Stock code: 5483

# Sino-American Silicon Products Inc.

# Standalone Financial Statements

# With Independent Auditors' Report

**For the Years Ended December 31, 2019 and 2018**

**Address: No.8, Industrial East Road 2, Science Based Industrial Park, Hsinchu, Taiwan, R.O.C.**

**Tel.: (03) 577-2233**

(English translation of standalone financial statements originally issued in Chinese is unaudited and for information purpose only; The Chinese version shall prevail.)

# Table of contents

# Independent Auditor's Report

To the Board of Directors of Sino-American Silicon Products Inc.

**Opinion**

We have audited the financial statements of Sino-American Silicon Products Inc., which comprise the balance sheets as of December 31, 2019 and 2018, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, based on the audit results of the accountant and the audit report of other accountants the accompanying standalone financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC"), and the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of Sino-American Silicon Products Inc. in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on the audit results of the accountant and the audit report of other accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

**Other matters**

Among the investments included in Sino-American Silicon Products Inc. under equity method, the financial statements of Crystalwise Technology Inc. have not been checked by the accountant and have been checked by other accountants. Therefore, among the opinions expressed by the accountant on the standalone financial statements, the amount booked in the financial statements of is based on the audit report of other accountants. The amount of investment in Crystalwise Technology Inc. under equity method 1% of the total assets respectively On December 31, 2018. The share of gain or loss of related companies under equity method for 2018 accounted for (20)% of the net profit before tax.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of Sino-American Silicon Products Inc.'s financial statements of the current period. These matters were addressed in the context of our audits of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows:

1. Assessment of impairment loss on property, plant and equipment(included right of use assets)

   For the accounting policy of asset impairment, please refer to Note 4 (13) of the standalone financial statements for impairment of non-financial assets; for accounting hypothesis and estimated uncertainty of assessment of impairment loss on property, plant and equipment((included right of use assets), please refer to Note 5 of the standalone financial statements. For notes to the assessment of impairment loss on property, plant and equipment(included right of use assets), please refer to Note 6 (9) and(10) of the standalone financial statements.

Description of key audit matters:

The industry of Sino-American Silicon Products Inc. is subjected to fluctuations due to the market environment and the energy policies of various governments, with fierce market competition and continuous price drop of products. Therefore, the assessment of impairment loss on property, plant and equipment is important; the asset impairment assessment includes Identifying the cash-generating unit, determining the evaluation method, selecting important assumptions, and calculating the recoverable amount that must rely on the subjective judgment of the management. The evaluation process is complicated and contains the subjective judgment of the management. Therefore, the accountant booked it as one of the important audit matters.

Audit procedure implemented:

The principal audit procedures for the above key audit matters by the accountant include: assessing the reasonableness whether the cash-generating unit and its related tested assets that Sino-American Silicon Products Inc. management has identified to impair show possible signs of impairment, and further understanding and testing the evaluation models and key assumptions such as future cash flow projections, use period and weighted average cost of capital that the management use in the impairment test, including expected product Revenue, costs and expenses, and assessing the accuracy of previous management forecasts; and carrying out sensitivity analysis of results. Furthermore, the management authority is also consulted on relevant procedures in order to identify whether there will be matters capable of affecting the impairment test result in the future after the financial statements. And assess whether Sino-American Silicon Products Inc. has properly disclosed the policy of long-term non-financial asset impairment and other related information

2. Evaluation of investments under equity method

For the accounting policies of the assessment of the investment under equity method, please refer to Note 4 (8) Investment-related enterprises and Note 4 (9) Investment in Subsidiaries in the standalone Financial statements; for the assessment of the investment under equity method, please refer to the standalone Financial statements of Note6(7)Investment under equity method and Note 6 (8) Changes in the equity of ownership of the subsidiary.

Description of key audit matters:

Sino-American Silicon Products Inc. Co., holds a 51.17% stake in the equity-investment subsidiary (GlobalWafers Co., Ltd.). Given that the subsidiary GlobalWafers Co., Ltd. is mainly derived from corporate mergers and acquisitions, plus GlobalWafers' industry is subjected to fluctuations in the market environment and other factors. The recognition of the Revenue of subsidiaries and the assessment of goodwill impairment arising from corporate mergers and acquisitions are important. It is booked as one of the important audit matters by our accountants.

Audit procedure implemented:

The principal audit procedures performed by the accountant for the recognition of Revenue related to investment under equity method include understanding the accounting policies adopted for the Revenue used; assessing the design of the internal control system of sales revenue; and sampling and testing individual transactions to support the appropriateness of the recognition of

Revenue. The principal audit procedures for the goodwill impairment assessment include: assessing the cash-generating unit that the management has identified to impair and signs of impairment; assessing the reasonableness of the management's method of measuring the recoverable amount; assessing the accuracy of management's past forecasts; reviewing management's calculation of the recoverable amount of cash-generating units; evaluating various assumptions that future cash flow projections and calculating recoverable amount use, and the sensitivity analysis of the key assumptions.

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

Management is responsible for the preparation and fair presentation of the standalone financial statements and for such internal control as management determines is necessary to enable the preparation of standalone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing Sino-American Silicon Products Inc. Co. ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing Sino-American Silicon Products Inc. Co. financial reporting process.

**Auditors' Responsibilities for the Audit of the Standalone Financial Statement**

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

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

1. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sino-American Silicon Products Inc. Co. internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Sino-American Silicon Products Inc.

Co. ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Sino-American Silicon Products Inc. Co. to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of Sino-American Silicon Products Inc. Co. audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 2019 standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)
March 19, 2020

## Sino-American Silicon Products Inc.
## Standalone Balance Sheets
## December 31, 2019 and 2018

**Expressed in thousands of New Taiwan Dollars**

| | Assets | 2019.12.31 Amount | % | 2017.12.31 Amount | % |
|---|---|---|---|---|---|
| | **Current Assets:** | | | | |
| 1100 | Cash and cash equivalents (Note 6(1)) | $ 1,256,788 | 4 | 851,304 | 3 |
| 1110 | Financial assets at fair value through profit or loss –current (Note 6(2)) | - | - | 87,053 | - |
| 1136 | Current financial assets at amortized cost (note 6(4)and7) | 240,068 | 1 | - | - |
| 1170 | Notes and accounts receivable ,net (Note 6 (5)) | 199,042 | - | 471,498 | 1 |
| 1180 | Accounts receivable due from related parties, net (Note 6(7) | 632,572 | 2 | 1,166,545 | 3 |
| 130X | Inventories (Note 6(6)) | 335,641 | 1 | 590,170 | 2 |
| 1421 | Prepayments for purchase of materials (Notes 7 and 9) | 42,242 | - | 536,783 | 2 |
| 1479 | Other current assets | 38,391 | - | 83,492 | - |
| | | 2,744,744 | 8 | 3,786,845 | 11 |
| | **Non-current Assets:** | | | | |
| 1517 | Financial assets at fair value through other comprehensive income - non-current (Note 6 (3)) | 6,095 | - | 801,006 | 2 |
| 1535 | Financial assets measured at amortized cost - non-current (Notes 6 (4) and 7) | 267,612 | 1 | 281,366 | 1 |
| 1550 | Investments accounted for using equity method (Note 6 (7) | 27,794,246 | 81 | 25,883,438 | 75 |
| 1600 | Property, plant and equipment (Note 6 (9)and 8) | 3,226,668 | 10 | 3,589,549 | 11 |
| 1755 | Right-of –use assets (Note 6 (10) | 154,567 | - | | |
| 1990 | Other non-current assets (Note 6(16) and6(17)) | 74,308 | - | 117,213 | - |
| 1980 | Other finance assets-non current (Note 8) | 20,134 | - | 33,482 | - |
| | | 31,543,630 | 92 | 30,706,054 | 89 |
| | **Total assets** | **$ 34,288,374** | **100** | **34,492,899** | **100** |

| | Liabilities and Equity | 2019.12.31 Amount | % | 2017.12.31 Amount | % |
|---|---|---|---|---|---|
| | **Current Liabilities:** | | | | |
| 2100 | Short-term borrowings (Note 6 (11) and 8) | $ 200,000 | - | 2,717,125 | 8 |
| 2120 | Financial liabilities at fair value through profit or loss –current | 68 | - | | - |
| 2130 | Contract liabilities-current (Note 6 (21),7 and 9) | 88,538 | - | 148,713 | - |
| 2170 | Notes and accounts payable | 500,893 | 1 | 431,425 | 1 |
| 2180 | Accounts payable to related parties (Notes 7) | 2,516 | - | 6,464 | - |
| 2201 | Payroll and bonus payable | 340,216 | 1 | 284,009 | 1 |
| 2250 | Provision - current (Notes 6(14) and 9) | 221,949 | 1 | - | - |
| 2399 | Other current liabilities(notes6(13)) | 363,603 | 1 | 349,260 | - |
| | | 1,717,781 | 5 | 3,936,996 | 11 |
| | **Non-current Liabilities:** | | | | |
| 2527 | Contract liabilities-non-current (Note 6 (21) ,7 and 9) | 1,115,657 | 3 | 1,103,030 | 3 |
| 2540 | Long-term borrowings (Note 6 (12)and 8) | - | 1 | 1,610,200 | 5 |
| 2550 | Provision non-current (Note 6 (14, and9) | 4,622,950 | 13 | 960,957 | 3 |
| 2600 | Other non-current-liabilities(Note 6(13) and 6(17)) | 161,745 | - | 665 | - |
| | | 5,900,352 | 17 | 3,674,187 | 11 |
| | **Total liabilities** | 7,618,133 | 22 | 7,611,183 | 22 |
| | **Equity** (Note 6 (18) and 6(19)) | | | | |
| 3110 | Ordinary shares | 5,862,367 | 17 | 5,863,207 | 17 |
| 3170 | Pending share capital | (150) | - | (330) | - |
| | | 5,862,217 | 17 | 5,862,877 | 17 |
| 3200 | Capital surplus | 21,072,595 | 61 | 21,757,292 | 63 |
| | Retained earnings: | | | | |
| 3310 | Legal reserve | 462,354 | 1 | 311,579 | 1 |
| 3320 | Special reserve | 513,302 | 2 | 513,302 | 1 |
| 3350 | Unappropriated retained earnings | 2,591,235 | 8 | 1,507,753 | 5 |
| | | 3,566,891 | 11 | 2,332,634 | 7 |
| 3400 | Other equity interest | (3,831,462) | (11) | (3,071,087) | (9) |
| | **Total equity** | 26,670,241 | 78 | 26,881,716 | 78 |
| | **Total liabilities and equity** | **$ 34,492,899** | **100** | $ 34,492,899 | **100** |

**(The accompanying notes are an integral part of the standalone financial statements.)**

# Sino-American Silicon Products Inc.
## Standalone Statement of Comprehensive Income
## For the years ended December 31, 2019 and 2018
**Expressed in thousands of New Taiwan dollars**

| | | 2019 | | 2018 | |
|---|---|---|---|---|---|
| | | Amount | % | Amount | % |
| 4000 | **Operating revenue** (Note 6 (21) and 7) | $ 6,002,885 | 100 | 8,430,747 | 100 |
| 5000 | **Operating cost**(Note 6(6), (12),(16),(22) and 7) | 9,895,050 | 165 | 12,218,087 | 145 |
| | **Gross profit from operations** | (3,892,165) | (65) | (3,787,340) | (45) |
| | **Operating expenses** (Note 6 (13), (16), (22) and 7): | | | | |
| 6100 | Selling expenses | 50,701 | 1 | 65,558 | 1 |
| 6200 | Administrative expenses | 314,914 | 5 | 186,847 | 2 |
| 6300 | Research and development expenses | 111,769 | 2 | 182,406 | 2 |
| 6450 | Expected credit losses (Note 6 (5) and 7) | (6,671) | - | 48,770 | 1 |
| | **Total operating expenses** | 470,713 | 8 | 483,581 | 6 |
| | **Net operating income** | (4,362,878) | (73) | (4,270,921) | (51) |
| | **Non-operating income and expenses:** | | | | |
| 7010 | Other Revenue (Note 6 (23) and 7) | 43,725 | - | 53,020 | 1 |
| 7020 | Other gains and losses, net (Note 6 (24)) | 98,206 | (2) | (147,429) | (2) |
| 7050 | Financial costs (Note 6 (25)) | (25,064) | | (39,688) | |
| 7060 | Share of profit of associates accounted for using equity method (Note 6 (7)) | 6,572,359 | 109 | 6,430,774 | 76 |
| | | 6,689,226 | 111 | 6,296,677 | 75 |
| | **Income before income tax** | 2,326,348 | 38 | 2,025,756 | 24 |
| 7950 | **Income tax expenses** (Note 6 (17)) | 77,962 | 1 | 75,253 | 1 |
| | **Net income for the year** | 2,248,386 | 37 | 1,950,503 | 23 |
| 8300 | **Other comprehensive income (loss):** | | | | |
| 8310 | **Items that may not be reclassified subsequently to profit or loss** | | | | |
| 8311 | Losses on remeasurements of defined benefit plans (Note 6 (16)) | (169) | - | (13,994) | - |
| 8316 | Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income (Note 6 (18)) | (7,997) | - | (529,832) | (6) |
| 8330 | Share of other comprehensive income of associates and joint ventures accounted for using equity method | 29,988 | - | (93,347) | (1) |
| | | 21,822 | - | (637,173) | (7) |
| 8360 | **Items that may be reclassified subsequently to profit or loss** | | | | |
| 8361 | Exchange differences on translation of foreign operations (Note 6 (18)) | (635,972) | (10) | 385,988 | 4 |
| 8380 | Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss (Note 6 (26)) | 134,905 | 2 | (100,360) | (1) |
| 8399 | Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6 (17)) | (4,866) | - | 5,267 | - |
| | | (496,201) | (8) | 290,895 | 3 |
| 8300 | **Other comprehensive income (after tax)** | (474,379) | (8) | (346,278) | (4) |
| | **Total comprehensive income** | $ 1,774,007 | 29 | $ 1,604,225 | 19 |
| | **Earnings per share (NT dollars)** (Note 6 (20)) | | | | |
| 9750 | Basic earnings per share | $ | 3.86 | | 3.36 |
| 9850 | Diluted earnings per share | $ | 3.83 | | 3.34 |

**(The accompanying notes are an integral part of the standalone financial statements.)**

# Sino-American Silicon Products Inc.
# Standalone Statement of Changes in Equity
# For the years ended December 31, 2019 and 2018

**Expressed in thousands of New Taiwan Dollars**

| | | | | Retained earnings | | | | Other equity interest | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Ordinary shares | Pending share capital | Capital surplus | Legal reserve | Special reserve | Undistributed retained earnings (Accumulated loss) | Total | Exchange differences on translation of foreign financial statements | Financial assets at fair value through other comprehensive income | Unrealized gains (losses) on available for sale financial assets | Employees' unearned remuneration | Other | Total | Treasury shares | Total Equity |
| **Balance at January 1, 2018** | $ 5,920,587 | - | 24,205,831 | 311,579 | 513,302 | (317,629) | 507,252 | (1,973,334) | - | (1,109,281) | (236,020) | (4,302) | (3,322,937) | (169,861) | 27,140,872 |
| Effects of retrospective application | - | - | - | - | - | 1,222,787 | 1,222,787 | - | (2,338,298) | 1,109,281 | - | - | (1,229,017) | - | (6,230) |
| Balance at January 1, 2018 after adjustments | 5,920,587 | - | 24,205,831 | 311,579 | 513,302 | 905,158 | 1,730,039 | (1,973,334) | (2,338,298) | - | (236,020) | (4,302) | (4,551,954) | (169,861) | 27,134,642 |
| Profit for the year ended December 31, 2018 | - | - | - | - | - | 1,950,503 | 1,950,503 | - | - | - | - | - | - | - | 1,950,503 |
| Other comprehensive income for the year ended December 31, 2018 | - | - | - | - | - | (107,341) | (107,341) | 387,093 | (626,030) | - | - | - | (238,937) | - | (346,278) |
| Comprehensive income for the year ended December 31, 2018 | - | - | - | - | - | 1,843,162 | 1,843,162 | 387,093 | (626,030) | - | - | - | (238,937) | - | 1,604,225 |
| Loss made up by capital surplus | - | - | (317,629) | - | - | 317,629 | 317,629 | - | - | - | - | - | - | - | - |
| Cash dividends distribution from capital surplus | - | - | (1,759,511) | - | - | - | - | - | - | - | - | - | - | - | (1,759,511) |
| Share of net worth changes of subsidiaries, associates and joint ventures accounted for using equity method | - | - | (245,680) | - | - | - | - | - | - | - | - | 922 | 922 | - | (244,758) |
| Retirement of treasury stock | (55,550) | - | (114,311) | - | - | - | - | - | - | - | - | - | - | 169,861 | - |
| Donated surplus | - | - | 239 | - | - | - | - | - | - | - | - | - | - | - | 239 |
| Expiration of restricted employee stock | - | - | (9,487) | - | - | - | - | - | - | - | 160,686 | - | 160,686 | - | 151,199 |
| Restrictions on employee rights invalid, pending for cancellation | (1,830) | (330) | (2,160) | - | - | - | - | - | - | - | - | - | - | - | (4,320) |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | - | - | - | - | (1,558,196) | (1,558,196) | - | 1,558,196 | - | - | - | 1,558,196 | - | - |
| **Balance on December 31, 2018** | $ 5,863,207 | (330) | 21,757,292 | 311,579 | 513,302 | 1,507,753 | 2,332,634 | (1,586,241) | (1,406,132) | - | (75,334) | (3,380) | (3,071,087) | - | 26,881,716 |
| Profit for the year ended December 31, 2019 | - | - | - | - | - | 2,248,386 | 2,248,386 | - | - | - | - | - | - | - | 2,248,386 |
| Other comprehensive income for the year ended December 31, 2019 | - | - | - | - | - | 29,819 | 29,819 | (638,103) | 133,905 | - | - | - | (504,198) | - | (474,379) |
| Comprehensive income for the year ended December 31, 2019 | - | - | - | - | - | 2,278,205 | 2,278,205 | (638,103) | 133,905 | - | - | - | (504,198) | - | 1,774,007 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | | | | | |
| Legal reserve | - | - | - | 150,775 | - | (150,775) | - | - | - | - | - | - | - | - | - |
| Cash dividends on ordinary shares | - | - | - | - | - | (1,356,963) | (1,356,963) | - | - | - | - | - | - | - | (1,356,963) |
| Cash dividends distribution from capital surplus | - | - | (401,900) | - | - | - | - | - | - | - | - | - | - | - | (401,900) |
| Share of net worth changes of joint ventures accounted for using equity method | - | - | (279,229) | - | - | - | - | - | - | - | - | 112 | - 112 | - | (279,117) |
| Share of net worth changes of subsidiaries, associates accounted for using equity method | - | - | (21) | - | - | - | - | - | - | - | - | - | - | - | (21) |
| Donated surplus | - | - | 228 | - | - | - | - | - | - | - | - | - | - | - | 228 |
| Expiration of restricted employee stock | - | - | (3,115) | - | - | - | - | - | - | - | 56,726 | - | 56,726 | - | 53,611 |
| Restrictions on employee rights invalid, pending for cancellation | (840) | 180 | (660) | - | - | - | - | - | - | - | - | - | - | - | (1,320) |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | - | - | - | - | 313,015 | 313,015 | - | (313,015) | - | - | - | (313,015) | - | - |
| **Balance at December 31, 2019** | **$ 5,863,207** | **(150)** | **21,072,595** | **462,354** | **513,302** | **2,591,235** | **3,566,891** | **(2,224,344)** | **(1,585,242)** | **-** | **(18,608)** | **(3,268)** | **(3,831,462)** | **-** | **26,670,241** |

