SINO-AMERICAN SILICON PRODUCTS INC.
AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2013 and 2012, and January 1, 2012
(With Independent Auditors' Report Thereon)

Independent Auditors' Report

The Board of Directors
Sino-American Silicon Products Inc.

We have audited the accompanying consolidated statements of financial position of Sino-American Silicon Products Inc. and subsidiaries (collectively, the "Company") as of December 31, 2013 and 2012, and January 1, 2012, and the related consolidated statements of comprehensive income or loss and comprehensive income, statements of changes in stockholders' equity, and cash flows for the years ended December 31, 2013 and 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial reports of the subsidiaries GlobalWafers Japan Co., Ltd., for the year ended December 31, 2012, GlobiTech Incorporated for the years ended December 31, 2013 and 2012, and Sunrise Global Solar Energy Corporation for the year ended December 31, 2013, which are long-term investment under the equity method, and those financial statements were audited by other auditors. Those reports have been furnished to us, and our opinion, insofar as it relates to the differences between acquisition cost and identifiable net assets, for which we have performed the required procedures and adjusted accordingly is based solely on the reports of the other auditors. The total assets of the above subsidiaries were NT$8,832,057 thousand, NT$18,470,221 thousand, and NT$3,920,206 thousand (22%, 48% and 13% of consolidated total assets) as of December 31, 2013 and 2012, and January 1, 2012, respectively, and their total revenue was NT$4,062,670 thousand and NT$8,812,351 thousand (18% and 46% of consolidated total revenue) for the years ended December 31, 2013 and 2012, respectively. The related equity-method long-term investment balances were NT$1,475,653 thousand, NT$1,537,095 thousand, and NT$1,831,485 thousand as of December 31, 2013 and 2012, and January 1, 2012, respectively, and the investment loss amounted to NT$226,002 thousand and NT$294,390 thousand in 2013 and 2012, respectively.

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those standards and regulations require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sino-American Silicon Products Inc and subsidiaries as of December 31, 2013 and 2012, and January 1, 2012, and the results of their consolidated operations and their consolidated cash flows for the years ended December 31, 2013 and 2012, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

In addition, we have audited the parent-company-only financial statements of Sino-American Silicon Products Inc. as of and for the years ended December 31, 2013 and 2012, on which we have issued a modified unqualified opinion.

KPMG
Hsinchu, Taiwan (the Republic of China)
March 20, 2014

<u>Note to Readers</u>

The accompanying financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with 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 financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying 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 auditors' report and financial statements, the Chinese version shall prevail.

SINO-AMERICAN SILICON PRODUCTS INC.

Consolidated Statements of Financial Position

December 31, 2013 and 2012, and January 1, 2012
(expressed in thousands of New Taiwan dollars)

Assets		**December 31, 2013**	**December 31, 2012**	**January 1, 2012**
Current assets:				
Cash and cash equivalents (note 6(1))	$	3,682,154	2,113,385	4,183,509
Financial assets designated as at fair value through profit or loss – current (note 6(2))		8,773	-	43,922
Notes and trade receivable, net (note 6(3))		3,845,632	3,341,263	1,204,256
Accounts receivable from related parties, net (note 7)		218,413	106,442	98,099
Inventories (note 6(4))		4,415,896	3,505,342	1,335,313
Prepayments for materials (note 9)		1,246,382	1,994,095	1,335,910
Other current assets (note 6(11))		347,755	374,001	208,368
Other financial assets – current (note 6(12))		100,273	180,112	362,954
		13,865,278	11,614,640	8,772,331
Non－current assets:				
Available-for-sale financial assets – non-current (note 6(5))		1,000,245	703,328	1,054,168
Financial assets carried at cost – non-current (note 6(6))		1,366,818	1,399,409	1,904,118
Investments accounted for using equity method (note 6(7))		1,475,653	1,545,124	1,839,581
Property, plant and equipment, net (notes 6(6)and 8)		16,097,846	18,047,022	11,072,291
Intangible assets (note 6(10))		656,780	622,507	647,385
Other assets – non-current (notes 6 (11) & (19) and 8)		962,919	475,642	378,500
Other financial assets – non-current (note 6(12)and 8)		372,242	515,527	19,590
Long-term prepayments for materials (note 9)		3,875,861	3,552,092	4,003,448
		25,808,364	26,860,651	20,919,081
Total Assets	**$**	**39,673,642**	**38,475,291**	**29,691,412**

See accompanying notes to consolidated financial statements.

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Consolidated Statements of Financial Position

December 31, 2013 and 2012, and January 1, 2012
(expressed in thousands of New Taiwan dollars)

Liabilities and Stockholders' Equity		**December 31, 2013**	**December 31, 2012**	**January 1, 2012**
Current liabilities:				
Short-term borrowings (notes 6(13))	$	2,409,093	1,991,355	1,020,694
Notes and accounts payable (note 7)		2,754,488	2,750,105	600,770
Payroll and bonus payable		526,307	830,162	250,790
Provision – current (note 6(16))		661,155	884,478	-
Other current liabilities (note 6(15))		1,310,794	549,930	470,778
Revenue received in advance for sales (notes 7 and 9)		1,278,510	2,147,637	1,232,513
Current portion of long-term loans payable (notes 6(14))		166,667	3,830,393	1,995,000
		9,107,014	12,984,060	5,570,545
Non-current liabilities:				
Long-term loans payable (notes 6(14))		4,372,783	1,235,000	1,096,123
Provision – non-current (note 6(16))		1,652,650	2,014,414	-
Other liabilities – non-current (notes 6(15), (18) and (19))		2,008,170	1,730,896	518,271
Revenue received in advance for sales – non-current (note 7 and 9)		1,947,134	2,045,158	3,572,582
		9,980,737	7,025,468	5,186,976
Total Liabilities		19,087,751	20,009,528	10,757,521
Equity: (notes 6(20) and (21))				
Common stock		5,231,191	5,231,191	4,431,191
Capital surplus		14,977,502	14,878,908	12,141,389
Retained earnings:				
Legal reserve		213,967	987,717	944,846
Special reserve		102,349	604,810	-
Unappropriated earnings (accumulated deficits)		64,423	(1,498,442)	2,182,541
		380,739	94,085	3,127,387
Other equity		(2,291,808)	(1,736,426)	(766,076)
Treasury stock		-	(256,695)	-
Total equity attributable to owners of the Company:		18,297,624	18,211,063	18,933,891
Non-controlling interests		2,288,267	254,700	-
Total Equity		20,585,891	18,465,763	18,933,891
Total Liabilities and Equity	$	**39,673,642**	**38,475,291**	**29,691,412**

See accompanying notes to consolidated financial statements.

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Consolidated Statements of Profit or Loss and Other Comprehensive Income

Years ended December 31, 2013 and 2012
(expressed in thousands of New Taiwan Dollars, except for earnings per common share)

		2013	2012
Operating revenues (notes 6(23) and 7):	$	22,215,367	18,388,486
Cost of goods sold (notes 6(4) and 7)		19,775,943	17,777,769
Gross profit		2,439,424	610,717
Operating expenses:			
Selling and distribution expenses		322,377	489,599
General and administrative expenses (note 6(8))		792,197	939,191
Research and development expenses		695,836	720,610
Total operating profit		1,810,410	2,149,400
Operating income (loss)		629,014	(1,538,683)
Non-operating income and gains (expenses and losses):			
Other income (note 6(24))		26,687	164,216
Other losses (notes 6(8) and(25))		(153,958)	(926,348)
Interest expense		(147,175)	(282,449)
Share of the profit or loss of equity-accounted investees (note 6(7))		(226,333)	(294,457)
Total non-operating income and expenses		(500,779)	(1,339,038)
Income (loss) from continuing operating before income taxes		128,235	(2,877,721)
Income tax expenses (benefit) (note 6(19))		89,302	(321,566)
Profit (loss) from continuing operations		38,933	(2,556,155)
Discontinued operations – profit (loss) from discontinued operations (note 6(8) and 13)		300,909	(11,014)
Profit (loss) for the year		**339,842**	**(2,567,169)**
Other comprehensive income (loss):			
Foreign currency translation adjustments		(1,052,020)	(762,666)
Net change in fair value of available-for-sale financial assets (note 6(26))		304,883	(341,396
Recognized liabilities for defined benefit obligations (note 6(18))		(8,550)	(15,533)
Income tax expense (benefit) related to other comprehensive income (note 6 (19))		174,686	126,973
Other comprehensive income (loss) for the year, net of taxes		(581,001)	(992,622)
Total comprehensive income (loss) for the year	**$**	**(241,159)**	**(3,559,791)**
Profit attributable to:			
Owners of the Company	**$**	295,118	(2,574,650)
Non-controlling interests		44,724	7,481
	$	**339,842**	**(2,567,169)**
Total comprehensive income attributable to:			
Owners of the Company	$	(268,728)	(3,560,533)
Non-controlling interests		27,569	742
	$	**(241,159)**	**(3,559,791)**
Earnings (loss) per share (in dollars) (note 6(22))			
Net profit from continuing operations	$	(0.01)	(5.31)
Net profit (loss) from discontinued operations		0.58	(0.02)
Profit (loss) for the year	**$**	**0.57**	**(5.33)**

See accompanying notes to consolidated financial statements.

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity
Years ended December 31, 2013 and 2012
(expressed in thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company												
			Retained earnings				Other equity						
	Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Foreign currency translation reserves	Net change in fair value of available-for -sale financial assets	Total	Treasury stock	Subtotal of equity attributable to the Company	Non-controlling interest	Total equity
Balance at January 1, 2012	$ 4,431,191	12,141,389	944,846	-	2,182,541	3,127,387	-	(766,076)	(766,076)	-	18,933,891	-	18,933,891
Net profit for 2012	-	-	-	-	(2,574,650)	(2,574,650)	-	-	-	-	(2,574,650)	7,481	(2,567,169)
Other comprehensive income for 2012	-	-	-	-	(15,533)	(15,533)	(628,954)	(341,396)	(970,350)	-	(985,883)	(6,739)	(992,622)
Total comprehensive income (loss) for 2012	-	-	-	-	(2,590,183)	(2,590,183)	(628,954)	(341,396)	(970,350)	-	(3,560,533)	742	(3,559,791)
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	42,871	-	(42,871)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	604,810	(604,810)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(443,119)	(443,119)	-	-	-	-	(443,119)	-	(443,119)
Issuance of common stock for cash	800,000	2,652,073	-	-	-	-	-	-	-	-	3,452,073	-	3,452,073
Treasury stock acquired	-	-	-	-	-	-	-	-	-	(256,695)	(256,695)	-	(256,695)
Adjustments for disposal of subsidiaries' equity	-	-	-	-	-	-	-	-	-	-	-	78,080	78,080
Increase in non-controlling interests in subsidiaries by cash injection	-	1,882	-	-	-	-	-	-	-	-	1,882	175,878	177,760
Equity-settled share-based payment	-	83,564	-	-	-	-	-	-	-	-	83,564	-	83,564
Balance at December 31, 2012	5,231,191	14,878,908	987,717	604,810	(1,498,442)	94,085	(628,954)	(1,107,472)	(1,736,426)	(256,695)	18,211,063	254,700	18,465,763
Net profit for 2013	-	-	-	-	295,118	295,118	-	-	-	-	295,118	44,724	339,842
Other comprehensive income for 2013	-	-	-	-	(8,464)	(8,464)	(860,265)	304,883	(555,382)	-	(563,846)	(17,155)	(581,001)
Total comprehensive income (loss) for 2013	-	-	-	-	286,654	286,654	(860,265)	304,883	(555,382)	-	(268,728)	27,569	(241,159)
Appropriation and distribution of retained earnings:													
Special reserve	-	-	-	102,349	(102,349)	-	-	-	-	-	-	-	-
Legal reserve used to offset company losses	-	-	(773,750)	-	773,750	-	-	-	-	-	-	-	-
Special reserve used to offset company losses	-	-	-	(604,810)	604,810	-	-	-	-	-	-	-	-
Treasury stock acquired	-	-	-	-	-	-	-	-	-	(5,749)	(5,749)	-	(5,749)
Adjustments for disposal of subsidiaries' equity	-	-	-	-	-	-	-	-	-	-	-	(72,757)	(72,757)
Equity-settled share-based payment	-	52,296	-	-	-	-	-	-	-	-	52,296	488	52,784
Treasury stock transferred to employees	-	46,298	-	-	-	-	-	-	-	262,444	308,742	214	308,956
Subsidiaries' cash dividend declared	-	-	-	-	-	-	-	-	-	-	-	(12,446)	(12,446)
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	2,090,499	2,090,499
Balance at December 31, 2013	$ 5,231,191	14,977,502	213,967	102,349	64,423	380,739	(1,489,219)	(802,589)	(2,291,808)	-	18,297,624	2,288,267	20,585,891

Note: There were no directors' and supervisors' remuneration and employee bonuses for 2012 and 2013.

See accompanying notes to consolidated financial statements.

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended December 31, 2013 and 2012
(expressed in thousands of New Taiwan Dollars)

		2013	2012
Cash flows from operating activities:			
Profit (loss) before income tax from continuing operations:	$	128,235	(2,877,721)
Profit (loss) before income tax from discontinued operations:		300,909	(11,014)
Profit (loss) before income tax		429,144	(2,888,735)
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation		3,484,846	3,310,963
Amortization		14,309	7,748
Provision for (reversal of) allowance for doubtful accounts		448	(5,892)
Unrealized loss (gain) on valuation of financial assets		(9,988)	43,922
Interest expenses		147,175	282,449
Interest income		(17,484)	(23,949)
Dividend income		(9,203)	(10,474)
Equity-settled share-based payment		99,296	83,564
Share of profit or loss of equity-accounted investees		226,333	294,457
Loss from disposal and write-off of property, plant and equipment		4,139	1,968
Gain on disposal of available-for-sale financial assets, net		(62,342)	(61,507)
Loss on revaluation of investments under equity method		320,135	-
Loss on measurement of financial assets		-	720,413
Gain on bargain purchase		-	(129,793)
Gain on sale of discontinued operation		(300,909)	-
Provision for (reversal of) inventory obsolescence and devaluation loss		22,472	(26,332)
Subtotal of losses of non-cash activities		3,919,227	4,487,537
Changes in operating assets and liabilities:			
Changes in operating assets:			
Notes and accounts receivable (including related parties)		(590,691)	(177,154)
Inventories		(778,158)	458,165
Prepayments for materials		1,066,198	1,241,528
Other current assets		(66,760)	554,522
Total changes in operating assets		(369,411)	2,077,061
Changes in operating liabilities:			
Notes and accounts payable (including related parties)		70,987	(941,019)
Provision		(615,576)	(462,209)
Revenue received in advance		(967,151)	(612,300)
Accrued pension liabilities		(87,645)	30,071
Other current liabilities		106,825	63,480
Total changes in operating liabilities		(1,492,560)	(1,921,977)
Total changes in operating assets and liabilities		(1,861,971)	155,084
Total adjustments		2,057,256	4,642,621
Cash inflow generated from operations		2,486,400	1,753,886
Interest received		17,484	37,765
Dividend paid		9,203	10,474
Interest paid		(150,509)	(194,876)
Income tax refunded (paid)		95,554	(166,474)
Net cash inflows from operating activities	$	**2,458,132**	**1,440,775**

See accompanying notes to financial statements.

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (continued)

Years ended December 31, 2013 and 2012
(expressed in thousands of New Taiwan Dollars)

	2013	2012
Cash flows from investing activities:		
Proceeds from disposal of available-for-sale financial assets	$ 70,308	70,951
Acquisition of financial assets carried at cost	(13,433)	(257,050)
Acquisition of investment using equity method	(165,358)	-
Disposal of discontinued operation, net of cash	(203,128)	-
Acquisition of property, plant and equipment	(1,675,579)	(805,041)
Proceeds from disposal of property, plant and equipment	80,054	-
Decrease (increase) in refundable deposits	495,250	(256,406)
Increase in restricted certificate of deposit	(243,436)	(12,648)
Acquisition of subsidiary, net of cash acquired	924,297	(7,588,485)
Increase in other assets	-	(6,872)
Net cash used in investing activities	(731,025)	(8,855,551)
Cash flows from financing activities:		
Increase in short-term borrowings	417,738	970,661
Increase in long-term loans payable	3,837,550	11,511,025
Repayment of long-term loans payable	(4,830,316)	(9,590,124)
Payments of cash dividends	-	(443,119)
Issuance of common stock for cash	-	3,452,073
Treasury stock acquired	(5,749)	(226,753)
Proceeds from employees' purchase of treasury stock	262,444	-
Proceeds from sales of subsidiaries' equity to non-controlling interest	-	78,080
Proceeds from return of investment in unconsolidated entity	-	177,760
Declared cash dividend to non-controlling interest	(12,446)	-
Net cash flows from (used in) financing activities	(330,779)	5,929,603
Effect of exchange rate changes on cash	172,441	(584,951)
Net increase (decrease) in cash and cash equivalents	1,568,769	(2,070,124)
Cash and cash equivalents at beginning of year	2,113,385	4,183,509
Cash and cash equivalents at end of year	$ **3,682,154**	**2,113,385**
Fair value of assets and liabilities of subsidiary acquired:		
Cash and cash equivalents	1,734,172	724,408
Notes and trade receivable, net	497,442	1,976,221
Accounts receivable from related parties, net	7,440	-
Inventories	269,334	2,614,013
Other current assets	98,688	504,583
Prepayments for materials	642,254	1,448,357
Property, plant and equipment, net	2,478,264	9,487,143
Other non-current assets	223,010	397,659
Intangible assets	19,761	-
Financial liabilities designated as at fair value through profit or loss	(1,215)	-
Short-term borrowings	-	(233,051)
Notes and accounts payable	(342,861)	(1,436,144)
Other current liabilities	(168,901)	(1,863,960)
Long-term loans payable	(430,000)	-
Other non-current liabilities	(319,334)	(219,641)
Accrued pension liabilities	-	(1,634,178)
Provision	(427,000)	(3,322,724)
Fair value of non-controlling interest at acquisition date	(2,090,499)	-
Fair value of subsidiary interest at acquisition	2,190,555	8,442,686
Less: Fair value of subsidiary before acquisition date	(1,380,680)	-
Cash proceeds from acquisition of subsidiary	(1,734,172)	(724,408)
Gain on bargain purchase	-	(129,793)
Cash paid to obtain (proceeds from obtaining) control of subsidiary (excluding discharged in cash)	$ **(924,297)**	**7,588,485**

See accompanying notes to financial statements.

