norm of Professional Ethics for Certified Public Accountant of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. 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, and because of different sales terms and the triangular trade within the group companies, it is more important to identify the timing of revenue recognition. As such, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

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

2. Goodwill impairment assessment

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

**Other Matter**

The Company has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, 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 Standards on Auditing of 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 the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)  
March 14, 2023

#### **Notes to Readers**

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

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

**Consolidated Balance Sheets**

**December 31, 2022 and 2021**

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

		<b>December 31, 2022</b>		<b>December 31, 2021</b>				<b>December 31, 2022</b>		<b>December 31, 2021</b>	
<b>Assets</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>			<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets:</b>											
1100	Cash and cash equivalents (note 6(1))	\$ 80,490,723	48	65,894,422	44			\$ 6,544,000	4	6,264,000	4
1110	Financial assets at fair value through profit or loss — current (note 6(2))	32,415	-	3,450	-	2100	Short-term borrowings (note 6(11))	-	-	198,479	-
1170	Notes and accounts receivable, net (note 6(4))	10,074,844	6	9,048,069	6	2120	Financial liabilities at fair value through profit or loss — current (note 6(2))	10,311,903	6	7,322,051	5
1180	Accounts receivable due from related parties, net (note 7)	85,299	-	69,645	-	2130	Contract liabilities — current (note 6(19))	4,038,089	2	4,032,930	3
130X	Inventories (note 6(5))	8,535,236	5	7,295,021	5	2170	Notes and accounts payable	138,112	-	307,520	-
1476	Other financial assets — current (notes 6(1) and 9)	8,473,643	5	3,753,000	2	2180	Accounts payable to related parties (note 7)	2,702,368	1	2,403,861	2
1479	Other current assets (notes 6(10) and 7)	<u>1,905,571</u>	<u>1</u>	<u>2,600,908</u>	<u>2</u>	2201	Payroll and bonus payable	2,829,041	2	3,481,896	3
	<b>Total current assets</b>	<u>109,597,731</u>	<u>65</u>	<u>88,664,515</u>	<u>59</u>	2216	Dividends payable	4,887,206	3	2,111,964	1
<b>Non-current assets:</b>						2230	Current tax liabilities	<u>4,342,929</u>	<u>3</u>	<u>4,935,594</u>	<u>3</u>
1513	Financial assets at fair value through profit or loss — non-current (note 6(2))	9,331,720	6	18,368,712	12	2399	Other current liabilities (note 6(13))	<u>35,793,648</u>	<u>21</u>	<u>31,058,295</u>	<u>21</u>
1517	Financial assets at fair value through other comprehensive income — non-current (note 6(3))	159,347	-	185,073	-		<b>Total current liabilities</b>				
1550	Investments accounted for using equity method (note 6(6))	941,383	1	1,691,344	1	2527	<b>Non-Current liabilities:</b>				
1600	Property, plant and equipment (notes 6(7), 7 and 8)	39,487,086	23	33,943,256	23	2500	Contract liabilities — non-current (note 6(19))	28,015,908	17	21,312,889	14
1755	Right-of-use assets (note 6(8))	606,754	-	705,346	-		Financial liabilities at fair value through profit or loss — non-current (notes 6(2), (12) and 8)	466,831	-	178,637	-
1780	Intangible assets (note 6(9))	2,370,157	1	2,365,551	2	2530	Convertible bonds payable (note 6(12))	23,793,835	14	26,143,969	17
1840	Deferred tax assets (note 6(15))	2,545,436	1	1,887,241	1	2531	Ordinary bonds payable (note 6(12))	18,986,110	11	18,980,771	13
1980	Other financial assets — non-current (notes 7, 8 and 9)	178,366	-	1,328,297	1	2570	Deferred tax liabilities (note 6(15))	4,588,911	3	4,797,611	3
1900	Other non-current assets (note 6(10))	<u>4,277,998</u>	<u>3</u>	<u>1,505,641</u>	<u>1</u>	2670	Other non-current liabilities (note 6(13))	1,987,402	1	705,286	1
	<b>Total non-current assets</b>	<u>59,898,247</u>	<u>35</u>	<u>61,980,461</u>	<u>41</u>	2640	Net defined benefit liabilities (note 6(14))	<u>1,539,328</u>	<u>1</u>	<u>1,836,015</u>	<u>1</u>
							<b>Total non-current liabilities</b>	<u>79,378,325</u>	<u>47</u>	<u>73,955,178</u>	<u>49</u>
							<b>Total liabilities</b>	<u>115,171,973</u>	<u>68</u>	<u>105,013,473</u>	<u>70</u>
							<b>Equity (note 6(16)):</b>				
							Equity attributable to shareholders of GlobalWafers Co., Ltd.:				
						3110	Ordinary share	<u>4,352,370</u>	<u>3</u>	<u>4,372,500</u>	<u>3</u>
						3200	Capital surplus	<u>23,819,388</u>	<u>14</u>	<u>25,174,389</u>	<u>16</u>
							Retained earnings:				
						3310	Legal reserve	6,550,566	4	5,349,684	4
						3320	Special reserve	6,135,557	3	1,734,138	1
						3350	Unappropriated retained earnings	<u>20,012,822</u>	<u>12</u>	<u>15,713,128</u>	<u>10</u>
								<u>32,698,945</u>	<u>19</u>	<u>22,796,950</u>	<u>15</u>
						3400	Other equity interest	<u>(6,546,698)</u>	<u>(4)</u>	<u>(6,135,557)</u>	<u>(4)</u>
						3500	Treasury shares	-	-	<u>(576,779)</u>	-
							<b>Total equity</b>	<u>54,324,005</u>	<u>32</u>	<u>45,631,503</u>	<u>30</u>
<b>Total assets</b>		<u><u>\$ 169,495,978</u></u>	<u><u>100</u></u>	<u><u>150,644,976</u></u>	<u><u>100</u></u>		<b>Total liabilities and equity</b>	<u><u>\$ 169,495,978</u></u>	<u><u>100</u></u>	<u><u>150,644,976</u></u>	<u><u>100</u></u>

See accompanying notes to consolidated financial statements.

**GlobalWafers Co., Ltd. and subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2022 and 2021**

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

		<b>2022</b>		<b>2021</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue</b> (notes 6(19) and 7)	\$ 70,286,871	100	61,130,592	100
5000	<b>Operating costs</b> (notes 6(5), (20) and 7)	<u>39,945,282</u>	<u>57</u>	<u>37,844,704</u>	<u>62</u>
	<b>Gross profit from operations</b>	<u>30,341,589</u>	<u>43</u>	<u>23,285,888</u>	<u>38</u>
	<b>Operating expenses</b> (notes 6(20) and 7):				
6100	Selling expenses	1,651,407	2	1,440,578	2
6200	Administrative expenses	1,608,417	2	2,082,733	4
6300	Research and development expenses	2,089,325	3	2,069,507	3
6450	Expected credit losses (gains) (note 6(4))	<u>9,427</u>	<u>-</u>	<u>(322)</u>	<u>-</u>
	<b>Total operating expenses</b>	<u>5,358,576</u>	<u>7</u>	<u>5,592,496</u>	<u>9</u>
	<b>Net operating income</b>	<u>24,983,013</u>	<u>36</u>	<u>17,693,392</u>	<u>29</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income (note 6(21))	1,143,269	2	142,808	-
7020	Other gains and losses (notes 6(21) and 7)	(5,537,537)	(8)	(1,083,006)	(2)
7050	Finance costs (notes 6(12), (21) and 7)	<u>(481,817)</u>	<u>(1)</u>	<u>(307,741)</u>	<u>(1)</u>
		<u>(4,876,085)</u>	<u>(7)</u>	<u>(1,247,939)</u>	<u>(3)</u>
	<b>Income before income tax</b>	20,106,928	29	16,445,453	26
7950	Less: income tax expense (note 6(15))	<u>4,739,542</u>	<u>7</u>	<u>4,575,416</u>	<u>7</u>
	<b>Net income</b>	<u>15,367,386</u>	<u>22</u>	<u>11,870,037</u>	<u>19</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss:</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	58,985	-	173,476	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	<u>(31,223)</u>	<u>-</u>	<u>83,598</u>	<u>-</u>
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	<u>(746,960)</u>	<u>(2)</u>	<u>453,930</u>	<u>1</u>
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(15))	<u>11,797</u>	<u>-</u>	<u>34,695</u>	<u>-</u>
	Total items that will not be reclassified subsequently to profit or loss	<u>(730,995)</u>	<u>(2)</u>	<u>676,309</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 (note 6(6))	406,126	1	(6,158,184)	(10)
8399	Less: income tax related to components of other comprehensive income that may be reclassified to profit or loss (note 6(15))	<u>(39,084)</u>	<u>-</u>	<u>1,219,237</u>	<u>(2)</u>
	Total items that may be reclassified subsequently to profit or loss	<u>367,042</u>	<u>1</u>	<u>(4,938,947)</u>	<u>(8)</u>
8300	<b>Other comprehensive income (after tax)</b>	<u>(363,953)</u>	<u>(1)</u>	<u>(4,262,638)</u>	<u>(7)</u>
	<b>Total comprehensive income</b>	<u>\$ 15,003,433</u>	<u>21</u>	<u>7,607,399</u>	<u>12</u>
	<b>Earnings per share (NT Dollars) (note 6(18))</b>				
	Basic earnings per share	<u>\$ 35.31</u>		<u>27.27</u>	
	Diluted earnings per share	<u>\$ 34.36</u>		<u>25.97</u>	

See accompanying notes to consolidated financial statements.

