

Nasdaq Copenhagen
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Frederikssund, 20 May 2016
ANNOUNCEMENT NO. 07/16

TOPSIL HAS SIGNED AN AGREEMENT ON THE SALE OF ITS SILICON BUSINESS

GlobalWafers and Topsil Semiconductor Materials A/S have today signed an agreement pursuant to which GlobalWafers will acquire Topsil's entire silicon business at a price of DKK 320 million on a debt-free basis before transaction costs.

Topsil has been working with GlobalWafers for many years. In 2000, Topsil outsourced its Danish wafer production to GlobalWafers, which has since been a wafer processing supplier to Topsil.

The agreement is the result of a structured sales process involving a broad range of prospective industrial buyers and private equity funds. The process was initiated by, among other things, a request by the shareholders attending the 2015 AGM that all strategic possibilities be investigated in connection with the preparation of the revised strategy.

The agreement is subject to regulatory approval and approval of the transaction by the shareholders of Topsil at an extraordinary general meeting. The transaction is expected to be completed in early July 2016 when the conditions have been satisfied.

Topsil's Board of Directors recommend that the Company's shareholders approve the sale of the silicon business considering the attractive value of the transaction and because the transaction is in the interest of shareholders, employees and other stakeholders.

The Board of Directors believes that if a divestment of the silicon business is not completed, the Company will require a significant capital contribution in order to achieve its strategy and create additional value for the shareholders.

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HIGHLIGHTS OF THE TRANSACTION

- All assets and liabilities relating to the silicon business at 1 January 2016, including the Polish operating company and the Japanese sales company, will be hived off into a new company.
- GlobalWafers Co. Ltd. will acquire the shares of the new company effective as from 1 January 2016. Topsil has issued guarantees and representations which are customary for this type of transaction.
- The Board of Directors and the Management Board will not be part of the transaction and will remain with the listed company.

On completion of the transaction and repayment of its bank debt, payment of transaction costs and management changes, the listed company is expected to have at its disposal net liquidity of approximately DKK 110 million, equal to DKK 0.21 per share. The Board of Directors recommends that most of these cash funds be distributed to the company's shareholders in the third quarter of 2016.

Other assets of the listed company will mainly consist of the property company in Poland, which was recognised at a net booked value of DKK 60.6 million at 31 December 2015.

The combined net value of just over DKK 170 million represents a premium

- of 36% relative to the closing price at 19 April 2016 of DKK 0.235 per share, immediately prior to the announcement of the potential indication of interest in Topsil's silicon business, and
- of 12% relative to the closing price of DKK 0.285 per share at 19 May 2016.

The selling price corresponds to 14x the 2015 EBITDA of the silicon business.

The purchase price cannot yet be finally determined, being subject to specific factors, including the outcome of a patent dispute, a calculation of the value of Topsil's inventories, and the revenue of Topsil's silicon business for the six months ending 30 June 2016. In a worst case assumption, this is believed to involve a possible reduction of the purchase price in the order of 10%.

THE SILICON BUSINESS UNDER NEW OWNERS

GlobalWafers will further strengthen Topsil's worldwide distribution platform, especially in the rapidly growing markets in China, Japan and Taiwan. Topsil's unique technological capabilities combined with GlobalWafers' local industry connection network and very outstanding wafering operation will significantly accelerate Topsil's development.

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Doris Hsu, Chairman and CEO of GlobalWafers, says:

“Topsil is one of the best FZ companies in the industry. SAS and GWC have been working with Topsil very closely for almost 20 years. Today, we are very pleased to be further strengthening our relationship with Topsil via this acquisition. With the excellent technical and management team of both companies, it will significantly create Synergistic Value to be one of the best semiconductor wafer suppliers in the industry and providing total solution and maintaining positive growth of the companies together with our customers and partners in the world.”

TOPSIL'S CONTINUING BUSINESS

Going forward, Topsil's business will consist of its property operations in Poland. The ongoing efforts to divest the assets of the property business will continue unabated.

As part of the transaction, Topsil will change its name and amend its articles of association to reflect the new business. The organisation will be aligned to the needs of the continuing operations.

THE PROCESS

In continuation of this announcement, an extraordinary general meeting will be convened soon to be held on 17 June 2016, at which the proposed resolution to divest the silicon business and change the name and objects of the Company will be presented to the shareholders for approval. Topsil was advised by SEB Corporate Finance and Lett Law Firm.

STATEMENTS BY TOPSIL'S MANAGEMENT

Jens Borelli-Kjær, Chairman of the Board of Directors of Topsil:

“All things considered, the agreement with GlobalWafers is the most attractive solution for Topsil. Our industry is under a lot of competitive pressure with prices falling sharply, as has been reflected in Topsil's financial results of recent years. In our assessment, the combination of an attractive price and the possibility of being a part of the ongoing market consolidation is a better solution for Topsil than facing an uncertain future as a minor player in a consolidated market.”

Kalle Hvidt Nielsen, CEO of Topsil:

“Topsil's management fully supports the recommendation by the Board of Directors. All of our employees have worked very hard to build Topsil's position in an extremely difficult market, and we are pleased to see GlobalWafers recognising the value of our business and our highly skilled employees. Together we can strengthen our position in the global semiconductor market and create a strong supplier for our customers. I am confident that Topsil's employees can look forward to a positive and exciting future.”

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ABOUT GLOBALWAFERS CO. LTD.

GlobalWafers is one of the top 6 of the largest silicon wafer manufacturers in the world. Founded 1981, it was the semiconductor business unit of SAS (Sino-American Silicon Product Inc.) and spun off as GlobalWafers Co., Ltd. in 2011.

Specializing in 3" to 12" silicon wafer manufacturing, GlobalWafers possesses a complete production line from ingot growth, slicing, etching, diffusion, polishing and epitaxy that accomplish its high value products such as annealed wafers, EPI wafers, polished wafers, etched wafers, ultra thin wafers and deep diffusion wafers.

Product applications extend through power management, automotive, IT and MEMS. With integration through strategy alliance and investment in Taiwan, USA, China and Japan, GlobalWafers aggressively yet steadily expands business spectrum and market share aiming at the leading position in global semiconductor Si wafer industry.

ABOUT TOPSIL

Topsil is a market-leading supplier and manufacturer of ultra-pure silicon for the global semiconductor industry.

Topsil's market is to a great extent driven by political initiatives, as witnessed in Europe with the prioritisation of green energy and public transport. In the longer term, the growing middle classes worldwide (urbanisation) will demand modern convenience, which, together with the budding interest in electric vehicles, will also be a growth driver.

Topsil is headquartered in Copenhagen Cleantech Park, Frederikssund, Denmark, and has subsidiaries in Warsaw, Poland and Kyoto, Japan.

Topsil generated revenue of DKK 287.3 million in 2015 and had an average of 342 full-time employees.

Any queries regarding this announcement may be addressed to the company's Chairman, Jens Borelli-Kjær or the CEO, Kalle Hvidt Nielsen, through Susanne Hesselkjær, Executive Secretary, tel. +45 2926 6752.

Topsil Semiconductor Materials A/S

Jens Borelli-Kjær
Chairman

This announcement has been prepared in a Danish-language and an English-language version. In case of doubt, the Danish version will prevail.

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