(amounts expressed in thousands of New Taiwan dollars,
except for per share information and unless otherwise noted)

1. Organization and principal activities

Sino-American Silicon Products Inc. ("SAS") was incorporated in January 1981 under the R.O.C. Company Act, and it established the Chunan Branch in June 2005. The registered address is No. 8, Gongye E. 2nd Rd., East Dist., Hsinchu City 300, Taiwan (R.O.C.). The consolidated financial statements consist of Sino-American Silicon Products Inc. and its subsidiaries (collectively, the 'Company') and the Company's interest in associates and jointly controlled entities. The Company's main activities include the research, development, production, and sale of semiconductor ingots/wafers, solar ingots/wafers, and sapphire wafers, and services consisting of the integration and installation of photovoltaic systems.

SAS's common shares were publicly listed on the GreTai Securities Market ("GTSM") in March 2001.

In order to conduct corporate restructuring and specialization and to enhance competitiveness and operating performance, on June 17, 2011, the stockholders' meeting of SAS resolved to transfer the semiconductor business and sapphire business (and their related assets and liabilities) from SAS to its wholly owned, newly incorporated subsidiaries GlobalWafers and Sino Sapphire, respectively. The date of the spin-off was set as October 1, 2011, and SAS transferred its semiconductor business to GlobalWafers by issuing 180,000 thousand new shares at $38.5 per share. In addition, SAS transferred its sapphire business by issuing 40,000 thousand new shares at $40 per share. The relevant information about the spin-off is as follows:

	GlobalWafers	Sino Sapphire	Total
Assets:			
Accounts and notes receivable	$ 608,266	96,528	704,794
Other receivables – related parties	1,193,500	744,082	1,937,582
Inventories	305,475	144,893	450,368
Prepaid inventory	888,204	-	888,204
Deferred income tax assets – current	-	1,457	1,457
Other current assets	9,346	7	9,353
Long-term equity investment	3,952,393	-	3,952,393
Buildings and plants	75,868	-	75,868
Machinery and equipment	293,334	391,219	684,553
Prepayment for equipment and construction in progress	51,982	204,683	256,665
Leasehold improvements	-	50,899	50,899
Deferred pension cost	26,401	137	26,538

(Continued)

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

		Global-Wafers	Sino Sapphire	Total
Liabilities:				
Accounts payable	$	(58,781)	(17,398)	(76,179)
Expense payable and other current liabilities		(82,058)	(16,370)	(98,428)
Accrued pension liabilities		(26,401)	(137)	(26,538)
Deferred tax liabilities		(75,195)	-	(75,195)
Net assets		7,162,334	1,600,000	8,762,334
Effect of changes in foreign exchange rates		(232,334)	-	(232,334)
	$	6,930,000	1,600,000	8,530,000

SAS has already obtained permission to continue listing on the GTSM after the spin-off. The permission is in accordance with Article 15-20 of the GTSM Rules Governing Securities Trading on the GTSM.

2. Approval date and procedures of consolidated financial statements

The accompanying consolidated financial statements were authorized for issuance by the board of directors on March 20, 2014

3. New standards and interpretations not yet adopted

(1) New standards and interpretations endorsed by the Financial Supervisory Commissions, R.O.C. (“FSC”) but not yet in effect.

The International Accounting Standards Board (“IASB”) issued International Financial Reporting Standard 9 *Financial Instruments* (“IFRS 9”), which was to be effective on January 1, 2013. (In December 2011, the IASB postponed the effective date until January 1, 2015.) This standard has been endorsed by the FSC; however, the effective date has not been announced. In accordance with FSC rules, early adoption is not permitted, and companies shall follow the guidance in the 2009 version of International Accounting Standard 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”). Upon the adoption of this new standard, it is expected there will be significant impacts on the classification and measurement of financial instruments in the consolidated financial statements.

(2) Newly issued, revised, or amended standards and interpretations not yet endorsed by the FSC

Summary of the new standards and amendments issued by the IASB not yet endorsed by the FSC that may have an impact on the financial statements:

Issue date	New standards and amendments	Description and influence	Effective date per IASB
May 12, 2011	• IFRS 10 *Consolidated Financial Statements*	On May 12, 2011, the IASB issued a series of standards and amendments related to consolidation, joint arrangements, and investments. The new standards provide a single model for determining whether an entity has control over an investee. However, the original guidance and method apply to the consolidation process.	January 1, 2013
June 28, 2012	• Amended IAS 28 *Investments in Associates and Joint Ventures*	On June 28, 2012, amendments were issued clarifying the guidance over the transition period. At the adoption of this standard, some of the determinations of the investees could be changed, which would increase the disclosure of the equity of the subsidiaries and associates.	
May 12, 2011	• IFRS 13 *Fair Value Measurement*	IFRS 13 replaces fair value measurement guidance in other standards and integrates them as one single guidance. At the adoption of this standard, the Company should analyze the impact on the measurement of assets and liabilities. The amendment could also increase the disclosure of their fair value.	January 1, 2013
June 16, 2011	• Amended IAS 1 *Presentation of Financial Statements*	Items presented in other comprehensive income shall be expressed based on whether they are potentially re-classifiable to profit or loss subsequently. Upon adoption, this standard could change the disclosure of the other comprehensive income in the statement of profit or loss and other comprehensive income.	July 1, 2012

(Continued)

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

Issue date	New standards and amendments	Description and influence	Effective date per IASB
June 16, 2011	• Amended IAS 19 *Employee Benefits*	The amendments eliminate the corridor method and require enterprises to recognize changes in the net defined benefit liability (asset) in profit or loss; in addition, require the immediate recognition of past service cost. Upon adoption, the standard could change the measurement and presentation of the pension liability and actuarial gains or losses.	January 1, 2013
November 19, 2013	• Amended IFRS 9 *Financial Instruments*	The amendment adopts a more principle-based approach to make hedge accounting more closely focus on risk management and simplifies the hedge accounting model, including more lenient qualifying criteria for applying and discontinuing hedge accounting and expanding the list of eligible items. Upon adoption, the Company may increase transactions applying hedge accounting and change the measurement and disclosure of hedging instruments and hedged items.	Not yet determined; early adoption is permitted.
December 16, 2011	• Amended IFRS 7 *Financial Instruments: Disclosures* • Amended IFRS 9 *Financial Instruments*	Amended the effective date so that IFRS 9 and IFRS 7 are required to be applied for annual periods beginning on or after January 1, 2015. The amendments made to IFRS 9 in November 2013 remove the mandatory effective date because the IASB decided that a mandatory date of January 1, 2015, would not allow sufficient time for entities to prepare to apply the new standard.	Not yet determined, early adoption is permitted.
May 17, 2012	• Amended IAS 1 *Presentation of Financial Statements* • Amended IAS 16 *Property, Plant and Equipment* • Amended IAS 32 *Financial Instruments: Presentation*	Annual Improvements to IFRSs – 2009-2011 Cycle, requires the lowest level of disclosure. Upon adoption, the Company will increase the disclosure of comparable financial statement information.	January 1,2013

(Continued)

Issue date	New standards and amendments	Description and influence	Effective date per IASB
May 29, 2013	• Amended IAS 36 *Impairment of Assets*	According to amendments to IAS 36 published in January 2013, an entity was required to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives. This provision is amended so that the recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. In addition, if the recoverable amount is based on fair value less costs of disposal, the valuation technique(s) used for fair value measurements categorized within Levels 2 and 3 of the fair value hierarchy and the key valuation assumptions made are required to be disclosed. Upon adoption, the standard could change the measurement and presentation of goodwill or intangible assets.	January 1, 2014; early adoption is permitted.
December 12, 2013	• Amended IAS 24 *Related Party Disclosures*	Clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. Upon adoption, the amendment will increase disclosure of information on related parties.	January 1, 2014; early adoption is permitted.

4. Summary of significant accounting policies

The significant accounting policies presented in the financial statements are summarized as follows. Except for those described individually, the significant accounting policies have been applied consistently in all the periods presented in consolidated financial statements.

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

(Continued)

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

(1) Statement of compliance

These consolidated annual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRSs endorsed by the FSC).

These are the Company's first IFRS consolidated annual financial statements, and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied. An explanation of how the transition to IFRSs has affected the reported financial position, financial performance, and cash flows of the Company is provided in note 15.

(2) Basis of preparation

A. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the consolidated statements of financial position:

(a) Financial instruments designated as at fair value through profit or loss are measured at fair value (including derivative financial instruments);

(b) Available-for-sale financial assets are measured at fair value.

B. Functional and presentation currency

The functional currency of each entity is determined based on the primary economic environment in which the entity operates. The NTD is SAS's functional currency, which is also the Company's presentation currency. All financial information presented in NTD has been rounded to the nearest thousand.

(3) Basis of consolidation

A. Principle of preparation of the consolidated financial statements.

The consolidated financial statements comprise SAS and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-company balances and transactions, and any unrealized income and expenses arising from intra-company transactions are eliminated in preparing the consolidated financial statements.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(Continued)

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

B. List of subsidiaries in the consolidated financial statements.

The consolidated entities were as follows:

Name of investor	Name of investee	Main activities	Percentage of ownership. December 31, 2013	December 31, 2012	January 1, 2012
SAS	Sino Silicon Technology Inc. (SSTI)	Investment holding and sales of products through a subsidiary in China	100%	100%	100%
SAS	GlobalWafers	Silicon material for semiconductors and trading	98.6%	98.6%	100%
SAS	Sino Sapphire	Manufacturing and trading of optoelectronic wafers and substrates	-	95.12%	100%
SAS	Sunrise Global Solar Energy Corp. (SGSE)	Manufacturer and distributor of solar cells	50.95%	15.23%	15.26%
Global Wafers	Global Semiconductor Inc. (GSI)	Various investments	100%	100%	100%
Global Wafers	Global Wafers Inc. (GWI)	Various investments	100%	100%	100%
Global Wafers	GWafers	Various investments	100%	100%	100%
GSI	Kunshan Sino Silicon Technology Co., Ltd. (SST)	Processing and trade of ingots and wafers	100%	100%	100%
GWI	GTI	Production of epitaxial wafers and silicon wafers, and operation of a wafer foundry	100%	100%	100%
GWafers	Global Wafers Japan Co., Ltd. (GWJ, formerly CVS)	Silicon material for manufacture and trading	100%	100%	-

SAS resolved to acquire 100% ownerships of Covalent Material Corporation’s subsidiaries, Covalent Silicon Corporation and Covalent Materials Sekikawa Corporation, which are semiconductor and silicon business entities; refer to note 6(8).

(Continued)

On April 25, 2012, the board meeting resolutions of SAS and Sino Sapphire, in order to expand the operating scale and enhance competiveness and operating performance, approved the merger of Sino Sapphire into Crystalwise Technology Inc. On June 13, 2012, the shareholders' meetings of both companies also resolved to approve this merger and set January 1, 2013, as the acquisition date. Crystalwise Technology Inc. was the surviving company, and Sino Sapphire was the dissolved company. The surviving company assumed the dissolved company's rights and obligations. The exchange rate was 1 share of Sino Sapphire for 1.8967 shares of Crystalwise Technology Inc. The merger has been approved by the authority.

On August 1, 2013, SAS resolved to acquire Sinosolar Crop. Ltd. (Sinosolar); please refer to Note 6(8) for further information.

On August 1, 2013, SAS acquired Sunrise Global Solar Energy Corp. (SGSE), and as a result, the Company obtained control of SGSE and incorporated SGSE into the consolidation financial statements starting August 1, 2013. Please refer to note 6(8) for further information.

C. Subsidiaries not included in the consolidated financial statements: None.

(4) Foreign currency

A. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Company entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year. Foreign currency differences of available-for-sale equity investments are recognized in other comprehensive income, while other differences are recognized in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Company's functional and presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Company's functional and presentation currency at the average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the exchange differences on translation in equity.

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

The Company classifies an asset as current when any one of the following requirements is met. Assets that are not classified as current are non-current assets.

A. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

B. It holds the asset primarily for the purpose of trading;

C. It expects to realize the asset within twelve months after the reporting period; or

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

The Company classifies a liability as current when any one of the following requirements is met. Liabilities that are not classified as current are non-current liabilities.

A. It expects to settle the liability in its normal operating cycle;

B. It holds the liability primarily for the purpose of trading;

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

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

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash, cash in bank, and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

The time deposits with maturities of less than three months are used for short-term cash commitments instead of investment and are subject to an insignificant risk of changes in their fair value, and are classified as cash and cash equivalents.

(7) Financial instruments

Financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instruments.

A. Financial assets

The Company classifies financial assets into the following categories: financial assets measured at fair value through profit or loss, available-for-sale financial assets, and receivables.

(a) Financial assets measured at fair value through profit or loss

Financial assets are classified as held for trading if they are acquired principally for the purpose of selling in the short term.

The Company designates financial assets, other than ones classified as held for trading, as at fair value through profit or loss at initial recognition under one of the following situations:

i. Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
ii. Performance of the financial asset is evaluated on a fair value basis;
iii. A hybrid instrument contains one or more embedded derivatives.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which take into account any dividend and interest income, are recognized in profit or loss, and are included in a statement of comprehensive income account. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade-date accounting.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value, and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, and is included in non-operating income and expenses. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade-date accounting.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at their cost less any impairment losses, and are included in financial assets carried at cost.

Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. Such dividend income is included in non-operating income and expenses.

(Continued)

(c) Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Receivables comprise notes and accounts receivable and other receivables. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortized cost using the effective interest method, less any impairment losses. Interest on short-term accounts receivable is not calculated because it does not have significant influence.

Interest income is included in non-operating income and expenses.

(d) Impairment of financial assets

A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than those suggested by historical trends.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversible in subsequent periods.

An impairment loss in respect of a financial asset is deducted from the carrying amount except for accounts receivable, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of receivable written off is recorded in the allowance account. Changes in the amount of the allowance account are recognized in profit or loss. Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

(Continued)

Impairment losses recognized on an available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in other equity.

Trade receivable impairment losses and recoveries are recognized as general and administrative expenses. Financial assets excluding trade receivable impairment losses and recoveries are recognized in profit or loss, and they are included in a statement of comprehensive income account.

(e) Derecognition of financial assets

The Company derecognizes financial assets when the contractual rights of the cash inflow from the asset are terminated, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in other equity – unrealized gains or losses from available-for-sale financial assets is recognized in profit or loss, and recognized in non-operating income and expenses.

The Company separates the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income shall be recognized in profit or loss, and is included in other income or loss.

A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts.

B. Financial liabilities and equity instruments

(a) Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements. Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received less the direct cost of issuing.

Interest related to a financial liability is recognized in profit or loss, and it is recorded in non-operating income and expenses. On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

(b) Other financial liabilities

Financial liabilities not classified as held for trading or designated as at fair value through profit or loss, which comprise short-term borrowings, accounts payable, and other payables, are measured at fair value plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method.

Interest related to a financial liability is recognized in non-operating income and expenses.

(c) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or has expired. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in non-operating income and expenses.

(d) Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

C. Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognized initially at fair value and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

When the fair value of a derivative instrument is positive, it is classified as a financial asset, and when the fair value is negative, it is classified as a financial liability.

(8) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average-cost method and includes expenditure and other costs incurred in bringing them to their existing location and condition. The difference between standard cost and actual cost is recognized as operating cost.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period.

(Continued)

(9) Discontinued operations

An operation will be classified as a discontinued operation upon disposal or when the operation meets the criteria to be classified as held for sale or held for distribution to owners, whichever comes first. When an operation is classified as a discontinued operation, the statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

(10) Investment in associates

Associates are those entities in which the Company has significant influence and that are neither a subsidiary nor a joint venture. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting power of another entity.

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

The financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases.

Unrealized profits resulting from the transactions between the Company and an associate are eliminated to the extent of the Company's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Company's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

(11) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that is eligible for capitalization. The cost of software is capitalized as part of the equipment if the purchase of the software is necessary for the equipment to be capable of operating.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately unless its useful life and depreciation method are the same as the useful life and depreciation method of another significant part of that same item.