**GlobalWafers Co., Ltd. and subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to shareholders of GlobalWafers Co., Ltd.										
	Retained earnings						Other equity interest				
							Exchange differences on translation of foreign financial statements	Gains (losses) from equity instrument measured at fair value through other comprehensive income	Total other equity interest	Treasury shares	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings					
<b>Balance at January 1, 2021</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>
Net income for the year	-	-	-	-	11,870,037	11,870,037	-	-	-	-	11,870,037
Other comprehensive income for the year	-	-	-	-	138,781	138,781	(4,938,947)	537,528	(4,401,419)	-	(4,262,638)
Comprehensive income for the year	-	-	-	-	12,008,818	12,008,818	(4,938,947)	537,528	(4,401,419)	-	7,607,399
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	1,289,359	-	(1,289,359)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(7,834,266)	(7,834,266)	-	-	-	-	(7,834,266)
Reversal of special reserve	-	-	-	(557,118)	557,118	-	-	-	-	-	-
Equity component of convertible bonds	-	1,703,470	-	-	-	-	-	-	-	-	1,703,470
<b>Balance at December 31, 2021</b>	<u>4,372,500</u>	<u>25,174,389</u>	<u>5,349,684</u>	<u>1,734,138</u>	<u>15,713,128</u>	<u>22,796,950</u>	<u>(7,530,148)</u>	<u>1,394,591</u>	<u>(6,135,557)</u>	<u>(576,779)</u>	<u>45,631,503</u>
Net income for the year	-	-	-	-	15,367,386	15,367,386	-	-	-	-	15,367,386
Other comprehensive income for the year	-	-	-	-	47,188	47,188	367,042	(778,183)	(411,141)	-	(363,953)
Comprehensive income for the year	-	-	-	-	15,414,574	15,414,574	367,042	(778,183)	(411,141)	-	15,003,433
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	1,200,882	-	(1,200,882)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	4,401,419	(4,401,419)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(5,216,142)	(5,216,142)	-	-	-	-	(5,216,142)
Additional paid-in capital resulting from assets donated	-	6	-	-	-	-	-	-	-	-	6
Distribution of cash dividends using capital surplus	-	(1,094,795)	-	-	-	-	-	-	-	-	(1,094,795)
Cancellation of treasury shares	(20,130)	(260,212)	-	-	(296,437)	(296,437)	-	-	-	576,779	-
<b>Balance at December 31, 2022</b>	<u>\$ 4,352,370</u>	<u>23,819,388</u>	<u>6,550,566</u>	<u>6,135,557</u>	<u>20,012,822</u>	<u>32,698,945</u>	<u>(7,163,106)</u>	<u>616,408</u>	<u>(6,546,698)</u>	<u>-</u>	<u>54,324,005</u>

See accompanying notes to consolidated financial statements.

**GlobalWafers Co., Ltd. and subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 20,106,928	16,445,453
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expenses	5,883,062	5,686,691
Amortization expenses	197,447	210,393
Expected credit losses (gains)	9,427	(322)
Net loss on financial assets or liabilities at fair value through profit or loss	9,745,073	341,769
Interest expense	481,817	307,741
Interest income	(1,143,269)	(142,808)
Dividend income	(404,218)	(284,293)
Shares of profit of associates accounted for using equity method	(60,359)	(68,396)
Gain on disposal of property, plant and equipment	(109,323)	(15,269)
Impairment loss on non-financial assets	37,776	-
Provisions for inventory valuation (reversal of gains)	10,490	(19,493)
Gain on lease modification	(26)	-
<b>Total adjustments</b>	<u>14,647,897</u>	<u>6,016,013</u>
<b>Changes in operating assets and liabilities:</b>		
Notes and accounts receivable (including related parties)	(1,052,173)	(1,079,657)
Inventories	(1,259,059)	(18,577)
Prepayments for purchase of materials	1,682,120	(2,680,114)
Other operating assets	(426,475)	24,643
Other financial assets	1,322	(8,739)
<b>Total changes in operating assets</b>	<u>(1,054,265)</u>	<u>(3,762,444)</u>
Contract liabilities	7,096,975	12,544,383
Notes and accounts payable (including related parties)	4,998	382,470
Net defined benefit liabilities	(240,007)	(428,837)
Other operating liabilities	(1,476,875)	927,065
<b>Total changes in operating liabilities</b>	<u>5,385,091</u>	<u>13,425,081</u>
<b>Total changes in operating assets and liabilities</b>	<u>4,330,826</u>	<u>9,662,637</u>
<b>Total adjustments</b>	<u>18,978,723</u>	<u>15,678,650</u>
Cash inflow generated from operations	39,085,651	32,124,103
Interest received	1,062,056	120,737
Dividends received	404,218	284,293
Interest paid	(139,885)	(62,258)
Income taxes paid	(2,845,660)	(3,165,314)
<b>Net cash flows from operating activities</b>	<u>37,566,380</u>	<u>29,301,561</u>

(Continued)

See accompanying notes to consolidated financial statements.

**GlobalWafers Co., Ltd. and subsidiaries**  
**Consolidated Statements of Cash Flows(Continued)**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	\$ (3,677)	-
Acquisition of financial assets at fair value through profit or loss	(28,578)	(13,579,261)
Proceeds from disposal of financial assets at fair value through profit or loss	8,572	124
Cash dividends from associates accounted for using equity method	61,529	33,158
Acquisition of property, plant and equipment, and prepayments of equipment	(12,358,186)	(5,590,544)
Proceeds from disposal of property, plant and equipment	116,282	64,104
Acquisition of intangible assets	(6,479)	(6,256)
Decrease (increase) in other financial assets	(3,490,821)	798,254
<b>Net cash flows used in investing activities</b>	<u>(15,701,358)</u>	<u>(18,280,421)</u>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term borrowings	280,000	(3,607,000)
Proceeds from issuing bonds	-	46,812,845
Repayments of bonds	(2,748,404)	-
Increase (decrease) in guarantee deposits received	1,403,599	(35,031)
Payment of lease liabilities	(167,566)	(180,213)
Cash dividends paid	(6,963,792)	(7,834,266)
Additional paid-in capital resulting from assets donated	6	-
<b>Net cash flows from (used in) financing activities</b>	<u>(8,196,157)</u>	<u>35,156,335</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>927,436</u>	<u>(2,722,534)</u>
<b>Net increase in cash and cash equivalents</b>	14,596,301	43,454,941
<b>Cash and cash equivalents at beginning of period</b>	<u>65,894,422</u>	<u>22,439,481</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>\$ 80,490,723</u></u>	<u><u>65,894,422</u></u>

## **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, 2022 and 2021, 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, 2022 and 2021, 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 Accountant and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### **Key Audit Matters**

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

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

Please refer to note 4(15) "Revenue recognition" for accounting policy and note 6(17) "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, and because of different sales terms and the triangular trade within the group companies, it is more important to identify the timing of revenue recognition. As such, 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 in subsidiaries acquired 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 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 Standards on Auditing of 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 financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)

March 14, 2023

#### **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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
Assets		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Liabilities and Equity</b>					
1100	Cash and cash equivalents (note 6(1))	\$ 32,251,673	20	40,106,096	32	<b>Current liabilities:</b>					
1110	Financial assets at fair value through profit or loss — current (note 6(2))	-	-	-	-	2120	Financial liabilities at fair value through profit or loss — current (note 6(2))	-	-	195,715	-
1170	Notes and accounts receivable, net (note 6(4))	2,864,253	2	2,567,483	2	2130	Contract liabilities — current (note 6(17))	3,047,765	2	1,577,219	1
1180	Accounts receivable due from related parties, net (note 7)	3,721,385	2	3,397,107	3	2170	Notes and accounts payable	1,197,244	1	1,198,959	1
130X	Inventories (note 6(5))	2,594,070	2	2,188,280	2	2180	Accounts payable to related parties (note 7)	41,216,208	25	3,284,076	3
1476	Other financial assets — current (note 9)	3,000,500	2	2,854,984	2	2201	Payroll and bonus payable	1,523,994	1	1,333,407	1
1479	Other current assets (note 7)	868,556	-	1,985,947	1	2216	Dividends payable	2,829,041	2	3,481,896	3
	<b>Total current assets</b>	<u>45,300,437</u>	<u>28</u>	<u>53,099,897</u>	<u>42</u>	2399	Other current liabilities (note 6(11))	<u>3,586,955</u>	<u>2</u>	<u>3,849,264</u>	<u>3</u>
<b>Non-current assets:</b>							<b>Total current liabilities</b>	<u>53,401,207</u>	<u>33</u>	<u>14,920,536</u>	<u>12</u>
1513	Financial assets at fair value through profit or loss — non-current (note 6(2))	1,626,893	1	3,074,802	3	<b>Non-Current liabilities:</b>					
1517	Financial assets at fair value through other comprehensive income — non-current (note 6(3))	153,850	-	185,073	-	2527	Contract liabilities — non-current (note 6(17))	6,235,938	4	3,926,623	3
1550	Investments accounted for using equity method (note 6(6))	105,317,816	66	60,111,487	48	2500	Financial liabilities at fair value through profit or loss — non-current (notes 6(2) and (10))	466,831	-	178,637	-
1600	Property, plant and equipment (notes 6(7) and 7)	6,101,037	4	5,633,883	5	2530	Convertible bonds payable (note 6(10))	23,793,835	15	26,143,969	21
1755	Right-of-use assets (note 6(8))	449,958	-	494,122	-	2531	Ordinary bonds payable (note 6(10))	18,986,110	12	18,980,771	15
1780	Intangible assets (note 6(9))	3,428	-	184,082	-	2622	Long-term accounts payable to related parties (note 7)	-	-	11,557,384	10
1980	Other financial assets — non-current (notes 7, 8 and 9)	80,825	-	1,294,442	1	2600	Other non-current liabilities (notes 6(11), (12) and (13))	<u>3,160,418</u>	<u>2</u>	<u>3,825,468</u>	<u>3</u>
1900	Other non-current assets (note 6(13))	<u>1,334,100</u>	<u>1</u>	<u>1,087,103</u>	<u>1</u>		<b>Total non-current liabilities</b>	<u>52,643,132</u>	<u>33</u>	<u>64,612,852</u>	<u>52</u>
	<b>Total non-current assets</b>	<u>115,067,907</u>	<u>72</u>	<u>72,064,994</u>	<u>58</u>		<b>Total liabilities</b>	<u>106,044,339</u>	<u>66</u>	<u>79,533,388</u>	<u>64</u>
<b>Total assets</b>		<u>\$ 160,368,344</u>	<u>100</u>	<u>125,164,891</u>	<u>100</u>	<b>Equity (note 6(14)):</b>					
						3110	Ordinary share	<u>4,352,370</u>	<u>3</u>	<u>4,372,500</u>	<u>3</u>
						3200	Capital surplus	<u>23,819,388</u>	<u>15</u>	<u>25,174,389</u>	<u>20</u>
							Retained earnings:				
						3310	Legal reserve	6,550,566	4	5,349,684	4
						3320	Special reserve	6,135,557	4	1,734,138	1
						3350	Unappropriated retained earnings	<u>20,012,822</u>	<u>12</u>	<u>15,713,128</u>	<u>13</u>
								<u>32,698,945</u>	<u>20</u>	<u>22,796,950</u>	<u>18</u>
						3400	Other equity interest	<u>(6,546,698)</u>	<u>(4)</u>	<u>(6,135,557)</u>	<u>(5)</u>
						3500	Treasury shares	-	-	<u>(576,779)</u>	-
							<b>Total equity</b>	<u>54,324,005</u>	<u>34</u>	<u>45,631,503</u>	<u>36</u>
							<b>Total liabilities and equity</b>	<u>\$ 160,368,344</u>	<u>100</u>	<u>125,164,891</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, 2022 and 2021**