**(The accompanying notes are an integral part of the standalone financial statements.)**

**Sino-American Silicon Products Inc.**
**Standalone Statement of Cash Flow**
**For the years ended December 31, 2019 and 2018**
**Expressed in thousands of New Taiwan dollars**

| | | 2019 | 2018 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| **Income before income tax** | $ | 2,326,348 | 2,025,756 |
| **Adjustments:** | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation expense | | 491,332 | 981,913 |
| Expected credit losses(reversed income) | | (6,671) | 48,770 |
| Net gains on financial assets or liabilities at fair value through profit or loss | | 68 | 11,291 |
| Interest expenses | | 25,064 | 39,688 |
| Interest income | | (38,385) | (38,034) |
| Dividend income | | (5,340) | (14,986) |
| Share-based payment transactions | | 53,611 | 151,199 |
| Share of profit of subsidiaries and associates accounted for using equity method | | (6,572,359) | (6,430,774) |
| (Gains) losses on disposal of property, plant and equipment | | (30,812) | 41,421 |
| Impairment loss of finance assets | | 25,973 | - |
| Provision for (reversal of) inventory valuation | | (239,254) | 66,125 |
| Impairment loss for (reversal of) non-finance assets | | (8,779) | 1,466,008 |
| Provision for liability | | 3,884,607 | - |
| **Total adjustments** | | (3,677,379) | (3,677,379) |
| **Changes in operating assets and liabilities:** | | | |
| Notes and accounts receivable (including related parties) | | 322,629 | 282,083 |
| Inventories | | 493,783 | 1,584,411 |
| Prepayments for purchase of materials | | 503,320 | 512,843 |
| Defined benefit assets | | (40) | (31,699) |
| Other assets | | 50,933 | 37,716 |
| Notes and accounts payable (including related parties) | | 65,520 | (609,964) |
| Contract liabilities | | (47,548) | (453,415) |
| Other liabilities | | (130,928) | (207,964) |
| Other operating liabilities | | 1,257,669 | 1,647,303 |
| **Total changes in operating assets and liabilities** | | (1,163,276) | (2,030,076) |
| **Total adjustments** | | 1,163,072 | (4,320) |
| Interest received | | 35,049 | 37,951 |
| Dividends received | | 5,340 | 14,986 |
| Interest paid | | (26,482) | (39,788) |
| Income taxes paid | | (2,757) | (4,660) |
| **Net cash flows from operating activities** | | 1,174,222 | 4,169 |

**(Continued)**

**(The accompanying notes are an integral part of the standalone financial statements.)**

**Sino-American Silicon Products Inc.**
**Standalone Statement of Cash Flow (continued from previous page)**
**For the years ended December 31, 2019 and 2018**
**Expressed in thousands of New Taiwan dollars**

| | 2019 | 2018 |
|---|---|---|
| **Cash flows from investing activities:** | | |
| Acquisition of financial assets at fair value through other comprehensive income | (197,610) | (205,059) |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | 474,207 | - |
| Acquisition of financial assets at amortized cost | (250,000) | - |
| Acquisition of financial assets at fair value through profit or loss | - | (98,344) |
| Proceeds from, disposal of financial assets at fair value through profit or loss | 98,344 | - |
| Decrease in intercompany loan | 477,076 | 283,527 |
| Acquisition of investments accounted for using equity method | (1,019,487) | (1,081,006) |
| Cash dividends from investments accounted for using equity method | 5,606,733 | 2,226,116 |
| Acquisition of property, plant and equipment | (113,682) | (414,734) |
| Proceeds from disposal of property, plant and equipment | 57,258 | 638,064 |
| Increase(Decrease) in other financial assets | 13,348 | (13,677) |
| **Net cash inflow used in investment activities** | 5,146,187 | 1,334,887 |
| **Cash flows from financing activities:** | | |
| Increase(Decrease) in short term borrowings | (2,517,125) | 352,212 |
| Increase in long term borrowings | - | 596,000 |
| Repayments of long term borrowings | (1,610,200) | (345,800) |
| Increased in guarantee deposits received | 762 | - |
| Payment of lease liabilities | (28,407) | - |
| Cash dividends and distribution from capital surplus | (1,758,863) | (1,759,511) |
| Restrictions on employee rights invalid of write-off | (1,320) | (4,320) |
| Donated surplus | 228 | 239 |
| **Net cash flows used in financing activities** | (5,914,925) | (1,161,180) |
| **Net increase (decrease) in cash and cash equivalents** | 405,484 | 177,876 |
| **Cash and cash equivalents at beginning of period** | 851,304 | 673,428 |
| **Cash and cash equivalents at end of period** | **$ 1,256,788** | **$ 851,304** |

**(The accompanying notes are an integral part of the standalone financial statements.)**

**Sino-American Silicon Products Inc.**
**Notes to standalone financial statements**
**For the years ended December 31, 2019 and 2018**
**(Expressed in NT$ Thousand unless otherwise stated)**

## 1. Company history

Sino-American Silicon Products Inc. (hereinafter referred to as "the Company") was incorporated in accordance with the Company Act of the Republic of China in January 1981; also, the Chunan Branch was established in June 2005 at No. 8, Industrial East Road 2, Science Based Industrial Park, Hsinchu, Taiwan (R.O.C.). for the R&D, design, production and sale of semi-conductor silicon materials and components, rheostats, optical and communications wafer materials; and also the related technology, management consulting business, and technical services of the photo-voltaic power system generation and installation.

The Company's stocks have been traded publicly at the Taipei Exchange (TPEx) since March 2001.

For the purpose of reorganization and professional division of work and enhancing competitiveness and business performance, a resolution was reached at the shareholders' meeting on June 17, 2011 to have the semiconductor business and sapphire business (including the related assets, liabilities and business operations), by the way of incorporation and partition, transferred to the Company's 100% owned subsidiaries, GlobalWafers Co., Ltd. (hereinafter referred to as "GlobalWafers") and Sino Sapphire CO., LTD (hereinafter referred to as "Sino Sapphire") with the base date of partition scheduled on October 1, 2011. The Company based on the net book value of the semi-conductor business shall pay a price of NT$ 38.5 per share for acquiring 180,000 thousand shares at NT$ 10 par value of GlobalWafers; also, based on the sapphire business net assets shall pay a price of NT$ 40 per share for acquiring 40,000 thousand shares at NT$ 10 par value of Sino Sapphire.

A resolution merging with Sunrise Global Solar Energy Co., Ltd. (hereinafter referred to as "Sunrise Global") was reached by the Board of Directors on August 12, 2013 with the base date of merger scheduled on August 1, 2014. The Company is the surviving corporation and Sunrise Global will be discontinued after the merger.

The shares of GlobalWafers were approved for trading over the counters through the Taiwan Stock Exchange. They were booked on the counters on September 25, 2015 and were closed for trading over emerging counters the same day.

## 2. Approval date and procedures of the standalone financial statements

These standalone financial statements were authorized for issuance by the board of directors on March 19, 2020.

## 3. New standards, amendments and interpretations adopted

(1) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019:

| New, Revised or Amended Standards and Interpretations | Effective date per IASB |
|---|---|
| IFRS 16 “Leases” | January 1, 2019 |
| IFRIC 23 “Uncertainty over Income Tax Treatments” | January 1, 2019 |
| Amendments to IFRS 9 “Prepayment features with negative compensation” | January 1, 2019 |
| Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement” | January 1, 2019 |
| Amendments to IAS 28 “Long-term interests in associates and joint ventures” | January 1, 2019 |
| Annual Improvements to IFRS Standards 2015–2017 Cycle | January 1, 2019 |

Except for the following items, the Company believes that the adoption of the above IFRSs would not have any material impact on its standalone financial statements. The extent and impact of signification changes are as follows:

IFRS 16 “Leases”

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of Lease.

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings on January 1, 2019. The details of the changes in accounting policies are disclosed below.

(i) Definition of a lease

Previously, the company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the company assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4(11).

On transition to IFRS 16, the company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

(ii) As a lessee

As a lessee, the company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and

Notes to the standalone Financial Statement rewards incidental to ownership of the underlying asset to the company. Under IFRS 16, the company recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The company decided to apply recognition exemptions to short-term leases and leases of low-value assets, including other equipment.

A. Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at either:

a. their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee' s incremental borrowing rate at the date of initial application; or
b. an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the company applied this approach to all other lease.

In addition, the company used the following practical expedients when applying IFRS 16 to leases.

a. Applied a single discount rate to a portfolio of leases with similar characteristics.
b. Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
c. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
d. Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
e. Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

B. Leases previously classified as finance leases

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at January 1, 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

(iii) As a lesser

The company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The company accounted for its leases in accordance with IFRS 16 from the date of initial application.

(iv) Impacts on financial statements

On transition to IFRS 16, the company recognized additional right-of-use assets and lease liabilities both of $180,137 thousands. When measuring lease liabilities, the company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted- average rate applied is 1.11%.

The explanation of differences between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized in the statement of balance sheets at the date of initial application disclosed as follows:

| | | January 1, 2019 |
|---|---|---|
| Operating lease commitment at December 31, 2018 as disclosed in the standalone financial statements | **$** | **196,521** |
| Discounted using the incremental borrowing rate at January 1, 2019 | $ | 180,137 |
| Finance lease liabilities recognized as at December 31, 2018 | | - |
| Lease liabilities recognized at January 1, 2019 | **$** | **180,137** |

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020 in accordance with Rule No. 1080323028 issued by the FSC on July 29, 2019:

| New, Revised or Amended Standards and Interpretations | Effective date per IASB |
|---|---|
| Amendments to IFRS 3 “Definition of a Business” | January 1, 2020 |
| Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform” | January 1, 2020 |
| Amendments to IAS 1 and IAS 8 “Definition of Material” | January 1, 2020 |

The company assesses that the adoption of the abovementioned standards would not have any material impact on its standalone financial statements.

(3) The impact of IFRS issued by International Accounting Standards Board but not yet endorsed by the FSC

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

| New, Revised or Amended Standards and Interpretations | Effective date per IASB |
|---|---|
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture” | Effective date to be determined by IASB |
| IFRS 17 “Insurance Contracts” | January 1, 2021 |
| Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” | January 1, 2022 |

The company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its standalone financial position and standalone financial performance. The results thereof will be disclosed when the Company completes its evaluation.

## 4. Summary of significant accounting policies

The significant accounting policies presented in the standalone financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the standalone financial statements.

(1) Statement of compliance

The standalone financial statements is prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

(2) Basis of preparation

A. Basis of measurement

Expect for the following significant accounts, the standalone financial statements have been prepared on a historical cost basis:

(a) Financial instruments measured at fair value through profit or loss are measured at fair value;

(b) Financial assets at fair value (available for sale) through other comprehensive gains and losses as measured at fair value;

(c) Ensure the defined benefit liability recognized is the net of pension assets less the present value of defined benefit obligation and limit on a defined benefit in Note 4 (16).

B. Functional and presentation currency

The Company's functional currency in the currency of the main economic environment in which it operates. This standalone financial statements is expressed in the Company's functional currency, New Taiwan Dollar. All financial information presented in NT dollars is expressed in NT$ thousand.

(3) Foreign currencies

A. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non- monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non- monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an equity investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into New Taiwan Dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into New Taiwan Dollars at the average rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non- controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

A. Expected to be realized during its normal business cycle, or intended to be sold or consumed;
B. It is held primarily for the purpose of trading;
C. It is expected to be realized within twelve months after the reporting period; or
D. Cash or cash equivalents, except for those who are subject to other restrictions on the exchange of assets or liquidation of debts within less than twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

A. It is expected to be settled in the normal operating cycle;
B. It is held primarily for the purpose of trading;
C. It is due to be settled within twelve months after the reporting period; or
D. Liabilities that do not have the right to unconditionally defer the settlement period for at least 12 months. No impact will be on classification of liabilities with terms determined by the counterparties that lead to settlement of the liabilities by issuing of equity instruments.

(5) Cash and cash equivalents

Cash comprises cash and cash in bank. Cash equivalents are short term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(6) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income – equity investment, or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. The purchase or sales of financial assets in ordinary course of business is handled in accordance with the accounting treatment of the trading date.

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL：

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVTOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the company right to receive payment is established.

(c) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVTOCI described as above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVTOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

When the initial recognition is measured at fair value, the transaction costs are recognized as gain or loss when incurred; subsequently, measured at fair value, the gain or loss (including related Dividend income and Interest income) generated by remeasurement is recognized as gain or loss. The purchase or sales of financial assets in ordinary course of business is handled in accordance with the accounting treatment of the trading date.

(d) Assess whether the contractual cash flow is entirely for the payment of the principal and interest on the outstanding principal amount

For the purpose of assessment, the principal is the fair value of the financial assets at the time of initial recognition. The interest consists of the following considerations: the time value of money, the credit risk associated with the amount of the outstanding principal in a specified period, and other basic loan risks and costs, and margin of profit.

To assess whether the contractual cash flow is entirely for the payment of the principal and interest on the outstanding principal amount, the Company considers the terms of the financial instrument contract, including assessing whether the financial asset contains a contractual term that changes the time point or amount of the contractual cash flow, resulting not meeting this condition. At the time of evaluation, the Company consider:

- Any contingency that would change the point or amount of the contractual cash flow;
- The terms that adjust the contractual coupon rate, including the characteristics of the variable interest rate;
- Early repayment and extension features; and
- The Company's claim is limited to terms derived from the cash flow of a particular asset (e.g. non-recourse characteristics).

(e) Impairment of financial assets

The Company recognizes the allowance for the expected credit losses of financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable and accounts receivable, refundable deposits and other financial assets, etc.) and contractual assets.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12 month ECL:

- Debt securities that are determined to have low credit risk at the reporting date；and
- The credit risk of other debt securities and bank deposits (i.e., The risk of default on the expected duration of the financial instruments) has not increased significantly since the initial recognition.

The allowance for receivables and contractual assets is measured at the amount of expected credit losses during the lifetime.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the company historical experience and informed credit assessment as well as forward-looking information.

The company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade which is considered to be BBB- or higher per Standard & Poor’s, Baa3 or higher per Moody’s or twA or higher per Taiwan Ratings.

The company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The company considers a financial asset to be in default when the financial asset is more than 180days past due or the debtor is unlikely to pay its credit obligations to the company in full.

12 month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability- weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer；
- a breach of contract such as a default or being more than 90 days past due；
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；
- it is probable that the borrower will enter bankruptcy or other financial reorganization；or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the company procedures for recovery of amounts due.

(f) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(d) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(e) Derecognition of financial liabilities

The company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(f) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

C. Derivative financial instruments and hedge accounting

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

(7) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted average cost method and includes expenditure incurred in acquiring the inventories, production or conversion cost, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses necessary to make the sale.

(8) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

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

The standalone financial statements include the Company's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align their accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases. The Company recognizes any changes, proportionately with the shareholding ratio under additional paid in capital, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual controlling power.

Gains and losses resulting from transactions between the company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses or exceeds its interests in an associate, 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 the Company has an obligation or has made payments on behalf of the investee.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under additional paid in capital. If the additional paid in capital resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(9) Investment in subsidiaries

The Company has the wholly-owned investee company valued under equity method when preparing the standalone financial statements. Under the equity method, the amortization amount attributable to the shareholders of the parent company from the gains or losses and other comprehensive Revenue of the standalone financial statements and the standalone financial statements is the same. Moreover, the equity attributable to the shareholders of the parent company from the shareholder's equity of the standalone financial statements and the standalone financial statements is the same.

If the change in the Company's ownership of the subsidiary does not lead to loss of control over the subsidiary, it is treated as an equity transaction conducted within the shareholders.

(10) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(a) Buildings: 2 to 50 years
(b) Machinery and equipment: 2 to 8 years
(c) Other equipment and leased assets: 2 to 25 years.

Buildings constitute mainly buildings, mechanical and electrical power equipment, and related engineering, wastewater treatment and sewage system, etc. Each such part is depreciated based on its useful life of 25 to 50 years, 25 years, and 4 to 15 years, respectively.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(11) Lessee

Applicable from January 1, 2019

A. Identifying a lease

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(a) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
(b) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
(c) the customer has the right to direct the use of the asset throughout the period of use only if either:
    - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
    - the relevant decisions about how and for what purpose the asset is used are predetermined and:
        – the customer has the right to operate the asset throughout the period of use,

without the supplier having the right to change those operating instructions; or

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

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

B. As a leasee

The company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(a) fixed payments, including in- substance fixed payments;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable under a residual value guarantee; and
(d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

(a) there is a change in future lease payments arising from the change in an index or rate; or
(b) there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee; or
(c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
(d) there is a change of its assessment on whether it will exercise a extension or termination option; or
(e) there are any lease modifications.

When the lease liability is remeasured, other than lease , modifications acorresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The company has elected not to recognize right-of-use assets and lease liabilities for short-term leases with 12 months or less and leases of low-value assets, including other equipment. The company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

C. As a lessor

When the company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

Applicable before January 1, 2019.

Leases in which the company assumes substantially all of the risks and rewards of ownership 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.

Minimum lease payments made under finance leases are apportioned between the finance cost and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Other leases are operating leases and are not recognized in the company's statements of balance sheets.

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.

(12) Intangible assets

A. Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

B. Other intangible assets

Other intangible assets that are acquired by the company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

C. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

D. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(13) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash- generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or group of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a cash- generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or a CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. And then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of or depreciation amortization, if no impairment loss had been recognized.

(14) Provisions

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

Onerous contracts : A provision for onerous contracts is recognized when the expected benefits to be derived by the Group 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 Group recognizes any impairment loss on the assets associated with that contract.

(15) Recognition of revenue

A. Revenue from contracts with customers

Revenue is measured based on the consideration to which the company expects to be entitled in exchange for transferring goods or services to a customer. The company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the company's main types of revenue are explained below

(i) Sale of goods

The company researches, develops, designs, manufactures and markets semiconductor silicon wafers and their components, varistors, optoelectronics and communication wafer materials. The Company recognizes revenue when it transfers control of the product. Control transfer of the product means that the product has been delivered to the customer, and the customer can completely determine the sales channel and price of the product, and has no impact on the customer's unfulfilled obligation to accept the product. The delivery occurs when the product is shipped to a specific location, its obsolescence and loss risk has been transferred to the customer, and the customer has accepted the product under the sales contract, the acceptance terms have lapsed, or the company has objective evidence that all acceptance conditions have been met.

(ii) Product processing services

The Company provides processing of enterprise products and recognizes relevant Revenue during the financial reporting of the provision of labor services. Fixed price contracts are based on the proportion of services actually provided as a percentage of total services as of the reporting date. If the circumstances change, the estimates of Revenue, cost and degree of completion will be revised and the changes will be reflected in gain or loss when the management is informed of the change in circumstances and the amendment is made.

Under the fixed price contract, the customer pays a fixed amount in accordance with the agreed time schedule. When the services provided exceed the payment, the contract assets are recognized; if the payment exceeds the services provided, the contract liabilities are recognized.

If the contract is valued based on the number of hours of service provision, the Revenue is recognized by the amount for which the Company has the right to open an invoice. The Company asks customers for payment monthly, and can receive the consideration after opening the invoice.

The Company recognizes the accounts receivable when the goods are delivered, because the Company has the right to charge the consideration unconditionally at that time.

(iii) Power electric revenue

The company recognized the Power electric revenue is base on the actual electric units and electric rate.

B. Financing components

The company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the company does not adjust any of the transaction prices for the time value of money.

(16) Employee Benefits

A. Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

B. Defined benefit plans

The company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefit are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(17) Share based payment

The 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 services 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 services at the vesting date.

The non-vested conditions relating to the share-based payment incentives are reflected in the measurement of the fair value of the share-based payment and the difference between the expected and actual results is not subject to verification adjustment.

Grant date of a share-based payment award is the date which the board of directors authorized the price and number of a new award.