(Continued)

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as non-operating income and expenses.

B. Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company and the amount can be reliably measured. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

C. Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a systematic basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

(a) buildings: 2 to 60 years
(b) plant and equipment: 2 to 15 years
(c) office and other equipment: 2 to 20 years

Plant and equipment constitute mainly buildings; mechanical and electrical power equipment; and related engineering, wastewater containment engineering, etc. Each part is depreciated based on its useful life of 25~30 years, 25 years, and 4~15 years, respectively.

Depreciation methods, useful lives, and residual values are reviewed at each fiscal year-end. If expectations differ from the previous estimates, the change is recorded as a change in accounting estimate.

(12) Leases

In accordance with the terms of leases, leases in which the Company assumes substantially all of the risks and rewards of ownership of an asset are classified as finance leases. On initial recognition, the lease asset is measured at an amount equal to the lower of its fair value or the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Other leases are operating leases and are not recognized in the Company's statement of financial position.

Payments made under an operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease.

Expenditures for obtaining land use rights are stated at acquisition cost in accordance with the contract and the estimated benefit period is 50 years.

(13) Intangible assets

A. Goodwill

(a) Recognition

Goodwill acquired in acquisition of a subsidiary is included in intangible assets.

(b) Measurement after recognition

Goodwill shall be carried at its cost less any accumulated impairment losses. Investor-level goodwill is included in the carrying amount of equity investments. Impairment losses for goodwill of equity-accounted investees are accounted for as reductions of carrying amounts of investments in equity-accounted investees and are not allocated as reductions of goodwill or any other assets.

B. Research & development

During the research phase, activities are carried out to obtain and understand new scientific or technical knowledge. Expenditures during this phase are recognized in profit or loss as incurred.

Expenditures arising from the development phase shall be recognized as an intangible asset if all the conditions described below can be demonstrated; otherwise, they will be recognized in profit or loss as incurred:

(Continued)

(a) The technical feasibility of completing the intangible asset so that it will be available for use or sale.
(b) The intention to complete the intangible asset and use or sell it.
(c) The ability to use or sell the intangible asset.
(d) The probability that the intangible asset will generate probable future economic benefits.
(e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
(f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

C. Other intangible assets

Other intangible assets that are acquired by the Company are measured at cost less accumulated amortization and any accumulated impairment losses.

D. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

E. Amortization

The depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Amortization of assets, other than goodwill, is recognized in profit or loss on a straight-line basis over the estimated useful lives ranging from 2 to 5 years from the date that they are available for use.

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year-end. Any change shall be accounted for as changes in accounting estimates.

(14) Impairment – nonfinancial assets

Except for inventories and deferred income tax assets, the Company assesses whether impairment has occurred in non-financial assets on every reporting date, and estimates the recoverable amount. If it is not possible to determine the recoverable amount for an individual asset, the Company will have to determine the recoverable amount for the asset's cash-generating unit (CGU).

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

(Continued)

The Company re-assesses at each reporting date whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset.

An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount as a reversal of a previously recognized impairment loss.

Notwithstanding whether indicators exist, recoverability of goodwill is required to be tested at least annually. Impairment loss is recognized if the recoverable amount is less than the carrying amount.

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units. If the carrying amount of the cash-generating unit exceeds the recoverable amount of the unit, the entity shall recognize the impairment loss, and the impairment loss shall be allocated to reduce the carrying amount of each asset in the unit. Reversal of an impairment loss for goodwill is prohibited.

(15) Provisions

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

A. Site restoration

In accordance with the Company's published environmental policy and applicable legal requirements, a provision for subsidiaries in Japan site restoration in respect of contaminated land and the related expense are recognized when the land is contaminated.

B. Onerous contracts

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

(Continued)

(16) Treasury stock

Repurchased shares are recognized under treasury shares (a contra-equity account) based on their repurchase price (including all directly accountable costs), net of tax. Gains on disposal of treasury shares should be recognized under capital surplus – treasury share transactions; Losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted average of different types of repurchase.

(17) Revenue recognition

A. Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement.

B. Services

The Company provides consulted and management service. Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

C. Government grants

Income from government grants for research and development is recognized as other income when qualifying expenditures are made and income is realizable. Income from government grants for equipment spending according to useful life of equipment is recognized by the straight-line method over the useful live.

(18) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

B. Defined benefit plans

The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date (market yield of government bonds) on bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

All actuarial gains and losses at January 1, 2012, the date of transition to the IFRSs endorsed by the FSC, were recognized in retained earnings. The Company recognizes all actuarial gains and losses arising subsequently from defined benefit plans in other comprehensive income.

Pension cost for a period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

C. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Under short-term cash bonus or profit-sharing plans a liability is recognized for the amount expected to be paid if the Company has either a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(19) Share-based payment

The grant-date fair value of share-based payment awards granted to employees is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards whose related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(Continued)

(20) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

A. Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

B. Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

C. Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

A. The entity has the legal right to settle tax assets and liabilities on a net basis; and

B. The taxing of deferred tax assets and liabilities fulfills one of the scenarios below:

(a) levied by the same taxing authority; or

(b) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(Continued)

Effective from 2012, pursuant to Article 40 of the “Business Mergers and Acquisitions Act”, the Company has adopted filing a combined business income tax return with its subsidiaries, and the Company is elected as the taxpayer for such combined business income tax returns to declare a combined business income tax as provided in the Income Tax Act, and to declare the undistributed earnings with an additional ten percent business income tax; however, any other tax-related matters shall be carried out separately by the Company and its subsidiary companies.

The Company and its subsidiaries first calculated their respective income tax provisions according to IAS No. 12 “Income Taxes”, and then reconciled the differences between the separate income tax returns and the combined business income tax return. The differences were allocated to all Company entities on a reasonable, systematic, and consistent basis and consequently to the current year’s income tax expenses and deferred income tax expenses.

(21) Business combination

A. Acquisition after January 1, 2012 (inclusive)

For those acquisitions occurring after January 1, 2012 (inclusive), goodwill is measured as an aggregation of the consideration transferred (which generally is measured at fair value at the acquisition date) and the amount of any non-controlling interest in the acquiree, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If the residual balance is negative, the Company shall re-assess whether it has correctly identified all of the assets acquired and liabilities assumed, and recognize a gain on the bargain purchase thereafter. If the business combination is achieved in stages, the Company shall measure any non-controlling equity interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets.

If a business combination is achieved in stages, the Company shall re-measure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Company may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income shall be recognized on the same basis as would be required if the Company had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount shall be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Company shall retrospectively adjust the provisional amounts recognized at the acquisition date, or recognize additional assets or liabilities to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

All the transaction costs incurred for the business combination are recognized immediately as the Company’s expenses when incurred, except for the issuance of debt or equity instruments.

(Continued)

B. Acquisition before January 1, 2012

Upon conversion to the IFRSs endorsed by the Financial Supervisory Commission, R.O.C., the Company can choose to restate all business combinations that occurred after January 1, 2012 (inclusive). For those acquisitions that occurred prior to January 1, 2012, the amount of goodwill is recognized in accordance to the Regulations Governing the Preparation of Financial Reports issued by the Financial Supervisory Commission on January 10, 1999, and the "financial accounting standards and interpretations issued by the Accounting Research and Development Foundation" (formerly generally accepted accounting principles).

(22) Earnings per share

The Company discloses SAS basic and diluted earnings per share attributable to ordinary equity holders of SAS. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of SAS divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of SAS divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible preference shares, convertible notes, employee stock options, unvested restricted stock awards, and employee bonus.

(23) Operating segment information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company). Operating results of the operating segment are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

5. Significant sources of accounting judgments, estimations, assumptions, and estimation uncertainty

The preparation of the individual annual financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management continues to monitor the accounting assumptions, estimates and judgments. Management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

(Continued)

Information about critical judgments in applying accounting policies that have the most significant effect on amounts recognized in the consolidated financial statements is included in the following notes:

(1) Gain of control of subsidiaries and non-control interests, loss of control of subsidiaries (notes 6(8))

(2) Evaluated impairment loss of property, plant and equipment (notes 6(9))

(3) Provision (notes 6(16))

6. Description of the significant accounts

(1) Cash and cash equivalents

		December 31, 2013	December 31, 2012	January 1, 2012
Cash on hand	$	898	1,167	808
Demand deposits		2,273,337	2,112,218	3,584,642
Cash equivalent – time deposits		1,407,919	-	598,059
	$	3,682,154	2,113,385	4,183,509

Please refer to note 6 (27) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Company.

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

The Company held the following derivative instruments presented as held for trading financial assets on 31 December 2013:

December 31, 2013						
Purchased	Sell	Nominal amount (In thousand dollars)		Maturity date	Fair Value	
USD	JPY	USD	1,078	2013.12.02~2014.01.02	$	1,954
USD	JPY	USD	626	2013.12.02~2014.01.06		1,227
USD	JPY	USD	1,801	2013.12.30~2014.01.29		3,355
USD	JPY	USD	1,500	2014.01.29~2014.02.27		1,136
USD	JPY	USD	1,454	2014.01.29~2014.02.27		1,101
					$	8,773

(Continued)

The Company held the following derivative instruments presented as held for trading financial assets on 01 January 2012:

January 1, 2012					
Purchased	**Sell**	**Nominal Amount (In thousand dollars)**		**Maturity date**	**Fair Value**
JPY	USD	USD	30,000	2011.10.31~2012.01.31	$ 22,824
JPY	USD	USD	40,000	2011.10.31~2012.01.31	21,098
					$ 43,922

Please refer to note 6 (25) for forward exchange contract movement of financial assets at fair value through profit or loss in 2013 and 2012.

(3) **Notes receivable and trade receivables, net**

	December 31, 2013	December 31, 2012	January 1, 2012
Notes receivables	$ 31,993	129,489	69,124
Trade receivables	3,868,880	3,212,909	1,142,159
Less: Provision for impairment	(52,742)	(1,135)	(7,027)
Allowance for trade receivables	(2,499)	-	-
	$ 3,845,632	3,341,263	1,204,256

The movement in the allowance for impairment with respect to trade receivables during the year was as follows:

	2013	2012
Opening balance	$ 1,135	7,027
From business combination	51,159	-
Impairment loss recognized	448	(5,892)
Ending balance	52,742	1,135
Impairment loss recognized for individually assessed impairment	$ 48,679	-
Impairment loss recognized for Company assessed impairment	4,063	1,135
	$ 52,742	1,135

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

Aging analysis of account receivables, including those from related parties and non-related parties but excluding allowance for sales returns and discounts, on report date is as follows:

	December 31, 2013		December 31, 2012		January 1, 2012	
	Gross amount	**Impairment loss**	**Gross amount**	**Impairment loss**	**Gross amount**	**Impairment loss**
Overdue 31~60 days	$ 35,058	778	9,157	9	72,423	1,170
Overdue 61~90 days	3,223	657	2,696	-	7,489	-
Overdue 91~120 days	3,312	1,371	8,640	-	50,532	5,857
Overdue 121~365 days	19,357	12,245	1,963	1,126	182	-
Overdue more than one year	37,691	37,691	-	-	-	-
	$ 98,641	52,742	22,456	1,135	130,626	7,027

According to factoring agreement with counter party, to the extent of the amount sold to the counter party, risks of non-collection or default by customers in the event of insolvency are borne by counter party. The information on the Company's account receivable factoring was as follows in Japanese Yen:

	Counter party	Factoring limit	Factoring amount	Collection of receivables	Principle terms
December 31, 2013	DAISHI BANK	6,000,000	8,253,747	8,253,747	Note
December 31, 2012	DAISHI BANK	6,000,000	9,200,580	9,200,580	Note
January 1, 2012	-	-	-	-	-

Note: To the extent of the amount sold to the counter party, risks of non-collection or default by customers in the event of insolvency are borne by counter party. The Company is not responsible for the collection of receivables subject to these facilities, or for any legal proceedings and costs thereof in collecting these receivables.

Above factoring limit can be use reduplicated.

As of December 31, 2013, December 31, and January 1, 2012, the Company pledged trade receivables as collateral in relation to short-term borrowing. See details of pledged collateral in note 8.

(Continued)

(4) Inventories

		December 31, 2013	December 31, 2012	January 1, 2012
Finished goods	$	1,703,913	1,219,275	460,463
Work in progress		895,138	873,045	132,625
Raw materials		1,566,872	986,461	529,445
Supplies		249,973	426,561	212,780
	$	**4,415,896**	**3,505,342**	**1,335,313**

In 2013 and 2012, the components of cost of goods sold as a result of the net realizable value of inventory being lower than its cost, and the circumstances that caused the net realizable value of inventory to be higher than its cost of loss on (reserveral of) inventory devaluation were $22,472 thousand and ($26,332) thousand. Unallocated fixed factory overhead were $636,603 thousand and $575,504 thousand, which are included in cost of sales.

As of December 31, 2013, December 31 and January 1, 2012, the Company did not use inventory as collateral.

(5) Available-for-sale financial assets－non-current

		December 31, 2013	December 31, 2012	January 1, 2012
Solartech Energy Crop.	$	764,956	520,223	789,028
Actron Technology Crop.		235,289	183,105	265,140
	$	**1,000,245**	**703,328**	**1,054,168**

Please refer to note 6(25) for investment profit and loss recognized by available-for-sale financial assets.

For fair values of financial instrument recognized in other comprehensive income refer to note 6(26).

As of December 31, 2013, December 31 and January 1, 2012, the Company did not use the above financial assets as collateral.

If the equity market price had changed, the impact on other comprehensive income would have been as follows if calculated on the same basis for both years and assuming that all other variables remain the same:

Equity price at reporting date		**2013**	**2012**
Increase 10%	$	**100,025**	**70,333**
Decrease 10%	$	**(100,025)**	**(70,333)**

(Continued)

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

(6) Financial assets measured at cost－non- current

		December 31, 2013	December 31, 2012	January 1, 2012
Equity investment	$	2,493,580	2,500,992	2,309,437
Accumulated impairment loss		(1,126,762)	(1,101,583)	(405,319)
	$	**1,366,818**	**1,399,409**	**1,904,118**

Accumulated impairment loss movement:

		December 31, 2013	December 31, 2012	January 1, 2012
Opening balance	$	1,101,583	405,319	147,411
Impairment loss recognized		-	720,413	250,000
Foreign exchange gains (loss)		25,179	(24,149)	7,908
Ending balance	$	**1,126,762**	**1,101,583**	**405,319**

During reporting date significant foreign currency equity investment was as follows:

	2013.12.31			2012.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
USD	19,184	29.805	571,790	19,184	29.126	558,753

The equity investments held by the Company are measured at amortized cost at year-end given the range of reasonable fair value estimates is large and the probability for each estimate cannot be reasonably determined; therefore, the Company management had determined that the fair value cannot be measured reliably.

As of December 31, 2013, December 31 and January 1, 2012, the Company did not use the above financial assets as collateral.

(7) Investments accounted for using the equity method

The carrying amounts for equity-accounted investees at the reporting date were as follows:

		December 31, 2013	December 31, 2012	January 1, 2012
Associates				
Sunrise Global Solar Energy Corp. (SGSE)	$	-	840,439	1,011,786
Sinosolar Corp.		-	704,685	827,795
Crystalwise Technology Inc.		1,475,653	-	-
	$	**1,475,653**	**1,545,124**	**1,839,581**

(Continued)

Summary of the share of the profit or loss of subsidiaries and associates accounted for using the equity method:

		2013	2012
Associates	$	(226,333)	(294,457)

Summarized financial information of associates is as follows (without adjustment for the Company's proportionate share):

		December 31, 2013	December 31, 2012	January 1, 2012
Total assets	$	4,306,449	6,184,550	7,193,088
Total liabilities	$	1,409,241	1,608,896	1,881,581

		2013	2012
Revenue	$	1,960,487	2,331,396
Net income	$	451,510	747,489

On August 1, 2013, the Company acquired Sinosolar Corp. Ltd. (Sinosolar) and Sunrise Global Solar Energy Corp. (SGSE), and the Company obtained control of the above companies. After the combination, Sinosolar was eliminated and SGSE was incorporated into the consolidated financial statements starting August 1, 2013. Please refer to note 6(8) for further information.

On January 1, 2013, after Sino Sapphire Co., Ltd.'s merger with Crystalwise Technology Inc., the Company obtained 42.8% shares of Crystalwise Technology Inc. as the result the Company has significant influence on Crystalwise Technology Inc.

As of December 31, 2013 and 2012, and January 1, 2012, the Company did not use the above investments as collateral.

(8) Business Combinations

A. Acquisition of subsidiary

On August 10, 2011, the board of directors of SAS resolved to acquire 100% ownerships of Covalent Material Corporation's subsidiaries, Covalent Silicon Corporation and Covalent Materials Sekikawa Corporation, which are semiconductor and silicon business entities. On October 6, 2011, the abovementioned acquisition was approved by the special stockholders' meeting, and the acquirers would be either subsidiaries 100% owned by GWCM or other directly or indirectly wholly-owned subsidiaries of the Company.

(Continued)

On October 25, 2011, a board meeting of SAS resolved to amend the above restructuring to have GWafers, a subsidiary of GlobalWafers, replace GWCM as acquirer for acquisition of CVS, and the legal transfer date was April 1, 2012.