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

		<b>2022</b>		<b>2021</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue</b> (notes 6(17) and 7)	\$ 30,292,412	100	25,572,294	100
5000	<b>Operating costs</b> (notes 6(5), (18) and 7)	<u>16,261,985</u>	<u>54</u>	<u>14,997,282</u>	<u>59</u>
	<b>Gross profit from operations</b>	<u>14,030,427</u>	<u>46</u>	<u>10,575,012</u>	<u>41</u>
	<b>Operating expenses</b> (notes 6(18) and 7):				
6100	Selling expenses	574,393	2	487,616	2
6200	Administrative expenses	312,920	1	683,158	3
6300	Research and development expenses	1,333,853	4	1,269,218	5
6450	Expected credit loss (note 6(4))	-	-	-	-
	<b>Total operating expenses</b>	<u>2,221,166</u>	<u>7</u>	<u>2,439,992</u>	<u>10</u>
	<b>Net operating income</b>	<u>11,809,261</u>	<u>39</u>	<u>8,135,020</u>	<u>31</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income (notes 6(19) and 7)	575,837	2	95,815	-
7020	Other gains and losses (notes 6(19) and 7)	3,955,756	13	(1,424,292)	(5)
7050	Finance costs (notes 6(11), (19) and 7)	(518,977)	(2)	(399,228)	(1)
	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method (note 6(6))	<u>1,640,402</u>	<u>5</u>	<u>7,790,051</u>	<u>30</u>
		<u>5,653,018</u>	<u>18</u>	<u>6,062,346</u>	<u>24</u>
	<b>Income before income tax</b>	<u>17,462,279</u>	<u>57</u>	<u>14,197,366</u>	<u>55</u>
7950	Less: income tax expense (note 6(13))	<u>2,094,893</u>	<u>7</u>	<u>2,327,329</u>	<u>9</u>
	<b>Net income</b>	<u>15,367,386</u>	<u>50</u>	<u>11,870,037</u>	<u>46</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss:</b>				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(12))	42,657	-	8,242	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(31,223)	-	83,598	-
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	(730,632)	(2)	619,164	2
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(13))	<u>11,797</u>	<u>-</u>	<u>34,695</u>	<u>-</u>
	Total items that will not be reclassified subsequently to profit or loss	<u>(730,995)</u>	<u>(2)</u>	<u>676,309</u>	<u>2</u>
8360	<b>Items that may be reclassified subsequently to profit or loss:</b>				
8361	Exchange differences on translation of foreign operations	406,126	1	(6,158,184)	(24)
8399	Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(13))	<u>39,084</u>	<u>-</u>	<u>(1,219,237)</u>	<u>(5)</u>
	Total items that may be reclassified subsequently to profit or loss	<u>367,042</u>	<u>1</u>	<u>(4,938,947)</u>	<u>(19)</u>
8300	<b>Other comprehensive income (after tax)</b>	<u>(363,953)</u>	<u>(1)</u>	<u>(4,262,638)</u>	<u>(17)</u>
	<b>Total comprehensive income</b>	<u>\$ 15,003,433</u>	<u>49</u>	<u>7,607,399</u>	<u>29</u>
	<b>Earnings per share (NT Dollars) (note 6(16))</b>				
	Basic earnings per share	<u>\$ 35.31</u>		<u>27.27</u>	
	Diluted earnings per share	<u>\$ 34.36</u>		<u>25.97</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, 2022 and 2021**  
**(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, 2021</b>	\$ 4,372,500	23,470,919	4,060,325	2,291,256	12,270,817	18,622,398	(2,591,201)	857,063	(1,734,138)	(576,779)	44,154,900
Net income for the year	-	-	-	-	11,870,037	11,870,037	-	-	-	-	11,870,037
Other comprehensive income for the year	-	-	-	-	138,781	138,781	(4,938,947)	537,528	(4,401,419)	-	(4,262,638)
Comprehensive income for the year	-	-	-	-	12,008,818	12,008,818	(4,938,947)	537,528	(4,401,419)	-	7,607,399
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	1,289,359	-	(1,289,359)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(7,834,266)	(7,834,266)	-	-	-	-	(7,834,266)
Reversal of special reserve	-	-	-	(557,118)	557,118	-	-	-	-	-	-
Equity component of convertible bonds	-	1,703,470	-	-	-	-	-	-	-	-	1,703,470
<b>Balance at December 31, 2021</b>	4,372,500	25,174,389	5,349,684	1,734,138	15,713,128	22,796,950	(7,530,148)	1,394,591	(6,135,557)	(576,779)	45,631,503
Net income for the year	-	-	-	-	15,367,386	15,367,386	-	-	-	-	15,367,386
Other comprehensive income for the year	-	-	-	-	47,188	47,188	367,042	(778,183)	(411,141)	-	(363,953)
Comprehensive income for the year	-	-	-	-	15,414,574	15,414,574	367,042	(778,183)	(411,141)	-	15,003,433
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	1,200,882	-	(1,200,882)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	4,401,419	(4,401,419)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(5,216,142)	(5,216,142)	-	-	-	-	(5,216,142)
Additional paid-in capital resulting from assets donated	-	6	-	-	-	-	-	-	-	-	6
Distribution of cash dividends using capital surplus	-	(1,094,795)	-	-	-	-	-	-	-	-	(1,094,795)
Cancellation of treasury shares	(20,130)	(260,212)	-	-	(296,437)	(296,437)	-	-	-	576,779	-
<b>Balance at December 31, 2022</b>	<u>\$ 4,352,370</u>	<u>23,819,388</u>	<u>6,550,566</u>	<u>6,135,557</u>	<u>20,012,822</u>	<u>32,698,945</u>	<u>(7,163,106)</u>	<u>616,408</u>	<u>(6,546,698)</u>	<u>-</u>	<u>54,324,005</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, 2022 and 2021**

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

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 17,462,279	14,197,366
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expenses	987,468	860,633
Amortization expenses	182,203	180,963
Net loss on financial assets or liabilities at fair value through loss	1,646,073	186,450
Interest expense	518,977	399,228
Interest income	(575,837)	(95,815)
Dividend income	(79,325)	(54,998)
Shares of profit of subsidiaries and associates accounted for using equity method and unrealized gain or loss	(1,330,767)	(7,525,137)
Loss (gain) on disposal of property, plant and equipment	(3,640)	97
Loss on disposal of investments	2,269	-
Reversal of inventory valuation	(4,380)	(2,487)
<b>Total adjustments</b>	<b>1,343,041</b>	<b>(6,051,066)</b>
<b>Changes in operating assets and liabilities:</b>		
Notes and accounts receivable (including related parties)	(550,928)	(1,122,153)
Inventories	(401,410)	(286,131)
Other operating assets	1,433,050	(2,637,852)
<b>Total changes in operating assets</b>	<b>480,712</b>	<b>(4,046,136)</b>
Contract liabilities	3,779,862	4,484,443
Notes and accounts payable (including related parties)	(1,729,276)	513,120
Net defined benefit liabilities	(19,256)	(142,161)
Other operating liabilities	(1,711,935)	1,094,096
<b>Total changes in operating liabilities</b>	<b>319,395</b>	<b>5,949,498</b>
<b>Total changes in operating assets and liabilities</b>	<b>800,107</b>	<b>1,903,362</b>
<b>Total adjustments</b>	<b>2,143,148</b>	<b>(4,147,704)</b>
Cash inflow generated from operations	19,605,427	10,049,662
Interest received	560,630	78,728
Dividends received	79,325	54,998
Interest paid	(203,406)	(159,603)
Income taxes paid	(1,026,179)	(1,427,652)
<b>Net cash flows from operating activities</b>	<b>19,015,797</b>	<b>8,596,133</b>

(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, 2022 and 2021**

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

	<b>2022</b>	<b>2021</b>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through profit or loss	(20,651)	(27,819)
Proceeds from disposal of financial assets at fair value through profit or loss	8,572	-
Acquisition of investments accounted for using equity method	(6,204,779)	(156,000)
Proceeds from capital reduction and liquidation of investments accounted for using equity method	59,818	-
Cash dividends from subsidiaries accounted for using equity method	5,288	773
Cash dividends from associates accounted for using equity method	61,529	33,158
Acquisition of property, plant and equipment, and prepayments of equipment	(2,011,997)	(1,447,077)
Proceeds from disposal of property, plant and equipment	4,103	-
Increase in other receivables due from related parties	(70,000)	(10,000)
Acquisition of intangible assets	(1,549)	(4,292)
Decrease in other financial assets	1,083,122	1,577,090
Increase in other prepayments	-	(20)
<b>Net cash flows used in investing activities</b>	<b>(7,086,544)</b>	<b>(34,187)</b>
<b>Cash flows from financing activities:</b>		
Decrease in short-term borrowings	-	(9,871,000)
Proceeds from issuing bonds	-	46,812,845
Repayments of bonds	(2,748,404)	-
Decrease in payables to related parties	(10,021,884)	(819,167)
Payment of lease liabilities	(49,602)	(48,614)
Cash dividends paid	(6,963,792)	(7,834,266)
Additional paid-in capital resulting from assets donated	6	-
<b>Net cash flows from (used in) financing activities</b>	<b>(19,783,676)</b>	<b>28,239,798</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(7,854,423)</b>	<b>36,801,744</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>40,106,096</b>	<b>3,304,352</b>
<b>Cash and cash equivalents at end of period</b>	<b><u>\$ 32,251,673</u></b>	<b><u>40,106,096</u></b>

## Attachment 4

### GlobalWafers Co., Ltd.

#### Earnings Distribution Table Year 2022

(Unit: NTD)

Item	Amount	Total
Beginning unappropriated retained earnings		7,186,208,159
Plus: Current change on defined benefits remeasurements.		47,187,919
Less: Cancellation of treasury stock		(296,436,377)
Plus: 2025 net income		15,367,385,602
Distributable earnings		22,304,345,303
Less: Provision of legal reserve		
20221H accumulated provision	(446,190,456)	
2022 provision for discrepancy	(1,065,623,258)	(1,511,813,714)
Less: Provision of special reserve		
20221H accumulated provision	(1,722,556,999)	
2022 provision for discrepancy	1,311,415,988	(411,141,011)
Item of distribution :		
Share dividends-cash		
2022 interim earnings that were distributed (NTD 5.265 per share)	(2,291,522,805)	
2022 earnings to be distributed (NTD 9.5 per share)	(4,134,751,500)	(6,426,274,305)
Ending unappropriated earnings		13,955,116,273

Note:

The amount of cash dividends to be distributed are calculated according to the proportion recorded in the shareholder registry on the record date of distribution and rounded up by the unit of NT\$1 (less than NT\$1 is excluded), and the total amount of the distributive payments less than NT\$1 are included in other income.