(18) Income tax

Income taxes comprise current taxes and deferred taxes. Except for items related to business combinations, or items recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized except for the following:

A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
C. taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

A. the company has a legally enforceable right to set off current tax assets against current tax liabilities; and
B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
   (a) the same taxable entity; or
   (b) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused taxcredits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(19) Earnings per share

The Company illustrated the basic and diluted earnings per share attributable to the common stock shareholders. Basic earnings per share is calculated by having the gain or loss attributable to the Company’s common stock shareholders divided by the weighted average number of the outstanding common stock shares during the period. Diluted earnings per share is calculated by having the gain or loss attributable to the Company’s common stock shareholders and the weighted average number of common stock shares outstanding adjusted for the effects of all potential diluted common stock shares, respectively. The Company's potential diluted ordinary share includes non-vested shares of restricted employee right and employee remuneration that has not been resolved by the board of directors and has been issued in the form of shares.

(20) Operating segment

The Company has the segment information disclosed in the standalone financial statements; therefore, it will not be disclosed in the standalone financial statements.

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

The management, when preparing the standalone financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", must make judgments, estimates and assumptions which will affect the adopted accounting policies and the assets, liabilities, revenues and expense amounts. The actual results could differ from those estimates.

The management continues to review the estimates and underlying assumptions, and changes in accounting estimates are recognized in the period in the period of change and affected future period

The accounting policy involves significant judgement and the information that has a significant impact on the amount recognized in the standalone financial statements is as follows:
Impairment assessment of property, plant and equipment(included the right-of –use)

The Company needs to rely on subjective judgment and base them on assets usage patterns and industrial characteristics throughout the asset impairment evaluation process to determine the independent cash flow of a specific Company of assets, service life of assets and potential profit and loss; also, the changes in estimates arising from any changes in the economic situation or the Company's strategies that are likely to cause significant impairments or have the recognized impairment loss reversed. Please refer to Note 6 (9) for the key assumptions used in the recoverable amount.

The Company's accounting policies and disclosure has adopted the fair value to measure its financial, non-financial assets and liabilities. The Company's financial and accounting departments are responsible for the independent verification of fair value with independent information source on the valuation result to match the market status, as well as to ensure that the sources are independent, reliable, and consistent with other resources and represent executable prices. The Company also regularly calibrates the valuation model and conducts retroactive test updating input values desired by the valuation model and making necessary adjustments to fair value to ensure the results of the valuation are reasonable.

While measuring its assets and liabilities, the Company uses the observable market input values as much as possible. The definition of each fair value category is pursuant to the input values used by valuation techniques summarized as follows:

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

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

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

For any transfer within the fair value hierarchy, the Company recognizes the transfer on the reporting date. For the assumption used in fair value measurement, please refer to note 6(27) of the financial instruments.

## 6. Explanation of significant accounts

(1) Cash and cash equivalents

| | 2019.12.31 | 2018.12.31 |
|---|---|---|
| Cash on hand | $ 146 | 146 |
| Demand deposits | 1,256,642 | 759,013 |
| Time deposits | - | 92,145 |
| Cash and cash equivalents in the standalone statement of cash flows | **$ 1,256,788** | **851,304** |

Please refer to Note 6 (27) for the interest rate risk and sensitivity analysis of the Company's financial assets and liabilities.

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

| | 2019.12.31 | 2018.12.31 |
|---|---|---|
| Mandatorily measured at fair value through profit or loss: | | |
| Stocks listed on domestic markets | $ - | 87,053 |
| Financial liabilities designated as at fair value through profit or loss: | | |
| Swap exchange contract | **$ 68** | - |

The company uses derivative instruments to hedge certain currency risk arising from the company's operating activities. The company held the following derivative instruments not used for hedging and accounted them as Financial liabilities designated as at fair value through profit or loss as of December 31, 2019 :

| | 2019.12.31 | | |
|---|---|---|---|
| | **Amount (in thousands)** | **Currency** | **Maturity dates** |
| Swap exchange contract: | | | |
| Currency exchange | USD 3,000 | USD to NTD | 2020.03.17 |

Please refer to note 6(24) of financial assets at fair value through other comprehensive income.

For market risk, please refer to note 6(28).

The financial assets mentioned above were not pledged as collateral.

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

| | 2019.12.31 | 2018.12.31 |
|---|---|---|
| Equity instruments measured at fair value through other comprehensive gain or loss: | | |
| Domestic booked (OTC) company stock - Actron Technology Corporation | $ - | $ 319,427 |

| | | |
|---|---|---|
| Domestic booked (OTC) company stock – United Renewable Energy Co., Ltd. | - | 270,073 |
| Domestic booked (OTC) company stock – Phoenix Silicon International Corporation | - | 76,284 |
| Domestic non-booked (OTC) company stock – Powertech Energy Corp.( rename as Powtec ElectroChemical Co.) | - | 130,764 |
| Domestic non-booked (OTC) company stock - GIGA Electronic Technology Corporation | 6,095 | 4,458 |
| Total | **$ 6,095** | **$ 801,006** |

The Company's investments in these equity instruments are long-term strategic investments and are not held for trading purposes and have been designated to be measured at fair value through other comprehensive gain or loss.

Solartech Energy Corp. (hereinafter referred to as Solartech Energy) and Gintech Energy Corporation (hereinafter referred to as Gintech Energy Corporation) and Neo Solar Power Corporation (hereinafter referred to as Neo Solar Power) jointly signed the merger contract on January 29, 2018. The Neo Solar Power was the existing company (the name of the company after the merger was changed to United Renewable Energy Co., Ltd., hereinafter referred to as URE), and Gintech Energy and Solartech Energy were cancelled. The base date for the merger is October 1, 2018. Solartech Energy’s shareholders, in accordance with the issued ordinary shares (including private placement of shares and restrictions on employee rights shares, if issued) they hold, renewed 1.17 shares of Neo Solar Power’s shares per share.

On October 1, 2018, the Company was deemed to have sold Solartech Energy stocks at fair value through other comprehensive gain or loss. The fair value at the time of disposition was NT$ 348,370 thousands, and the accumulated disposition losses were NT$ 1,558,196 thousands. The aforementioned cumulative disposition losses have been transferred from other equity to retained earnings.

On October 1, 2019, the Company was deemed to have sold the Phoenix Silicon International Corporation stocks and Phoenix Silicon International Corporation stocks at fair value through other comprehensive gain or loss. The fair value at the time of disposition were NT$ 313,662 thousands and NT$ 160,545 thousands respectively, and the accumulated disposition losses(gains)were NT$ 34,708 thousands and NT$ 94,372 thousands respectively. The aforementioned cumulative disposition losses have been transferred from other equity to retained earnings.

As of December 31, 2019 and 2018, the dividend income recognized by the Company were NT$$ 3,130 thousands and NT$ 12,776 thousands respectively.

The Company's investments in Actron Technology Corporation has transfer as investment in using the equity method, please refer to Note6(7).

Powtec ElectroChemical Corp. (hereinafter referred to as Powtec ElectroChemical) have applied the Detroit files for bankruptcy on February 26, 2020,the company’s assess the financial difficulties and recognized all the amounts into unrealized loss on financial assets at fair value through other comprehensive income.

For market risk information, please refer to Note 6 (28).

The above financial assets are not pledged as collateral.

(4) Financial assets measured at amortized cost

| | 2019.12.31 | 2018.12.31 |
|---|---|---|
| Current: | | |
| Corporate bond - Crystalwise Technology | $ 240,068 | - |
| Non Current: | | |
| Corporate bond - Crystalwise Technology | $ 267,612 | 281,366 |

The Company's assessment is the holding of these assets to the maturity date to collect contractual cash flows, and the cash flows of these financial assets are solely for the payment of the principal and interest on the outstanding principal amount. Therefore, since January 1, 2018 it was presented as financial assets measured at amortized cost.

In January 2019, the Company purchased the private equity corporate bonds of Crystalwise Technology Corporation for a one-year period at a nominal amount of NT$ 250,000 thousands. The coupon rate and effective interest rate were 2.00%. For investment classified as held to maturity date on January, 2020.

As of December 31 2019, the company’s recognized the impairment was NT$$ 25,973 thousands

Please refer to Note 6 (28) for credit risk information.

The above financial assets are not pledged as collateral.

(5) Net accounts receivable

| | 2019.12.31 | 2018.12.31 |
|---|---|---|
| Accounts receivable | $ 232,830 | 506,161 |
| Less: Allowance for doubtful accounts | (33,788) | (34,663) |
| | $ 199,042 | 471,498 |

As of January1 2018, the company’s accounts receivable balance was NT$$ 728,986 thousands

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

The loss allowance provision of account receivable(included related party) was determined as follows:

| | 2019.12.31 | | |
|---|---|---|---|
| | **Gross carrying amount** | **Weighted average loss rate** | **Loss allowance provision** |
| Current | $ 401,323 | 0% | - |
| 1 to 30 days past due | 28,324 | 0%-0.2% | - |
| More than 91 days past due | 33,788 | 100% | 33,788 |
| Total | $ 463,435 | | 33,788 |

| | 2018.12.31 | | |
|---|---|---|---|
| | **Gross carrying amount** | **Weighted average loss rate** | **Loss allowance provision** |
| Current | $ 737,292 | 0% | - |
| 1 to 30 days past due | 3,019 | 0%-0.2% | - |
| More than 91 days past due | 48,770 | 100% | 48,770 |
| Total | **$ 789,081** | | **48,770** |

The changes in allowances for notes receivable and accounts receivable of the Company are as follows:

| | 2019 | 2018 |
|---|---|---|
| Balance on January 1 | $ 48,770 | 48,679 |
| Impairment losses recognized | (875) | 48,770 |
| Amounts written off | (14,107) | ( 48,679) |
| Balance on December 31 | **$ 33,788** | **48,770** |

The Company's accounts receivables have not been provided as collateral guarantees.

(6) Inventories

| | 2019.12.31 | 2018.12.31 |
|---|---|---|
| Finished goods and products | $ 208,769 | 272,690 |
| Work in progress | 37,794 | 49,846 |
| Raw materials | 89,078 | 267,634 |
| | **$ 335,641** | **590,170** |

Component of operating cost were as follows:

| | 2019 | 2018 |
|---|---|---|
| Cost of sales | $ 6,079,226 | 9,613,968 |
| Impairment loss of property, plant and equipment (Note 6 (9)) | - | 1,497,261 |
| Provision of (reversal of) inventory valuation | (239,254) | 66,125 |
| Unallocated fixed manufacturing expense | 170,471 | 507,441 |
| Liabilities provision (Note 6 (17)) | 3,884,607 | 533,292 |
| | **$ 9,895,050** | **12,218,087** |

The company’s did not provide any inventories as collateral .

(7) Investments accounted for using equity method

The company’s financial information for investments accounted for using the equity method at the reporting date is as follows:

| | | 2019.12.31 | 2018.12.31 |
|---|---|---|---|
| Subsidiary | $ | 25,155,996 | 24,019,984 |
| Associates | | 2,676,608 | 1,863,454 |
| Unrealized gain of associates | | (38,358) | (12,690) |
| | $ | 27,794,246 | 25,883,438 |

1. Subsidiaries

   Please refer to the 2019 standalone financial statements.

2. Affiliated companies

| Names of affiliated companies | Relationship with the Company | Main location/ country registered in | Percentage of equity ownership interests and voting rights 2019.12.31 | 2018.12.31 |
|---|---|---|---|---|
| Actron Technology Corporation. | Mainly engages in the manufacturing of electronic component . | Taiwan | 15.50% | - |
| Taiwan Special Chemicals Corporation (hereinafter referred to as Taiwan Special Chemicals) | The main business is manufacturing of semiconductor special gas and chemical materials. | Taiwan | 30.93% | 30.93% |
| Cathy Sunrise Corporation (hereinafter referred to as Cathy Sunrise) | The main business is manufacturing of power generation, transmission and distribution machinery. | Taiwan | 30.00% | 30.00% |
| Crystalwise Technology Inc. | Mainly engages in the manufacturing and trading of optoelectronic wafers and substrate material. | Taiwan | 41.93% | 40.11% |
| Accu Solar Corporation (Hereinafter referred to as TSCS) | The main business is providing solar modules. | Taiwan | 24.70% | 24.70% |

1. The fair value of affiliates listed on the Stock Exchange which is material to the Company's is as follows:

| | | 2019.12.31 | 2018.12.31 |
|---|---|---|---|
| Crystalwise Technology Inc. | $ | 1,030,041 | 791,079 |

The following standalone financial information of significant affiliates has been adjusted according to individually prepared IFRS financial statements of these affiliates.

## Notes to the standalone financial statements of Sino-American Silicon Products Inc. (Continued)

Financial Summary of Crystalwise Technology:

| | | 2019.12.31 | 2018.12.31 |
|---|---|---|---|
| Current Assets | $ | 1,069,050 | 1,055,915 |
| Non-Current Assets | | 1,513,959 | 2,134,030 |
| Current Liabilities | | (1,027,371) | (1,225,269) |
| Non-Current Liabilities | | (843,098) | (872,017) |
| Net assets attributed to owner of the investee parent company | $ | 712,540 | 1,092,659 |

| | | 2019 | 2018 |
|---|---|---|---|
| Operating Revenues | $ | 617,436 | 1,317,193 |
| Loss) from continuing operations | $ | (751,496) | (449,780) |
| Other comprehensive loss | | (49,885) | (59,599) |
| Comprehensive loss attributed to owner of the investee company | $ | (801,381) | (509,379) |
| Share of net assets of affiliates as of January 1 | $ | 415,391 | 849,211 |
| The change of new investment stock of net worth | | 204,960 | - |
| Recognized change in equity net worth of affiliated companies under equity method this period | | (12,106) | 124 |
| Total operating profit and loss and the impairment loss accrued attributable to the standalone company | | (307,020) | (410,495) |
| Other comprehensive profit and loss and other attributable to the standalone company | | (20,671) | (23,449) |
| Share of net assets of affiliates as of December 31 | $ | 280,554 | 415,391 |

2. The company's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

| | | 2019.12.31 | 2018.12.31 |
|---|---|---|---|
| Carrying amount of individually insignificant associates' equity | $ | 2,396,054 | 1,448,063 |

| | | 2019 | 2018 |
|---|---|---|---|
| Attributable to the company: | | | |
| Profit (loss) from continuing operations | $ | (57,741) | (67,745) |
| Other comprehensive income (loss) | | 15,673 | (4) |
| Comprehensive loss | $ | (42,068) | (67,749) |

3. The difference in the investment cost of the newly added investment and the fair value of the identifiable net assets of the investee is mainly attributable to the intangible assets.
4. Based on the group's operating performance considerations, the Company increased its capital to Crystalwise Technology Inc. by NT$204,960 thousand in May 2019. The difference between the investment cost and the net equity value of NT$12,101 thousand was recognized in capital surplus, and the shares held increased from 40.13% to 41.93%.
5. The Company obtained significant influence since it was elected as corporate director of Actron Technology Corporation in May 2019. Therefore, the original account under fair value through other comprehensive income financial assets was removed and reclassified as investment accounted for using the equity method at fair value. The amount of profit related to the investment that was previously recognized in other comprehensive income that will not be reclassified to profit or loss was reclassified to retained earnings of NT$237,118 thousand. In addition, between October and December 2019, the Company increased capital to Actron Technology Corporation and continued to purchase its shares, and the difference between the investment cost and the net equity value was recognized as NT$376,638 thousand in capital surplus. and the shares held increased from 6.62% to 15.5%.
6. Guarantee

As of December 31, the company did not provide any investments accounted for using the equity method as collateral .

(8) Changes in ownership equity of subsidiaries

1. Aleo sunrise Gmbh (hereinafter referred to as Aleo Sunrise) has been adjusted by the Company to 100% investment since March 2019 and its liquidation was completed in June 2019.
2. Additional shares obtained of the subsidiary

In October 2018, the Company increased its shareholding in GlobalWafers by cash of NT$ 91,006 thousands, increasing its equity from 50.84% to 50.94%.

The impact of the Company's changes in the ownership interest of the above subsidiaries on the equity attributable to the owners of the parent company is as follows:

| | **2018** |
|---|---|
| Carrying amount of non-controlling interests purchased | $ 41,341 |
| Consideration paid to non-controlling interests and the adjustment of other equity | (92,445) |
| The capital reserve - the difference between the equity price of the company actually acquired or disposed of and the carrying amount | **$ (51,104)** |

3. The subsidiary bought back the treasury shares without causing loss of control

GlobalWafers implemented the treasury stock system in 2018 and bought back the company's shares at Taiwan Stock Exchange, which increased the company's interest in GlobalWafers by 0.23%.

The impact of the changes of the Company's equity of GlobalWafers on the equity attributable to the parent company is as follows:

| | **2018** |
|---|---|
| Reduction in equity after a subsidiary buys back treasury shares | **$ 194,600** |
| Capital reserve - long-term equity investment recognized by equity method | **$ (194,600)** |

(9) Property, property, plant and equipment

1.The cost, depreciation, and impairment of the property, plant and equipment of the company were as follows:

| | | Land | Building | Machinery equipment | Other equipment | Construction in progress and quarantined equipment | Total |
|---|---|---|---|---|---|---|---|
| Cost: | | | | | | | |
| Balance of January 1, 2019 | $ | 405,890 | 1,868,575 | 7,581,241 | 1,570,361 | 139,858 | 11,565,925 |
| Additions | | - | 6,896 | 48,576 | 18,446 | 40,311 | 114,229 |
| Disposition | | - | (34,605) | (3,537,316) | (46,029) | (1,705) | (3,6919,655) |
| Reclassification | | - | 4,045 | 143,860 | 14,778 | (162,121) | 562 |
| Balance of December 31, 2019 | $ | 405,890 | 1,844,911 | 4,236,361 | 1,557,556 | 16,343 | 8,061,061 |
| Balance of January 1, 2018 | $ | 405,890 | 3,026,866 | 8,396,815 | 1,508,241 | 366,730 | 13,705,542 |
| Additions | | - | 9,909 | 172,298 | 64,556 | 183,523 | 430,286 |
| Disposition | | - | (1,184,500) | (1,178,587) | (222,594) | - | (2,585,681) |
| Reclassification | | - | 16,300 | 190,715 | 220,158 | (410,395) | 16,778 |
| Balance of December 31, 2018 | $ | 405,890 | 1,868,575 | 7,581,241 | 1,570,361 | 139,858 | 11,565,925 |
| Depreciation and impairment loss: | | | | | | | |
| Balance of January 1, 2019 | $ | - | 1,061,938 | 6,242,010 | 670,723 | 1,705 | 7,976,376 |
| Depreciation for the year | | - | 62,313 | 267,394 | 132,367 | - | 462,074 |
| Disposition | | - | (34,605) | (3,522,917) | (44,485) | (1,705) | (3,603,712) |
| Reclassification | | - | - | (1,624) | 1,279 | - | 345 |
| Balance of December 31, 2019 | $ | - | 1,089,646 | 2,984,863 | 759,884 | - | 4,834,393 |
| Balance of January 1, 2018 | $ | - | 1,316,005 | 5,488,946 | 566,176 | - | 7,371,127 |
| Depreciation for the year | | - | 84,061 | 774,171 | 123,681 | - | 981,913 |
| Impairment loss | | | 328,088 | 1,128,814 | 38,654 | 1,705 | 1,497,261 |
| Disposition | | - | (668,024) | (1,116,129) | (146,534) | - | (1,930,687) |
| Reclassification | | - | 1,808 | (33,792) | 88,746 | - | 56,762 |
| Balance of December 31, 2018 | $ | - | 1,061,938 | 6,242,010 | 670,723 | 1,705 | 7,976,376 |
| Carrying amount: | | | | | | | |
| December 31, 2019 | $ | 405,890 | 755,265 | 1,251,498 | 797,672 | 16,343 | 3,226,668 |
| January 1, 2018 | $ | 405,890 | 1,710,861 | 2,907,869 | 942,065 | 366,730 | 6,333,415 |
| December 31, 2018 | $ | 405,890 | 806,637 | 1,339,231 | 899,638 | 138,153 | 3,589,549 |

2. Impairment loss

In the fourth quarter of 2018, the Company assessed that the production line of the Solar Energy Division was affected by the global economy, resulting in a decline in production. Therefore, it is necessary to assess the recoverable amount of the production line.