On March 29, 2012, the Company paid $10,057,600 thousand (28 billion Japanese Yen) in cash and recorded on prepayment for investment account. Both parties agreed the legal transfer date was April 1, 2012, as the result, CVS and its wholly-owned subsidiary, CVMS, were included in the consolidated financial statements. For management purpose, on June 1, 2012, CVS acquired its wholly-owned subsidiary, CVMS and CVS was the surviving company and CVMS was the dissolved company. A follow-up board meeting resolution changed the name of CVS to Global Wafers Japan Co., Ltd. (GWJ). At ended of 2012, both parties negotiated consideration was revised to $8,312,893 thousand (around 23.464 billion Japanese Yen).

Obtaining the control of GWJ will enable the Company to modernize its production process through access to GWJ's patented technology. The acquisition is expected to provide the Company with an increased share of the wafer market through access to the acquiree's customer base. The Company also expects to reduce costs through economies of scale.

In the nine months to 31 December 2012, GWJ contributed profit and (loss) after tax of $ 6,926,941 thousand and $(2,432,219) thousand to the Company's results. If the acquisition had occurred on 1 January 2012, management estimates that consolidated profit and (loss) after income tax would have been $10,177,670 thousand and $(3,015,272) thousand. In determining these amounts, the management assumed that the acquisition occurred on 1 January 2012, and the provisional fair values are adjusted accordingly.

The business combination of Sinosolar Crop Ltd. was resolved by shareholder's general meeting on June 25, 2013, and after acquisition, Sinosolar was dissolved. Pursuant to a board meeting resolution on July 26, 2013, acquisition effective date on August 1, 2013. The Company purchased Sinosolar 58.12% shares for 809,875 thousand dollars in cash to taking control of Sinosolar. As a result, the Company's equity interest in Sinosolar increased from 41.88% to 100%. Sinosolar is a manufacturer of solar cell.

On May 2013, the Company obtained control of Sunrise Global (a manufacturer and distributor of solar cells) by acquiring 3.47% of the shares for 165,358 thousand dollars in cash. Moreover, the Company acquired Sinosolar to obtain Sunrise Global 32.25% shares. As a result, the Company's equity interest in Sunrise Global increased from 15.23% to 50.95%.

(Continued)

SAS is the surviving entity after acquisition, and both entities have board meetings on August 12, 2013 to approve this merger and temporality decided to use one share of SAS to exchange 2.16 shares of Sinorise Global. SAS anticipated issuing 56,888 thousand new shares due to this merger. After this merger, the issued shares will be 580,007 thousand shares. The merger had been resolved by shareholders' meeting and also approved by authority and Sunrise Global will be dissolved after merger and the anticipated merge date is on January 1, 2014. Due to related procedures is still on the progress the merge has been postponed and president is authorized to negotiate with Sunrise Global based on actual process and reschedule the new acquisition date. As of March 20, 2014, the process is ongoing.

In the five months to 31 December 2013, Sinosolar and Sunrise Global contributed profit after tax of $1,454,167 thousand and $41,224 thousand to the Company's results. If the acquisition had occurred on 1 January 2013, management estimates that consolidated profit after income tax would have been $24,078,524 thousand and $464,624 thousand. In determining these amounts, the management assumed that the acquisition occurred on 1 January 2013, and the provisional fair values are adjusted accordingly.

Fair value of the considerations transferred and net assets and net liability acquired at the acquisition date information:

(a) Fair value of the considerations transferred

The Company purchased 58.12% of Sinosolar for $809,875 thousand cash consideration; fair value of Sinosolar and Sunrise Global' equity hold before acquisition date is $1,380,680 thousand.

(b) Fair values of identifiable assets acquired and liabilities

Detail of fair value of identifiable net assets and liabilities of CVS and CVMS at acquisition date:

Cash and cash equivalents-paid to obtain control		$ 8,312,893
Current assets	$ 7,267,582	
Property, plant and equipment, net	9,487,143	
Other assets	397,659	
Current liabilities	(3,533,155)	
Non-current liabilities	(5,176,543)	
Fair Value of net identifiable assets		8,442,686
Gain on bargain purchase		**$ 129,793**

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

Details of fair value of identifiable assets acquired and liabilities assumed of acquisition of Sinosolar and Sunrise Global at acquisition date:

Cash and cash equivalents	$ 1,734,172
Notes and trade receivable, net	497,442
Accounts receivable from related parties, net	7,440
Inventories	269,334
Other current assets	98,688
Prepayments for materials	642,254
Property, plant and equipment, net	2,478,264
Other assets–non-current	223,010
Intangible assets	19,761
Financial liabilities measured at fair value through profit or loss	(1,215)
Notes and accounts payable	(342,861)
Other current liabilities	(168,901)
Long-term loans payable	(430,000)
Other-liabilities–non-current	(319,334)
Onerous contracts provision	(427,000)
Fair value of identifiable net assets	**$ 4,281,054**

The contingent liability has attributed the present obligation of $427,000 thousand resulting from long-term purchase agreements. Although the Company has understood its responsibility, its present obligation is still being negotiated with the suppliers. If any existing conditions changed within a year, the Company will regularly adjust the accruals based on the updated information.

The Company measured the fair value of its existing equity interest in Sinosolar (41.88%) and Sunrise Global (18.70%) before merging with SAS, and the resulting loss of $123,689 thousand and $196,446 thousand are recognized as “gains or losses arising from disposal of investment” on profit or loss.

B. The cost of acquisition

Amount of $129,793 thousand of legal fees and on-site examination expenses incurred as a result of acquisition transaction for CVS and CVMS is recognized as general and administrative expenses in the statement of comprehensive income.
Amount of $2,935 thousand of legal fees and on-site examination expenses incurred as a result of acquisition transaction for CVS and CVMS is recognized as general and administrative expenses in the statement of comprehensive income.

(Continued)

C. Loss of subsidiary control

SAS's subsidiary Sino Sapphire dissolved after merged with Crystalwise Technology, which caused the Company lose 95.12 % control ownership of Sino Sapphire. The disposal value is $1,692,284 thousand dollars and disposal profit 300,909 thousand dollars was recognized as "Discontinued operations – profit (loss) from discontinued operations" on the consolidated statement of comprehensive income.

The asset and liabilities of Sino Sapphire on January 1, 2013 are as follows:

Cash and cash equivalents	$ 203,128
Notes and trade receivable, net	237,502
Accounts receivable from related parties, net	284
Inventories	147,084
Other current assets	14,251
Financial assets carried at cost－non-current	59,050
Property, plant and equipment, net	1,018,840
Other assets non current	6,031
Notes and accounts payable	(103,200)
Other current liabilities	(119,425)
Other - liabilities- non current	(787)
Carrying amount of net asset	$ 1,462,758

(9) Property, plant and equipment

A. The cost, depreciation, and impairment of the property, plant and equipment of the Company in 2013 and 2012 were as follows

	Land	Building and construction	Machinery and equipment	Other equipment	Equipment under installation and construction in progress	Total
Cost:						
Balance at January 1, 2013	$ 890,001	14,694,484	43,780,417	2,458,166	582,117	62,405,185
Acquisition through business combination	2,380	439,241	1,879,040	599,181	509,735	3,429,577
Additions	-	55,992	1,334,419	754,666	(640,516)	1,504,561
Disposals	-	(204,298)	(1,294,487)	(207,773)	(233,476)	(1,940,034)
Effect of movements in exchange rates	(140,542)	(1,556,758)	(5,277,700)	(129,000)	(24,845)	(7,128,845)
Balance at December 31, 2013	$ 751,839	13,428,661	40,421,689	3,475,240	193,015	58,270,444

(Continued)

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

		Land	Building and construction	Machinery and equipment	Other equipment	Equipment under installation and construction in progress	Total
Balance at January 1, 2013	$	24,232	4,691,409	10,316,590	1,509,353	687,860	17,229,444
Acquisition through business		893,315	10,085,584	33,763,023	836,511	247,761	45,826,194
Additions		-	761,292	2,334,865	242,699	(55,484)	3,283,372
Disposals		-	-	(190,939)	(7,195)	-	(198,134)
Effect of movements in exchange rates		(27,546)	(843,801)	(2,443,122)	(123,202)	(298,020)	(3,735,691)
Balance at December 31, 2013	$	890,001	14,694,484	43,780,417	2,458,166	582,117	62,405,185
Depreciation:							
Balance at January 1, 2013	$	-	6,555,527	36,854,145	948,491	-	44,358,163
Acquisition through business combination		-	124,549	755,960	70,804	-	951,313
Depreciation for the year		-	617,104	2,443,874	423,868	-	3,484,846
Disposals		-	(54,371)	(675,012)	(107,619)	-	(837,002)
Effect of movements in exchange rates		-	(815,068)	(5,272,659)	303,005	-	(5,784,722)
Balance at December 31, 2013	$	-	6,427,741	34,106,308	1,638,549	-	42,172,598
Balance at January 1, 2013	$	-	573,269	5,161,113	422,771	-	6,157,153
Acquisition through business		-	5,098,459	30,581,791	795,153	-	36,475,403
Depreciation for the year		-	906,672	2,220,860	183,431	-	3,310,963
Disposals		-	-	(171,992)	(6,286)	-	(178,278)
Effect of movements in exchange rates		-	(22,873)	(937,627)	(446,578)	-	(1,407,078)
Balance at December 31, 2013	$	-	6,555,527	36,854,145	948,491	-	44,358,163
Carrying amounts:							
Balance at December 31, 2013	$	751,839	7,000,920	6,315,381	1,836,691	193,015	16,097,846
Balance at December 31, 2013	$	890,001	8,138,957	6,926,272	1,509,675	582,117	18,047,022
Balance at January 1, 2012	$	24,232	4,118,140	5,155,477	1,086,582	687,860	11,072,291

For the year of disposals property, plant and equipment include Sino Sapphire Co., Ltd. January 1, 2013 carrying amount $ 1,018,840 thousand because of lost control Sino Sapphire Co., Ltd.

B. Collateral

Property, plant and equipment were subject to a registered debenture to secure bank loans (please refer to note 8).

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

(10) Intangible assets

The costs of intangible assets of the Company in 2013 and 2012 are as follows:

		Goodwill	Patent	Total
Costs:				
Balance at January 1, 2013	$	622,507	-	622,507
Acquisition through business combinations		-	19,761	19,761
Effect of movement in exchange rates		14,512	-	14,512
Balance at December 31, 2013	$	**637,019**	**19,761**	**656,780**
Balance at January 1, 2012	$	647,385	-	647,385
Effect of movement in exchange rates		(24,878)	-	(24,878)
Balance at December 31, 2012	$	**622,507**	**-**	**622,507**

For the impairment loss testing purposes' goodwill belong to semiconductor department. Management performs the Company's impairment test at least annually to evaluate any potential impairment of goodwill. Management estimated the recoverable amounts of semiconductor department by future cash flows:

As of December 31, 2013, December 31 and January 1, 2012, there is no indicator of impairment for the Company's goodwill.

(11) Other assets-current and non-current

		December 31, 2013	December 31, 2012	January 1, 2012
Deferred tax asset	$	908,075	533,332	124,169
Refundable and excess of value-added tax paid		198,378	294,823	179,161
Prepayment for equipment and other		204,221	21,488	283,538
	$	**1,310,674**	**849,643**	**586,868**

(12) Other financial assets-current and non-current

		December 31, 2013	December 31, 2012	January 1, 2012
Refundable deposits	$	284,498	491,577	9,597
Restricted deposit		87,028	22,642	9,993
Time deposits(over three months)		-	-	348,717
Others		100,989	181,420	14,237
	$	**472,515**	**695,639**	**382,544**

Please refer to note 8 for restricted deposit.

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

(13) Short-term borrowings

		December 31, 2013	December 31, 2012	January 1, 2012
Unsecured borrowings	$	2,306,722	1,991,355	1,020,694
Materials procurement loans		102,371	-	-
	$	2,409,093	1,991,355	1,020,694
Unused facility	$	7,017,659	7,160,037	4,277,284
Interest rates applied		0.65%~ 1.70%	1.20%~ 1.73%	1.54%~ 4.55%

The Company short-term borrowings include NTD, USD, Japanese Yan and CNY, please refer to note 8 for assets pledged as collateral to secure the short-term borrowings.

(14) Long-term borrowings

The Company long-term borrowing details were as follows:

	December 31, 2013			
	Currency	Interest rate range	Durations	Amount
Taiwan Cooperative Bank (lead bank of syndicated loan)	NTD	1.79%	2013.05.09~2018.05.09	$ 2,489,450
Taiwan Cooperative Bank	NTD	1.50%	2013.06.28~2016.06.28	400,000
China Citic Bank	NTD	1.59%	2013.10.31~2015.10.31	350,000
Mega International Commercial Bank	NTD	1.50%	2013.07.06~2015.07.05	300,000
E. Sun Bank	NTD	1.58%	2012.07.31~2015.07.31	400,000
Bank of Taiwan	NTD	1.55%	2013.08.12~2016.08.12	300,000
Fubon Bank	NTD	1.51%	2013.11.27~2015.11.27	300,000
Total				$ 4,539,450
Current				$ 166,667
Non -current portion				4,372,783
Total				$ 4,539,450
Unused credit facility				$ 2,150,000

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

	December 31, 2012				
	Currency	Interest rate range	Durations		Amount
Citibank Taiwan (lead bank of syndicated loan)	NTD	3.0389%	2012.03.05~2017.03.03	$	2,703,477
Citibank Taiwan (lead bank of syndicated loan)	JPY	2.56%	2012.03.05~2015.03.04		186,916
Chang Hwa Bank (lead bank of syndicated loan)	NTD	1.65%	2008.03.12~2013.03.31		300,000
Mega International Commercial Bank (lead bank of syndicated loan)	NTD	1.65%	2008.12.18~2014.02.17		800,000
E. Sun Bank	NTD	1.57%	2012.07.31~2015.07.31		400,000
Fubon Bank	NTD	1.30%	2012.12.21~2014.12.21		300,000
First Bank	NTD	1.40%	2011.07.04~2014.07.04		375,000
Total				$	5,065,393
Current				$	3,830,393
Non -current portion					1,235,000
Total				$	5,065,393
Unused credit facility				$	725,000

	January 1, 2012				
	Currency	Interest rate range	Durations		Amount
Chang Hwa Bank (lead bank of syndicated loan)	NTD	1.65%	2008.03.12~2013.03.31	$	898,519
Mega International Commercial Bank (lead bank of syndicated loan)	NTD	1.65%	2008.12.18~2014.02.17		1,437,604
E. Sun Bank	NTD	1.54%	2009.06.15~2012.06.15		75,000
Fubon Bank	NTD	1.33%	2011.12.29~2014.03.24		280,000
First Bank	NTD	1.38%	2011.12.26~2014.03.23		400,000
Total				$	3,091,123
Current				$	1,995,000
Non- current portion					1,096,123
Total				$	3,091,123
Unused credit facility				$	1,206,769

On March 12, 2008, the Company entered into an agreement for syndicated loan credit facilities of $2,500,000 thousand with Chang Hwa Bank and 7 other banks. These credit facilities contained covenants that required the Company, on its annual and semiannual consolidated financial statements, to maintain certain financial ratios such as current ratio, debt ratio, and interest coverage ratio, and a specific amount of net worth as specified in the loan agreement.

On December 18, 2008, the Company entered into an agreement for syndicated loan credit facilities of $2,500,000 thousand with Mega International Commercial Bank and 5 other banks. These credit facilities contained covenants that required the Company, on its annual and semiannual consolidated financial statements, to maintain certain financial ratios such as current ratio, debt ratio, and interest coverage ratio, and a specific amount of net worth as specified in the loan agreement.

(Continued)

On March 5, 2012, the Company entered into an agreement for syndicated loan credit facilities of $6,200,000 thousand and JPY 7,750,000 thousand with Citibank and 10 other banks. These credit facilities contained covenants that required the Company, six months after the first date of application, to maintain certain financial ratios such as current ratio, debt ratio, and interest coverage ratio, and a specific amount of net worth as specified in the loan agreement on its annual and semiannual consolidated financial statements.

As stipulated in the agreement between the Company and Citibank and 10 other banks, the Company shall give priority to repay the syndicated loan when it has successfully completed a capital increase by cash. On June 22, 2012, the board of directors resolved to increase capital by cash in the amount of $3,461,600 thousand, and as of December 31, 2012, the registration procedure was completed. The Company repaid the syndicated loan on July 3, 2012.

According to the syndicated loan agreement with Citibank Taiwan, the Company can consider early repayment and cancellation of the credit facilities. The Company repaid the balance of the syndicated loan in February 2013.

On May 6, 2013, the Company entered into an agreement for syndicated loan credit facilities of $4,000,000 thousand with Taiwan Cooperative Bank (TCB) and 5 other banks. These credit facilities contained covenants that required the Company during the agreement period to maintain certain financial ratios such as current ratio, debt ratio, and interest coverage ratio, and a specific amount of net worth as specified in the loan agreement on its audited annual and semiannual consolidated financial statements.

In accordance with the syndicated loan agreement with TCB and 5 other banks, the Company utilized the credit facilities for priority repayment of the balance of the syndicated loan with Citibank and 10 other banks. In May 2013, the Company fully repaid the syndicated loan with Citibank and 10 other banks and cancelled the credit facilities.