Chairperson:



President:



Chief Account:



## Attachment 5

### GlobalWafers Co., Ltd.

**Procedures for Lending Funds to Other Parties Comparison Chart**

Article	Before	After	Remark
7	<p><b>Procedures for Fund Lending</b></p> <ol style="list-style-type: none"> <li>Any borrower, when applying for a loan from the Company, shall submit an application or a letter describing in detail the loan purpose, term and amount requested, together with basic corporate information and financial data, to the financial department of the Company.</li> <li>The financial department should evaluate the following after receiving application from the borrower. <ol style="list-style-type: none"> <li>(1) the necessity and rationality of the loan application</li> <li>(2) the credibility and risk of the borrower</li> <li>(3) the impact on the Company's operating risk, financial positions and shareholders' right and interests .</li> <li>(4) whether to have collateral and to evaluate its value</li> <li>(5) whether it is in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and the procedure.</li> </ol> <p>Credit checking could be exempted if the fund</p> </li> </ol>	<p><b>Procedures for Fund Lending</b></p> <ol style="list-style-type: none"> <li>Any borrower, when applying for a loan from the Company, shall submit an application or a letter describing in detail the loan purpose, term and amount requested, together with basic corporate information and financial data, to the financial department of the Company.</li> <li>The financial department should evaluate the following after receiving application from the borrower. <ol style="list-style-type: none"> <li>(1) the necessity and rationality of the loan application</li> <li>(2) the credibility and risk of the borrower</li> <li>(3) the impact on the Company's operating risk, financial positions and shareholders' right and interests .</li> <li>(4) whether to have collateral and to evaluate its value</li> <li>(5) whether it is in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and the procedure.</li> </ol> <p>Credit checking could be exempted if the fund lending recipient is a</p> </li> </ol>	<p>In accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements /Guarantees by Public Companies", the company stipulates the fund lending procedure which shall be approval by the its audit committee and the board of directors. In addition, the party who will not be subject to the limit of collateral and guarantor is extended to all subsidiaries which are 100% held by the company.</p>

	<p>lending recipient is a subsidiary of the Company.</p> <p>3. After evaluation, if there is necessity for fund lending and the borrower is fully capable of repayment, the financial department shall submit the evaluation materials to the Board of Directors for resolution and the Board could not authorize any other person to decide. <u>If the Company has appointed an independent director(s), the opinions of each independent director shall be given full consideration when the matter is submitted for discussion by the Board of Directors, and each independent director's explicit assenting or dissenting opinion and reasons for dissent shall be recorded in the Board of Directors meeting minutes when discussing lending to a company/firm.</u></p> <p>4. Loans among the Company, the parent company, and subsidiaries or between different subsidiaries of the Company shall be decided by a resolution of the Board of Directors and authorization may also be given to the chairperson, within a certain capital limit resolved by the Board of Directors, for a specific borrowing counterparty and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down. Unless as provided in article 5, the "capital limit" referred in the</p>	<p>subsidiary of the Company.</p> <p>3. After evaluation, if there is necessity for fund lending and the borrower is fully capable of repayment, the financial department shall submit the evaluation materials <u>to the audit committee and obtain the consent of one-half or more of the entire membership then be submitted to the board of directors for a resolution</u> and the Board could not authorize any other person to decide. <u>If a matter has not been consented to by one-half or more of the entire membership of the audit committee, it may be adopted with the consent of two-thirds or more of the entire board of directors.</u></p> <p>4. Loans among the Company, the parent company, and subsidiaries or between different subsidiaries of the Company shall be decided by a resolution of the Board of Directors and authorization may also be given to the chairperson, within a certain capital limit resolved by the Board of Directors, for a specific borrowing counterparty and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down. Unless as provided in article 5, <u>paragraph 2</u>, the "capital limit"</p>	
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	<p>previous section provided by the fund-lending Company or its subsidiaries for any single enterprise shall not exceed ten percent (10%) of the net value of the Company based on its latest financial statements.</p> <p>5. After fund lending is approved, the financial department shall notify the borrower to sign loan contract with the Company in requested period. The contract should include amount, term, interest rate, collateral, guarantor and etc. Fund lending between the Company and <a href="#">foreign companies</a> or between different subsidiaries of the Company whose voting shares are one hundred (100%) owned, directly or indirectly, by the Company will not be subject to the limit of collateral and guarantor.</p> <p>(Omit)</p>	<p>referred in the previous section provided by the fund-lending Company or its subsidiaries for any single enterprise shall not exceed ten percent (10%) of the net value of the Company based on its latest financial statements.</p> <p>5. After fund lending is approved, the financial department shall notify the borrower to sign loan contract with the Company in requested period. The contract should include amount, term, interest rate, collateral, guarantor and etc. Fund lending between the Company and <a href="#">subsidiaries</a> or between different subsidiaries of the Company whose voting shares are one hundred (100%) owned, directly or indirectly, by the Company will not be subject to the limit of collateral and guarantor.</p> <p>(Omit)</p>	
8	<p><b>Internal Audit</b></p> <p>1 The Company shall establish and maintain a reference book to record all its fund-lending information, including the identity of the borrower, amount, the date on which the lending was approved by the Board of Directors, dates to advance the amount of the loan and related information regarding the assessment in accordance with the relevant regulations of the Procedures.</p> <p>2 The internal auditing personnel of the Company shall audit the execution of the operation of lending of funds of the Company at least every quarter and produce a written</p>	<p><b>Internal Audit</b></p> <p>1 The Company shall establish and maintain a reference book to record all its fund-lending information, including the identity of the borrower, amount, the date on which the lending was approved by the Board of Directors, dates to advance the amount of the loan and related information regarding the assessment in accordance with the relevant regulations of the Procedures.</p> <p>2 The internal auditing personnel of the Company shall audit the execution of the operation of lending of funds of the Company at least every quarter and produce a written auditing</p>	Specify the fund lending violation in another paragraph to be more specific

	<p>auditing report. They shall promptly notify the audit committee in writing of any material violation found. If the violation found is material, the personnel who violate the Procedures and his/her director shall be penalized in accordance with circumstances of such violation.</p> <p>3 If the borrower no longer meets the requirements of the Procedures, or the total outstanding lending amount exceeds the lending limit approved by the Board of Directors due to unforeseeable changes of circumstances, the Company shall produce an improvement plan. In addition, the improvement plan shall be submitted to the Audit Committee of the Company for review. The aforesaid improvement plan shall be accomplished according to the planned schedule thereof.</p>	<p>report. They shall promptly notify the audit committee in writing of any material violation found.</p> <p>3 <u>The company shall proceed pursuant to the procedure when engaging in fund lending.</u> If the violation found is material, the personnel who violate the Procedures and his/her director shall be penalized in accordance with the related rules of the Company.</p> <p>4 If the borrower no longer meets the requirements of the Procedures, or the total outstanding lending amount exceeds the lending limit approved by the Board of Directors due to unforeseeable changes of circumstances, the Company shall produce an improvement plan. In addition, the improvement plan shall be submitted to the Audit Committee of the Company for review. The aforesaid improvement plan shall be accomplished according to the planned schedule thereof.</p>	
10	<p><b>Control Actions upon the Loans and Procedures for Disposing of Overdue Debt</b></p> <p>1 After a loan has been disbursed, the financial, business, and credit condition of the borrower and the guarantor shall be monitored on a regular ongoing basis by the financial</p>	<p><b>Control Actions upon the Loans and Procedures for Disposing of Overdue Debt</b></p> <p>1 After a loan has been disbursed, the financial, business, and credit condition of the borrower and the guarantor shall be monitored on a regular ongoing basis by the financial</p>	<p>According to the "Q&amp;A to Regulations Governing Loaning of Funds and Making of Endorsements</p>

	<p>department. If collateral has been provided, it shall be monitored for any changes in the collateral value. In the event of any material change, it shall immediately be reported to the president and the chairperson of the Board of Directors, and appropriate measures shall be taken in accordance with instructions.</p> <p>2 If the borrower repays the loan when or before it becomes due, the interest payable shall first be calculated, and shall be paid together with the principal, before the promissory note and other loan documents may be cancelled and returned to the borrower or the mortgage cancelled.</p> <p>3 When a loan becomes due, the borrower shall promptly repay the principal and interest in full. <u>If the borrower is unable to make repayment on the due date and deferral is required, the application for deferral shall be made in advance, and submitted to the Board of Directors for approval before implementation. For any given repayment, deferral shall not exceed three (3) months, and only one deferral may be given.</u> In the event of breach, the Company may duly dispose of, or pursue recovery from, the borrower's collateral or guarantor.</p>	<p>department. If collateral has been provided, it shall be monitored for any changes in the collateral value. In the event of any material change, it shall immediately be reported to the president and the chairperson of the Board of Directors, and appropriate measures shall be taken in accordance with instructions.</p> <p>2 If the borrower repays the loan when or before it becomes due, the interest payable shall first be calculated, and shall be paid together with the principal, before the promissory note and other loan documents may be cancelled and returned to the borrower or the mortgage cancelled.</p> <p>3 When a loan becomes due, the borrower shall promptly repay the principal and interest in full. In the event of breach, the Company may duly dispose of, or pursue recovery from, the borrower's collateral or guarantor.</p>	<p>/Guarantees by Public Companies ", because the short-term loaning with others expires in 1 year and could not be repaid without actual cash flow, the statement that the board of directors may agree to extend the loan period is deleted.</p>
Article 14	<p>The Procedure was enacted on October 25, 2011</p> <p>The 1<sup>st</sup> amendment was made on December 20, 2011</p> <p>The 2<sup>nd</sup> amendment was made on June 25, 2013</p> <p>The 3<sup>rd</sup> amendment was made on</p>	<p>The Procedure was enacted on October 25, 2011</p> <p>The 1<sup>st</sup> amendment was made on December 20, 2011</p> <p>The 2<sup>nd</sup> amendment was made on June 25, 2013</p> <p>The 3<sup>rd</sup> amendment was made on</p>	<p>Add amendment date</p>

	<p>January 19, 2015</p> <p>The 4<sup>th</sup> amendment was made on February 20, 2017</p> <p>The 5<sup>th</sup> amendment was made on June 25, 2019</p>	<p>January 19, 2015</p> <p>The 4<sup>th</sup> amendment was made on February 20, 20<u>17</u></p> <p>The 5<sup>th</sup> amendment was made on <u>June 25, 2019</u></p> <p><u><a href="#">The 6<sup>th</sup> amendment was made on June 20, 2023</a></u></p>	
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## Attachment 6