The Company's solar product production line is a cash-generating unit whose recoverable amount is based on its value in use. In accordance with the assessment on December 31, 2018, the carrying amount of the property, plant and equipment is higher than its recoverable amount, so the impairment loss is recognized as NT$ 1,497,261 thousands, which is included in the operating cost of the standalone Revenue statement.

In accordance with the assessment on December 31, 2019, the carrying amount of the property, plant and equipment is less than its recoverable amount, and have no the impairment loss.

The estimated value of use is calculated at a pre-tax discount rate of 7.39% and8.94% in 2019 and 2018, respectively.

3. Disposition of property, property, plant and equipment

   The Company sold its plants and equipment to GlobalWafers in January and May, 2018. Please refer to Note 7 for details.

4. Guarantee

   For details of long-term and short-term borrowings and financing quota guarantees , please refer to Note 8.

(10) Right-of-use assets

| | Land | Buildings | Other equipment | Total |
|---|---|---|---|---|
| Cost: | | | | |
| Balance at January 1, 2019 | $ - | - | - | - |
| Effects of retrospective application | 35,616 | 143,687 | 834 | 180,137 |
| Additions | - | - | 3,728 | 3,728 |
| Disposal | - | - | (389) | (389) |
| Balance at December 31, 2019 | **$ 35,616** | **143,687** | **4,173** | **183,476** |
| Accumulated depreciation : | | | | |
| Balance at January 1, 2019 | $ - | - | - | - |
| Effects of retrospective application | - | - | - | - |
| Depreciation | 3,957 | 23,404 | 1,897 | 29,258 |
| Disposal | - | - | (349) | (349) |
| Balance at December 31, 2019 | **$ 3,957** | **23,404** | **1,548** | **28,909** |
| Carrying amount: | | | | |
| Balance at December 31, 2019 | **$ 31,659** | **120,283** | **2,625** | **154,567** |

The company leases Science Park land, buildings and equipment as of December 31, 2018, please refer to note 6(15).

In accordance with the assessment of impairment loss on December 31, 2019, please refer to Note 6(9).

(11) Short-term borrowings

| | 2019.12.31 | 2018.12.31 |
|---|---|---|
| Unsecured bank loans | $ 200,000 | 2,600,000 |
| Purchase of materials loan | - | 117,125 |
| | $ 200,000 | 2,717,125 |
| Unused loan amount | $ 10,229,867 | 4,612,625 |
| Loan interest rate collars at end of period | 0.73% | 0.9%-0.98% |

Please refer to Note 8 for the Company's assets pledged as collateral for bank loans

(12) Long term borrowings

Details, terms and conditions of the Company's long-term loan are as follows:

| | 2019.12.31 |
|---|---|
| Unused loan amount | $ 400,000 |

| | 2018.12.31 | | | |
|---|---|---|---|---|
| | **Currency** | **Interest rate collars** | **Expiry date** | **Amount** |
| Unsecured bank loans | NTD | 1.04%-1.18% | 2020.06-2020.11 | $ 1,159,000 |
| Secured bank Loan | NTD | 1.28% | 2022.01-2032.01 | 451,200 |
| Total | | | | $ 1,610,200 |
| Unused loan amount | | | | $ 301,000 |

Please refer to Note 8 for the Company's assets pledged as collateral for bank loans.

(13) Lease liabilities

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

| | 2019.12.31 |
|---|---|
| Current | $ 26,511 |
| Non-current | $ 128,906 |

For the maturity analysis, please refer to note 6(27) "Financial instruments".

The amounts recognized in profit or loss were as follows:

| | 2019 |
|---|---|
| Interest on lease liabilities | $ 1,891 |
| Variable lease payments not included in the measurement of lease liabilities | $ 256 |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | $ 1,760 |

The amounts recognized in the statement of cash flows for the Company was as follows:

| | 2019 |
|---|---|
| Total cash outflow for leases | $ 32,314 |

1. Real estate leases

   The company leases land and buildings for its office space and retail stores. The leases of land typically run for a period of 20 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term. Land leases' additional rent payments that are based on changes in local price indices and the public facilities construction costs re-invested annually in each park will be adjusted after being assessed.

2. Other leases

   The company leases vehicles and equipment, with lease terms of two to three years. In some cases, the company has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

(14) Provision

The Company's liability reserve is as follows:

| | Onerous contracts |
|---|---|
| Balance of January 1, 2019 | $ 960,292 |
| Provisions made during the year | 4,193,975 |
| Reverse of provision | (309,368) |
| Balance of December 31, 2019 | $ 4,844,899 |
| Current | $ 221,949 |
| Non current | 4,622,950 |
| Total amount | $ 4,844,899 |
| Balance of January 1, 2018 | $ 427,000 |
| Provisions made during the year | 533,292 |
| Balance of December 31, 2018 | $ 960,292 |
| Non current | $ 960,292 |

The Company's provision for loss-making contract liabilities was due to the signing of a long-term purchase contract with the silicon raw material supplier. The parties agreed that the delivery quantity and price agreed upon in the contract are delivered. The Company is to pre-pay the supplier for the materials purchased with payment by installments that are non-refundable; also, the transaction is irrevocable. The materials supplier guarantees to have the agreed quantities of silicon materials supplied to the Company. In response to fluctuations in the spot market price, the Company has prepared the relevant liabilities reserve and recognized them under operating costs. Please refer to Note 9 for a description of the agreement with the raw material supplier.

(15) Operating lease

Lease of lessee

The rent payment of the irrevocable operating leases is as follows:

| | 2018.12.31 |
|---|---|
| Within 1 year | $ 37,326 |
| 1-5 years | 108,533 |
| Over 5 years | 50,662 |
| | $ 196,521 |

The operating expenses in 2017 is stated in the profit and loss of NT$ 40,018 thousands.

The Company leases the factory to the subsidiary. After the lease expires, it can be automatically extended for half a year with the agreement of both parties. The annual rent is about NT$ 9,499 thousands.

The base of the Company's plant located in Chunan Science Park is the rental from the Administration of the Science Park for a period from March 17, 2005 to December 31, 2027. The rent for the contract should be adjusted according to the adjustment of the land price set by the government. The annual rent is about NT$ 4,161 thousands.

The Company leased land and building materials for use in the expansion of production capacity to Mingsheng Corporation f. The lease period was from July 2015 to July 2025 for a total of ten years. Pursuant to the lease term, the rent is reviewed every two years. The rent payment is around NT$ 1,890 thousands per month.

Please refer to Note 7 for the disclosure of the Company's related parties.

(16) Employee Benefits

1. Defined benefit plan

The present value of the defined benefit obligation of the Company and the fair value of the plan assets are adjusted as follows:

| | 2019.12.31 | 2018.12.31 |
|---|---|---|
| Total present value of obligations | $ (23,017) | (27,141) |
| Fair value of plan assets | 26,121 | 30,374 |
| Net defined benefit (liabilities) assets | $ 3,104 | 3,233 |

The Company's defined benefit plans are appropriated to the labor pension reserve account at the Bank of Taiwan. The pension payment to each employee under the Labor Standards Act is calculated in accordance with the service points received for the years of service and the average salary six months prior to retirement.

(1) Plan assets composition

The pension fund accrued in accordance with Labor Standards Act is managed by the Labor Fund Application Bureau of the Ministry of Labor (hereinafter referred to as the Labor Fund Bureau). In accordance with the Labor retirement fund Revenue and expenditure custody and application methods, the use of the fund, the minimum Revenue of its annual final settlement, shall not be lower than the Revenue calculated based on the local bank's two-year time deposit rate.

The balance of the Company's labor retirement reserve account at Bank of

Taiwan on the reporting day was NT$ 26,121 thousands. The Labor Pension Fund asset implementation information includes fund returns rate and fund asset allocation. Please refer to the information published on the website of the Ministry of the Bureau of Labor Funds, Ministry of Labor.

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

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

| | | 2019 | 2018 |
|---|---|---|---|
| Defined benefit obligations at January 1 | $ | 27,141 | 47,043 |
| Current service costs and interest cost | | 535 | 1,086 |
| Re measurements for defined benefit obligations | | | |
| - Actuarial gains and losses arising from experience adjustments | | (710) | (14,299) |
| - Actuarial gains and losses resulting from changes in demographic assumptions | | 25 | 873 |
| - Actuarial gains and losses resulting from changes in financial assumptions | | 613 | 315 |
| Benefits paid | | (6,007) | (7,877) |
| Defined benefit obligations at December 31 | **$** | **23,017** | **27,141** |

(3) Movements in fair value of defined benefit plan assets

The movements in fair value of the defined benefit plan assets of the company were as follows:

| | | 2019 | 2018 |
|---|---|---|---|
| Fair value of plan assets at January 1 | $ | 30,374 | 32,571 |
| Interest income | | 305 | 394 |
| Re measurements for defined benefit obligations | | | |
| - Return on plan asset (excluding interest revenue) | | 1,179 | 883 |
| Contributions made | | 270 | 4,403 |
| Benefits paid | | (6,007) | (7,877) |
| Fair value of plan assets at December 31 | **$** | **26,121** | **30,374** |

(4) Change of limit on a defined benefit assets

In 2019 and 2018, the Company did not have any effect on the changes of limit on a defined benefit plan assets

(5) Expenses recognized in profit or loss

The expenses recognized in the gain or loss of the Company in 2019 and 2018 are as follows:

| | | 2019 | 2018 |
|---|---|---|---|
| Current service costs | $ | 263 | 557 |
| Net interest of net liabilities for defined benefit obligation | | (33) | 135 |
| | **$** | **230** | **692** |
| Operating Costs | $ | 90 | 356 |
| Selling expenses | | 72 | 129 |

| | | | |
|---|---|---|---|
| Administrative expenses | | 20 | 109 |
| Research and development expenses | | 48 | 98 |
| | $ | **230** | **692** |

(6) Actuarial assumptions

The significant actuarial assumptions used for the present value of the defined benefit obligation by the Company at the end of the financial reporting day are as follows:

| | **2019.12.31** | **2018.12.31** |
|---|---|---|
| Discount rate | 0.750% | 1.000% |
| Future salary increase rate | 2.000% | 2.000% |

The Company expects to pay NT$ 232 thousands for the accrual of the defined benefit plan within one year after the reporting of the day in 2019.

The weighted average duration of the defined benefit plan is 10.8 years.

(7) Sensitivity analysis

The impact of the changes in the main actuarial assumptions adopted in 2019 and on December 31, 2018 on the present value of the defined benefit obligation is as follows:

| | | **The impact to the defined benefit obligations** | |
|---|---|---|---|
| | | **Increased by 0.25%** | **Decreased by 0.25%** |
| December 31, 2019 | | | |
| Discount rate | $ | (613) | 635 |
| Future salary increase rate | | 616 | (598) |
| December 31, 2018 | | | |
| Discount rate | $ | (668) | 691 |
| Future salary increase rate | | 671 | (652) |

The above sensitivity analysis is to analyze the impact of one single assumption with other assumptions remaining unchanged. In practice the changes of many assumptions may be correlated. The approach used for sensitivity analysis is consistent with the calculation of net pension liabilities recorded in the balance sheet.

The approach and assumptions used to compile the sensitivity analysis is the same with that of the previous period.

2. Defined Contribution Plan

The Company's defined contribution plan complies with the Labor Pension Act. An amount equivalent to 6% of the employee's monthly wage is appropriated to the respective labor pension account with the Bureau of Labor Insurance, Ministry of Labor. According to the defined contribution plan, the Company, after appropriating a fixed amount to the Bureau of Labor Insurance, Ministry of Labor, is free from any legal or constructive obligations to make extra payments.

The pension expenses under the pension scheme of the Company in 2019 and 2018 were NT$ 24,241 thousands and NT$ 39,710 thousands respectively, which were allocated to the Bureau of Labor Insurance, Ministry of Labor.

(17) Income tax

1. Income tax expenses

   The details of Income tax expenses (interests) of the Company in 2019 and 2018 are as follows:

| | | 2019 | 2018 |
|---|---|---|---|
| Current tax expense (profit) | | | |
| Current tax expense | $ | 1,269 | 3,935 |
| Adjustment of the Income tax-current of prior period | | (2,576) | 1,646 |
| | | (1,307) | 5,581 |
| Deferred tax expense (profit) | | | |
| Temporary difference | | 79,269 | 93,445 |
| Income tax rate change | | - | (23,773) |
| | | 79,269 | 69,672 |
| Income tax expense (profit) | $ | 77,962 | 75,253 |

The Income tax benefits recognized by the Company in 2019 and 2018 in other comprehensive profit and loss are as follows:

| | | 2019 | 2018 |
|---|---|---|---|
| Items that may be reclassified subsequently to profit or loss | | | |
| Exchange differences on translation of foreign financial statements | $ | (5,267) | (13,012) |

The relationship between the Income tax expenses (interests) and the pre-tax net profit of the Company in 2019 and 2018 is adjusted as follows:

| | | 2019 | 2018 |
|---|---|---|---|
| Income before income tax | $ | 2,326,348 | 2,025,756 |
| Income tax using the Company's domestic tax rate | | 465,270 | 405,151 |
| Permanent differences adjustment | | (1,087,634) | (922,909) |
| Adjustment in tax rate | | - | (23,773) |
| Early high and low estimate | | (2,576) | 1,646 |
| Deferred Income tax assets and other | | 702,902 | 615,138 |
| | $ | 77,962 | 75,253 |

2. Deferred Income tax assets and liabilities

   (1) The items that have not been recognized as deferred Income tax assets by the Company are as follows:

| | | 2019.12.31 | 2018.12.31 |
|---|---|---|---|
| Tax effect of deductible temporary differences | $ | 1,351,127 | 727,644 |
| Tax loss | | 679,200 | 611,432 |
| | $ | 2,030,327 | 1,349,076 |

According to the Income tax Act, tax losses of the last ten years audited and authorized by the tax authorities can be deducted from the net Revenue of the year before levying the Income tax. Such items are not recognized as deferred tax assets since the Company is not likely to have sufficient taxable Revenue in the future for the use of temporary differences.

As on December 31, 2019, the Company has not recognized the taxable losses of deferred Income tax assets. The deductions of loss and deduction period are as follows:

| Annual losses | Loss to be deducted | Deadline for deduction |
|---|---|---|
| 2012 (verified) | $ 1,403,648 | 2022 |
| 2013 (verified) | 9,728 | 2023 |
| 2017 (verified) | 1,021,784 | 2027 |
| 2018 (estimated) | 960,839 | 2028 |
| | $ 3,395,999 | |

(2) Recognized deferred Income tax assets and liabilities

The breakdown of deferred Income tax assets is as follows:

| | 2018.1.1 | Recognized in profit or loss | Recognized in other comprehensive income | 2018.12.31 | Recognized in profit or loss | Recognized in other comprehensive income | 2019.12.31 |
|---|---|---|---|---|---|---|---|
| Allowance for inventory valuation | $ 41,723 | 20,589 | - | 62,312 | (47,851) | - | 14,461 |
| Tax loss | 87,325 | (87,325) | - | - | - | - | - |
| Other | 48,556 | (3,586) | 5,267 | 50,237 | 771 | 4,866 | 55,874 |
| | $ 177,604 | (70,322) | 5,267 | 112,549 | (47,080) | 4,866 | 70,335 |

The breakdown of deferred Income tax liabilities is as follows:

| | 2018.1.1 | Recognized in profit or loss | Recognized in other comprehensive income | 2018.12.31 | Recognized in profit or loss | Recognized in other comprehensive income | 2019.12.31 |
|---|---|---|---|---|---|---|---|
| Other | $ - | (650) | - | (650) | (32,189) | - | (32,839) |

3. Assessment of tax filings

The Income tax settlement report of the Company's profit-making business has been approved by the tax authorities to 2017.

(18) Capital and other interests

On December 31, 2019 and 2018, the total share capital of the Company were both NT$ 8,000,000 thousand, and the denomination per share was NT$ 10, both with a total of 800,000 thousand shares (all including employee stock option, special stocks with stock option or corporate with stock option, and the amount of shares that can be subscribed is NT$ 200,000 thousands). The legal registration procedure for the authorized capital stock is completed. The paid-up share capital were NT$ 5,862,367 thousands and NT$ 5,863,207 thousands respectively.

The number of shares outstanding of the Company in 2019 and 2018 is as follows (expressed in thousands of shares):

| | Common stock | |
|---|---|---|
| | 2019 | 2018 |
| Balance on January 1 | 582,845 | 574,476 |

| | | |
|---|---|---|
| Exercise of restricted employee shares | 1,646 | 2,341 |
| Balance on December 31 | **584,491** | **582,845** |

1. Issuance of common stock

The Company participated in the global depositary receipts for NT$ 610,000 thousand with cash capital increase and with 61,000 thousand shares issued, which was booked at the Luxembourg Stock Exchange on September 9, 2010 with a total of 61,000 thousand units of GDR issued at an issuance price of US$ 2.9048; also, the GDR amounted to US$ 177,193 thousand and each GDR underlying 1 common stock share of the Company. Such cash capital increase had already been approved by the Financial Supervisory Commission on August 13, 2010 with the FSC. Certificate Far. Tzi No. 0990041383 Letter issued. For such a cash capital increase, the Company had sufficient stock shares issued and proceeds collected on September 9, 2010 for a grand total of US$ 177,193 thousand and a net total of US$ 174,931 thousand after deducting the underwriting fees of US$ 2,262 thousand, which was equivalent to NT$ 5,580,288 thousand after being translated in accordance with the closing exchange rate of the day. In addition, after deducting the related issuance cost of NT$ 11,531 thousand, the premium amount of NT$ 4,958,757 thousand was booked in the "additional paid-in capital" account.

As of December 31, 2019 and 2018, due to the resignation of employees, the recovered and written off restricted employee shares were 317 thousand shares and 251thousand shares respectively. As of December 31, 2019, there were still 15 thousand shares whose legal registration procedures are unfinished.

2. Capital surplus

The Capital surplus balance of the Company is as follows:

| | | 2019.12.31 | 2018.12.31 |
|---|---|---|---|
| Additional paid in capital | $ | 11,641,320 | 11,862,668 |
| Difference between the disposition price and carrying value of the subsidiary's equity | | 2,065,254 | 2,441,893 |
| Capital reserve of long-term equity investment is recognized under the equity method | | 6,665,682 | 6,568,293 |
| Treasury stock transactions | | 33,314 | 33,314 |
| New restricted employee shares | | 60,522 | 144,849 |
| Employee stock options, etc. | | 606,503 | 606,275 |
| | **$** | **21,072,595** | **21,757,292** |

According to the Company Act, capital reserve is for making up losses first before using the capital reserve realized to distribute cash or new shares to shareholders in proportion to their original shareholding ratio. The capital reserve realized referred above includes the stock premium and bestowed Revenue. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital reserve for capitalization every year may not exceed 10% of the paid-in capital.

The Company on June 27, 2019 and June 26, 2018, through resolution of the shareholders' meeting, made the capital accumulation of NT$ 401,900 thousands (NT$ 0.6855 per share) and NT$ 1,759,511 thousands (NT$ 3 per share) in 2019 and

2018respectively. Relevant information can be found in the public information observatory and other pipelines.

3. Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

4. Special reserve

When the Company adopted the international financial reporting standards (IFRSs) approved by the FSC for the first time, the Company had chosen to apply IFRS 1 "First-time Adoption of the IFRSs" exemptions, retained earnings was increased by NT$ 161,317 thousand due to the accumulated conversion adjustment (profit) under the shareholders' equity, which exceeding the net increase of NT$ 102,349 thousand in retained earnings on the conversion date for the first-time adoption of IFRSs approved by the FSC. According to the FSC. Certificate Far.Tzi No. 1010012865 Order of the Financial Supervisory Commission dated April 6, 2012, special reserve is appropriated for the net increase in retained earnings due to the conversion to the IFRSs approved by the FSC; also, it could be reversed for earnings distribution proportionately to the originally appropriated special reserve while using, disposing or reclassifying the related assets. On December 31, 2019 and 2018, the special NT$ reserve was 102,349 thousand.

According to the Order referred to above, while distributing the distributable earnings, the Company had additional special reserve appropriated from the current gain or loss and unappropriated earnings of the prior period for the difference between the net amount debited to other shareholder's equity and the balance of the special reserve appropriated in the preceding paragraph. For the amount debited to other shareholders' equity attributable to prior period accumulation, the special reserve was appropriated from the unappropriated earnings of the prior period and it could not be distributed. The amount debited to the shareholders' equity reversed subsequently can be distributed as earnings.

5. Distribution of surplus earnings and dividend policy

In accordance with the revised articles of association of the Company, if there is a earnings in the annual final accounts, after tax paid according to the law and making up for the accumulated losses, 10% will be the legal reserve, but if the legal reserve has reached the paid-in capital, it shall not be accrued and the rest will be accrued according to law and regulations or reversed as the special reserve. If there is a balance, for the balance and the accumulated undistributed earnings, the board of directors proposes an earnings distribution proposal and submits it to the shareholders meeting for resolution of distributing shareholder dividend.

To maintain the sustainable business development and the stable growth of earnings per share of the Company, the shareholders' dividends shall be the earnings after tax of the current fiscal year with the deduction of more than 50% of the special reserve according to the law in principle, and the cash dividend in the distribution shall not be less than 50%.

The Company's shareholder meeting decided to make a loss provision on June 26, 2018, the loss provision situation did not differ from the proposed content of the board of directors.. Relevant information can be obtained from the public information observatory and other pipelines.

Earnings distribution for 2018 was decided by the resolution adopted, at the general meeting of shareholders held on June 27, 2019.
The relevant dividend distributions to shareholders were as follows:

| | **2018** |
|---|---|
| Dividends distributed to ordinary shareholders | |
| Cash (dividends per share was $2.3145) | $ 1,356,963 |

After the resolution of the relevant meeting of the Company, the information can be accessed from the Market Observation Post System website.

The board of directors proposed the 2019 annual earnings distribution on March 17, 2020,and the above earrings distribution will be resolved by shareholders' meeting.

6. Treasury share

The balance of the treasury shares that have been reconciliation at the year end of 2019.

Unit: Thousand shares

| | **2018** | | | |
|---|---|---|---|---|
| **Reasons for buy back** | **Beginning shareholdings** | **Increase of the year** | **Decrease of the year** | **Ending shareholdings** |
| Transferred to employee | 5,555 | - | 5,555 | - |

(note) The treasury shares was write –off 5,555 thousand stocks at the third quarter,2019.

7. Other interests (net after tax)

| | Exchange differences on translation of foreign financial statements | Unrealized gain or loss on financial assets measured at fair value through other comprehensive gain or loss | Unrealized gains (losses) on available for sale financial assets | Remuneration unearned by employees | Other | Total |
|---|---|---|---|---|---|---|
| January 1, 2019 | $ (1,586,241) | (1,406,132) | - | (75,334) | (3,380) | (3,071,087) |
| Foreign exchange differences | (631,106) | - | - | - | - | (631,106) |
| Exchange differences on subsidiaries accounted for using equity method | (6,997) | - | - | - | 112 | (6,885) |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | - | (24,230) | - | - | - | (24,230) |
| Unrealized losses from financial assets measured at fair value through other comprehensive income of associates accounted for using equity method | - | 158,135 | - | - | - | 158,135 |
| Share of conversion differences by affiliates under equity method | - | - | - | 56,726 | - | 56,726 |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | (313,015) | - | - | - | (313,015) |
| December 31, 2019 | **$ (2,224,344)** | **(1,585,242)** | **-** | **(18,608)** | **(3,268)** | **(3,831,462)** |
| Balance of January 1, 2018 | $(1,973,334) | - | (1,109,281) | (236,020) | (4,302) | (3,322,937) |
| Effects of retrospective application of new accounting standards | - | (2,338,298) | 1,109,281 | - | - | (1,229,017) |
| Re-edited balance at January 1, 2018 | (1,973,334) | (2,338,298) | - | (236,020) | (4,302) | (4,551,954) |
| Exchange difference arising from conversion of a foreign institution’s net assets | 391,255 | - | - | - | - | 391,255 |
| Share of conversion differences by affiliates under equity method | (4,162) | - | - | - | 922 | (3,240) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Unrealized gain or loss on financial assets measured at fair value through other comprehensive gain or loss | - | (529,832) | - | - | - | (529,832) |
| Unrealized gain or loss on financial assets measured at fair value through other comprehensive gain or loss under equity method | - | (96,198) | - | - | - | (96,198) |
| Dispose of equity instruments measured at fair value through other comprehensive gains and losses | - | 1,558,196 | - | - | - | 1,558,196 |
| Remuneration coast of shares with restrictions on employee rights | - | - | - | 160,686 | - | 160,686 |
| Balance of December 31, 2018 | $(1,586,241) | (1,406,132) | - | (75,334) | (3,380) | (3,071,087) |

(19) Share-based payment

1. New Restricted employee shares

On June 27, 2017, the Company resolved through the shareholders' meeting to issue 6,000 thousand new restricted employee shares. The object is limited to manager-level (including) above supervisors and full-time employees with special contributions who have served for more than one year at the company since the granting day. The company has filed a declaration with the Securities and Futures Commission of FSC and all the shares were issued by the board of directors resolution on October 5, 2017. The fair value of the grant was NT$ 67.2.

The employees who have been allocated the above-mentioned new restricted employee shares will be able to subscribe for the shares allocated for NT$ 20 each. The vested condition is that after receiving the new restricted employee shares, they are still in service according to the following schedule, and their performance reaches A (including) above, then they can obtain the share percentage of the vested condition respectively:

(1) 1 year of service: 40%
(2) 2 year of service: 70%
(3) 3 year of service: 100%

After the employees subscribe for the new shares, they may not sell, pledge, transfer, donate, set or do other disposition of their shares until the vested conditions are fulfilled; new restricted employee shares are subject to the right to participate in the distribution of dividends, and the dividends they receive are not subject to the vested period; the proposal, speech, voting rights and other relevant shareholders' equity of the shareholders meeting of the Company before the vested conditions are the same as the other ordinary shares of Sino-American Silicon Products. Inc.; after the issuance, the new restricted employee shares should be immediately delivered to the trust or custody and must not be returned to the trustee for any reason or manner until the vested conditions are fulfilled. If the employee is not eligible for the vested condition after the new share is subscribed, the shares will be bought back by the Company at the issue price.

Relevant information of the new restricted employee shares of the Company is as follows:

Unit: Thousand shares

| | 2019 | 2018 |
|---|---|---|
| Quantity on January 1 | 3,408 | 5,965 |
| Quantity vested in this period | (1,646) | (2,341) |
| Quantity written off due to resignation in this period | (66) | (216) |
| Quantity on December 31 | 1,696 | 3,408 |

The remuneration costs recognized by the Company in 2019 and 2018 were NT$ 53,611 thousands and NT$ 151,199 thousands respectively, and the operating costs and operating expenses were accounted for. The balance of the unpaid employee remuneration of the Company on December 31, 2019 and 2018 were NT$ 18,608 thousands and NT$ 75,334 thousands, accounted for in reductions of other equity.

(20) Earnings per share

1. Basic earnings per share

| | 2019 | 2018 |
|---|---|---|
| Net Revenue attributable to the owner of the parent company | $ 2,248,386 | 1,950,503 |
| Weighted-average number of ordinary shares outstanding during the year (in thousands of shares) | 583,210 | 581,058 |
| Basic earnings per share (dollars) | $ 3.86 | 3.36 |

2. Diluted earnings per share

| | 2019 | 2018 |
|---|---|---|
| Net Revenue attributable to the owner of the parent company | $ 2,248,386 | 1,950,503 |
| Weighted average number of ordinary shares outstanding during the year (in thousands of shares) (base) | 583,210 | 581,058 |
| Impact of dilution of potential ordinary shares (shares in thousands) | 3,899 | 3,672 |
| Weighted average number of ordinary shares outstanding during the year (in thousands of shares) (diluted) | 587,109 | 584,730 |
| Diluted earnings per share (NT$) | $ 3.83 | 3.34 |

(22) Revenue from contracts with customers

1. Details of revenues

| | | 2019 | | 2018 |
|---|---|---|---|---|
| Primary geographical markets: | | | | |
| Taiwan | $ | 1,836,042 | | 2,753,913 |
| Asia-other | | 1,105,912 | | 1,907,086 |
| Northeast Asia(Japan and Korea) | | 1,104,253 | | 1,420,473 |
| America | | 1,511,115 | | 1,421,750 |
| Europe | | 443,389 | | 927,024 |
| Other areas | | 2,174 | | 501 |
| | $ | 6,002,885 | | 8,430,747 |
| Major product categories | | | | |
| Solar cell | $ | 3,020,157 | | 3,635,804 |
| Solar Brick | | 792,922 | $ | 1,608,721 |
| Solar module | | 178,923 | | 350,710 |
| Solar wafer | | 144,716 | | 581,924 |
| Other | | 1,866,167 | | 2,253,588 |
| | $ | 6,002,885 | | 8,430,747 |

2. Contract balance

| | | 2019.12.31 | 2018.12.31 | 2018.1.1 |
|---|---|---|---|---|
| Contract liabilities | $ | 1,204,195 | 1,251,743 | 1,705,158 |

The major change in the balance of contract liabilities is the advance consideration received from customers for the contracts, in which revenue is recognized when products are delivered to customers. The amount of revenue recognized for the years ended December 31, 2019 and 2018, which was included in the contract liability balance at the beginning of the period, was $108,065 thousand and $312,266 thousand, respectively.

The contract liabilities primarily relate to the advance consideration received from customers for the solar products of sales contracts, in which revenue is recognized when products are delivered to customers

(22) Remuneration of employees and directors

In accordance with the articles of association of the Company if there is profit in the year, the company shall accrue 3% - 15% of the profit as employee's remuneration. The board of directors decides to distribute it by stock or cash, and the object of distribution includes employees meeting certain conditions; and the board of directors decides to accrue up to 3% of the above profit as directors' remuneration. The distribution of remuneration of employees and directors should be submitted and reported to the shareholders’ meeting. In case the parent company has cumulative losses, it should reserve amount to make up losses before distributing remuneration to the employees and directors in pursuant to the percentage mentioned in the preceding paragraph.

For the years ended December 31, 2019 and 2018, the Company accrued and recognized its employee remuneration amounting to $196,400 thousand and $131,990 thousand and directors' amounting to $41,790 thousand and $44,010 thousand respectively.

These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's articles of incorporation, and expensed under operating costs or expenses. If, however, the shareholders determine that the employee remuneration is to be distributed through stock dividends, the calculation, based on the shares, shall be calculated using the stock price on the day before the board of directors. If there would be any changes in accounting estimates the changes shall be accounted for as profit or lost in the following year.

The amounts as stated in the standalone financial statements are identical to those of the actual distributions for 2019 and 2018. After the resolution of the relevant meeting of the Company, the information can be accessed from the Market Observation Post System website.

(23) Other Revenue

| | | 2019 | 2018 |
|---|---|---|---|
| Interest income | $ | 38,385 | 38,034 |
| Dividend income | | 5,340 | 14,986 |
| | $ | **43,725** | **53,020** |

(24) Other gains and losses

| | | 2019 | 2018 |
|---|---|---|---|
| Foreign currency exchange loss | $ | (42,922) | (42,922) |
| Impairment loss under equity method | | - | (227,392) |
| Impairment loss under amortized cost | | (25,973) | - |
| Realized gains on financial assets (liabilities) measured at fair value through profit or loss | | 5,705 | 11,900 |
| Gains (losses) on disposal of property, plant and equipment | | 30,812 | (41,421) |
| Other | | 128,268 | 152,406 |
| | $ | **(147,429)** | **(147,429)** |

(25) Financial costs

| | | 2019 | 2018 |
|---|---|---|---|
| Bank loan interest expense | $ | 23,173 | 39,688 |
| Lease liability interest expense | | 1,891 | - |
| | $ | **25,064** | **39,688** |

(26) Recognition of other comprehensive profit and loss shares of affiliated enterprises by equity method

| | | 2019 | 2018 |
|---|---|---|---|
| Exchange differences resulting from translating the financial statements of a foreign operation | $ | (6,997) | (4,162) |
| Financial assets at fair value through other comprehensive income | | 141,902 | (96,198) |
| | $ | **134,905** | **(100,360)** |

(27) Financial Instrument

1. Credit Risk

(1) Credit risk exposure

The carrying amount of financial assets represents the maximum credit risk exposure amount.

(2) Concentration of credit risk

The Company's material clients are in the silicon wafer industry. The Company assigns a credit line to each customer in accordance with the credit procedures; therefore, the Company's credit risk is mainly affected by the silicon wafer industry. On December 31, 2019 and 2018, 0%, 99% and 91% of the balance of notes and accounts receivable (including related parties) of the standalone company were composed of ten customers. In the case of credit risk concentration, the standalone company has regularly assessed the possibility of receivables recovery and accrued appropriate allowance for losses.

(3) Credit risk of receivables and debt securities

For credit risk exposure information on notes and accounts receivables, please refer to Note 6 (5). Other financial assets measured at amortized cost include other receivables and investments and ordinary corporate bonds. The impairment loss of debt security measured at amortized cost ,please refer to Note 6 (4) .

The above are all financial assets with low credit risk. Therefore, the allowance loss for the period is measured by the 12-month expected credit loss amount (for details of how the Company determines the low credit risk, please refer to Note 4 (6)).

2. Liquidity Risk

The contract maturities of financial liabilities are illustrated in the following table, including estimated interest but excluding the impact of the agreed net amount.

| | Carrying Amount | Contractual cash flows | 6 months or less | 6-12 months | 1-2 years | 2-5 years or more |
|---|---|---|---|---|---|---|
| **December 31, 2018** | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Short term borrowings | $ 200,000 | (200,648) | (200,648) | - | - | - |
| Notes and accounts payable (including related parties) | 503,409 | (503,409) | (503,409) | - | - | - |
| Lease liabilities | 155,417 | (160,695) | (14,052) | (14,052) | (28,247) | (104,344) |
| Derivative financial liabilities | | | | | | |
| Outflows | 68 | (90,465) | (90,465) | - | - | - |
| Infolws | - | 90,075 | 90,075 | - | - | - |
| | $ 858,894 | (865,142 | (718,499 | (14,052) | (28,247 | (104,344) |
| **December 31, 2018** | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Short term borrowings | $ 2,717,125 | (2,724,434) | (2,422,995) | (301,439) | - | - |
| Notes and accounts payable (including related parties) | 437,889 | (437,889) | (437,889) | - | - | - |
| Long term borrowings | 1,610,200 | (1,710,260) | (18,304) | (18,304) | (1,172,975) | (500,677) |
| | $ 4,765,214 | (4,872,583) | (2,879,188) | (319,743) | (1,172,975) | (500,677) |

Except for the unsecured bank borrowings and secured bank borrowings repaid in advance in 2018, the Company does not expect the cash flow analysis on the maturity date to occur significantly ahead of the schedule or the actual amount will be significantly different.

3. Currency risk

(1) Risk of Currency exposure

The Company's is financial assets and liabilities exposed to significant foreign Currency risk are as follows:

| | 201912.31 | | |
|---|---|---|---|
| | **Foreign currency** | **Exchange rate** | **NTD** |
| Financial assets | | | |
| Monetary items | | | |
| USD | $ 62,104 | 29.98 | 1,861,878 |
| JPY | 1,858 | 0.276 | 513 |
| EUR | 19 | 33.59 | 638 |
| Investment accounted for under equity method | | | |
| USD | 45.563 | 29.98 | 1,433,005 |
| EUR | 14,573 | 33.59 | 385,238 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD | 15,001 | 29.98 | 449,730 |
| JPY | 4,587 | 0.276 | 1,266 |
| EUR | 409 | 33.59 | 13,738 |
| Derivative items | | | |
| USD | 3,000 | 29.98 | note |

| | 2018.12.31 | | |
|---|---|---|---|
| | **Foreign currency** | **Exchange rate** | **NTD** |
| Financial assets | | | |
| Monetary items | | | |
| USD | $ 51,287 | 30.715 | 1,575,280 |
| JPY | 2,810 | 0.2782 | 782 |
| EUR | 6,943 | 35.200 | 244,394 |
| Investment accounted for under equity method | | | |
| USD | 46,628 | 30.715 | 1,471,643 |
| EUR | 6,817 | 35.200 | 239,786 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD | 10,856 | 30.715 | 333,442 |
| JPY | 9,260 | 0.2782 | 2,576 |

| | | | |
|---|---|---|---|
| EUR | 3,344 | 35.20 | 117,709 |

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

(2) Sensitivity analysis

The Company's exchange rate risk primarily comes from the cash and cash equivalents, accounts receivable, loan and accounts payable, etc. denominated in foreign currency with the resulting foreign currency exchange gains and losses. In the case On December 31, 2019 and 2018, when the NTD depreciated or appreciated by 1% against USD, JPY and EUR, and all other factors remained unchanged, the pre-tax net profit for 2019 and 2018 will increase or decrease by NT$ 13,983 thousands and NT$ 13,667 thousands respectively. The analysis of the two periods was performed with the same basis.

(3) Exchange gains or losses for monetary items

The exchange rate information of the exchange gain or loss (including realized and unrealized) of the Company's monetary items converted into functional currency (i.e. the Company's expression currency) is as follows:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | **Exchange profit and loss** | **The average exchange rate** | **Exchange profit and loss** | **The average exchange rate** |
| USD | $ (35,166) | 30.912 | 6,903 | 30.149 |
| EUR | (4,889) | 34.610 | (48,566) | 35.60 |
| JPY | 20 | 0.2837 | (503) | 0.2730 |
| Franc | (2) | 31.09 | 4 | 30.81 |
| RMB | (569) | 4.472 | (760) | 4.562 |
| | **$ (40,606)** | | **(42,922)** | |

4. Interest Analysis

The Company's interest rate exposure of financial assets and financial liabilities is described in the liquidity risk management of this note.

The following sensitivity analysis is based on the interest rate risk exposure. The analysis of the floating interest rate liabilities is with the assumption that the amount of liability outstanding on the reporting date was outstanding for the whole year.

If the interest rate increases or decreases by 0.25%, and all other variables remain unchanged, the pre-tax net profit of the standalone company in 2019 and 2018 will decrease or increase by NT$ 2,642 thousands and NT$ 8,821 thousands respectively due to the Company's bank deposits and borrowings of the changing interest rate.