If the Company does not maintain certain financial ratios as specified in the loan agreements, the Company should apply for a waiver, stating therein the reasons and measures to be taken, based on the loan agreements. The banks have the right to request repayment if the banks verify a breach of the loan agreement.

The Company’s 2013 consolidated finical statement meet the financial ratio requirement.

According to the loan agreements, a commitment fee is charged at an annual rate of 0.1% to 0.2% based on the committed-to- withdraw but unused balance, if any. As of December 31, 2013, the credit facilities had been withdrawn on schedule, and no commitment fee was paid.

Pursuant to a board meeting resolution on March 26, 2013, the Company decided repays balance of syndicated loan therefore reclassified balance of long-term borrowing to short-term borrowing.

Please refer to note 6 (27) for information on the Company’s interest rate risk, foreign currency risk, and liquidity risk.

Please refer to note 8 for information on pledged assets.

(Continued)

(15) Finance lease liabilities

The Company's finance lease liabilities are as follows under current and non-current liabilities:

		December 31, 2013	December 31, 2012	January 1, 2012
Less than one year	$	52,144	77,684	-
Between one and five years		112,498	138,583	-
More than five years		262,839	-	-
	$	427,481	216,267	-

The Company acquired Sunrise Global on August 1, 2013 and assumed the financing lease liability which was made with MOEC in October 2007 for a land leased in Lize Industry Zone. After end of the lease, Sunrise Global can purchase the land with the fair value based on the contract date. The amount that was already paid by the Company will be deducted from the rental expenses.

(16) Provision

		Site restoration	Onerous contracts	Total
Balance at January 1, 2013	$	33,961	2,864,931	2,898,892
Assumed in a business combination		-	427,000	427,000
Provisions reversed during the year		650	(616,226)	(615,576)
Effect of movement in exchange rates		(5,573)	(390,938)	(396,511)
Balance at December 31, 2013	$	29,038	2,284,767	2,313,805
Current	$	-	661,155	661,155
Non-current		29,038	1,623,612	1,652,650
Total	$	29,038	2,284,767	2,313,805
Balance at January 1, 2012	$	-	-	-
Assumed in a business combination		35,597	3,458,159	3,493,756
Provisions reversed during the year		389	(462,598)	(462,209)
Effect of movement in exchange rates		(2,025)	(130,630)	(132,655)
Balance at December 31, 2012	$	33,961	2,864,931	2,898,892
Current	$	-	884,478	884,478
Non-current		33,961	1,980,453	2,014,414
Total	$	33,961	2,864,931	2,898,892

A. Site restoration

The Company proved for environmental damage provision in Japan.

(Continued)

B. Onerous contracts

Effective 2005, the Company entered into several non-cancelable long-term material supply agreements with the suppliers of silicon. The suppliers agreed to ship the silicon according to the quantity and purchase price mention in the contracts which is from January 1, 2006 to December 31, 2019. The prepayments for the materials were non-refundable and non-cancelable, there on have already been paid by the Company according to the schedule stipulated in the contracts. Due to the economic downturn, the market prices of silicon fluctuated rapidly. Therefore, the Company re negotiated with the suppliers concerning the prices of the raw materials based on the market conditions.

The Company revalued the prices of material in GWJ and Sunrise Global's non-cancelable long-term supply agreements while merging process and recognized the differences between revalued prices and original contract prices. Therefore, the Company recognized these long-term supply agreements as onerous contracts.

(17) Operating Lease

A. Lessee

The Company's operating lease liabilities are as follows:

		December 31, 2013	December 31, 2012	January 1, 2012
Less than one year	$	134,867	150,166	5,498
Between one and five years		539,018	1,119,543	401,906
More than five years		433,505	588,120	587,149
	$	1,107,390	1,857,829	994,553

During the year, the amount of $137,177 thousand was recognized as an expense in profit or loss in respect of the operating leases (2012: 135,094 thousand). The Company entered into operating lease agreements with Covalent Materials Corporation primarily for the rental of land, plant, office and equipment in Oguni, Taino and Tokuyama. All the lease agreements covered the period from November 30, 2011 to December 31, 2035. The aggregated future rental payment is $34,529 thousand per annum.

The Company entered into a land lease agreement with the Hsinchu Science Park Administration for the plant located at the Hsinchu site of the Hsinchu Science Park. The land lease agreement covers the period from October 1, 2000 to December 30, 2020. According to the lease agreement, rent is subject to adjustment based on the current land value which is announced by the government. The annual rent is approximately $2,747 thousand.

The Company entered into a land lease agreement with the Hsinchu Science Park Administration for the plant located at the Chu-Nan site of the Hsinchu Science Park. The land lease agreement covers the period from March 17, 2005 to December 31, 2027. According to the lease agreement, rent is subject to adjustment based on the current land value which is announced by the government. The annual rent is approximately $3,926 thousand.

(Continued)

B. Long-term rental prepayment

The Company entered into operating leases tenure agreements, the lease agreements cover period is 20 years or 50 years, and paid all rental amounts in advance. For 2013 and 2012, rental expenses in profit and loss statement are $236 thousand and $229 thousand. As of December 31, 2013 and 2012 and January 1, 2012, balances of unamortized are $9,494 thousand, $9,247 thousand and $9,759 thousand.

(18) Employee benefits

A. Defined benefit plans

The Company determined the movement in the present value of the defined benefit obligations and fair value of plan assets as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Total present value of obligations	$ (1,238,198)	(1,363,161)	(91,915)
Fair value of plan assets	30,975	28,661	34,183
Recognized liabilities for defined benefit obligations	**$ (1,207,223)**	**(1,334,500)**	**(57,732)**

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labour Standards Law) entitle a retired employee to receive a pension benefit based on years of service and average salary for the six months prior to retirement.

(a) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labour Pension Fund Supervisory Committee. Minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company’s Bank of Taiwan labour pension reserve account balance amounted to $30,975 thousand at the end of the reporting period. For information on the utilization of the labour pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Labour Pension Fund Supervisory Committee.

(Continued)

(b) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations of the Company were as follows:

		2013	2012
Defined benefit obligation at January 1	$	1,363,161	91,915
Current service costs and interest		78,615	93,912
Liabilities acquired through business combinations		-	1,247,859
Effect resulted from subsidiary’s dissolution		(1,444)	-
Actuarial losses		8,380	15,180
Payment		-	(8,011)
Effect of movements in exchange rates		(210,514)	(77,694)
Defined benefit obligation at December 31	$	1,238,198	1,363,161

(c) Movements of defined benefit plan assets

The movements in present value of the defined benefit plan assets of the Company were as follows:

		2013	2012
Fair value of plan assets at January 1	$	28,661	34,183
Expected return on plan assets		552	648
Contributions from plan participants		2,193	2,193
Effect resulted from subsidiary’s dissolution		(261)	-
Actuarial losses		(170)	(352)
Payment		-	(8,011)
Fair value of plan assets at December 31	$	30,975	28,661

(d) Expenses recognized in profit or loss

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

		2013	2012
Current service costs	$	63,334	76,837
Interest on obligation		15,281	17,075
Expected return on plan assets		(552)	(648)
	$	78,063	93,264

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

(e) Actuarial gains and losses recognized in other comprehensive income

The Company's actuarial gains and losses recognized in other comprehensive income as follows:

		2013	2012
Cumulative amount at January 1	$	(42,573)	(27,040)
Recognized during the period		(8,550)	(15,533)
Effect resulted from subsidiary's dissolution		873	-
Cumulative amount at December 31	$	(50,250)	(42,573)

(f) Actuarial assumptions

The following are the Company's principal actuarial assumptions:

i. Present value of defined benefit obligation

	December 31, 2013	December 31, 2012
Discount rate	1.24%~2.00%	1.24%
Expected rate of return on plan assets	2.000%	1.875%
Rate of increase in future compensation levels	2.000%	2.000%

ii Cost of defined benefit plan

	2013	2012
Discount rate	1.24%~2.00%	1.500%
Expected rate of return on plan assets	1.875%	2.000%
Rate of increase in future compensation levels	2.000%	2.000%

(g) Experience adjustments on historical information

		December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$	(1,238,198)	(1,363,161)	(91,915)
Fair value of plan assets		30,975	28,661	34,183
Net liabilities of defined benefit obligations	$	(1,207,223)	(1,334,500)	(57,732)
Experience adjustments arising on the present value of defined benefit plan	$	(14,504)	(14,310)	-
Experience adjustments arising on the fair value of the plan assets	$	(170)	(350)	-

(Continued)

The expected allocation payment made by the Company to the defined benefit plans for the one year period after the reporting date is $2,196 thousand.

(h) When calculating the present value of the defined benefit obligations, the Company uses judgments and estimations to determine the actuarial assumptions, including employee turnover rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

As of 31 December 2013, the Company's accrued pension liabilities were $1,207,223 thousand. Had if the discount rate (or salary increase rate) increased or decreased by 0.25%, the Company's accrued pension liabilities would change as follows:

	Accrued pension liabilities	
Actuarial assumptions	**Increase 0.25%**	**Decrease 0.25%**
Discount rate	$ (42,581)	44,680
Salary increase rate	$ 30,643	(29,408)

B. Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations thereafter.

The Company, excluding SSTI, GSI, GWI and GWafer, do not actually hire employees, and the total periodic pension costs of SST and GTI were recognized in accordance with their local regulations.

The Company's pension costs under the defined contribution method were $32,453 thousand and $32,218 thousand for 2013 and 2012, respectively. Payment was made to the Bureau of the Labor Insurance.

The Company's foreign subsidiaries recognized pension costs were $13,348 thousand and $9,895 thousand for 2013 and 2012, respectively.

(Continued)

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

(19) Income Taxes

A. Tax expense

The amount of tax expense (benefits) in the year of 2013 and 2012 was as follows:

		2013	2012
Current tax expense	$	66,554	(65,431)
Deferred tax expense (benefits)		22,748	(256,135)
	$	**89,302**	**(321,566)**

The amount of income tax recognized in other comprehensive income in the year of 2013 and 2012 was as follows:

		2013	2012
Foreign currency translation differences for foreign operations	**$**	**174,686**	**126,973**

Reconciliation of income tax and profit before tax for 2013 and 2012 is as follows：

		2013	2012
Profit(loss) excluding income tax	$	128,235	(2,877,721)
Income tax using the Company's domestic tax rate		21,800	(489,213)
Effect of tax rates in foreign jurisdiction		381,004	47,834
Adjustment for effect of permanent differences		(121,442)	86,953
Tax-exempt income		(10,200)	-
Under (Over) provision in prior periods		(173,250)	43,563
Investment tax credits		(8,610)	(10,703)
	$	**89,302**	**(321,566)**

B. Deferred income tax assets and liabilities

(a) Unrecognized deferred tax liabilities

As of December 31, 2013 and 2012 and January 1, 2012, the reversal timing of the taxable temporary income tax difference related to investment in subsidiaries were controlled by the Company and in the foreseeable future the difference will be not revised, therefore the Company does not recognize deferred tax liability, the related amount was as follows:

		December 31, 2013	December 31, 2012	January 1, 2012
Aggregate amount of temporary differences related to investments in subsidiaries	**$**	**(198,969)**	**-**	**-**

(Continued)

(b) Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2013	December 31, 2012	January 1, 2012
Deductible temporary differences	$ 581,834	534,883	11,318
Investment tax credits	1,092,894	995,006	567,933
Loss carryforward	652,248	616,208	12,887
	$ 2,326,976	2,146,097	592,138

According to the R.O.C Income Tax Act, the previous 10 years' losses of the Company as assessed by the tax authorities can offset the current year's net income for income tax purposes.

As of December 31, 2013, the unused loss carryforward and related expiration year of the Company were as follows:

Year of loss	Unused amount	Year of expiry
2012	209,689	2022
2013	2,064,675	2023
	$ 2,274,364	

As of December 31, 2013, the unused loss carryforward and related expiration year of GWJ was as follows:

Year of loss	Unused amount	Year of expiry
2011	134,308	2021
2012	579,879	2022
	$ 714,187	

As of December 31, 2013, the Company's unused investment tax credits and related expiration years were as follows:

Year of assessment	Expiration year	Remaining credit
2010 (filed)	2010~2014	$ 983,858

As of December 31, 2013, the SGSE's unused investment tax credits and related expiration years were as follows:

Year of assessment	Expiration year	Remaining credit
2010 (filed)	2010~2014	$ 109,036

(Continued)

Since the profitability growth of the Company is yet to stabilize, the Company assumes that the above investment tax credit may not be used, and it therefore has not been recognized as deferred tax assets.

(c) Recognized deferred tax Assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2013 and 2012 are as follows:

	December 31, 2012	Acquisition of subsidiary	Recognized in profit or loss	Recognized in other comprehensive income	Effect of movements in exchange rates	December 31, 2013
Assets:						
Inventories	$ 18,887	17,213	1,613	-	-	37,713
Investment tax credits	146,362	-	(83,681)	-	-	62,681
Loss carry forward	255,578	43,378	139,815	-	-	438,771
Other	112,505	16,866	70,195	174,686	(5,342)	368,910
	$ 533,332	77,457	127,942	174,686	(5,342)	908,075
Liabilities:						
Financial instrument	$ -	-	(1,491)	-	-	(1,491)
Investment in equity method	(117,933)	-	(98,444)	-	-	(216,377)
Property, plant and equipment, net	(174,924)	-	(47,921)	-	-	(222,845)
Other	-	-	(2,834)	-	-	(2,834)
	$ (292,857)	-	(150,690)	-	-	(443,547)

	January 1, 2012	Acquisition of subsidiary	Recognized in profit or loss	Recognized in other comprehensive income	Effect of movements in exchange rates	December 31, 2012
Assets:						
Inventories	$ 21,105	-	(2,218)	-	-	18,887
Investment tax credits	80,554	-	65,808	-	-	146,362
Loss carry forward	-	-	255,578	-	-	255,578
Other	22,510	-	(38,427)	126,973	1,449	112,505
	$ 124,169	-	280,741	126,973	1,449	533,332

(Continued)

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

		January 1, 2012	Acquisition of subsidiary	Recognized in profit or loss	Recognized in other comprehensive income	Effect of movements in exchange rates	December 31, 2012
Liabilities:							
Financial instrument	$	(10,834)	-	10,834	-	-	-
Investment in equity method		(32,391)	-	(85,542)	-	-	(117,933)
Property, plant and equipment, net		(161,016)	-	(13,908)	-	-	(174,924)
Other		(64,010)	-	64,010	-	-	-
	$	(268,251)	-	(24,606)	-	-	(292,857)

C. Examination and approval

As of December 31, 2013, income tax returns of SAS, GlobalWafers, Sunrise Global and Sino Sapphire for all fiscal years up to 2011 all have been examined and approved by the R.O.C. Tax Authority.

D. Information related to the unappropriated earnings and tax deduction ratio is summarized below:

		December 31, 2013	December 31, 2012	January 1, 2012
Unappropriated earnings (accumulated deficits):				
Unappropriated earnings of 1998 and before	$	-	10,095	10,095
Unappropriated earnings of 1998 and after		64,423	(1,508,537)	2,172,446
	$	64,423	(1,498,442)	2,182,541
Balance of deductible tax account	$	411,012	187,217	312,102

	2013 (estimated)	2012 (actual)
Tax deduction ratio for earnings distribution to ROC residents	20.48%	-

The information related to the unappropriated retained earnings and tax deduction ratio shown in the tables above are prepared in accordance with ruling letter No. 10204562810 issued by the Ministry of Finance, R.O.C., on October 17, 2013.

(Continued)

(20) Capital and other equity

As of December 31, 2013 and 2012, and January 1, 2012, the authorized capital of the Company was $8,000,000 thousand, $8,000,000 thousand, and $6,000,000 thousand, respectively, composed of 800,000 shares, 800,000 shares, and 600,000 shares, respectively, with par value of $10 per share, of which $200,000 thousand was reserved for employee stock options, subscription warrants, and outstanding corporate bonds convertible into shares. As of December 31, 2013 and 2012, and January 1, 2012, the issued capital was $5,231,191 thousand, $5,231,191 thousand, and $4,431,191 thousand, respectively.

Reconciliations of shares outstanding for 2013 and 2012 are as follows (in thousands of shares):

	Common stock	
	2013	**2012**
Balance, January 1	515,526	443,119
Issued for cash	-	80,000
Treasury stock acquired	(170)	(7,593)
Treasury stock transferred to employee	7,763	-
Balance, December 31	**523,119**	**515,526**

A. Common Stock

On September 9, 2010, the Company offered 61,000 thousand global depositary receipts (GDRs) on the Luxembourg Stock Exchange representing 61,000 thousand shares of common stock. Each GDR represents one share of the Company’s common stock. The offering price was US$2.9048 per GDR. The offering and issuance of the GDRs was authorized and approved by the R.O.C Securities and Futures Bureau (SFB) through its notice letter No. 0990041383 dated August 13, 2010. The total capital received from the offering of these GDRs amounted to US$177,193 thousand on September 9, 2010, and the net proceeds thereof, after deducting the underwriting expense of US$2,262 thousand, amounted to US$174,931 thousand (equivalent to $5,580,288 thousand). The issuance cost for the GDR offering was $11,531 thousand. The paid-in capital in excess of par value of $4,958,757 thousand was recognized as “capital surplus”.