### GlobalWafers Co., Ltd.

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

Article	Before	After	Remark
27	<p>The Company shall not give up capital increase in future years to GlobalSemiconductor Inc.(GSI), <a href="#">GlobalWafers Inc.(GWI)</a> and GlobalWafers Japan Co., Ltd.</p> <p>GSI shall not give up capital increase in future years to Kunshan Sino Silicon Technology Co., Ltd. (SST)</p> <p>The Company, <a href="#">GWI</a> and the Company's subsidiaries shall not give up capital increase in future years to GlobiTech Incorporated</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 OTC for recordation.</p>	<p>The Company shall not give up capital increase in future years to GlobalSemiconductor Inc.(GSI) and GlobalWafers Japan Co., Ltd.</p> <p>GSI shall not give up capital increase in future years to Kunshan Sino Silicon Technology Co., Ltd. (SST)</p> <p>The Company and the Company's subsidiaries shall not give up capital increase in future years to GlobiTech Incorporated</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 OTC for recordation.</p>	<p>Due to group restructure, the liquidation of the company's subsidiary GlobalWafers Inc. was completed in November 2022 thus revise the article accordingly.</p>
28	<p>The Procedures were enacted on May 26, 2014</p> <p>The 1<sup>st</sup> amendment was made on January 19, 2015</p> <p>The 2<sup>nd</sup> amendment was made on June 23, 2015</p> <p>The 3<sup>rd</sup> amendment was made on June 22, 2016</p> <p>The 4<sup>th</sup> amendment was made on June 19, 2017</p> <p>The 5<sup>th</sup> amendment was made on June 25, 2018</p>	<p>The Procedures were enacted on May 26, 2014</p> <p>The 1<sup>st</sup> amendment was made on January 19, 2015</p> <p>The 2<sup>nd</sup> amendment was made on June 23, 2015</p> <p>The 3<sup>rd</sup> amendment was made on June 22, 2016</p> <p>The 4<sup>th</sup> amendment was made on June 19, 2017</p> <p>The 5<sup>th</sup> amendment was made on June 25, 2018</p>	<p>Add amendment date.</p>

	<p>The 6<sup>th</sup> amendment was made on June 25, 2019</p> <p>The 7<sup>th</sup> amendment was made on August 24, 2021</p> <p>The 8<sup>th</sup> amendment was made on June 21, 2022</p>	<p>The 6<sup>th</sup> amendment was made on June 25, 2019</p> <p>The 7<sup>th</sup> amendment was made on August 24, 2021</p> <p>The 8<sup>th</sup> amendment was made on June 21, 2022</p> <p><a href="#">The 9<sup>th</sup> amendment was made on June 20, 2023</a></p>	
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## Attachment 7

### GlobalWafers Co., Ltd.

#### Independent Director Candidate

In accordance with Article 192-1 of the Company Act and Paragraph 2 of Article 14-2 of the Securities and Exchange Act, the list of independent director candidate is as follows

Name	Ta-Hsien Lo
Education	National Chiao Tung University, Institute of Management Technology, Ph. D University of Southern California, Business Administration, Master National Chiao Tung University, Electrical and Computer Engineering, Bachelor
Current Job	Chinese Professional Management Association, Chairperson Industrial Technology Research Institute, Distinguished Expert Pan Wen-Yuan Foundation, CEO Industrial Technology Research Institute, Alumni association, Secretary-general National Tsing Hua University, College of Technology Management, Adjunct Professor
Concurrent Job (Independent Director)	None
Experience	Industrial Technology Research Institute, ITRI College, General Director (2014~2019) Industrial Technology Research Institute, President's Office, Director, (2000~2014) Industrial Technology Research Institute, Office of Strategy and R&D Planning, General Director (1992~2000) Industrial Technology Research Institute, Information and Communications Research Laboratories, Computer & Communications Research Laboratories, Director of Operations and Planning, Industrial Technology Research Institute, Electronics Research and Service Organization, Engineer/ Manager/ Marketing Director Guanchen Electronics Co., Ltd., Manager/Vice President Texas Instruments Taiwan, Quality Control, Director National Tsing Hua University, College of Technology Management & EMBA, Adjunct Professor.

	<p>National Chiao Tung University, College of Management (EMBA) &amp; Institute of Management Technology, Adjunct Professor.</p> <p>Feng Chia University , EMBA, Adjunct Professor.</p> <p>Ministry of Education, University Social Responsibility Project, committee member;</p> <p>Chinese Society for Management of Technology Chairperson/ Secretary-general</p> <p>The 11th term Taiwan Excellent Achievement Award</p> <p>National Chiao Tung University, Distinguished Alumni</p>
<p>Shares</p> <p>(GlobalWafers)</p>	<p>0 shares</p>

## **Appendix 1**

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

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

##### **Article 1**

To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

##### **Article 2**

The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

##### **Article 3**

Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.

Any change to the convention method of the Company's shareholders' meetings shall be resolved by the board of directors, and no later than mailing the shareholders' meeting notice.

The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. However, where the Company's paid-in capital of NT\$10 billion or more as of the last day of the most recent fiscal year, or aggregate shareholding percentage of foreign investors and Mainland Chinese investors of 30% or more as recorded in the shareholders' register at the time a regular shareholders' meeting is convened in the most recent year, the electronic files shall be transmitted 30 days prior to the regular shareholders' meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.

The agenda handbook and meeting supplemental information in the preceding paragraph shall

be provided to the shareholders for reference on the date of the shareholders' meeting in the following manners:

- I. For the physical shareholders' meeting, such information shall be distributed at the site of the meeting.
- II. For the video-assisted shareholders' meeting, such information shall be distributed at the site of the meeting, and transmitted to the video conference platform as electronic files.
- III. Where a shareholders' meeting is convened in the manner of video conference, such information shall be transmitted to the video conference platform as electronic files.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

A shareholder may propose a recommendation for urging the Company to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in

discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

#### **Article 4**

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in the manner of video conference, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

#### **Article 5**

The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

When the Company convenes the video shareholders' meetings, the restrictions of convention location in the preceding paragraph do not apply.

#### **Article 6**

The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the

preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. The time during which shareholder attendance registrations will be accepted at the video conference platform shall be at least 30 minutes prior to the time the meeting commences. The shareholders accepted are deemed to attend the shareholders' meeting in person.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company accepts the sign-in cards turned in by shareholders instead of the attendance book.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Where the Company convenes the video shareholders' meetings, and shareholders intend to attend in the manner of video conference shall register with the Company at least two days prior to the meeting date.

Where the Company convenes the video shareholders' meetings, the Company shall upload the agenda handbook, annual reports and other related information to the video conference platform for the shareholders' meeting, at least 30 minutes prior to the time the meeting commences, and retain the disclosure of such until the meeting ends.

## **Article 6-1**

Where the Company convenes the video shareholders' meetings, the meeting notice shall specify the following matters:

- I. The method for shareholders to attend the video conference and exercise their rights.
- II. The handling method when the video conference platform or participation in the manner of video conference fails due to force majeure, such as natural disasters or incidents, and the follows shall be at least included:
  - (I) Time and date for the postponement or re-convention when the aforesaid continual failure cannot be eliminated and thus a postponement or re-convention is required.
  - (II) The shareholders who have not registered to attend the first shareholders' meeting via video conference must not attend the postponed or re-convened meeting.
  - (III) Where the Company convenes the video-assisted shareholders' meetings, and when the video meeting could not be continued, if the total attending shares still

meet the statutory quorum for shareholders' meeting commencement after deducting these shares held by the shares attending the meeting via video conference, the meeting shall continue; the shares held by the shareholders attending the meeting via video conference shall be included in the total shares of the attending shareholders, but deemed abstaining for all proposals in the concerned shareholders' meeting.

(IV) The handling method where the results of all proposals are announced but the extempore motions have not proceeded.

III. Where the Company convenes the video shareholders' meetings, the proper alternatives provided for the shareholders having difficulties attending in the manner of a video conference shall be specified.

## **Article 7**

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting.

## **Article 8**

The Company shall make an audio and video recording of the shareholders meeting.

The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Where the Company convenes the video shareholders' meetings, the Company shall record and retain the records of the registration, enrollment, acceptance, inquiries, voting, and the results of vote calculation, and continuously record the video conference thoroughly, both audio and video.

The records and audio- and video recordings in the preceding paragraphs shall be properly retained during the Company's survival period, and the audio- and video recordings are provided to the organizer of the video conference for custody.

## **Article 9**

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in and shares registered at the video conference platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. Where the Company convenes the video shareholders' meetings, the Company shall announce the meeting adjournment on the video conference platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. Where the Company convenes the video shareholders' meetings, and shareholders intend to attend in the manner of video conference shall register again with the Company per Article 6.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

## **Article 10**

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on the proposals in the agenda. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs, except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the

other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

## **Article 11**

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Where the Company convenes the video shareholders' meetings, the shareholders attending in the manner of video conference may inquire with text at the video conference platform of the meeting since the chair announces the meeting commencement till the adjournment. No more than two inquiries shall be raised for each proposal, and the maximum length is 200 words. Paragraphs 1 to 5 are not applicable.

## **Article 12**

Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the

likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

### **Article 13**

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or in visual communication network, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. When voting, shareholders shall vote by poll. After the conclusion of the meeting, the results for each proposal, based on the

numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Where the Company convenes the video shareholders' meetings, the shareholders attending in the manner of video conference shall vote via the video conference platform for each proposal and election after the Chairman declares the meeting commencement. Such voting shall be completed before the Chairman declares the end of voting; anyone who misses the deadline is deemed giving up their right.

Where the Company convenes the video shareholders' meetings, the votes shall be calculated at once upon the end of voting declared by the chair, and announce the results of voting or elections.

Where the Company convenes the video-assisted shareholders' meetings, the shareholders who already have registered to attend the meeting in the manner of video conference pursuant to Article 6, but then intend to attend the off-line shareholders' meeting in person, shall withdraw the registration in the same manner of registration two days prior to the shareholders' meeting date; these who miss the deadline may only attend the shareholders' meeting in the manner of a video conference.

Those who exercise the vote in the manner of writing or electronic method, without withdrawing their expressions of intents, and attending the meeting in the manner of video conference, other than the extempore motions, must not exercise the votes to the original proposal, propose any amendment to the original proposal, or exercise the votes to the amendment to the original proposal.