5. Other price risks

If there is a change in the price of the equity securities on the reporting day (the two phases of the analysis are based on the same basis and the other variables are assumed to be unchanged), the impact on the standalone profit and loss item is as follows:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| **Price of securities on the reporting day** | **Amount after other comprehensive profit and loss** | **After-tax (loss) profit** | **Amount after other comprehensive profit and loss** | **After-tax (loss) profit** |
| Up by 5% | $ 305 | - | 40,050 | 4,353 |
| Down by 5% | (305) | - | (40,050) | (4,353) |

6. Fair value of financial instruments

(1) Categories of financial instruments and fair value

Financial assets and liabilities measured at fair value through gain or loss and financial assets measured at fair value through other comprehensive gain or loss (available for sale financial assets) are measured at fair value on a repetitive basis. The carrying amount and fair value of various financial assets and financial liabilities (including fair value etc. information. However, if the carrying amount of financial instruments not measured at fair value is rationally similar to the fair value, and investment in equity instruments that are not quoted in the active market and whose fair value cannot be reliably measured, there is no need to disclose fair value information as required) booked as follows:

| | 2019.12.31 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Carrying Amount | Level I | Level II | Level III | Total |
| **Financial assets at fair value through other comprehensive income** | | | | | |
| Non-public offer equity instrument measured at fair value | $ 6,095 | - | - | 6,095 | 6,095 |
| **Financial assets measured at amortized cost** | | | | | |
| Cash and cash equivalents | 1,256,788 | - | - | - | - |
| Notes and accounts receivable (including related parties) | 831,614 | - | - | - | - |
| Other financial assets - current and non-current | 22,651 | - | - | - | - |
| Corporate bonds | 507,680 | - | 507,680 | - | 507,680 |
| Subtotal | $ 2,618,733 | - | 507,680 | - | 566,832 |
| **Financial liabilities at fair value through profit or loss** | | | | | |
| Forward exchange agreement | $ 68 | - | 68 | - | 68 |
| **Financial liabilities measured with amortized costs** | | | | | |
| Short term borrowings | $ 200,000 | - | - | - | - |
| Notes and accounts payable (including related parties) | 503,409 | - | - | - | - |
| Lease liabilities-current & non-current | 155,417 | - | - | - | - |
| Subtotal | $ 858,826 | - | - | - | - |

| | 2018.12.31 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Carrying Amount | Level I | Level II | Level III | Total |
| **Financial assets at fair value through profit or loss** | $ 87,053 | 87,053 | - | - | 87,053 |
| **Financial assets at fair value through other comprehensive income** | | | | | |
| Stock listed on domestic market | $ 665,784 | 665,784 | - | - | 665,784 |
| Non-public offer equity instrument measured at fair value | 135,222 | - | - | 135,222 | 135,222 |
| | $ 801,006 | 665,784 | - | 135,222 | 801,006 |
| **Financial assets measured at amortized cost** | | | | | |
| Cash and cash equivalents | 851,304 | - | - | - | - |
| Notes and accounts receivable (including related parties) | 1,638,043 | - | - | - | - |

| | | | | | |
|---|---|---|---|---|---|
| Other financial assets - current and non-current | 33,564 | - | - | - | - |
| Corporate bonds | 281,366 | - | 285,466 | - | 285,466 |
| Subtotal | **$ 3,085,643** | **-** | **566,832** | **-** | **566,832** |
| **Financial liabilities measured with amortized costs** | | | | | |
| Short term borrowings | $ 2,717,125 | - | - | - | - |
| Notes and accounts payable (including related parties) | 437,889 | - | - | - | - |
| Long term borrowings | 1,610,200 | - | - | - | - |
| Subtotal | **$ 4,765,214** | **-** | **-** | **-** | **-** |

(2) Valuation technique of fair value of financial instruments that are not measured at fair value

The methods and assumptions the Company adopts to estimate fair value of instruments that are not measured at fair value are as follows:

Financial assets measured at amortized cost (held-to-maturity financial assets); if there is a public quotation in the active market, the market price is the fair value; if no market price is available for reference, the evaluation method is used to estimate or use the counterparty quotation.

(3) Valuation technique of fair value of financial instruments measured at fair value

i. Non-derivatives financial instruments

If the financial instrument has quoted prices available in the active market, the quote in the active market shall be used as fair value. Both the market prices announced by significant exchanges and those of Central Government bonds determined as popular securities announced by the TPEx are basis of fair value for equity instruments booked in the Exchange (Taipei Exchange)

If public quoted prices can be timely obtained from the exchanges, brokers, underwriters or the competent authority, and the prices can represent actual and frequent transactions in the market, the financial instruments are consider to have public quoted prices in the active market. If the above condition is not met, the market is consider inactive. Generally speaking, if there is great difference between the sales price and purchase price, or there is significant increase in such difference or the transaction are not frequent, there is indication that the market is not active.

If the financial instruments held by the Company belong to an active market, the fair value is booked as follows by category and attribute:

For financial assets and financial liabilities of the booked (TaiSDAQ) company's stocks, notes of exchange and corporate bonds, which are subject to standard terms and conditions and are traded in the active market, the fair value is determined by reference to market quotations.

In addition to the above-mentioned financial instruments with active markets, the fair value of the remaining financial instruments is obtained by means of evaluation technologies or reference to counterparty quotes. The fair value obtained through the evaluation technology can be based on the current fair value of other financial instruments with similar characteristics and characteristics, the discounted cash flow method or other evaluation technologies, including the market information utilization model available on the balance sheet date (such as the reference yield curve of Taiwan Stock Exchange, Reuters commercial promissory interest rate average offer).

If the financial instruments held by the Company are in the non-active market, the fair value is booked as follows by category and attribute:

Equity instruments without public quotation: Estimates of fair value using the market comparable company method, the main assumptions are based on the earnings multiplier derived from the investee's net worth per share and the EV/EBIT comparable booked (TaiSDAQ) companies' quotes. The estimate has adjusted the depreciation impact of the lack of market liquidity of the equity securities.

ii. Derivative financial instruments

Measurement of the fair value of derivative instruments are based on the valuation techniques generally accepted by market participants, such as the discounted cash flow or option pricing models. The fair value of forward currency is usually determined based by the forward currency exchange rate.

(4) Reconciliation of Level 3 fair value

Financial assets at fair value through other comprehensive income

| | Financial assets measured at fair value through other comprehensive income |
|---|---|
| January 1, 2019 | $ 135,222 |
| Addition in investment | 1,637 |
| Recognized in profit or loss | (130,764) |
| December 31, 2019 | **$ 135,222** |
| January 1, 2018 | $ 298,640 |
| Addition in investment | 37,500 |
| Recognized in profit or loss | (200,918) |
| December 31, 2018 | **$ 135,222** |

(5) Quantitative information on the fair value measurement of significant unobservable inputs (Level 3)

The fair value measurement of the Company classified as Level 3 are mainly equity investment, financial assets measured at fair value through other comprehensive gain or loss.

The significantity of the Company's fair value classified as Level 3 has only a single significant unobservable input value, and only an equity instrument investment without an active market has multiple significant unobservable inputs. The significant unobservable inputs of equity instrument investments in an inactive market are independent of each other and therefore are not interrelated.

The list of quantitative information for significant unobservable inputs is as follows:

| Item | Evaluation technology | Significant unobservable input value | Relations between significant unobservable input value and fair value |
|---|---|---|---|
| Financial assets measured at fair value through other comprehensive gain or loss -I equity instrument investment without active market | Comparable TWSE/GTSM booked company method | • Equity value multiplier (2019.12.31 &2018.12.31 are 0.73-18.08 and.13-0.97)<br>• Lack of market liquidity discount (2019.12.31 &2018.12.31 are 28% and 28%-50.57%) | • The higher the multiplier, the higher the fair value<br>• The higher the lack of market liquidity discount, the lower the fair value |

(6) The fair value of the Company's financial instruments that use Level 3 inputs to measure fair value was based on the price of the third party. The Company did not disclose quantified information and sensitivity analysis on significant unobservable inputs because the unobservable inputs used in fair value measurement were not established by the Company.

(7)As of December 31,2019and 218, there were no transfer at fair value level.

(28) Financial risk management

1. Overview

The financial instrument that the Company is using is exposed to the following risks:

(1) Credit Risk
(2) Liquidity Risk
(3) Market Risk

The Company's risk exposure information and the objectives, policies and procedures of the Company's risk measurement and management are disclosed in this note. Please refer to the notes to the standalone financial statements for the quantitative disclosure in detail.

2. Structure of risk management

The Board has sole responsibility for and oversight of the Company's risk management framework and risk management policies and procedures. Internal auditors assist the Board of Directors to monitor and to carry out the regular and extraordinary review of risk management controls and procedures, and to report the results of the review to the Board.

The Company's risk management policy is established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk and the compliance with risk limits. Risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the Company's operations. Also, develop a disciplined and constructive environmental control through training, management standards, and operating procedures in order to help all employees understand their roles and obligations.

Supervising and management personnel of the audit committee of the Company monitor the compliance of the Company's risk management policies and procedures, as well as review the adequacy of the parent company's related risk management framework for the risk faced. The internal auditor assists the audit committee the Company to play the role of auditors. Internal auditors carry out the regular and extraordinary review of risk management controls and procedures, and report the results of the review to the audit committee.

3. Credit Risk

The primary potential credit risk of the Company mainly comes from the financial instruments of cash and accounts receivable. The Company's cash is deposited in different financial institutions

(1) Accounts receivables and other receivables

The Company has established a credit policy. Before granting the standard payment and shipping terms as well as any other clauses, the Company shall analyze the credit rating of each new customer respectively. Purchase limit is set up for each customer. The limit is reviewed periodically. For customers not meeting the standard credit ratings as required, they can only make purchases from the Company on the basis of pre-payment.

(2) Investment

Credit risk on bank deposits, fixed-Revenue investments and other financial instruments are measure and monitored by the Company's finance department. As the Company's trading partners and its counterparties fulfill their obligations either as banks with good credit standing or financial institutions, corporations, and government agencies of investment-grade and above, there should be no significant credit risk of them defaulting on their payment obligations, and this shall not be a concern.

(3) Guarantee

Per the Company's policy, it can only provide financial guarantee to companies it has business dealing, the companies of which it holds directly or indirectly for more than 50% shares with voting right, or companies by which it is owned directly or indirectly for more than 50% shares. On December 31, 2019 and 2018, the Company did not provide any endorsement guarantees except to its subsidiaries.

4. Liquidity Risk

The Company's capital and working capital is sufficient enough to fulfill all contractual obligations; therefore, there is no liquidity risk arising from the inability of raising funds for fulfilling contractual obligations.

The bank loan is an importance source of liquidity. On December 31, 2019 and 2018, the long-term and short-term bank financing quotas unused of the Company were NT$ 10,629,867 thousands and NT$ 4,913,625 thousands respectively.

5. Market Risk

Market risk refers to the changes in market prices, such as exchange rates, interest rates and equity instrument price changes, causing risks to the Company's Revenue or the value of the financial instruments. The purpose of market risk management is to contain market risk exposure within the tolerable range and with the return on investment optimized.

(1) Currency risk

The Company is exposed to exchange rate risk that arises from sales, purchases and loans transactions denominated in non-functional currency. The Company's functional currency is NT Dollars. The main currencies of the transactions are NTD, US Dollar, JPY and Euro.

Loan interest is denominated in the currency of the loan principal. In general, a loan is in the same currency as the cash flow generated from an operating activity, which is mainly in NT Dollars.

For other monetary assets and liabilities denominated in foreign currencies, for any short-term imbalance occurring, the Company is to maintain the net risk exposure at an acceptable level by buying or selling foreign currency at the spot exchange rate.

(2) Interest rate risk

The Company holds assets and liabilities with floating interest rates, resulting in a cash flow interest rate risk exposure.

(3) Equity instrument price

The Company has equity price exposures due to investments in stocks booked on the Taipei Exchange (TPEx). Those equity investments are not held for trading but for strategic investment.

Please refer to Note 6 (27) for the risk of change.

(29) Capital Management

The policy of the Board of Director is to maintain sound capital base in order to uphold the confidence of investor, creditor, and market, and to support future operations and development. Capital includes the share capital, capital reserve, retained earnings and other equity items of the Company. The Board of Directors controls the return on capital and the common stock dividend level.

Debt capital ratio on the reporting date is as follows:

| | 2019.12.31 | 2018.12.31 |
|---|---|---|
| Total Liabilities | $ 7,618,133 | 7,611,183 |
| Less: Cash and cash equivalent | (1,256,788) | (851,304) |
| Net liabilities | $ 6,361,345 | 6,759,879 |
| Total Equity | $ 26,670,241 | 26,881,716 |
| Debt capital ratio | 23.85% | 25.15% |

The net liabilities and total equity on December 31, 2019 decreased from the previous period, but the ratio of debt to capital decreased due to the large decline in net liabilities.

(30) Investing and financing activities not affecting current cash flow

The Investing and financing activities not affecting current cash flow in 2019 and 2018 were as follows.

1. For acquiring right –of –use assets by lease, please refer to note 6(10).
2. Reconciliations of liabilities arising from financing activities were as follows:

| | 2019.12.31 | Cash flows | Non-cash changes | 2019.12.31 |
|---|---|---|---|---|
| Short-term borrowings | $ 2,717,125 | (2,517,125) | - | 200,000 |
| Long-term borrowings | 1,610,200 | (1,610,200) | - | - |
| Lease liabilities | 180,137 | (28,407) | 3,687 | 155,417 |
| Guarantee deposit received | - | 762 | - | 762 |
| Total liabilities from financing activities | $ 4,507,462 | (4,154,970) | 3,687 | 356,179 |

| | 2018.12.31 | Cash flows | Non-cash changes | 2018.12.31 |
|---|---|---|---|---|
| Short-term borrowings | $ 2,364,913 | 352,212 | - | 2,717,125 |
| Long-term borrowings | 1,360,000 | 250,200 | - | 1,610,200 |
| Total liabilities from financing activities | $ 3,724,913 | 602,412 | | 4,327,325 |

## 7. Related party transactions

(1) Names and relationships of related parties

The parties involved in the transaction of the standalone company during the period of the standalone financial statements are as follows:

| Names of related parties | Relationship with the Company |
|---|---|
| Sino Silicon Technology Inc. (hereinafter referred to as "SSTI") | Subsidiaries directly held by the Company |
| GlobalWafers | Subsidiaries directly held by the Company |
| Aleo Solar GmbH(hereinafter referred to as Aleo Solar) | Subsidiaries directly held by the Company |
| Aleo Solar Distribuzione Italia S.r.l | Subsidiary indirectly owned by the Company |
| Aleo Sunrise GmbH | Subsidiary indirectly owned by the Company(note7) |
| SAS Sunrise Inc. | Subsidiaries directly held by the Company |
| SAS Sunrise Pte. Ltd. | Subsidiary indirectly owned by the Company |
| Sulu Electric Power and Light Inc.(hereinafter referred to as Sulu) | Subsidiary indirectly owned by the Company (Note 1) |
| AMLED International Systems Inc. (hereinafter referred to as AMLED) | Subsidiary indirectly owned by the Company (Note 2) |
| Sunrise PV World Co. (hereinafter referred to as "Sunrise PV World") | Subsidiaries directly held by the Company |
| Sunrise PV Electric Power Five (hereinafter referred to as Sunrise PV Electric Five) | Subsidiaries directly held by the Company(Note8) |
| Sunrise PV Two Co., Ltd. (hereinafter referred to as Sunrise PV Two) | Subsidiary indirectly owned by the Company(Note5) |
| Sunrise PV Electric Power Two (hereinafter referred to as Sunrise PV Electric Two) | Subsidiary indirectly owned by the Company(Note6) |
| Sunrise PV Three Co., Ltd. (hereinafter referred to as Sunrise PV Three) | Subsidiary indirectly owned by the Company |
| Sunrise PV Four Co., Ltd. (hereinafter referred to as Sunrise PV Four) | Subsidiary indirectly owned by the Company |
| Global Semiconductor Inc. (hereinafter referred to as GSI) | Subsidiary indirectly owned by the Company |
| GWafers Singapore Pte.Ltd.( hereinafter referred to as GWafers Singapore) | Subsidiary indirectly owned by the Company |
| Topsil GlobalWafers A/S (hereinafter referred to as Topsil A/S) | Subsidiary indirectly owned by the Company |
| Kunshan Sino Silicon Technology Co., Ltd. (hereinafter referred to as "Kunshan Sino") | Subsidiary indirectly owned by the Company |
| GlobiTech Incorporated.(hereinafter referred to as GTI) | Subsidiary indirectly owned by the Company |
| GlobalWafers Japan Co., Ltd. (hereinafter referred to as "GWJ") | Subsidiary indirectly owned by the Company |

| | |
|---|---|
| Shanghai Growfast Semiconductor Technology Co.,Ltd. (hereinafter referred to as Shanghai GrowFast) | Subsidiary indirectly owned by the Company |
| Topsil Semiconductor sp z o.o.(hereinafter referred to as Topsil PL) | Subsidiary indirectly owned by the Company |
| GlobalWafers Singapore Pte. Ltd. (hereinafter referred to as GWS) | Subsidiary indirectly owned by the Company |
| GlobalWafers B.V. (hereinafter referred to as GWBV) | Subsidiary indirectly owned by the Company |
| MEMC Japan Ltd.(hereinafter referred to as MEMC Japan) | Subsidiary indirectly owned by the Company |
| MEMC Electronic Materials SpA (hereinafter referred to as MEMC SpA) | Subsidiary indirectly owned by the Company |
| MEMC Electronic Materials France SarL(hereinafter referred to as MEMC SarL) | Subsidiary indirectly owned by the Company |
| MEMC Electronic Materials GmbH(hereinafter referred to as MEMC GmbH) | Subsidiary indirectly owned by the Company |
| MEMC Holding B.V.(hereinafter referred to as MEMC BV) | Subsidiary indirectly owned by the Company |
| MEMC Korea Company (hereinafter referred to as MEMC Korea) | Subsidiary indirectly owned by the Company |
| MEMC LLC (hereinafter referred to as MEMC LLC) | Subsidiary indirectly owned by the Company |
| MEMC Electronic Materials, Sdn Bhd (hereinafter referred to as MEMC Sdn Bhd) | Subsidiary indirectly owned by the Company |
| SunEdison Semiconductor Technology (Shanghai) Ltd. (hereinafter referred to as SunEdison Shanghai) | Subsidiary indirectly owned by the Company |
| Taisil Electronic Materials Corp. (hereinafter referred to as Taisil) | Subsidiary indirectly owned by the Company |
| MEMC Ipoh Sdn Bhd (hereinafter referred to as MEMC Ipoh) | Subsidiary indirectly owned by the Company |
| Actron Technology Corporation (hereinafter referred to as Actron Technology) | The chairman of the Company is the same. |
| Solartech Energy Corp. | The Company is the main management of Solartech Energy (Note 3) |
| URE | The Company is the main management of URE (Note 3) |
| Sunshine PV. Corporation (hereinafter referred to as Sunshine PV.) | Related enterprise to URE |
| Song Long Electronics Corporation (hereinafter referred to as Song Long Eletronics) | The Company’s management is the manager of the director of the company |
| Actron Technology Corporation (hereinafter referred to as Actron Technology) | The Company’s management is the chairman of the director of the company / Affiliated enterprises of the Company |
| Accu Solar Corporation | Affiliated enterprises of the Company |
| TSCS | Affiliated enterprises of the Company |
| Crystalwise Technology Inc. | Affiliated enterprises of the Company |
| Cathy Sunrise | Affiliated enterprises of the Company |

| | |
|---|---|
| Sunrise PV One Co., Ltd. (hereinafter referred to as Sunrise PV One) | Subsidiaries of affiliated enterprises of the Company |
| Cathy Sunrise One Co., Ltd. (hereinafter referred to as Cathy Sunrise One) | Subsidiaries of affiliated enterprises of the Company |
| Cathy Sunrise Two Co., Ltd. (hereinafter referred to as Cathy Sunrise Two) | Subsidiaries of affiliated enterprises of the Company |
| Cathy Sunrise Electric Power One (hereinafter referred to as CSEPO) | Subsidiaries of affiliated enterprises of the Company |
| Sunrise PV Five Co., Ltd. (hereinafter referred to as Sunrise PV Five) | Subsidiaries of affiliated enterprises of the Company |

Note 1: The Company can control the financial and operating strategies of Sulu through valid agreements with other investors of Sulu, so Sulu is considered as a subsidiary.

Note 2: The Company does not hold the ownership interests of AMLED, but the Company can control the financial and operating strategies of AMLED and obtain all the benefits of its operations and net assets in accordance with the terms of the agreements with such standalone, so AMLED is considered as a subsidiary.

Note 3: The former Solartech Energy was merged and cancelled in October 2018, the existing company is renamed URE.