Pursuant to a board meeting resolution on June 22, 2012, the Company increased its common stock by 80,000 thousand new shares for cash at $43.27 per share over the par value, with a total amount of $3,461,600 thousand. The premium minus the underwriter expenses of $9,527 thousand was $2,652,073 thousand, booked at capital surplus. The registration procedures related to the capital increase were completed, and the increase was authorized and approved by the SFB through its notice letter No. 1010023340. The date fixed for the capital increase was June 29, 2012. Additionally, the Company recognized the compensation cost amounting to $170 thousand from issuance of stock for cash.

(Continued)

B. Capital surplus

The balances of Capital surplus were as follows:

		December 31, 2013	December 31, 2012	January 1, 2012
Additional paid-in capital	$	14,491,027	14,491,027	11,838,954
Capital surplus-investments under equity method		122,068	72,659	70,777
Treasury share transactions		31,765	546	546
Employee share options		332,642	314,676	231,112
	$	**14,977,502**	**14,878,908**	**12,141,389**

According to the revised R.O.C Company Act, effective from January 2012, including premium from stock issuing and donations received, shall be applied to offset accumulated deficits before it can be used to increase common stock or distribution cash dividends. Pursuant to Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total sum of capital surplus capitalized per annum shall not exceed 10 percent of the paid-in capital.

C. Legal reserve

According to the revised R.O.C Company Act, 10 percent of the annual earnings after payment of income taxes due and offsetting accumulated deficits, if any, shall be allocated as legal reserve until the accumulated legal reserve equals the issued common stock. When a company incurs no loss, it may, pursuant to a resolution to be adopted by a stockholders' meeting, distribute its legal reserve to stockholders by issuing new shares or by cash, and only the portion of legal reserve which exceeds 25 percent of the issued capital may be distributed.

D. Special reserve

By choosing to apply the exemptions granted under IFRS 1 First-time Adoption of the International Financial Reporting Standards during the Company's first-time adoption of the International Financial Reporting Standards as approved by the Financial Supervisory Commission (IFRSs), the unrealized revaluation gains recognized under stockholders' equity and cumulative translation adjustments (gains) shall be reclassified as investment property at the adoption date. According to the regulations, retained earnings would increase by $161,317 thousand while recognizing the fair value on the adoption date as deemed cost.

The increase in retained earnings occurring before the adoption date due to the first-time adoption of the IFRSs amounted to $102,349 thousand. In accordance with Ruling No. 1010012865 issued by the Financial Supervisory Commission on April 6, 2012, an increase in retained earnings, due to the first-time adoption of the IFRSs, shall be reclassified as a special earnings reserve during earnings distribution, and when relevant assets are used, disposed of, or reclassified, this special earnings reserve shall be reversed as distributable earnings proportionately. The carrying amount of special earnings reserve was $102,349 thousand on December 31, 2013, respectively.

(Continued)

In accordance with the guidelines of the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special earnings reserve resulting from the first-time adoption of IFRSs and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

E. Distribution of earnings and dividend policy

According to the Company's articles of incorporation as revised on June 25, 2013, when allocating current year's net profits for each fiscal year, if any, they shall be distributed in the following order:

(a) Offset prior year's operating losses;
(b) Legal reserve at 10% of the profits left over, until the accumulated legal reserve equals the Company's issued capital;
(c) Special reserve in accordance with relevant laws or regulations or as requested by the authorities;
(d) After deducting items (a), (b), and (c) above from the net current profits, bonus to directors of the Company of not more than 3% and profit sharing to employees of not less than 10%; the distribution of the remaining portion including the previous years' unappropriated earnings, if any, will be recommended by the board of directors and resolved in the stockholders' meeting.

After considering both the long-term development of the business and the goal of stable growth of earnings per share, distribution of cash dividends should not be less than 50% of total dividends. If employee bonuses are paid in the form of stock subject to compliance with certain conditions, the stock dividends may be paid to the Company's affiliates' qualified employees as determined by the chairman of the board.

For the year ended of 2013, the Company's net income after deducting 10% of legal reserve and special reserve no remaining earning, therefore the Company did not accrue a bonus to directors and profit sharing to employees. Above information please refer to Market Observation Post System after pursuant to related meetings. The Company did not accrue a bonus to directors and profit sharing to employees due to net loss for the year ended December 31, 2012. For employee stock bonuses, the distribution amount is determined by dividing the total approved bonus amount by the closing market price of the Company's stock one day prior to the approved date and considering the ex-dividend effect. However, if the amounts are modified by the stockholders' meeting in the following year, the adjustment will be treated as a change in accounting estimate and will be reflected in the statement of income in the following year.

(Continued)

The information on dividend per share, employee bonuses, and directors' and supervisors' remuneration allocated from earnings of 2011 which were approved by the stockholders' meeting on June 27, 2012, is as follows:

	2011
Dividend per common share:	
Cash	$ 1.00
Directors' and supervisors' remuneration and Employee bonuses	$ -
Ex-dividend date	2012.8.15

The stockholders' meeting resolution on June 25, 2013, approved the offsetting of net loss of 2012 through use of legal reserve and special reserve of $773,750 thousand and $604,810 thousand, respectively. No dividend was distributed.

The appropriation of net loss of 2013, however, will be subject to the resolution of the Company's annual board of directors' meeting and annual shareholders' meeting; the information is available on the Market Observation Post System website.

F. Treasury stock

The Company acquired common stock from the GreTai Securities Market in accordance with related regulations of the stock exchange. Details of the treasury stock transactions are as follows:

(Unit：In thousands of shares)

	2013			
Purpose	January 1,	Increase	Decrease	December 31,
For transfer to employees	$ 7,593	170	7,763	-

	2012			
Purpose	January 1,	Increase	Decrease	December 31,
For transfer to employees	$ -	7,593	-	7,593

According to the Securities and Exchange Act of the R.O.C., the total shares of treasury stock shall not exceed 10% of a company's issued stock, and the total purchase amount shall not exceed the sum of the retained earnings, additional paid-in capital – premium, and realized additional paid-in capital. In compliance with the Securities and Exchange Act of the R.O.C., treasury stock should not be pledged, nor is it entitled to voting rights or dividends.

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

G. Other equity

		Foreign exchange differences arising from foreign operation	Financial assets unrealized gains and losses
January 1, 2013	$	(628,954)	(1,107,472)
Foreign exchange differences (net of tax)		(860,265)	-
Unrealized gains and losses from available-for-sale investment		-	304,883
December 31, 2013	**$**	**(1,489,219)**	**(802,589)**
January 1, 2012	$	-	(766,076)
Foreign exchange differences (net of tax)		(628,954)	-
Unrealized gains and losses from available-for-sale investment		-	(341,396)
December 31, 2012	**$**	**(1,489,219)**	**(1,107,472)**

(21) Share-based payment

A. Employee stock option plans

In June 2010, the board of directors of the Company resolved to issue stock options under the 2010 First Employee Stock Option Plan in 2010 (the "Plan"), with 10,000,000 granted units. Each unit entitles a participant to subscribe 1 share of the Company's common stock. The contractual life is 6 years. The Plan was approved by the SFB on November 12, 2010, and officially implemented on August 10, 2011. Starting from the grant date according to the vesting schedule, 40%, 60%, 80% and 100% of the options vest on each anniversary date after 2 years, 3 years, 4 years and 5 years, respectively.

As of December 31, 2013, the Company's outstanding employee stock option plan was as follows:

Item	Authorization date	Grant date	Vesting period	Issued units in thousands	Exercise price per share ($)	Fair value per share on grant date ($)	Adjusted exercise price per share ($)
2010 First Employee Stock Option Plan	November 12, 2010	August 10, 2011	Service periods between two and four years	10,000	60.50	60.50	57.40

For options granted in 2013 and 2012, The Company recognized compensation cost of $52,784 thousand and $83,564 thousand. The fair value of the options granted in August 10, 2011 was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions. The factors to account for share-based payments were as follows:

Expected dividend yield	3.6%
Expected volatility	48.065%
Risk-free interest rate	1.2905%
Remaining contractual life	6 years

As of December 31, 2013, SAS's outstanding employee stock option plan was as follows:

	2013		2012	
Employee stock options	**Options (thousands)**	**Weighted-average exercise price**	**Options (thousands)**	**Weighted-average exercise price**
Outstanding at beginning of year	10,000	$ 57.40	10,000	59.90
Options granted	-	-	-	-
Options exercised	-	-	-	-
Options forfeited (expired)	-	-	-	-
Outstanding at end of year	10,000	57.40	10,000	57.40
Options exercisable at end of year	4,000	-	-	-
Weighted-average fair value of employee stock options (dollars)	$ 23.36		23.36	

As of December 31, 2013, December 31 and January 1, 2012, the average remaining contractual life of outstanding employee stock options was 2.66 year, 3.66 years and 4.66 years, respectively.

In August 2010, the board of directors of Sunrise Global resolved to issue stock options with 500 granted units according to the 2010 First Employee Stock Option Plan (the "Plan"). Each unit entitles a participant to subscribe 1,000 shares of Sunrise Global's common stock. The contractual life is 2.29 years. The Plan was approved by the SFB on December 24, 2010. Starting from the grant date, 20%, 50% and 100% of the options are vested on each anniversary date after 0.6 years, 1.6 years, and 2.6 years, respectively.

As of December 31, 2013, Sunrise Global's outstanding employee stock option plan was as follows:

Item	Authorization date	Grant date	Vesting period	Issued units in thousands	Exercise price per share ($)	Fair value per share on grant date ($)	Adjusted exercise price per share ($)
2010 First Employee Stock Option Plan	December 24, 2010	August 26, 2010	Service periods between 0.6 and 2.6years	500	30	30	30

(Continued)

The fair value of the options granted on August 26, 2010, was estimated at the grant date using the Black-Scholes option pricing model with the following weighted-average assumptions:

Expected dividend yield	-
Expected volatility	41.85%
Risk-free interest rate	0.69%
Remaining contractual life	2.29 year

As of December 31, 2013, Sunrise Global's outstanding employee stock option plan was as follows:

	2013	
Employee stock options	**Options (thousands)**	**Weighted-average exercise price**
Outstanding at beginning of year	500	$ 30
Options granted	-	-
Options exercised	-	-
Options forfeited (expired)	500	-
Outstanding at end of year	-	30
Options exercisable at end of year	-	-
Weighted-average fair value of employee stock options (dollars)	$ 30.00	

B. Treasury stock transferred to employees

As of December 31, 2013, the compensation cost arising from transferring treasury stock to employees of the Company amounted to $46,512 thousand. The Company used the Black-Scholes option pricing model with the following weighted-average assumptions:

	2013
Fair value at grant date	6.06
Share price at grant date	39.9
Exercise price	33.8
Expected volatility (%)	34.072%
Expected life (years)	0.0438 year
Expected dividend	3.402%
Risk-free interest rate (%)	0.776%

(22) Earnings Per Share ("EPS")

A. Basic EPS

	2013	2012
Profit attributable to owner of equity	$ 295,118	(2,574,650)
Weighted-average number of shares outstanding during the period	521,925	483,378
Basic earnings (loss) per common share	$ 0.57	(5.33)

(Continued)

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

B. Diluted EPS

The diluted earnings per share were not calculated due to the anti-dilutive effect of the employee stock option plan and the net loss incurred for the years ended December 31, 2013 and 2012.

(23) Revenue

Revenue of the Company for the years ended December 31, 2013 and 2012 is as follows:

	continuing operations		Discontinued operations		Total	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Sale of goods	$ 22,210,840	18,381,161	-	700,844	22,210,840	19,082,005
Service revenue	4,527	7,325	-	-	4,527	7,325
	$ 22,215,367	**18,388,486**	**-**	**700,844**	**22,215,367**	**19,089,330**

(24) Other income

	2013	2012
Interest income	$ 17,484	23,949
Dividend income	9,203	10,474
Gain on bargain purchase	-	129,793
	$ 26,687	**164,216**

(25) Other gains and losses

	2013	2012
Foreign exchange gains, net	$ 109,546	(229,084)
Gain upon disposal of investment:		
Gain on disposal of available-for-sale financial assets, net	62,342	61,507
Loss on disposal of investment for using equity method	(320,135)	-
Impartment loss of financial assets	-	(720,413)
Loss on financial assets measured at fair value through profit or loss	9,988	(6,407)
Other	(15,699)	(31,951)
	$ (153,958)	**(926,348)**

(Continued)

(26) Reclassification of other comprehensive income

Reclassification of components of other comprehensive income of the Company for the years ended December 31, 2013 and 2012 is as follows:

	2013	2012
Available-for-sale financial assets – non-current		
Net change in fair value	$ 367,225	(279,889)
Reclassified to profit or loss	(62,342)	(61,507)
Net change in fair value recognized in other comprehensive income	**$ 304,883**	**(341,396)**

(27) Financial instruments

A. Categories of financial instruments

Financial assets

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets measured at fair value through profit or loss－current	$ 8,773	-	43,922
Available-for-sale financial assets – non-current (including financial assets carried at cost－non-current)	2,367,063	2,102,737	2,958,286
Receivable:			
Cash and cash equivalents	3,682,154	2,113,385	4,183,509
Notes and trade receivable (including related parties)	4,064,045	3,447,705	1,302,355
Other financial assets－current and non-current	472,515	695,639	382,544
	8,218,714	**6,256,729**	**5,868,408**
	$ 9,694,550	**8,359,466**	**8,870,616**

Financial liabilities

	December 31, 2013	December 31, 2012	January 1, 2012
Financial liabilities measured at cost			
Short-term borrowings	$ 2,409,093	1,991,355	1,020,694
Notes and accounts payable (including related parties)	2,754,488	2,750,105	600,770
Long-term loans payable (including current portion of long-term loans payable)	4,539,450	5,065,393	3,091,123
	$ 9,703,031	**9,806,853**	**4,712,587**

(Continued)

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

B. Credit risk

(a) Credit risk exposure

As of December 31, 2013 and 2012, and January 1, 2012, the Company's maximum exposure to credit risk was mainly from the carrying amount of financial assets recognized in the balance sheet and amounted to $8,227,487 thousand, $6,256,729 thousand, and $5,912,330 thousand, respectively.

(b) Disclosures of the concentration of credit risk

The main customers of the Company belong to the silicon wafer and related industries. It is the Company's normal practice to provide customers with a credit limit according to their credit evaluations. Therefore, the credit risk of the Company is mainly influenced by the silicon wafer industry. As of December 31, 2013 and 2012, and January 1, 2012, 44%, 22% and 40%, respectively, of the Company's accounts receivable (including related parties) arose from the top 10 customers. Although there is a potential for concentration of credit risk, the Company routinely assesses the collectability of the accounts receivable and provides a corresponding allowance for doubtful accounts.

C. Liquidity risk

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

	Carrying amount	Contractual cash flows	Less Than 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
December 31, 2013							
Non-derivative financial liabilities							
Short-term borrowings	$ 2,409,093	(2,430,463)	(1,241,541)	(1,188,922)	-	-	-
Notes and accounts payable (including related parties)	2,754,488	(2,754,488)	(2,754,488)	-	-	-	-
Long-term loans payable (including current portion of long-term loans payable)	4,539,450	(4,844,316)	(84,078)	(84,822)	(1,564,826)	(3,110,590)	-
Finance lease	427,481	(564,037)	(32,138)	(32,293)	(86,862)	(72,527)	(340,217)
	$10,130,512	**(10,593,304)**	**(4,112,245)**	**(1,306,037)**	**(1,651,688)**	**(3,183,117)**	**(340,217)**

(Continued)

	Carrying amount	Contractual cash flows	Less Than 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
December 31, 2012							
Non-derivative financial liabilities							
Short-term borrowings	$ 1,991,355	(2,005,046)	(2,005,046)	-	-	-	-
Notes and accounts payable (including related parties)	2,750,105	(2,750,105)	(2,750,105)	-	-	-	-
Long-term loans payable (including current portion of long-term loans payable)	5,065,393	(5,216,713)	(489,391)	(3,436,193)	(858,710)	(432,419)	-
Finance lease liabilities	216,267	(225,529)	(39,114)	(39,385)	(35,621)	(111,409)	-
	$10,023,120	**(10,197,393)**	**(5,283,656)**	**(3,475,578)**	**(894,331)**	**(543,828)**	**-**
January 1, 2012							
Non-derivative financial liabilities							
Short-term borrowings	]$ 1,020,694	(1,034,884)	(1,034,884)	-	-	-	-
Notes and accounts payable (including related parties)	600,770	(600,770)	(600,770)	-	-	-	-
Long-term loans payable (including current portion of long-term loans payable)	3,091,123	(3,160,955)	(700,693)	(1,319,474)	(969,745)	(171,043)	-
	$ 4,712,587	**(4,796,609)**	**(2,336,347)**	**(1,319,474)**	**(969,745)**	**(171,043)**	**-**

The Company is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

D. Currency risk

(a) Exposure to currency risk

The Company’s significant exposure to foreign currency risk was as follows:

	December 31, 2013		
	Foreign currency	**Exchange rate**	**NTD**
Financial assets			
Monetary Items			
USD	188,149	29.805	5,607,781
JPY	1,102,617	0.2839	313,033

	December 31, 2013		
	Foreign currency	**Exchange rate**	**NTD**
Financial liabilities			
Monetary Items			
USD	48,406	29.805	1,442,741
JPY	167,289	0.2839	47,493

	December 31, 2012		
	Foreign currency	**Exchange rate**	**NTD**
Financial assets			
Monetary Items			
USD	95,626	29.126	2,785,203
JPY	1,004,182	0.3391	340,518
Financial liabilities			
Monetary Items			
USD	58,203	29.126	1,695,221
JPY	236,011	0.3391	80,031

	January 1, 2012		
	Foreign currency	**Exchange rate**	**NTD**
Financial assets			
Monetary Items			
USD	96,020	30.275	2,907,006
JPY	1,367,739	0.3906	534,239
Financial liabilities			
Monetary Items			
USD	37,156	30.275	1,124,898
JPY	394,310	0.3906	154,017

(b) Sensitivity analysis

The Company’s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, loans and borrowings; and trade and other payables that are denominated in foreign currency. 5% of depreciation or appreciation of the NTD against the USD, the Yen and Euro at December 31, 2013 and 2012 would have decreased or increased the net income before tax by $245,961 thousand and $67,523 thousand, respectively. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for both periods.