#### **Article 14**

The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

## **Article 15**

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Company.

Where the Company convenes the video shareholders' meetings, other than the matters to be recorded as required in the preceding paragraph, the starting and ending time of the shareholders' meeting, convening method of the meeting, names of the chair and record-keeper, and the handling methods when the video conference platform or participation in the manner of video conference fails due to force majeure, such as natural disasters or incidents.

Where the Company convenes the video shareholders' meetings, other than complying with the preceding paragraph, the minutes shall also specify the alternatives for the shareholders having difficulties attending in the manner of video conference.

## **Article 16**

On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shares attended by shareholders in writing or electronic way and shall make an express disclosure of the same at the place of the shareholders meeting. Where the Company convenes the video shareholders' meetings, the Company shall upload aforementioned information to the video conference platform for the shareholders' meeting, at least 30 minutes prior to the time the meeting commences, and retain the disclosure of such until the meeting ends.

Where the Company convenes the video shareholders' meetings, the total shares held by the shareholders attending the meeting shall be disclosed on the video conference platform. If the total shares and voting rights of the attending shareholders are counted during the meeting, the same applies.

## **Article 17**

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

#### **Article 18**

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

#### **Article 19**

Where the shareholders' meetings are convened in the manner of video conference, the Company shall, in real-time, disclose the voting result of each proposal and election results at the video conference platform for the shareholders' meeting, and retain the disclosure at least 15 minutes after the chair declares adjournment.

#### **Article 20**

When the Company convenes the video shareholders' meetings, the chair and the record-keeper shall be at the same location in Taiwan.

#### **Article 21**

Where the shareholders' meeting is convened in the manner of video conference, the chair, when declaring the meeting commencement, shall also declare the events not requiring postponement or re-convention specified in Paragraph 4, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies; before the chair declares the adjournment, in the event where the video conference platform or the participation in the video conference fails for 30 minutes or more due to natural disasters, incidents, or other force majeure, the date of the shareholders' meeting postponed to, or re-convened shall be within five days, and Article 182 of the Company Act shall not apply.

Where the meeting is to be postponed or re-convened as specified in the preceding paragraph, the shareholders who have not registered to attend the first shareholders' meeting via the video conference must not attend the postponed or re-convened meeting.

For the meeting is to be postponed or re-convened as specified in Paragraph 1, the

shareholders who registered to attend the original meeting via the video conference, and have completed the acceptance, but do not attend the postponed or re-convened meeting, their attending shares at the original meeting, the exercised voting right and election right, shall be counted into the total shares, voting rights, and election rights of the attending shareholders in the postponed or re-convened meeting.

The postponement or re-convention of shareholders' meetings conducted per Paragraph 1 needs not again discuss and resolve the proposal that has completed voting and vote calculation, with the announcement of voting results, or the list of elected directors.

Where the Company convenes the video-assisted shareholders' meetings, and when the video meeting is discontinued as specified in Paragraph 1 and the total attending shares still meet the statutory quorum for shareholders' meeting commencement, the postponement or re-convention of the meeting per Paragraph 1 is not required.

Under the circumstances to continue the meeting as specified in the preceding paragraph, the shares held by the shares attending the meeting via video conference shall be included in the total shares of the attending shareholders, but deemed abstaining from all proposals in the concerned shareholders' meeting.

Where the Company postpones or re-convenes any shareholders' meeting as specified in Paragraph 1, the pre-requisite operations shall be conducted based on the original shareholders' meeting date, and pursuant to Paragraph 7, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For the periods specified in the latter part of Article 12 and Paragraph 3 of Article 13 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, Paragraph 2 of Article 44-5, Article 44-15, Paragraph 1 of Article 44-17 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall proceed on the date of the postponed or re-convened shareholders' meeting per Paragraph.

## **Article 22**

Where the Company convenes the video shareholders' meetings, the proper alternatives shall be provided for the shareholders having difficulties attending in the manner of video conference.

## **Article 23**

These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effective in the same manner.

## **Article 24**

The Rules of Procedure for Shareholders Meetings is approved on June 21<sup>st</sup>, 2022

## **Appendix 2**

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

### **Articles of Incorporation**

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

##### **Article 1**

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

##### **Article 2**

The Company shall engage in the following business:

- CC01080 Electronic Parts and Components Manufacturing
- C801990 Other Chemical Materials Manufacturing
- F119010 Wholesale of Electronic Materials (only in areas outside Hsinchu Science Park)
- F219010 Retail Sale of Electronic Materials (only in areas outside Hsinchu Science Park)
- CB01010 Mechanical Equipment Manufacturing
- F401010 International Trade

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

1. Silicon-based semiconductor materials and their components
2. Silicon Compound
3. Silicon Carbide Compound
4. Semiconductor Equipment
5. SiC crystal growth Equipment
6. Import-export activities related to the abovementioned business.

##### **Article 3**

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

##### **Article 4**

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

## **Article 5**

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

## **Chapter II. Capital Stock**

### **Article 6**

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

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

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

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

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

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

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

### **Article 7**

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

### **Article 8**

Delete

## **Article 9**

Delete

## **Article 10**

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

## **Article 11**

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

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

### **Article 12**

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

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

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

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

The Company's shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.

### **Article 13**

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

### **Article 14**

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

total issued shares.

#### **Article 15**

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

#### **Article 16**

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

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

#### **Article 17**

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

#### **Article 18**

After issuing shares in public, if the Company would like to cease its public status, the procedure shall be in accordance with Article 156-2 of the Company Act, to attain approval by a resolution adopted, at a shareholders' meeting, by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares.

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

#### **Article 19**

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

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

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

## **Article 20**

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

## **Article 21**

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

## **Article 22**

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

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

## **Article 23**

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

## **Article 24**

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

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

## **Article 25**

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

## **Article 26**

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

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

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

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

#### **Article 27**

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

#### **Article 28**

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

### **Chapter VI. Accountings**

#### **Article 29**

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

#### **Article 30**

The surplus earning distribution or loss off-setting proposal is to be proposed at the close of each half fiscal year.

#### **Article 30-1**

The proposal of surplus earning distribution or loss off-setting for the half fiscal year, together with the business report and financial statements, shall be forwarded to the audit committee for their auditing, and afterwards be submitted to the board of directors for approval.

If the company distributes surplus earning in the form of cash in accordance with the above provision shall be approved by a meeting of the board of directors.

If such surplus earning is distributed in the form of new shares issued by the company, it shall be approved by the shareholder then distribute.

#### **Article 30-2**

Upon the closing of each fiscal year, the Board of Directors shall prepare the following documents and

present it at a regular meeting of shareholders for acknowledgement in compliance with legal procedure.

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

### **Article 31**

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

The entitled employees of the aforementioned employee remuneration include the employees of parents or subsidiaries of the company who meet the conditions set by the Board.

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

### **Article 32**

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

1. Compensating losses
2. Contributing 10% as legal reserve. If the legal reserve has reached the amount of the paid-in capital of the Company, no contribution shall be made
3. Appropriating or transferred to special reserve in accordance with applicable laws and regulations or as requested by the competent authority.
4. After the above 1~3 are deducted from profit after tax of the fiscal year, the balance (if any) together with accumulated inappropriate retained earnings of previous years can be distributed after the distribution plan proposed by the Board. When the distribution is cash, pursuant to Article 240, subparagraph 5 of the Company Act, the Company authorizes the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. If the distribution is new share issuance, it shall be approved by the shareholders' meeting and distribute.

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

When the same amount of special reserve allocated from the beginning unappropriated retained earnings is insufficient to cover the accumulation of net deduction from other equity interest, to allocate special reserve from beginning unappropriated retained earnings plus net income and account from other comprehensive income.

### **Article 33**

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

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

## **Chapter VII. Supplementary Provisions**

### **Article 34**

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

### **Article 35**

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

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

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

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

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

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

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

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

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

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

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

The 11th amendment on June 23<sup>rd</sup>, 2020

The 12th amendment on June 21<sup>st</sup>, 2022

Implement after approvals from the meeting of stockholders

## **Appendix 3**

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

#### **Procedures for Lending Funds to Other Parties**

##### **Article 1**

The Company legislates Procedures for Lending Funds to Other Parties (the Procedure) to protect shareholders' rights, complete fund lending procedure and manage risks.

##### **Article 2**

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

##### **Article 3**

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

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

##### **Article 4**

Under Article 15 of the Company Act, the company shall not loan funds to any of its shareholders or any other person except under the following circumstances:

- 1 Where an inter-company or inter-firm business transaction calls for a loan arrangement. If the business transaction is not associated with sales & purchase, both parties shall sign contract, and the funding ceiling should be less than the total amount specified in the contract.
- 2 Where an inter-company or inter-firm short-term financing facility is necessary. Fund-lending to companies which need funds for a short-term period shall be limited to companies or firms in which the Company holds fifty percent (50%) or more of the shares. The term "short-term" as used in the preceding phrase means one year, or where the company's operating cycle exceeds one year, one operating cycle. The term "financing amount" means the cumulative balance of the public company's short-term financing.

##### **Article 5**

###### **Total Lending Amount and Financing Limit for Individual Entities**

The total loan fund lending amount to others should be varied according to the situations as follows.

- 1 The total amount for lending to a company/firm having business relationship with the Company shall not exceed forty percent (40%) of the net worth of the Company. The amount lent to a single recipient may not exceed the amount of the business transacted between the two parties in the most recent year. The transaction amount shall mean the sales or purchasing amount between the parties, whichever is higher.

- 2 The total amount for lending to a company/firm for funding for a short-term period shall not exceed forty percent (40%) of the net worth of the Company. The amount lent to a single recipient shall not exceed forty percent (40%) of the net worth of the Company.

The total amount for fund-lending between the different subsidiaries of the Company whose voting shares are 100% owned, directly or indirectly, by the Company, or between the Company and subsidiaries of the Company whose voting shares are 100% owned, directly or indirectly, by the Company, will not be subject to the limit of net worth described in item 2, nor the limit of one year period described in article 4, item 2. However the Company shall specify the total amount for fund-lending and the amount lent to a single recipient in the internal procedure, the fund lending period shall also be defined.

## **Article 6**

### **Term of Loan and Methods of Interest Calculation**

When doing fund lending, if it is under the circumstance described in article 4 item 1, the term of each loan extended by the Company shall be decided upon actual necessity, however it shall not exceed three (3) years since the lending date. If it is under the circumstance described in article 4 item 2, the term of each loan extended by the Company shall not exceed one (1) year since the lending date.

The interest rate of the above fund lending shall be determined on the basis of the Company's bank borrowing rate of same loan term period. The interests shall be calculated on a daily basis, and interest payment term and way should be decided by both parties.