Note 4: Sunrise PV Five was sold to Cathy Sunrise in March 2019.

Note 5: Sunrise PV Two was liquidated in May 2019.

Note 6: Sunrise PV Electric Two was sold in July 2019.

Note 7: Aleo sunrise Gmbh (hereinafter referred to as Aleo Sunrise) has been adjusted by the Company to 100% investment since March 2019 and its liquidation was completed in June 2019

Note 8: For operating plan, the Company invest Sunrise PV Electric Five in December 2019.

(2) Significant transactions with related parties

1. Operating revenue

The Company's material sales amount to the related party are as follows:

| | 2019 | 2018 |
|---|---|---|
| Subsidiary | $ 1,089,748 | 1,123,826 |
| Affiliated companies | - | 20 |
| Other related parties | 10,246 | 194,922 |
| | **$ 1,099,994** | **1,318,768** |

In 2019 and 2018, the Company's processing Revenue to related parties was NT$ 40,505 thousands and NT$ 70,124 thousands, respectively, booked in operating cost reduction.

The Company offers selling price to the related party in accordance with the general market price and has the price adjusted with the considerations of sales area, sales volume, etc.

The Company's payment conditions to general customers in 2019 and 2018 are both from 0 days to O/A 120 days; to significant related parties, advance payment to O/A 90 days EOM.

2. Purchase and outsourced processing

The amount of purchase and outsourced processing from the related party by the Company is as follows:

| | | 2019 | 2018 |
|---|---|---|---|
| Subsidiary | $ | 1,740 | 30,367 |
| Affiliated companies | | - | 304 |
| Other related parties | | 11,248 | 25,324 |
| | $ | 12,988 | 55,995 |

The Company has used the general market price to purchase goods and outsource processing from the related party.

The Company's payment conditions to general suppliers in 2019 and 2018 are from O/A 0 days to O/A 150 days EOM, and O/A 0 days to O/A 120 days EOM respectively; from significant related parties as suppliers, advance payment to O/A 30 days and O/A 90days EOM respectively .

3. Receivables from related parties

The Company’s receivables from related parties are as follows:

| Account | Classification of related party | | 2019.12.31 | 2018.12.31 |
|---|---|---|---|---|
| Receivables from related parties | Subsidiary-GlobalWafers | $ | 214,321 | 157,482 |
| Receivables from related parties | Subsidiary-Aleo Solar | | - | 110,062 |
| Receivables from related parties | Subsidiary-Other | | 9,636 | 15,368 |
| Receivables from related parties | Other related parties | | 6,648 | 8 |
| | | $ | 230,605 | 282,920 |

The Company's sales of raw materials of subsidiaries were assessed as not recoverable. In 2018, the allowance for loss accrued was NT$ 14,107 thousands, accounted for in expected credit impairment loss. Another, the receivables were collected of NT$5,796 thousands in 2018, and reverse the income for expected credit.

In addition, in order to maintain the stable supply of raw materials required for production, the related parties successively signed short-term and long-term supply contracts with the Company, then the details of the advance sales receipts from related parties (respectively booked in contract liabilities - current / non-current ) are as follows:

| | | 2019.12.31 | 2018.12.31 |
|---|---|---|---|
| Other related party-URE | $ | 883,220 | 883,697 |

4. Accounts payable to related parties

The Company's payables to related parties are as follows:

| Account | Classification of related party | 2019.12.31 | 2018.12.31 |
|---|---|---|---|
| Payable to related parties | Subsidiary | $ 707 | 712 |
| Payable to related parties | Other related parties | - | 319 |
| | | $ 707 | 1,031 |

5. Transactions of property, plant and equipment

(1) Disposition of property, plant and equipment

The details of the sales of property, plant and equipment by the Company to related parties are as follows:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | Sale price | Receivables from related parties | Sale price | Receivables from related parties |
| Subsidiary | $ 27,570 | - | 627,131 | - |

The benefits realized in 2019 and 2018 were NT$ 3,478 thousands and NT$ 964 thousands respectively. On December 31, 2019 and 2018, the interests of deferred disposition of fixed assets arising from the sale of fixed assets to related parties was NT$ 37,837 thousands and NT$ 27,334 thousands, respectively.

(2) Acquisition of property, plant and equipment

The price for the Company's acquisition of property, plant and equipment from related parties is as follows:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | Amount | Payable to related parties | Amount | Payable to related parties |
| Subsidiary | $ - | - | 114,713 | - |

6. Revenue of management fee and technology service fee

Information regarding the Company's collecting the management fees and technology service fee. Revenue from related parties booked in other income or loss to as follows:

| | 2019 | 2018 |
|---|---|---|
| Subsidiary | $ 41,633 | 50,508 |

As of December 31, 2019 and 2018, the unrecovered management fees receivable and technology service fee receivable were NT$ 13,730 thousands and NT$ 13,621 thousands respectively, booked in receivables from related parties.

7. Loan to related parties

The actual disbursement of loan to the related parties is as follows:

| | 2019.12.31 | 2018.12.31 |
|---|---|---|
| Subsidiary－Sulu | $ 298,901 | 268,572 |
| Subsidiary－Sunrise PV Five | - | 162,000 |
| Subsidiary－Sunrise PV World | - | 150,000 |
| Subsidiary－Aleo Solar | - | 52,800 |
| Subsidiary－Other | 52,000 | 208,000 |
| | $ 350,901 | 841,372 |

For the borrowings of the subsidiaries from the Company, the interest is based on the average interest rate of the related parties borrowing from financial institutions in the year when they receive the loan, and all of above borrowings are unsecured loans. The Interest income of 2019 and 2018 were NT$ 13,703 thousands and NT$ 24,096 thousands respectively. On December 31, 2019 and 2018, interest receivable at the end of the period were NT$ 892 thousands and NT$ 1,160 thousands respectively, booked in receivables from related parties.

On December 31, 2019 and 2018, as the subsidiaries involved in the aforementioned transaction capitalize the interest expenses, and their unrealized interests were NT$ 3,899thousands and NT$ 4,138 thousands respectively, booked in investment under equity method.

8. Endorsements/guarantees

The Company's endorsements and guarantees for the related party is summarized as follows:

| | 2019.12.31 | 2018.12.31 |
|---|---|---|
| Subsidiary | $ 2,079,080 | 2,458,610 |

The company receive the handling fee of endorsements and guarantees from related parties, as of December 31, 2019 and 2018, the interest income were NT$ 10,296 thousands and NT$ 11,647 thousands respectively.

9. Corporate bonds

The Company purchased the five-year and One -year private placement corporate bonds issued by its affiliated company, Crystalwise Technology, a total of 280 and 250 bonds with each face value of NT$ 1,000 totaling $ 280,000 thousands and $ 250,000 thousands respectively. The interest rate and the coupon rate are 2%.

Interest income for 2019 and 2018 were NT$ 11,753 thousands and NT$ 1,366 thousands respectively . As December 31, 2019 and 2018, the accumulated investment cost and interest receivable were NT$ 507,680 thousands and NT$ 281,366 thousands respectively , booked in financial assets measured at amortized cost – current and non-current .

10. Lease

(1) The Company and the related parties have a factory lease contract, and the breakdown of the rental expenses and payables to related parties are as follows:

| | 2019 | 2018 |
|---|---|---|
| Subsidiary | $ - | 8,775 |
| Affiliated companies | - | 2,142 |
| | $ - | 10,917 |

| Account | Classification of related party | 2019.12.31 | 2018.12.31 |
|---|---|---|---|
| Payable to related parties | | $ - | 831 |

(2) The Company and the related parties have a factory lease contract, and the breakdown of the rental revenue to related parties are as follows:

| | 2019 | 2018 |
|---|---|---|
| Subsidiary | $ 9,181 | 7,308 |
| Affiliated companies | 310 | 225 |
| | $ 9,491 | 7,533 |

| Account | Classification of related party | 2019.12.31 | 2018.12.31 |
|---|---|---|---|
| Receivable from related parties | | $ 2,766 | 1,093 |

11. Others

(1) The Company's direct sales to the related parties is regarded as the transfer of inventories. Therefore, the sales revenue and related costs are written off when the standalone financial statements is expressed, not regarded as the sales and cost of the Company. On December 31, 2019 and 2018, the deferred Revenue arising from the above transactions were NT$ 30,951 thousands and NT$ 35,500 thousands respectively, booked in the investment under equity method.

In addition, as of December 31 2019 and 2018, the sales of raw materials to the subsidiaries is regarded as the transfer of inventories, and the gross loss of the sale of NT$ 34,329 thousands and NT$ 54,282 thousands respectively are deferred and booked in the investment under equity method.

(2) Our subsidiaries undertook projects and purchased modules from the Company in 2019 and 2018. Due to changes in the project plan, no actual sales were made. According to the sales contract, the compensation the Company needing to seek from the subsidiaries for the loss of stocking were NT$29,821 thousand and NT$12,445 thousand and were recognized as the deduction of cost of goods sold and miscellaneous income. As of December 31, 2019 and 2018, they were NT$29,821 thousand and NT$13,067 thousand, which were recognized as the amount due from related parties.

(3) The revenue from providing legal consulting services for subsidiaries in 2019 and 2018 were both NT$1,500 thousand. As of December 31, 2019 and 2018, the Company has fully paid.

12. Payment on behalf of others

On December 31, 2019 and 2018, the Company’s unsettled accounts receivable (payable) to related parties due to payments paid on behalf of others among related parties for materials purchase, insurance, water and electricity fee etc. were booked in accounts receivable (payable) to related parties as follows:

| | | **2019.12.31** | **2018.12.31** |
|---|---|---|---|
| Subsidiary | $ | 3,803 | 13,304 |
| Subsidiary | | (1,789) | (4,530) |
| Affiliated companies | | 54 | 8 |
| Affiliated companies | | (20) | (62) |
| Other related parties | | - | (10) |
| | $ | 2,048 | 8,710 |

(3) Key management

The remuneration to key management include:

| | | **2019** | **2018** |
|---|---|---|---|
| Short-term employee benefits | $ | 136,738 | 76,792 |
| Post-employment benefits | | 647 | 819 |
| Share-based payment | | 14,844 | 73,612 |
| | $ | 152,229 | 151,223 |

In 2019 and 2018, the Company provided 1 vehicle with the cost of NT$ 1,500 thousands and 2 vehicles with the cost of NT$ 2,204 thousands respectively for key management personnel to use.

## 8. Pledged Assets

The book value of the assets mortgaged/pledged by the Company as collateral is as follows:

| **Asset name** | **Pledge or Mortgage underlying subject** | | **2019.12.31** | **2018.12.31** |
|---|---|---|---|---|
| Property, plant and equipment | Long term borrowings | $ | - | 552,000 |
| Time deposits (recognized in other financial assets－non-current) | Providing a guarantee for the bank to open a lease for the Science Park Bureau | | 7,900 | 7,900 |
| Time deposits (recognized in other financial assets－non-current) | Performance bonds for Government grant provided to technology projects | | 698 | 13,597 |
| | | $ | 8,598 | 573,497 |

## 9. Significant commitments and contingencies

Except as stated in Note 6 (15), other significant contingent liabilities of the Company and unrecognized contractual commitments are as follows:

(1) Significant unrecognized contractual commitments

1. The Company has negotiated the amount of future purchase in according to the current effective long-term purchase agreement and the market condition. The details are as follows:

(Expressed in thousands of foreign currency)

| | 2019.12.31 | 2018.12.31 |
|---|---|---|
| USD | $ 907,081 | 1,205,750 |
| EUR | $ - | 3,189 |

Silicon supplier Hemlock Semiconductor Pte. Ltd. (hereinafter referred to as Hemlock) sent a notice requesting that Company's confiscated prepayment, payment for goods not received and the interest related to the late payment in accordance with to the long-term purchase contract be accumulated to December 31, 2018 as US$ 615,982 thousands .The Company and Hemlock renegotiated in June 2019 to amend the important terms of the long-term procurement contract, pending agreement between the parties.

2. In response to the long-term purchase contract referred above, the Company has signed silicon wafer long-term sales contracts successively with the customers since 2005. These companies agree to pay the non-refundable funds to the Company. The two parties agreed to have silicon wafers sold in accordance with the agreed quantity and price . If the delivery has not been made in compliance with the contract signed, a sales discount or an amount equivalent to 1.5-4 times of the advance sales receipts from customers as remuneration should be granted. If the delay of shipment has not been resolved for more than three months, the outstanding pre-payment should be refunded. In addition, in response to the price decline arising from the falling demand, solar energy battery customers and the Company will negotiate the selling price and adjusting the average selling price in accordance with market conditions.

The amount of delivery according to the existing contracts and current market conditions is as follows:

(Expressed in thousands of foreign currency)

| | 2019.12.31 | 2018.12.31 |
|---|---|---|
| USD | $ 29,852 | 91,640 |
| EUR | $ 25,695 | 68,815 |
| NTD | $ 54,845 | 54,845 |

3. On December 31, 2019 and 2018, the Company has signed or ordered significant construction projects and plant equipment that have not yet been delivered for inspections of NT$ 894,902 thousands and NT$ 108,560 thousands respectively.
4. On December 31, 2019 and 2018, the total amount of promissory notes deposited by the standalone company at the bank for acquiring bank financing were NT$ 12,169,060 thousands and NT$ 10,630,605 thousands respectively.
5. On December 31, 2019 and 2018, the Company requested the bank to open a

performance bond for the General Administration of Customs and the R&D plan, which amounted to NT$ 10,000 thousands and NT$ 49,250 thousands respectively.

6. As of December 31 2019 and 2018, the company's outstanding standby letter of credits were as follows:

(Expressed in thousands of foreign currency)

| | 2019.12.31 | 2018.12.31 |
|---|---|---|
| USD | $ 7,006 | - |

(2) Contingent liabilities

Hemlock filed summons and complaints against the Company and were delivered to the Company on May 12, 2015. Both parties reached an agreement in May 2016 then signed STIPULATION OF DISCONTINUANCE and SETTLEMENT AGREEMENT, where the Company needs to purchase certain amount of polysilicon from Hemlock and its related companies based on SETTLEMENT AGREEMENT. Also, two parties signed an additional agreement of Accommodation Letter to amend SETTLEMENT AGREEMENT and extend the date of litigation termination under STIPULATION OF DISCONTINUANCE against the Company until April 30, 2019, which Hemlock agreed in December 2019 to further extend the extension to December 31, 2019. In June 2019, both parties agreed to amend the important terms such as price and quantity of the original contract. The Company, in accordance with the terms of the proposed revised contract, recognized provision for Onerous contract. As of December 31, 2019, the above-mentioned provision for Onerous contract amounted to NT$4,069,986 thousand.

## 10. Losses due to major disaster: None.

## 11. Subsequent Events:

(1) In order to streamline the corporate structure, it was resolved by the Board of Directors on December 12, 2019 to merge the 100% held subsidiary, Sunrise PV World Co. After the merger, the Company was the survival company while Sunrise PV World Co. was the eliminated company. The consolidated base date for this merger was January 31, 2020.

(2) By resolution of the Board of Directors on December 12, 2019, in order to meet the operating needs, the Company intended to purchase plant and equipment from Crystalwise Technology Inc. for NT$860,000 thousand. The deposit of NT$250,000 thousand was paid at the time of signing the sale contract in January 2020, and the remaining price will be paid after completing the ownership transfer registration.

## 12. Others

The functions of employee benefits, depreciation and amortization expenses are summarized as follows:

| By Function / By item | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | Cost of goods sold | Operating expenses | Total | Cost of goods sold | Operating expenses | Total |
| Employee benefits | | | | | | |
| Salary | 512,497 | 286,210 | 798,707 | 651,338 | 170,896 | 822,234 |
| Labor and health insurance | 45,532 | 10,772 | 56,304 | 69,949 | 11,417 | 81,366 |
| Pension | 19,657 | 4,814 | 24,471 | 30,460 | 9,942 | 40,402 |
| Directors' remuneration | - | 41,790 | 41,790 | - | 69,115 | 69,115 |
| Other Employee benefits | 34,640 | 3,462 | 38,102 | 38,322 | 3,597 | 41,919 |
| Depreciation | 451,978 | 39,354 | 491,332 | 929,936 | 51,977 | 981,913 |

The employee benefits information of the Company on December 31, 2019 and 2018 were as follows:

| | 2019 | 2018 |
|---|---|---|
| Employees | 890 | 1,377 |
| Non concurrently as employees of Directors | 9 | 9 |
| Average employee benefits expense | $ 1,052 | 716 |
| Average salaries expense | $ 916 | 597 |
| Adjustment of Average salaries expense | 53% | |

## 13. Other disclosures

(1) Information on significant transactions

In 2019, in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the relevant significant transactions that should be disclosed by the Company as follows:

1. Loans to other parties: Please refer to Attachment 1 for details.
2. Guarantees and endorsements for other parties: Please refer to Attachment 2 for details.
3. Securities held as of December 31, 2019 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Attachment 3 for details.
4. Individual securities acquired or disposed of with accumulated amounts exceeding the lower of NT$300 million or 20% of the capital stock: Please refer to Attachment 4 for details.
5. Acquisition of individual real estate with amount exceeding the lower of NT$ 300 million or 20% of the capital stock: Please refer to Attachment 5 for details.
6. Disposal of individual real estate with amount exceeding the lower of NT$ 300 million or 20% of the capital stock: None.
7. Related party transactions for purchases and sales with amounts exceeding the lower of NT$ 300 million or 20% of the capital stock: Please refer to Attachment 6 for details.
8. Receivables from related parties with amounts exceeding the lower of NT$ 100 million or 20% of the capital stock: Please refer to Attachment 7 for details.
9. Trading in derivative instruments: Please refer to note 6(2) for details.

(2) Information on investees: Please refer to Attachment 8 for details.

(3) Information on investment in mainland China:

1. Relevant information on the name and main business items of the investee company in Mainland China: Please refer to Attachment 9 (1) for details.
2. Investment quotas for Mainland China: Please refer to Attachment 9 (2) for details.
3. Significant transactions:

   The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of standalone financial statements , are disclosed in the “Information on significant transactions”.

## 14. Segment information

For details of segment Revenue (loss), please refer to the standalone financial statements of 2019.