(Continued)

E. Interest rate analysis

Please refer to the note for the liquidity risk management and the Company's interest rate exposure to its financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates. For floating-interest-debt, the analysis assumes that the liability as of the reporting date is outstanding for a year.

If the interest rate increases or decreases by 0.25%, the Company's net loss before tax will increase or decrease by $8,166 thousand and $12,358 thousand, for the years ended December 31, 2013 and 2012, respectively, with all other variable factors that remain constant. This is mainly due to the Company's borrowing in variable rates.

F. Fair value

(a) The Company's non-derivative financial assets and liabilities with short-term maturities include notes and accounts receivable/payables (including related parties), other current and non-current financial assets, short-term borrowings whose carrying amounts approximate their fair value due to their short maturities.

(b) Except for the aforementioned financial instruments, the carrying amount and fair value of the financial instruments of the Company as of December 31, 2013 and 2012, and January 1, 2012, were as follows:

	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets：						
Available-for-sale financial assets – non-current	$ 1,000,245	1,000,245	703,328	703,328	1,054,168	1,054,168
Financial liabilities:						
Current portion of long-term loans payable(including current portion of long-term loans payable)	4,539,450	4,539,450	5,065,393	5,065,393	3,091,123	3,091,123

(c) Methods and assumptions used to estimate fair values of financial instruments:

The fair value of available-for-sale financial assets is determined based on the active market quoted price if it is available.

The fair value of long-term loans payable bearing a floating rate approximates the carrying value.

(Continued)

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

(d) Fair value hierarchy

Fair value levels are defined on a basis to the extent that fair value can be observed. Definitions are as follows:

(i) Level 1: Quoted prices (unadjusted) in active markets for identified assets or liabilities.

(ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iii) Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
December 31, 2013				
Financial assets designated as at fair value through profit or loss－non-current	$ -	8,773	-	8,773
Available-for-sale financial assets－non-current	1,000,245	-	-	1,000,245
	$ 1,000,245	**8,773**	**-**	**1,009,018**
December 31, 2012				
Available-for-sale financial assets-non-current	$ 703,328	-	-	703,328
January 1, 2012				
Financial assets designated as at fair value through profit or loss－non-current	$ -	43,922	-	43,922
Available-for-sale financial assets－non current	1,054,168	-	-	1,054,168
	$ 1,054,168	**43,922**	**-**	**1,098,090**

(28) Financial Risk Management

A. Overview

The Company is exposed to the following risks due to usage of financial instruments:

(a) Credit risk
(b) Liquidity risk
(c) Market risk

This note presents information about the Company’s exposure to each of the above risks, and the Company’s objectives, policies, and procedures to measure and manage the risks. For further information please refer to the relevant notes.

(Continued)

B. Risk management framework

The board of directors has overall responsibility for the establishment and oversight of the risk management framework. The board has established the Risk Management Committee, which is responsible for developing and monitoring company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

C. Credit risk

The Company's potential credit risk is derived primarily from cash and accounts receivable. The Company maintains its cash in various creditworthy financial institutions. Credit risk exposure to each financial institution is controlled by the Company. As a result, the Company believes that there is no concentration of credit risk for cash.

D. Liquidity risk

The Company has sufficient capital and working capital to reduce the risk of being unable to fulfill contract obligations. As there is no active market for financial assets carried at cost, the Company is exposed to liquidity risk thereon.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are executed in accordance with the Company's handling procedures for conducting derivative transactions, and also monitored by Internal Audit.

(Continued)

(a) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily the New Taiwan Dollar (NTD), but also including the Chinese Yen (CNY), US Dollar (USD), Japanese Yen (JPY). The currencies used in these transactions are denominated in NTD, USD and JPY

Interest is denominated in the currency used in the borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company, primarily NTD, USD and JPY.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(b) Interest rate risk

The Company holds variable rate financial assets and liabilities, therefore creates cash flow sensitivity interest rate risk.

(c) Equity price risk

Please refer to note 6 (5) for equity price risk analysis.

(29) Capital Management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, non-redeemable preference shares, retained earnings and non-controlling interests of the Company. The board of directors monitors the return on capital as well as the level of dividends to ordinary stockholders.

The Company's debt to equity ratios at the end of the reporting periods were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Total liabilities	$ 19,087,751	20,009,528	10,757,521
Less: cash and cash equivalents	(3,682,154)	(2,113,385)	(4,183,509)
Net debt	**$ 15,405,597**	**17,896,143**	**6,574,012**
Total equity	**$ 20,585,891**	**18,465,763**	**18,933,891**
Debt to adjusted capital ratio	**74.84%**	**96.92%**	**34.72%**

The main purpose of the Company to repurchase of treasury stock is to transfer stocks to employees. The trading of treasury stock is handles by the board of directors in accordance with provisions of Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies. The Company does not expressly set up the treasury stock repurchase plan.

(Continued)

As of December 31, 2013, the Company does not change capital management method.

7. Related-party transactions

(1) Parent company and ultimate controlling party

SAS is the ultimate controlling party of the Company.

(2) Compensation to executive officers

Executive officers' compensation comprised:

		2013	2012
Short-term employee benefits	$	82,565	57,492
Post-employment benefits		1,122	1,253
Share-based payments		15,055	-
	$	**98,742**	**58,745**

For information of share based compensation please refer to note 6 (21).

(3) Other related party transactions

A. Sales

The significant transactions with related parties were as follows:

		2013	2012
Associates	$	31,963	20,884
Key management of the Company		348,889	322,808
Other related parties		415,384	351,500
	$	**796,236**	**695,192**

The sales price for sales to the above related parties was determined by market conditions and considering the geographic sales area and sales volumes.

The credit terms for third parties were month-end 0~120 days during 2013 and 2012, while the related parties were between month-end 30 days and next month-end 120 days during 2013 and 2012.

B. Purchases and processing cost

Purchases from and outsourcing to related parties were as follows:

		2013	2012
Associates	$	7,090	361
Key management of the Company		-	3,486
Other related parties		6,840	-
	$	**13,930**	**3,847**

The prices of inventory purchases and outsourcing were determined by market conditions.

The payment terms of third parties were month-end 0~120 days during 2013 and 2012, while the terms of the related parties were from next month-end 15 days to month-end 45 days during 2013 and 2012, respectively.

C. Receivable from related parties

The receivable from related parties were as follows:

Items	Categories		December 31, 2013	December 31, 2012	January 1, 2012
Receivable from related parties	Key management of the Company	$	110,748	20	3,142
Receivable from related parties	Other related parties		96,090	106,422	94,932
		$	**206,838**	**106,442**	**98,074**

Furthermore, in order to maintain a stable supply of material, associates and other related parties have both signed long-term supply contracts with the Company. As of December 31, 2013 and 2012 and January 1, 2012, revenue received in advance for sales to the aforementioned related parties was as follows:

		December 31, 2013	December 31, 2012	January 1, 2012
Associates	$	-	310,291	310,360
Key management of the Company		1,109,038	1,143,077	1,177,531
	$	**1,109,038**	**1,453,368**	**1,487,891**

(Continued)

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

D. Payable to related parties

The Payable to related parties were as follows:

Items	Categories	December 31, 2013	December 31, 2012	January 1, 2012
Payable to related parties	Associates	$ 4,348	-	-

E. Acquired on equity investment of Sinosolar Corp.

In August 2013, the Company acquired 72,799 thousand shares of Sinosolar Corporation's equity amounting to NT$ 513,232 thousand from the consolidated Company's key management personnel. For details on the merging of the Company and Sinosolar Corp., please refer to note 6 (8).

F. Payment on behalf others

The outstanding receivables from related parties and payable to related parties generated from material procurement, insurance and utilities of related parties for the years ended December 31, 2013, December 31 and January 1, 2012 were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Associates	$ 10,889	-	-
Associates	(41)	-	-
Key management of the Company	(5)	-	-
Other related parties	-	(408)	25
	$ 10,843	(408)	25

G. Others

The Company leased buildings to related parties. Detail of rental income and other receivables-related parties under the lease agreement are as follows:

	2013	2012
Associates	$ 7,836	-

Items	Categories	December 31, 2013	December 31, 2012	January 1, 2012
Receivable from related parties	Associates	$ 686	-	-

(Continued)

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

8. Pledged Assets

(1) Assets pledged as collateral were as follows:

Pledged assets	Purpose of pledge	December 31, 2013	December 31, 2012	January 1, 2012
Property, plant and equipment	Long-term loans payable	$ 6,040,284	9,562,550	3,042,200
Property, plant and equipment	Revenue received in advance for sales	10,750	17,493	185,275
Land use rights (recorded in other assets – non-current)	Short-term borrowings	-	-	1,448
Notes and accounts receivable, net	Short-term borrowings	333,320	-	-
Time deposits (recorded in other financial assets – non-current)	Guarantee for the leasing contract of the land owned by the Hsinchu Science and Industrial Park	5,938	7,490	2,747
Time deposits (recorded in other financial assets – non-current)	Guarantee for customs duty	5,050	8,097	7,000
Time deposits (recorded in other financial assets – non-current)	Guarantees for industrial innovative R&D program	35,739	6,860	-
Time deposits (recorded in other financial assets – non-current)	Guarantees for solar energy system demonstration	201	195	246
Time deposits (recorded in other financial assets – non-current)	Land rent	15,940	-	-
Time deposits (recorded in other financial assets – non-current)	Guarantees for industrial innovative R&D program	24,160	-	-
		$ 6,471,382	9,602,685	3,238,916

9. Commitments and contingencies

(1) Significant commitments

As of December 31, 2013, December 31 and January 1, 2012, the materials for future delivery from suppliers under the current effective agreements were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
USD	445,967	577,094	709,126
EUR	117,926	139,357	118,481
JPY	15,216,000	12,380,000	-

(Continued)

A. Other than the above long-term purchase agreements, the Company, Sinosolar Corp., and SGSE (the Purchasers) entered into a non-cancellable, long-term purchases agreement with the polysilicon suppliers. The total contract amount is US$933,950 thousand. According to the contract, the Purchasers got into a non-refundable payment term with the suppliers. The payments covered the period from May 2011 to January 2019. As of December 31, 2013, the amount of US$10, 350 thousand has already been paid. If the Purchasers breach the contract, the suppliers are entitled to terminate the agreement and demand for a compensation. Moreover, due to the market prices of silicon fluctuated rapidly. The Company concerning the risk of loss from long-term purchase agreements, and already measured possible loss.

B. The Company also entered into several non-cancelable long-term sales agreements with polysilicon purchasers. According to the agreements, the prepayments covered from January 1, 2006, to December 31, 2019. The Company has obligated to deliver the product on the schedule stipulated in the contracts. If the Company defaults on the delivery schedule, has to offer sales discounts or compensation ranging from one and a half times to four times of the undelivered products' applicable prepayments. If the Company delays the delivery for three months is required to refund the prepayment. Due to polysilicon's prices decline, the purchasers attempted to negotiate with the Company to revise the agreements with the prices based on market conditions.

As of December 31, 2013, and 2012, and January 1, 2012, the amounts of future product delivery under current effective sales agreements were as follows:

(Unit: in thousands)

	December 31, 2013	December 31, 2012	January 1, 2012
USD	412,016	747,108	893,643
EUR	215,564	237,329	235,932
NTD	3,504,589	4,764,405	5,189,633

GTI has entered into several sales prepayment agreements with customers. According to the agreements, the prepayments covered from October 2010 to 2014, the customers purchase minimum quantity on the quarterly basis. If customers meet the minimum quantity, GTI needs to refund the part of prepayment on the quarter basis. As of December 31, 2013, the prepayments will be fully refunded in January 2014.

As of December 31, 2013 and 2012 and January 1, 2012, the significant outstanding commitments for construction and purchase of property, plant and equipment amounted to $75,897, $110,014 and $10,526 thousands, respectively.

C. As of December 31, 2013, December 31 and January 1, 2012, the Company had issued promissory notes of $9,304,800, $5,100,000 and $6,175,000 thousands, respectively, as collateral for bank loans.

D. As of December 31, 2013, December 31 and January 1, 2012, the Company had paid a performance bond to the Hsinchu Science Park Administration and the Customs Administration of the Ministry of Finance and for research plan purposes in the amount of $38,095, $26,087 and $41,318 thousands, respectively.

(2) Contingent liabilities:

A. In May 2005, MEMC Southwest Inc. filed a lawsuit against GTI in a United States District Court in Texas asserting improper employment of former employees of MEMC Southwest Inc. and the use of its business secrets. This lawsuit is still pending and not yet set for trial. Management believes ultimately there is only a very small chance of an unfavorable outcome at trial, provided that the case makes its past summary judgment and since MEMC Southwest Inc. has not filed for a specific dollar amount of damages.

B. Before acquisition of GWJ, GWJ employees filed an occupation injury complaint again GWJ to seek a certain amount of compensation. Due to acquisition of GWJ, the related obligation was assumed by the Company. As of the opinion date, the Company had agreed to pay only part of the amount of the compensation, which does not have a significant impact on current operations.

10. Significant disaster: None.

11. Subsequent events:

At January 21, 2014, the board of directors' meeting of SAS decided to change the useful life of some production machinery to reasonably reflect the efficiency of production machinery. For further information, please refer to the Market Observation Post System website.

For the future operation, the board of directors' meeting of Sunrise Global resolved to set up a foreign joined venture, SCP Solar GmbH, with other investors on January 22, 2014, the initial capital is EUR 25,000 and authorized president of Sunrise Global and assignee to deal with set-up and operation matters. SCP Solar GmbH officially set up in early February 2014.

Sunrise Global's subsidiary, SCP Solar GmbH, entered into the asset's purchase contract with Aleo Solar AG, a German entity, on February 5, 2014. Aleo solar AG receives the purchase price of EUR 2.00 for the production facility in Prenzlau including land, property, equipments and trademarks. In addition, after resolution of Aleo Solar AG stockholders' meeting and approval from the government, Aleo Solar AG needs to pay negative purchase price EUR 10M and operating (or inventory) compensation EUR11.5M to SCP Solar GmbH. SCP Solar GmbH will increase equity to EUR 13.5M.

(Continued)

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

12. Other information

The personnel expenses, depreciation, and amortization, categorized by function were as follows:

Category	2013			2012		
Account	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Personnel expenses:						
Salaries	2,416,180	631,522	3,047,702	1,926,474	559,401	2,485,875
Labor and health insurance	321,076	65,667	386,743	275,649	61,576	337,225
Pension	94,466	29,398	123,864	107,608	27,769	135,377
Others	243,992	63,358	307,350	205,977	52,542	258,519
Depreciation	2,967,384	517,462	3,484,846	3,132,991	177,972	3,310,963
Amortization	7,221	7,088	14,309	2,232	5,516	7,748

13. Discontinued operation

The Company disposed Sino Sapphire by exchanging stocks with Crystalwise Technology Inc. The Company lost its control over Sino Sapphire on January 1, 2013. According to IFRS 5 *"Non-current Assets Held for Sale and Discontinued Operations"* the Company disclosed its discontinued and continuing operations on Statement of Profit or Loss and Other Comprehensive income. The operations and cash flows of discontinued operations were as follows:

	2013	2012
Profit and loss of discontinued operations, net of tax:		
Revenue	$ -	700,844
Cost of sales	-	624,131
Gross profit	-	76,713
Operating expenses	-	87,125
Operating loss from the discontinued operations before tax	-	(10,412)
Operating income and expenses	-	(602)
Operating loss from the discontinued operations, net of tax	-	(11,014)
Gain or loss recognized on the disposal of the assets or disposal Company(s) constituting the discontinued operations, before tax	300,909	-
Profit (loss) from discontinued operations	$ **300,909**	**(11,014)**
Basic earnings (loss) per share	$ **0.58**	**(0.02)**
Cash flows from (used in) discontinued operations:		
Net cash used in operating activities		$ **(43,515)**
Net cash from investing activities		**129,663**
Net cash used in financing activities		**(32,423)**
Net cash inflow		$ **53,725**

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

Effect on the Company of disposal of Sino Sapphire (Optical segment):

	2013.1.1
Cash and cash equivalents	$ 203,128
Notes and trade receivable, net	237,502
Accounts receivable from related parties, net	284
Inventories	147,084
Other current assets	14,251
Financial assets carried at cost – non-current	59,050
Property, plant and equipment, net	1,018,840
Other assets – non-current	6,031
Notes and accounts payable	(103,200)
Other current liabilities	(119,425)
Other liabilities – non-current	(787)
Non-controlling interests	(71,383)
Net assets and liabilities	**$ 1,391,375**
Consideration received, satisfied in cash	$ -
Cash and cash equivalents disposed of	203,128
Net cash outflow	**$ (203,128)**

14. Segment and Geographic Information

(1) General information and industrial information

There are three segments that need to be reported: the semiconductor business unit (Semi), the solar energy business unit (Solar), and the optoelectronic business unit (Opto). The main operations of Semi are R&D, manufacturing, and sales of semi silicon materials, and the main products are silicon-related components. The main operations of Solar are R&D, manufacturing, and sales of solar silicon materials used in generating solar energy and the main products are solar energy-related components. The main operations of Opto are R&D, manufacturing, and sales of optoelectronic materials, and the main products are optoelectronic-related components. The Company disposed Opto to exchange stock with Crystalwise Technology Inc. on January 1, 2013. Therefore, the Company dismisses Opto's assets and liabilities' book value on that date from the consolidated financial statement.