## **Article 7**

### **Procedures for Fund Lending**

6. Any borrower, when applying for a loan from the Company, shall submit an application or a letter describing in detail the loan purpose, term and amount requested, together with basic corporate information and financial data, to the financial department of the Company.
7. The financial department should evaluate the following after receiving application from the borrower.
  - (6) the necessity and rationality of the loan application
  - (7) the credibility and risk of the borrower
  - (8) the impact on the Company's operating risk, financial positions and shareholders' right and interests .
  - (9) whether to have collateral and to evaluate its value
  - (10) whether it is in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and the procedure.  
Credit checking could be exempted if the fund lending recipient is a subsidiary of the Company.
8. After evaluation, if there is necessity for fund lending and the borrower is fully capable of

repayment, the financial department shall submit the evaluation materials to the Board of Directors for resolution and the Board could not authorize any other person to decide. If the Company has appointed an independent director(s), the opinions of each independent director shall be given full consideration when the matter is submitted for discussion by the Board of Directors, and each independent director's explicit assenting or dissenting opinion and reasons for dissent shall be recorded in the Board of Directors meeting minutes when discussing lending to a company/firm.

9. Loans among the Company, the parent company, and subsidiaries or between different subsidiaries of the Company shall be decided by a resolution of the Board of Directors and authorization may also be given to the chairperson, within a certain capital limit resolved by the Board of Directors, for a specific borrowing counterparty and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down. Unless as provided in article 5, the "capital limit" referred in the previous section provided by the fund-lending Company or its subsidiaries for any single enterprise shall not exceed ten percent (10%) of the net value of the Company based on its latest financial statements.
10. After fund lending is approved, the financial department shall notify the borrower to sign loan contract with the Company in requested period. The contract should include amount, term, interest rate, collateral, guarantor and etc. Fund lending between the Company and subsidiaries or between different subsidiaries of the Company whose voting shares are one hundred (100%) owned, directly or indirectly, by the Company will not be subject to the limit of collateral and guarantor.
11. The borrower could only apply drawdown from the financial department after loan contract is signed.
12. When applying drawdown according to the loan contract, the borrower shall provide a promissory note or collateral in an amount equivalent to that of the loan when necessary. If any collateral is provided, legal procedures for mortgage or lien must be fulfilled. All collateral, except land and securities, shall be covered by property damage insurance. The insurance duration should cover the complete loan term and the Company shall be named as the beneficiary of the insurance.

## **Article 8**

### **Internal Audit**

- 1 The Company shall establish and maintain a reference book to record all its fund-lending information, including the identity of the borrower, amount, the date on which the lending was approved by the Board of Directors, dates to advance the amount of the loan and related information regarding the assessment in accordance with the relevant regulations of the Procedures.
- 2 The internal auditing personnel of the Company shall audit the execution of the operation of lending of funds of the Company at least every quarter and produce a written auditing report. During the auditing, the internal auditor shall immediately correct violation(s) upon finding any violation. If the violation found is material, the personnel who violate the Procedures shall be penalized in accordance with the related rules of the Company. Meanwhile, the auditor shall

immediately report such violation in writing to the Audit Committee of the Company.

- 3 If the borrower no longer meets the requirements of the Procedures, or the total outstanding lending amount exceeds the lending limit approved by the Board of Directors due to unforeseeable changes of circumstances, the Company shall produce an improvement plan. In addition, the improvement plan shall be submitted to the Audit Committee of the Company for review. The aforesaid improvement plan shall be accomplished according to the planned schedule thereof.

## **Article 9**

### **Announcement**

- 1 The Company shall announce and report the previous month's balance of loans of funds made by itself and its subsidiaries by the 10th day of each month.
- 2 If the Company's loans of funds reach one of the following levels, the Company shall announce and report such fact within 2 days commencing immediately from the date of occurrence of the event.
  - (1) The balance of loans of funds by the Company and the Company's subsidiaries to others reaches twenty percent (20%) or more of the Company's net worth as stated in its latest financial statement.
  - (2) The balance of loans of funds by the Company and the Company's subsidiaries to a single enterprise reaches ten percent (10%) or more of the Company's net worth as stated in its latest financial statement.
  - (3) The amount of new loans of funds by the Company or any of the Company's subsidiaries reaches NT\$ten million or more and also reaches two percent (2%) or more of the Company's net worth as stated in its latest financial statement.

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

The Company shall announce and report on behalf of any of its subsidiaries that is not a domestic public company any matters that such subsidiary is required to announce and report pursuant to subparagraph (3) of the preceding paragraph.

- 3 The financial department shall make sufficient provision according to generally accepted accounting principles based on the condition of its lending profile, adequately disclose information in the financial statements, and provide external auditors with necessary information for conducting due auditing.

## **Article 10**

### **Control Actions upon the Loans and Procedures for Disposing of Overdue Debt**

- 4 After a loan has been disbursed, the financial, business, and credit condition of the borrower and the guarantor shall be monitored on a regular ongoing basis by the financial department. If collateral has been provided, it shall be monitored for any changes in the collateral value. In the event of any material change, it shall immediately be reported to the president and the chairperson of the Board of Directors, and appropriate measures shall be taken in accordance with instructions.
- 5 If the borrower repays the loan when or before it becomes due, the interest payable shall first be calculated, and shall be paid together with the principal, before the promissory note and other loan documents may be cancelled and returned to the borrower or the mortgage cancelled.
- 6 When a loan becomes due, the borrower shall promptly repay the principal and interest in full. If the borrower is unable to make repayment on the due date and deferral is required, the application for deferral shall be made in advance, and submitted to the Board of Directors for approval before implementation. For any given repayment, deferral shall not exceed three (3) months, and only one deferral may be given. In the event of breach, the Company may duly dispose of, or pursue recovery from, the borrower's collateral or guarantor.

## **Article 11**

### **Audit procedure on Fund Lending of Subsidiaries**

- 1 If a subsidiary of the Company intends to lend funds to others, the Company shall require its subsidiaries to establish relevant procedures for lending funds in accordance with the Procedure and to comply with such procedure. Net worth shall be calculated based on the subsidiary's net worth.
- 2 The subsidiaries shall compile and submit the schedule which includes the details of lending funds made in the previous month to the Company for review by the tenth day of the current month. The financial department shall regularly evaluate if the controlling procedures of each subsidiary's disbursed funds and overdue debt is appropriate.
- 3 If a subsidiary is a public company, its internal auditor personnel shall perform auditing on the Company's lending profile every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Company's audit department. The Company's audit department shall submit written report to the Audit Committee.
- 4 The internal audit personnel of the Company shall audit the subsidiaries operational procedures regarding the implementation status of lending funds to others based on annual audit plan. Corrections of any defects discovered shall be continuously be tracked and a follow-up report shall be made to submit to the chairperson.

## **Article 12**

Any other matters not set forth in the Procedures or any doubt arising from application shall be dealt with in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and other applicable laws, rules, and regulations.

## **Article 13**

### **Implementation and Amendment**

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

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

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

## **Article 14**

The Procedure was enacted on October 25, 2011

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

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

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

The 4<sup>th</sup> amendment was made on February 20, 2017

The 5<sup>th</sup> amendment was made on June 25, 2019

## **Appendix 4**

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

#### **Acquisition or Disposal of Assets Procedure**

##### **Article 1**

These Procedures for acquisition or disposal of assets ("Procedures") is made pursuant to Article 36-1 of the Securities and Exchange Act ("the Act") and the Financial Supervisory Commission (hereinafter referred to as "FSC") per the Regulations Governing the Acquisition or Disposal of Assets by Public Companies

##### **Article 2**

The term "assets" as used in these Regulations includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Derivatives.
7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
8. Other major assets.

##### **Article 2-1**

Terms used in these Regulations are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
8. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

### **Article 3**

#### **Operating Procedures**

1. Before any asset acquisition or disposal, responsible unit shall take into account the reasons, affecting objects, transaction parties, transfer price, terms of transaction, and references of price.
2. The Company's acquisition or disposal of assets shall be made in accordance with the Procedure.
3. Amount limits for investment in non-operational purpose fixed assets or right-of-use assets, and securities are as below:
  - (1) The total amount of any real property or right-of-use assets purchased by the Company not for use in business operations may not exceed fifteen percent (15%) of the Company's net worth; the total amount of any real property or right-of-use assets purchased by a subsidiary of the Company not for use in business operations may not exceed five percent (5%) of the Company's net worth.
  - (2) The total amount of investment by the Company in all securities may not exceed six times of its net worth; the total amount of investment in all securities by a subsidiary of the Company may not exceed six times of the Company's net worth.
  - (3) The amount of the Company's investment in any single security may not exceed six times of its net worth; the amount of investment by a subsidiary of the Company in any single security may not exceed six times of the Company's net worth.
  - (4) The reinvestment of the Company, in accordance with the Articles of Incorporation, is not limited by the rule of article 13 of the Company Act that the reinvestment shall not exceed forty percent (40%) of the paid-in capital.

Any transaction involving major assets or derivatives outside the scope of Article 4 in the procedures shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution.

If the aforesaid transaction of major assets or derivatives has not been approved by such Audit Committee with the consent of one-half or more than one-half of all members of the audit committee, it may be undertaken upon the consent of at least two-thirds of all members of the Board of Directors, but the resolution adopted by the audit committee shall be recorded in the meeting minutes of the Board of Directors meeting.

The board of directors shall take into full consideration of each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

The Audit Committee members and the Board of Directors members in this article will only calculate the members in present position.

## **Article 4**

### **Authorization scope**

Acquisition or Disposal of the following Assets shall be determined by the authority within the scope of authorization:

1. Acquisition or disposal of long-term securities and fixed assets or right-of-use assets whose value under NT\$100 million shall be approved by Chairperson first.
2. Acquisition or disposal of short-term (within one year) securities and fixed assets whose value under NT\$100 million shall be approved by President first.
3. The acquisition or disposal of equipment or right-of-use assets of which amount is under NT\$300 million shall be approved by Chairperson first.
4. With respect to the types of transactions listed below, when to be conducted between the company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the board chairperson may decide such matters when the transaction is under NT\$300 million and have the decisions subsequently submitted to and ratified by the next board of directors meeting, not subject to the second section of Article 12 of this Procedure:
  - (1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
  - (2) Acquisition or disposal of real property right-of-use assets held for business use.

## **Article 5**

### **Public Disclosure**

1. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:
  - (1) Acquisition or disposal of real property or right-of-use assets from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds, bonds under repurchase, resale agreements, subscription or redemption of the fund of the money market issued by domestic securities investment trust enterprises

- (2) Merger, demerger, acquisition, or transfer of shares.
  - (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
  - (4) Where the type of asset acquired or disposed is equipment/machinery or right-of-use assets for business use, the trading counterparty is not a related party, and the transaction amount is more than NT\$500 million.
  - (5) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction is more than NT\$500 million.
  - (6) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, or an investment in the mainland China area reaches twenty percent (20%) or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
    - i. Trading of domestic government bonds or the foreign government bonds with a credit rating not lower than our country's sovereign rating.
    - ii. Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. The amount of transactions above shall be calculated as follows:
    - (1) The amount of any individual transaction.
    - (2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
    - (3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
    - (4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
  3. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.
  4. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
  5. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within 2 days commencing immediately from the date of knowing.
  6. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.

## **Article 6**

### **Changes in Announcement and Reporting**

Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within two (2) days commencing immediately from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

## **Article 7**

In acquiring or disposing of real property or equipment or right-of-use assets thereof where the transaction amount reaches twenty percent (20%) of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  - (1) The discrepancy between the appraisal result and the transaction amount is twenty percent (20%) or more of the transaction amount.
  - (2) The discrepancy between the appraisal results of two or more professional appraisers is ten percent (10%) or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

## **Article 8**

The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed

by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is twenty percent (20%) of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness 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).

## **Article 9**

Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches twenty percent (20%) or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.

The calculation of the transaction amounts referred to in the preceding two articles and this paragraph shall be done in accordance with Article 5, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

## **Article 10**

Where a public company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion

## **Article 11**

Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction.
3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of their respective allied associations and the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or

opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.

3. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.

## **Article 12**

### **Related Party Transactions**

1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches ten percent (10%) or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the procedure.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9, Paragraph 2 herein.

When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered

2. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets from or to a related party and the transaction amount reaches twenty percent (20%) or more of paid-in capital, ten percent (10%) or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the Audit Committee:

- (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (2) The reason for choosing the related party as a trading counterparty.
- (3) With respect to the acquisition of real property or right-of-use assets from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with related regulations.
- (4) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.
- (5) 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.
- (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- (7) Restrictive covenants and other important stipulations associated with the transaction.

If the Company or its subsidiary that is not a domestic public offering company conducts a transaction outlined in Article 12 paragraph 2, and the transaction amount reaches 10% or more of the Company's total assets, the Company shall submit the materials listed in Article 12 paragraph 2 to the shareholders meeting for approval first, then it may sign the transaction contract and make payments. However, transactions between the Company and its parent or subsidiaries, or between its subsidiaries shall not be subject to this provision.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 5, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the Audit Committee, shareholder meeting need not be counted toward the transaction amount.

3. The Company that acquires real property or right-of-use assets from a related party shall evaluate the reasonableness of the transaction costs by the following means (where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in below paragraph, and the Company shall also engage a CPA to check the appraisal and render a specific opinion):
  - (1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer.
  - (2) "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
  - (3) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

4. Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with paragraph 2 of this Article and paragraph 3 here do not apply:
  - (1) The related party acquired the real property or right-of-use assets through inheritance or as a gift.
  - (2) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets to the signing date for the current transaction.
  - (3) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the

company's own land or on rented land.

- (4) The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds one hundred percent (100 %) of the issued shares or authorized capital.
5. When the results of the Company's appraisal conducted in accordance with sub paragraph 1 and 2 under paragraph 3 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with paragraph 6 of the Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:
  - (1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
    - i 、 Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
    - ii 、 Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
  - (2) Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.
  - (3) Completed transactions for neighboring or closely valued parcels of land in the preceding two paragraphs in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than fifty percent (50%) of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.
6. Where the Company acquires real property or the right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the Paragraph 3~5 of the Article are uniformly lower than the transaction price, the following steps shall be taken:
  - (1) A special reserve shall be set aside in accordance with related regulations against the difference between the real property or right-of-use assets thereof transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under related

regulations shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.

- (2) Audit Committee shall comply with Article 218 of the Company Act.
- (3) Actions taken pursuant to preceding 2 subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the paragraphs of this Article if there is other evidence indicating that the acquisition was not an arms length transaction.

### **Article 13**

The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds one hundred percent (100%) of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds one hundred percent (100%) of the respective subsidiaries' issued shares or authorized capital.

### **Article 14**

The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the Company shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

### **Article 15**

A company participating in a merger, demerger, or acquisition shall convene a board of directors

meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

The Company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:

- (1) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
- (2) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
- (3) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in preceding subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.

## **Article 16**

Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

## **Article 17**

The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

- (1) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.

- (2) An action, such as a disposal of major assets, that affects the company's financial operations.
- (3) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
- (4) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
- (5) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
- (6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

#### **Article 18**

The contract for participation by the Company in a merger, demerger, acquisition, or transfer of shares shall record the rights and obligations of the companies and shall also record the following:

- (1) Handling of breach of contract.
- (2) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
- (3) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
- (4) The manner of handling changes in the number of participating entities or companies.
- (5) Preliminary progress schedule for plan execution, and anticipated completion date.
- (6) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

#### **Article 19**

After public disclosure of the information, if the Company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew

#### **Article 20**

Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 15, Article 16, and Article 19.

#### **Article 21**

Acquisition or disposal of assets by the Company's subsidiary shall obey as follows:

1. The Company's subsidiary shall adopt and implement the procedures for the acquisition or disposal of assets in compliance with these Procedures.
2. If the acquisition or disposal of assets by the Company's subsidiary, which is not a domestic public company, reaches the reporting criteria specified in Article 5 of the Procedures, the Company shall make the reporting and public announcements on behalf of its subsidiary.
3. "Reaching twenty percent (20%) of paid-in capital or 10% of total assets" specified in the regulatory of subsidiary reporting and public announcements criteria in the preceding paragraph shall be the paid-in capital or total assets of the parent Company.

## **Article 22**

The Company should comply with Derivative Instruments Transactions Procedure when engaging in derivatives trading.

## **Article 23**

Matters not provided herein shall be governed by the relevant laws and regulations and the relevant regulations of the Company.

## **Article 24**

After the procedures have been approved by more than half of all Audit Committee members, this shall be submitted to the board of directors for a resolution and be implemented after approved by a shareholders' meeting. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit his/her dissenting opinion to shareholders' meeting for discussion; the same applies when the procedures are amended.

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

The terms "all Audit Committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.

## **Article 25**

For the calculation of ten percent (10%) of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case of a company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted.

## **Article 26**

Any manager or employee who undertakes responsibilities for acquisition or disposal of assets in violation of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and the Procedure will be subject to penalty according to the Company's "Personnel Evaluation Committee

Regulations.”

#### **Article 27**

The Company shall not give up capital increase in future years to GlobalSemiconductor Inc.(GSI), GlobalWafers Inc.(GWI) and GlobalWafers Japan Co., Ltd.

GSI shall not give up capital increase in future years to Kunshan Sino Silicon Technology Co., Ltd. (SST)

The Company, GWI and the Company’s subsidiaries shall not give up capital increase in future years to GlobiTech Incorporated

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 OTC for recordation.

#### **Article 28**

The Procedures were enacted on May 26, 2014

The 1<sup>st</sup> amendment was made on January 19, 2015

The 2<sup>nd</sup> amendment was made on June 23, 2015

The 3<sup>rd</sup> amendment was made on June 22, 2016

The 4<sup>th</sup> amendment was made on June 19, 2017

The 5<sup>th</sup> amendment was made on June 25, 2018

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

The 7<sup>th</sup> amendment was made on August 24, 2021

The 8th amendment was made on June 21, 2022

## **Appendix 5**

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

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

##### **Article 1**

Unless otherwise provided in the Company Law, or the Securities and Exchange Act, or related laws, or the Articles of Incorporation of this Company, the independent and non-independent Directors of this Company shall be elected in accordance with the rules specified herein.

##### **Article 2**

Election of Directors of this Company shall be held at the shareholders' meeting. The Board of Directors shall prepare ballots which to be numbered based on the attendance card number. Each ballot shall contain the votes that the voter is entitled to in the election.

##### **Article 3**

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

##### **Article 4**

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

##### **Article 5**

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

##### **Article 6**

Before the beginning of the election, the Chairperson shall appoint several persons to record the ballots and appoint several persons with shareholder status to perform the respective duties.

##### **Article 7**

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

#### **Article 8**

Ballots shall be deemed void under the following conditions:

1. The ballot was not prepared by a person with the right to convene;
2. A blank ballot is placed in the ballot box;
3. The handwriting on the ballots is too illegible to be identified or is altered;
4. The candidate filled in the ballot inconsistent is the list of director candidates;
5. In addition to filling in the allotted voting rights, ballots contain other written characters;
6. Fill in two or more candidates on one ballot.

#### **Article 9**

The ballots should be calculated during the meeting right after the vote casting, the results of the election and the numbers of voting rights with which they were elected should be announced by the Chairperson or the designee at the meeting.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

#### **Article 10**

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

#### **Article 11**

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

#### **Article 12**

This Procedure was enacted on January 19, 2015.

The 1<sup>st</sup> amendment was made on June 25, 2019

The 2<sup>nd</sup> amendment was made on August 24, 2021

## Appendix 6

### GlobalWafers Co., Ltd.

#### Shareholdings of Directors

- 1 As of book closure date (2023/4/22), total issued shares are 437,237,000 shares, the minimum numbers of shares required to be held by all directors is equivalent to 16,000,000 shares in accordance with Article 2 of “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”
- 2 The company has established audit committee, the regulation of supervisors’ shareholding numbers is not applicable.
- 3 The numbers of shares held by the directors individually as recorded as of the book closure date for that shareholders' meeting (2023/4/22) are shown as below table.

Position	Name	Shareholdings
Chairperson	Hsiu-lan Hsu	847,879
Director	Sino-American Silicon Products Inc. Representative: Ming-kuang Lu	222,727,000
Director	Sino-American Silicon Products Inc. Representative: Tan-liang Yao	222,727,000
Director	Kuo-chow Chen	665,773
Independent Director	Jeng-ywan Jeng	0
Independent Director	Chung-Yu Wang	0
Independent Director	Ming-Ren Yu	0
Total		224,240,652

## **Appendix 7**

### **Other Statement**

Explanatory notes for the proposal at the annual general shareholders' meeting:

1. Pursuant to the Article 172-1 of Company Act, Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed, matters more than one will not be included in the discussion proposal.
2. Submission period applicable to common shareholders of GWC starts from April 14 to April 24, 2023. The Company has made a public announcement on MOPS.
3. The Company has not received any proposal from shareholders yet.