(2) Segment information

The Company's operating segment is measured by using the revenue and net profit, as the basis for assessing the performance. Please refer to note 12 for the information regarding the disposal of the Opto segment of the Company on January 1, 2013.

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

Reconciliation and information of reportable segment:

	2013			
	Semi	**Solar**	**Adj.**	**Total**
Revenue				
From outsiders	$ 15,562,037	6,653,330	-	22,215,367
Inter-segment	7,538	107,787	(115,325)	-
Total revenue	$ 15,569,575	6,761,117	(115,325)	22,215,367
Segment profit (loss)	$ 1,950,228	(1,684,962)	-	265,266
Gain on disposal of discontinued segment				300,909
Share of the profit or loss of equity-accounted investees				(226,333)
				$ 339,842
Reportable segment assets	$ 21,006,362	18,026,783	(835,156)	38,197,989
Investments accounted for using equity method				1,475,653
Total assets				39,673,642

	2012				
	Semi	**Solar**	**Opto (discontinued operations)**	**Adj.**	**Total**
Revenue					
From outsiders	$ 14,033,884	4,354,602	700,844	-	19,089,330
Inter-segment	6,208	18,968	237	(25,413)	-
Total revenue	$ 14,040,092	4,373,570	701,081	(25,413)	19,089,330
Segment profit (loss)	$ 760,411	(2,894,924)	(50,862)	(87,337)	(2,272,712)
Share of the profit or loss of equity-accounted investees					(294,457)
					$(2,567,169)
Reportable segment assets	$ 23,212,221	12,970,564	1,686,170	(938,788)	36,930,167
Investments accounted for using equity method					1,545,124
Total assets					38,475,291

(Continued)

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

(3) Information by product and service

Revenue from external customers:

		2013	2012
Solar energy ingot	$	504,422	321,413
Solar energy chip		2,647,885	2,818,428
Semiconductor ingot		289,210	606,452
Semiconductor chip		15,222,833	12,219,967
Sapphire chip		-	700,845
Solar Cell		1,454,167	-
Others		2,096,850	2,422,225
	$	**22,215,367**	**19,089,330**

(4) Geographical information

Sales to customers classified by location of customers is as follows, within which revenue is recognized based on the location of the customer and non-current assets are recognized based on the location of the asset.

A. Revenue from third parties:

Area		2013	2012
Taiwan	$	7,733,247	8,108,499
Japan		8,323,623	5,405,546
United States		2,322,872	2,078,674
China		1,188,018	1,100,011
Korea		265,484	479,183
Other countries		2,382,123	1,917,417
	$	**22,215,367**	**19,089,330**

B. Non-current assets:

Area		December 31, 2013	January 1, 2012
Taiwan	$	9,871,813	9,820,221
China		796,966	892,347
United States		3,081,059	3,239,840
Japan		6,900,907	8,301,187
	$	**20,650,745**	**22,253,595**

(Continued)

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

(5) Information on significant customers

Significant information on customers that account for more than 10% of net sales:

		2013	2012
TOSHIBA	$	2,221,618	2,951,675
Solartech		348,889	322,808
	$	2,570,507	3,274,483

15. First-time Adoption of IFRSs

The Company prepares consolidated financial statements for the year ended December 31, 2013 under IFRSs. As the basis of the preparation, the Company not only follows the significant accounting policies stated in Note 4(1) but also applies IFRS 1.

The accounting policies set out in note 4 have been applied in preparing the condensed financial statements for the comparative information for the year ended December 31, 2012, and in the preparation of an opening IFRS Statement of Financial Position at January 1, 2012 (the Company's date of transition).

In preparing its opening IFRS the Statement of Financial Position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with R.O.C GAAP. An explanation of how the transition from R.O.C GAAP to IFRSs has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

(1) Reconciliation of Statement of Financial Position

	December 31, 2012			January 1, 2012		
	R.O.C. GAAP	Effect of transition to IFRS	IFRSs	R.O.C. GAAP	Effect of transition to IFRS	IFRSs
Assets						
Cash and cash equivalents	$ 2,113,385	-	2,113,385	4,532,226	(348,717)	4,183,509
Financial assets measured at fair value through profit or loss – current	-	-	-	43,922	-	43,922
Notes and trade receivable, net	3,341,263	-	3,341,263	1,204,256	-	1,204,256
Receivable from related parties, net	106,442	-	106,442	98,099	-	98,099
Inventories	3,505,342	-	3,505,342	1,335,313	-	1,335,313
Prepayments for materials	1,994,095	-	1,994,095	1,335,910	-	1,335,910
Other current assets	413,250	(39,249)	374,001	218,104	(9,736)	208,368
Other financial assets – current	180,112	-	180,112	14,237	348,717	362,954
Total current assets	11,653,889	(39,249)	11,614,640	8,782,067	(9,736)	8,772,331

(Continued)

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

	December 31, 2012			January 1, 2012		
	R.O.C. GAAP	Effect of transition to IFRS	IFRSs	R.O.C. GAAP	Effect of transition to IFRS	IFRSs
Available-for-sale financial assets – non-current	703,328	-	703,328	1,054,168	-	1,054,168
Financial assets carried at cost – non-current	1,399,409	-	1,399,409	1,904,118	-	1,904,118
Equity-method investments	1,545,124	-	1,545,124	1,839,581	-	1,839,581
Property, plant and equipment, net	18,053,170	(6,148)	18,047,022	11,139,193	(66,902)	11,072,291
Intangible assets	631,754	(9,247)	622,507	657,144	(9,759)	647,385
Other assets – non-current	281,491	194,151	475,642	27,561	350,939	378,500
Other financial assets – non-current	515,527	-	515,527	19,590	-	19,590
Long-term prepayments for materials	3,552,092	-	3,552,092	4,003,448	-	4,003,448
Total non-current assets	26,681,895	178,756	26,860,651	20,644,803	274,278	20,919,081
Total assets	$ 38,335,784	139,507	38,475,291	29,426,870	264,542	29,691,412
Liabilities and Equity						
Short-term borrowings	$ 1,991,355	-	1,991,355	1,020,694	-	1,020,694
Notes and accounts payable	2,750,105	-	2,750,105	600,770	-	600,770
Payroll and bonus payable	595,189	234,973	830,162	225,562	25,228	250,790
Onerous contracts provision	884,478	-	884,478	-	-	-
Other current liabilities	549,930	-	549,930	470,778	-	470,778
Current portion of received in advance for sales	2,147,637	-	2,147,637	1,232,513	-	1,232,513
Current portion of long-term loans payable	3,881,860	(51,467)	3,830,393	1,995,000	-	1,995,000
Total current liabilities	12,800,554	183,506	12,984,060	5,545,317	25,228	5,570,545
Long-term loans payable	1,235,000	-	1,235,000	1,100,000	(3,877)	1,096,123
Provision- non-current	2,014,414	-	2,014,414	-	-	-
Other liabilities	1,485,680	245,216	1,730,896	216,163	302,108	518,271
Revenue received in advance for sales – non-current	2,045,158	-	2,045,158	3,572,582	-	3,572,582
Total non-current liabilities	6,780,252	245,216	7,025,468	4,888,745	298,231	5,186,976
Total liabilities	19,580,806	428,722	20,009,528	10,434,062	323,459	10,757,521
Equity attributable to owners of the Company:						
Common stock	5,231,191	-	5,231,191	4,431,191	-	4,431,191
Capital surplus	14,878,908	-	14,878,908	12,141,389	-	12,141,389
Retained earnings	213,967	(119,882)	94,085	3,025,038	102,349	3,127,387
Other equity	(1,567,093)	(169,333)	(1,736,426)	(604,810)	(161,266)	(766,076)
Treasury stock	(256,695)	-	(256,695)	-	-	-
Total equity attributable to owners of the Company:	18,500,278	(289,215)	18,211,063	18,992,808	(58,917)	18,933,891
Non-controlling interests	254,700	-	254,700	-	-	-
Total equity	18,754,978	(289,215)	18,465,763	18,992,808	(58,917)	18,933,891
Total liabilities and equity	$ 38,335,784	139,507	38,475,291	29,426,870	264,542	29,691,412

(Continued)

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

(2) Reconciliation of Statements of Profit or Loss and Other Comprehensive Income

	2012		
	R.O.C. GAAP	Effect of transition to IFRS	IFRSs
Operating revenues	$ 18,388,486	-	18,388,486
Cost of goods sold	(17,564,091)	(213,678)	(17,777,769)
Gross profit	824,395	(213,678)	610,717
Operating expenses:			
Selling and distribution expenses	(491,238)	1,639	(489,599)
General and administrative expenses	(812,098)	(127,093)	(939,191)
Research and development expenses	(723,251)	2,641	(720,610)
Total operating expenses	(2,026,587)	(122,813)	(2,149,400)
Operating loss	(1,202,192)	(336,491)	(1,538,683)
Non-operating income and gains：			
Other income	34,423	129,793	164,216
Other gains and losses	(926,348)	-	(926,348)
Interest expense	(282,449)	-	(282,449)
Share of the profit or loss of equity-accounted investees	(294,457)	-	(294,457)
	(1,468,831)	129,793	(1,339,038)
Loss from continuing operations	(2,671,023)	(206,698)	(2,877,721)
Income tax benefit	321,566	-	321,566
Loss from continuing operations	(2,349,457)	(206,698)	(2,556,155)
Loss from discontinued operations	(11,014)	-	(11,014)
Loss for the year	**$ (2,360,471)**	**(206,698)**	**(2,567,169)**
Other comprehensive income (loss)：			
Foreign currency translation adjustments			$ (762,666)
Net change in fair value of available-for-sale financial assets			(341,396)
Recognized liabilities for defined benefit obligations			(15,533)
Other comprehensive income (loss) for the year of taxes			126,973
Total other comprehensive loss for the year			(992,622)
Total comprehensive loss for the year			**$ (3,559,791)**
Profit attributable to：			
Owners of the Company	$ (2,367,952)	(206,698)	(2,574,650)
Non-controlling interests	7,481	-	7,481
Net loss for the year	**$ (2,360,471)**	**(206,698)**	**$ (2,567,169)**
Total comprehensive loss for the year：			
Owners of the Company			$ (3,560,533)
Non-controlling interests			742
Total comprehensive loss for the year			**(3,559,791)**
Loss per share (in dollars)			
Basic loss per common share	**$ (4.90)**	**-**	**(5.33)**

(Continued)

(3) Material adjustments to the Statement of Cash Flows

According to R.O.C GAAP, time deposits with maturity over three months amounting to NT$0, NT$0, and NT$348,717 thousand were included in the operating cash inflows in the consolidated statements of cash flows as of December 31, 2013 and 2012, and January 1, 2012, respectively. In accordance with IFRSs, the aforementioned time deposits shall be presented as other current finance asset. Therefore, the Company reclassified the time deposits to investing cash inflows.

(4) Notes to the reconciliations

A. The Company had recognized all actuarial gains and losses in other comprehensive income using IFRS approved by FSC. Under previous GAAP the Company recognized actuarial gains and losses in the profit or loss over the employees' remaining service period. At the date of transition, all previously unrecognized cumulative actuarial gains and losses were recognized in retained earnings and reversed in the previous year's statement of comprehensive income.

The effects of changes are summarized as follows:

		2012
Consolidated Statements of Profit or Loss and Other Comprehensive Income		
Selling and distribution expenses	$	716
General and administrative expenses		1,178
Research and development expenses		1,153
Actuarial loss on defined benefit obligations		(15,533)
Before income tax adjustment	**$**	**(12,486)**

		2013	2012
Consolidated Statement of Financial Position			
Accrued pension liabilities	$	(46,226)	(33,689)
Unrecognized pension cost		-	(51)
Decrease in retained earnings adjustment	**$**	**(46,226)**	**(33,740)**

B. In accordance with IFRS, the Company has present legal or constructive obligation on accumulated employee vacation pay as a result of past service provided by the employee and the obligation can be estimated reliably and has accrued the related costs in the consolidated financial statements.

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

The effects of changes are summarized as follows:

		2012
Consolidated Statements of Profit or Loss and Other Comprehensive Income		
Cost of goods sold	$	(213,678)
Selling and distribution expenses		923
General and administrative expenses		1,522
Research and development expenses		1,488
Discontinued operations		-
Before income tax adjustment	**$**	**(209,745)**

		December 31, 2013	January 1, 2012
Consolidated Statement of Financial Position			
Paid annual leave	$	(234,973)	(25,228)
Decrease in retained earnings adjustment	**$**	**(234,973)**	**(25,228)**

C. In accordance with IFRS 1, the Company has elected to deem all foreign currency translation differences that arose prior to the date of transition in respect of all foreign operations to be nil at the date of transition.

The effects of changes are summarized as follows:

		December 31, 2013	January 1, 2012
Statement of Financial Position			
Foreign currency translation adjustments	$	161,317	161,317
Increase in retained earnings adjustment	**$**	**161,317**	**161,317**

D. As of December 31 and January 1, 2012, tenure reclassified from intangible assets to long-term rental prepayment under other assets－non-current.

The effects of changes are summarized as follows:

		December 31, 2013	January 1, 2012
Consolidated Statement of Financial Position			
Intangible assets	$	(9,247)	(9,759)
Other assets – non-current		9,247	9,759
	$	-	-

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Notes to Financial Statements

E. Under IFRSs property, plant and equipment did not have any prepayment for equipment accounting category. Therefore the Company had reclassified the prepayment for equipment to other assets on December 31, 2012 and January 1, 2012.

The effects of changes are summarized as follows:

		December 31, 2013	January 1, 2012
Consolidated Statement of Financial Position			
Property, plant and equipment, net	$	(6,148)	(66,902)
Other assets – non-current		6,148	66,902
	$	-	-

F. The Company's finance cost consisted of financing-related interest cost and other related cost. Under R.O.C GAAP, syndicated loan application expenses were classified as deferred charges. However, after adapting to IFRSs, the Company has reclassified them to long-term loans payable – current and non-current.

The effects of changes are summarized as follows:

		December 31, 2012	January 1, 2012
Consolidated Statement of Financial Position			
Other assets – non-current	$	(51,467)	(3,877)
Current portion of long-term loans payable		51,467	-
Long-term loans payable		-	3,877
	$	-	-

G. In 2012, the Company acquired 100% of Covalent Materials Corporation's (a Japanese company) subsidiaries, CVS and CVMS; and renamed them as GWJ after the acquisition. In accordance with IFRSs, the acquisition costs were reclassified from general and administrative expenses to other income, since its nature of acquisition costs shall be expendable at current period.

The effects of changes are summarized as follows:

		2012
Consolidated Statements of Profit or loss and other Comprehensive Income		
General and administrative expenses	$	(129,793)
Other income		129,793
	$	-

(Continued)

SINO-AMERICAN SILICON PRODUCTS INC.

Notes To Financial Statements

A. Previous GAAP required deferred tax assets and deferred tax liabilities to be offset regardless of whether they were related to income taxes levied by the same taxation authority. According to IFRS approved by FCS, deferred tax assets and deferred tax liabilities should only be offset under special circumstance, for above changes increased the deferred tax assets as follows:

		December 31, 2012	January 1, 2012
Increase in deferred income tax assets / liabilities	**$**	**190,974**	**268,419**

When the Company measured income tax, under R.O.C. GAAP, a deferred tax asset and liability is classified as current or noncurrent in accordance with the classification of its related asset or liability; after transition date, a deferred tax asset and liability is classified as noncurrent asset or liability. As of December 31, 2012 and January 1, 2012, the amounts reclassified from deferred income tax assets to noncurrent assets were NT$39,808 thousand and NT$9,736 thousand, respectively.

The above movements were calculated using the applicable tax rates of each entity's jurisdiction. On December 31, 2012 the Company has recorded the amount of $8,016 thousand as other non-current liability and foreign currency translation adjustment.

B. The above changes increased (decreased) retained earnings as follows:

		December 31, 2013	January 1, 2012
Recognized liabilities for defined benefit obligations	$	(46,226)	(33,740)
Paid annual leave		(234,973)	(25,228)
Foreign currency translation adjustments		161,317	161,317
Increase in retained earnings	**$**	**(119,882)**	**102,349a**