## Sino-American Silicon Products Inc.
## Loans to other parties
## For the year ended December 31, 2019

Attachment 1 Unit: NT$ Thousand

| No. | Name of lender | Name of borrower | Account name | Related party | Highest balance of financing to other parties during the period | Ending balance | Actual usage amount during the period | Range of interest rates during the period | Purposes of fund financing for the borrower (Note 1) | Transaction amount for business between two parties | Reasons for short term financing | Loss allowance | Collateral | | Individual funding loan limits (Note 2) | Maximum limit of fund financing (Note 3) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Item | Value | | |
| 0 | Sino-American Silicon Products Inc. | Sulu | Loan receivable – related party | Yes | 948,000 (USD30,000) | 899,400 (USD30,000) | 298,901 (USD9,970) | 2.00% | 2 | - | Working capital | - | | - | 10,668,096 | 10,668,096 |
| 0 | Sino-American Silicon Products Inc. | Sunrise PV World Co. | Loan receivable – related party | Yes | 500,000 | 500,000 | - | 2.50% | 2 | - | Working capital | - | | - | 10,668,096 | 10,668,096 |
| 0 | Sino-American Silicon Products Inc. | Sunrise PV Five | Loan receivable – related party | Yes | 300,000 | - | - | 2.50% | 2 | - | Working capital | - | | - | 10,668,096 | 10,668,096 |
| 0 | Sino-American Silicon Products Inc. | Sunrise PV Electric | Loan receivable – related party | Yes | 200,000 | - | - | 2.50% | 2 | - | Working capital | - | | - | 10,668,096 | 10,668,096 |
| 0 | Sino-American Silicon Products Inc. | Sunrise PV Three Energy | Loan receivable – related party | Yes | 300,000 | 300,000 | 52,000 | 2.50% | 2 | - | Working capital | - | | - | 10,668,096 | 10,668,096 |
| 1 | SSTI | Sulu | Loan receivable – related party | Yes | 419,269 (USD13,268) | 317,788 (USD10,600) | 317,788 (USD10,600) | 2.00% | 2 | - | Working capital | - | | - | 1,943,776 | 1,943,776 |
| 1 | SSTI | AMLED | Loan receivable – related party | Yes | 339,709 (USD11,138) | 333,917 (USD11,138) | 333,917 (USD11,138) | 2.00% | 2 | - | Working capital | - | | - | 1,943,776 | 1,943,776 |
| 2 | SAS Sunrise Inc. | Sulu | Loan receivable – related party | Yes | 191,084 (USD6,200) | - | - | 4.00% | 2 | - | Working capital | - | | - | 922,234 | 922,234 |

| No. | Name of lender | Name of borrower | Account name | Related party | Highest balance of financing to other parties during the period | Ending balance | Actual usage amount during the period | Range of interest rates during the period | Purposes of fund financing for the borrower (Note 1) | Transaction amount for business between two parties | Reasons for short term financing | Loss allowance | Collateral | | Individual funding loan limits (Note 2) | Maximum limit of fund financing (Note 3) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Item | Value | | |
| 3 | Aleo Solar | Aleo Sunrise | Loan receivable – related party | Yes | 282,560 (EUR8,000) | - | - | 2.00% | 2 | - | Working capital | - | | - | 385,238 | 385,238 |
| 4 | Aleo Solar | Aleo Sunrise | Loan receivable – related party | Yes | 219,936 (USD6,960) | - | - | 2.00%~ 4.00% | 2 | - | Working capital | - | | - | 1,098,202 | 1,098,202 |
| 5 | Sunrise PV World Co. | Sunrise PV Four | Loan receivable – related party | Yes | 30,000 | - | - | 2.00% | 2 | - | Working capital | - | | - | 110,532 | 110,532 |
| 6 | GWJ | GlobalWafers | Loan receivable – related party | Yes | 4,420,500 | 4,140,000 | 4,140,000 | 0.47909%~ 0.53909% | 1 | 5,998,428 | Business transactions | - | | - | 5,998,428 | 15,279,926 |
| 6 | GWJ | MEMC Japan | Loan receivable – related party | Yes | 294,700 | 276,000 | - | 0.56909% | 2 | - | Working capital | - | | - | 15,279,926 | 15,279,926 |
| 7 | MEMC SpA | GWS | Loan receivable – related party | Yes | 2,759,640 | 2,620,020 | 2,047,302 | 3.559% | 2 | - | Working capital | - | | - | 11,849,317 | 11,849,317 |
| 8 | Taisil | GlobalWafers | Loan receivable – related party | Yes | 6,400,000 | 6,400,000 | 6,400,000 | 1.50% | 2 | - | Business transactions | - | | - | 7,091,890 | 7,091,890 |
| 9 | GTI | MEMC LLC | Loan receivable – related party | Yes | 632,000 | 599,600 | - | 3.51% | 2 | - | Working capital | - | | - | 9,486,787 | 9,486,787 |
| 10 | GWS | GWBV | Loan receivable – related party | Yes | 3,050,000 | 2,998,000 | 2,998,000 | 2.50% | 2 | - | Working capital | - | | - | 25,151,706 | 25,151,706 |

| No. | Name of lender | Name of borrower | Account name | Related party | Highest balance of financing to other parties during the period | Ending balance | Actual usage amount during the period | Range of interest rates during the period | Purposes of fund financing for the borrower (Note 1) | Transaction amount for business between two parties | Reasons for short term financing | Loss allowance | Collateral | | Individual funding loan limits (Note 2) | Maximum limit of fund financing (Note 3) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Item | Value | | |
| 10 | GWS | GlobalWafers | Loan receivable – related party | Yes | 10,792,800 | 10,792,800 | - | 2.50% | 2 | - | Working capital | - | | - | 6,434,620 | 6,434,620 |
| 10 | GWS | GWI | Loan receivable – related party | Yes | 3,258,826 | 3,258,826 | 3,258,826 | 2.50% | 2 | - | Working capital | - | | - | 3,492,437 | 3,492,437 |

Note 1: The entry method for the loaning of funds is as follows:
(1) For business transactions, please fill in 1.
(2) Necessary for short-term financing, please fill in 2.

Note 2: (1) For the Company's loan of funds to those having business transactions, the individual loan is limited to the trade amount between the two parties in the most recent year; for the loan of funds to companies necessary for short-term financing, the individual loan is limited to 40% of the net worth of the company that lends loan; for loan of funds among foreign companies that the Company directly and indirectly holds 100% of the voting shares, the individual loan is limited to 40% of the net worth of the company that lends loan.
(2)For GlobalWafers and its subsidiaries' loan of funds to those having business transactions, the individual loan is limited to the trade amount between the two parties in the most recent year; for the loan of funds to companies necessary for short-term financing, the individual loan is limited to 40% of the net worth of GlobalWafers; the fund-lendings between the foreign companies whose voting shares are 100% owned, directly or indirectly, by the Company, or from the foreign companies whose voting shares are 100% owned, directly or indirectly, by the Company to the Company are not subject to the previous provision of net worth and not subject to the one-year limit of the term of funds in Article 4, Paragraph 1, but should still specify in its internal operating procedures for fund-lending limit and period.

Note 3: (1) For the Company's loan of funds to those having business transactions, the total loan is limited to 40% of the company that lends loan; for the loan of funds to companies necessary for short-term financing, the total loan is limited to 40% of the net worth of the company that lends loan; the fund-lendings between the foreign companies whose voting shares are 100% owned, directly or indirectly, by the Company, or from the foreign companies whose voting shares are 100% owned, directly or indirectly, by the Company to the Company are not subject to the previous provision of net worth and not subject to the one-year limit of the term of funds in Article 4, Paragraph 1, but should still specify in its internal operating procedures for fund-lending limit and period.
(2) For GlobalWafers and its subsidiaries' loan of funds to those having business transactions, the total loan is limited to 40% of the company that lends loan; for the loan of funds to companies necessary for short-term financing, the total loan is limited to 40% of the net worth of the company that lends loan; for loan of funds among foreign companies that GlobalWafers directly and indirectly holds 100% of the voting shares, or between the foreign companies and GlobalWafers, the total loan is limited to 2 times of the net worth of GlobalWafers.
(3) For loan of funds of Aleo Solar, the total loan is limited to 100% of the net worth of the company that lends loan.
(4) For loan of funds of Sulu and Sunrise PV World to those having business transactions, the total loan is limited to 40% of the company that lends loan; for the loan of funds to companies necessary for short-term financing, the total loan is limited to 40% of the net worth of the company that lends loan; for loan of funds among foreign companies that the company that lends loan directly and indirectly holds 100% of the voting shares, the total loan is limited to 40% of the net worth of the company that lends loan.
(5) For loan of funds of SSTI、 SAS Sunrise Inc. and SAS Sunrise Pte Ltd. to those having business transactions, the total loan is limited to 2 times of the company that lends loan; for the loan of funds to companies necessary for short-term financing, the total loan is limited to 2 times of the net worth of the company that lends loan; for loan of funds among foreign companies that the company that lends loan directly and indirectly holds 100% of the voting shares, the total loan is limited to 40% of the net worth of the company that lends loan.

Note 4: Transactions with standalone parties as mentioned above were eliminated when preparing the standalone reports.

**Sino-American Silicon Products Inc.**

**Guarantees and endorsements for other parties**

**For the year ended December 31, 2019**

Attachment 2

Unit: NT$ Thousand

| No. | Name of guarantor | Counter party of guarantee and endorsement | | Limitation on amount of guarantees and endorsements for a specific enterprise | Highest balance for guarantees and endorsements during the period (Notes 3, 8 and 9) | Balance of guarantees and endorsements as of reporting date | Actual usage amount during the period | Property pledged for guarantees and endorsements (Amount) | Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements | Maximum amount for guarantees and endorsements | Parent company endorsements/ guarantees to third parties on behalf of subsidiary (Notes 3, 8and 9) | Subsidiary endorsements/ guarantees to third parties on behalf of parent company | Endorsements/ guarantees to third parties on behalf of companies in Mainland China |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Name | Relationship with the Company (Note 2) | | | | | | | | | | |
| 0 | Sino-American Silicon Products Inc. | SAS Sunrise Inc. | 2 | 26,670,241 | 252,800 (USD8,000) (note4) | - | - | - | - | 26,670,241 | Y | N | N |
| 0 | Sino-American Silicon Products Inc. | Sulu | 2 | 1,545,758 (note7) | 1,453,600 (USD46,000) (note6) | 1,379,080 (USD46,000) | 1,379,080 (USD46,000) (note6) | - | 5.17% | 1,545,758 (note7) | Y (note5) | N | N |
| 0 | Sino-American Silicon Products Inc. | Sunrise PV World Co. | 2 | 26,670,241 | 200,000 | 200,000 | 4,230 | - | 0.75% | 26,670,241 | Y | N | N |
| 0 | Sino-American Silicon Products Inc. | Sunrise PV World and its 100% owned subsidiaries | 2 | 26,670,241 | 500,000 | 500,000 | - | - | 1.87% | 26,670,241 | Y | N | N |
| 0 | Sino-American Silicon Products Inc. | Sunrise PV World Co | 2 | 26,670,241 | 100,000 | - | - | - | - | 26,670,241 | Y | N | N |
| 1 | GlobalWafers | Topsil A/S | 2 | 45,067,015 | 117,950 | 112,250 | 33,675 | - | 0.25% | 135,201,045 | N | N | N |
| 1 | GlobalWafers | GWS | 2 | 45,067,015 | 1,896,000 | 1,798,800 | 384,827 | - | 3.99% | 135,201,045 | N | N | N |
| 2 | GTI | MEMC LLC | 2 | 47,433,935 | 474,000 | 449,700 | 97,831 | - | 4.74% | 47,433,935 | N | N | N |

| No. | Name of guarantor | Counter party of guarantee and endorsement | | Limitation on amount of guarantees and endorsements for a specific enterprise | Highest balance for guarantees and endorsements during the period (Notes 3, 8 and 9) | Balance of guarantees and endorsements as of reporting date | Actual usage amount during the period | Property pledged for guarantees and endorsements (Amount) | Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements | Maximum amount for guarantees and endorsements | Parent company endorsements/ guarantees to third parties on behalf of subsidiary (Notes 3, 8and 9) | Subsidiary endorsements/ guarantees to third parties on behalf of parent company | Endorsements/ guarantees to third parties on behalf of companies in Mainland China |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Name | Relationship with the Company (Note 2) | | | | | | | | | | |
| 3 | Sunrise PV World Co. | Sunrise PV Four | 2 | 1,105,320 | 170 | 170 | 170 | - | 0.06% | 1,105,320 | N | N | N |
| 3 | Sunrise PV World Co. | Sunrise PV Three | 2 | 1,105,320 | 421 | 421 | 421 | - | 0.15% | 1,105,320 | N | N | N |

Note 1: The method of filling the nature of endorsement guarantee is as follows:
(1) The issuer fills in 0.
(2) The investee company is numbered sequentially by the company starting from the Arabic number 1.

Note 2: There are the following seven types of relationship between the endorsement guarantor and the endorsed object:
(1) A company with business transactions.
(2) Companies that the Company directly and indirectly holds more than 50% of the voting shares.
(3) Companies that directly and indirectly holds more than 50% of the voting shares of the Company.
(4) Among companies that the Company directly and indirectly holds more than 90% of the voting shares.
(5) Companies in the same industry or joint constructors that are mutually guaranteed under contractual requirements based on the needs of contracting project.
(6) A company that is endorsed by all the contributing shareholders in accordance with their shareholding ratio due to the joint investment relationship.
(7) The joint performance guarantee of the pre-sale house sales contract among companies in the same industry in accordance with Consumer protection law.

Note 3: (1)The amount of endorsements/guarantees provided by the endorsement guarantor company for a single enterprise is limited to 10% of the net worth of the company providing the endorsements/guarantees, but for the subsidiary company, limited to one time of the net worth of the company providing the endorsements/guarantees. The total amount of accumulated endorsements/guarantees shall not exceed the net worth of the Company. The total amount of the Company's endorsements/guarantees and that for a single enterprise shall not exceed five times the net worth of the company providing endorsements/guarantees. The aforesaid net worth is based on the financial statements recently audited or reviewed by an accountant. For endorsements/guarantees due to business transactions, except subject to the provisions of the preceding item, the endorsement guarantee amount should be equal to the higher of the purchase or sales amount.
(2) The Company’s performance bond for duty paid after customs release is NT$ 10,000 thousands

Note 4: This amount is USD 8,000 thousands individual quota for SAS Sunrise Inc..

Note 5: The Company controls the financial and operating strategies of Sulu through effective agreements with other investors of Sulu, so Sulu is considered as a subsidiary.

Note 6: Sulu shares with the company a quota of USD 10,000 thousands and Sulu's individual quota is USD 36,000 thousands. The Company resolved on October 14, 2016 by the board of directors to repay part of the loan, and reduce the endorsements/guarantees quota to USD 46,000 thousands and repay the bank loan on October 19, 2016. The actual disbursement amount was reduced to USD 46,000 thousands.

Note 7: The endorsements/guarantees quota for Sulu is calculated as US$ 46,211 thousands, the amount of sales at the time of endorsements/guarantees.

Note 8: The method of endorsements/guarantees of GlobalWafers and its subsidiaries s are as follows:
(1) The total amount of accumulated endorsements/guarantees of GlobalWafers shall not exceed three times the net worth of the most recent financial statements of GlobalWafers.
(2) The amount of endorsements/guarantees of GlobalWafers for a single enterprise shall not exceed 10% of the net worth of the most recent financial statements of GlobalWafers. For subsidiaries, 1 time of the net worth of GlobalWafers.
(3) GlobalWafers’s performance bond for duty paid after customs release is NT$ 9,000 thousands.

(3) Taisil's performance bond for duty paid after customs release is NT$ 5,000 thousands.

Note 9: The method of endorsements/guarantees of Sunrise PV World and its subsidiaries s are as follows:

(1) The total amount of accumulated endorsements/guarantees of Sunrise PV World shall not exceed four times the net worth of the most recent financial statements of Sunrise PV World.

(2) The amount of endorsements/guarantees of Sunrise PV World for a single enterprise shall not exceed 10% of the net worth of the most recent financial statements of Sunrise PV World. For subsidiaries, 4 times of the net worth of Sunrise PV World.

(3) The total amount of Sunrise PV World's endorsements/guarantees and that for a single enterprise shall not exceed five times the net worth of the most recent financial statements of Sunrise PV World.

(4) For endorsements/guarantees due to business transactions, except subject to the provisions of the preceding item, the endorsement guarantee amount of Sunrise PV World should be equal to the higher of the purchase or sales amount.

## Sino-American Silicon Products Inc.
## Securities held as of December 31, 2018 (excluding investment in subsidiaries, associates and joint ventures)
## December 31, 2019

Attachment 3

Unit: NT$ thousand / thousand shares / thousand sheets; thousand units

| Name of holder | Category and name of security | Relationship with the Company | Account title | Ending balance | | | | Remarks |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares/Units (thousands) | Carrying value | Percentage of ownership (%) | Fair value | |
| Sino-American Silicon Products Inc. | Corporate bonds of Crystalwise Technology | Affiliated companies | Financial assets measured at amortized cost-current and non-current | 530 | 507,680 | - | 507,680 | |
| Sino-American Silicon Products Inc. | Stock of Powertec Energy Corporation | - | Financial assets at fair value through other comprehensive income | 30,410 | - | 2.31% | - | |
| Sino-American Silicon Products Inc. | Stock of Giga Epitaxy Technology Corp. | - | Financial assets at fair value through other comprehensive income | 531 | 6,095 | 1.61% | 6,095 | |
| Sino-American Silicon Products Inc. | Stock of Big Sun | - | Financial assets at fair value through other comprehensive income | 7,500 | - | 4.12% | - | |
| SSTI | Stock of SILFAB SPA | - | Financial assets at fair value through other comprehensive income | 300 | 326,090 | 15.00% | 326,090 | |
| Sino-American Silicon Products Inc. | Stock of SONGLONG ELECTRONICS CO., LTD. | Sino-American Silicon Products Inc.'s management is the director of the company | Financial assets at fair value through profit or loss-non current | 221 | - | 13.81% | - | |
| Sino-American Silicon Products Inc. | Stock of 21-Century Silicon Inc. | - | Financial assets at fair value through profit or loss-non current | 1,000 | - | - | - | |
| SSTI | Stock of Clean Venture 21 Corporation | - | Financial assets at fair value through profit or loss-non current | 10 | - | 7.20% | - | |
| GlobalWafers | CDIB Capital Growh Partners L.P | - | Financial assets at fair value through profit or loss-non current | - | 95,163 | 3.85% | 95,163 | |
| GWBV | Overseas securities held | - | Financial assets at fair value through profit or loss-current | - | 1,876,656 | - | 1,876,656 | |

## Sino-American Silicon Products Inc.

## Accumulatively buy or sell the same marketable securities amounting to NT$ 300 million or 20% of paid-in capital

## For the year ended December 31, 2019

Attachment 4

Unit: thousand shares /NT$ thousand

| Buying and selling companies | Types and names of securities | Account titles | Counter party | Relationship | Beginning of the period | | Buy | | Sell | | | | End of the period | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Number of shares | Amount | Number of shares | Amount | Number of shares | Selling price | Carrying cost | Disposition gain or loss | Number of shares | Amount |
| Sino-American Silicon Products Inc. | Stock of URE | Financial assets at fair value through other comprehensive income | - | - | 34,492 | 270,073 (note) | - | - | 34,492 | 313,662 | 348,370 | (34,708) | - | - |
| Sino-American Silicon Products Inc. | Stock of Actron | Financial assets at fair value through other comprehensive income/investment in equity method | - | - | 3,210 | 319,427 (note) | 10,975 | 1,009,500 | - | - | - | - | 14,185 | 1,031,956 (note) |
| GWBV | Overseas securities held | Financial assets at fair value through profit or loss | - | - | - | - | - | 1,876,656 | - | - | - | - | | 1,876,656 |

Note: including the unrealized valuation gain or loss measured by Fair value and investment gain or loss under equity method.

## Sino-American Silicon Products Inc.

## Acquisition of individual real estate with amount exceeding the lower than NT$300 million or 20% of the capital stock

## For the year ended December 31, 2019

Attachment 5

Unit: NT$ Thousand

| Name of company | Name of property | Transaction date | Transaction amount | Status of payment | Counter-party | Relationship with the Company | If the counter party is a related party, disclose the previous transfer information | | | | References for determining price | acquisition and current condition | Other |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Owner | Relationship with the Company | Date of transfer | Amount | | | |
| MEMC Korea | Property, plant and equipment | October 5, 2018 | 1,788,848 | To the progress of the project | Sungdo Eng. Company | Non-parties Company | - | - | - | - | Fair value | For operating purpose | None |
| MEMC Korea | Property, plant and equipment | September 2018 | 323,297 | To the progress of the project | L.Keeley Construction | Non-parties Company | - | - | - | - | Fair value | For operating purpose | None |
| Sino-American Silicon Products Inc. | Stock of Actron | December 12,2019 | 860,000 | - | Crystalwise | Parent company | - | - | - | - | Accounted for at fair value | For operational use | The deposit of $250,000 thousand was paid at the time of signing the sale contract, and the remaining price will be paid after completing the ownership transfer registration. |

## Sino-American Silicon Products Inc.

## Related party transactions for purchases and sales with amounts exceeding the lower than NT$ 300 million or 20% of the capital stock

## For the year ended December 31, 2019

Attachment 6

Unit: NT$ Thousand

| Name of company | Related party | Nature of relationship | Transaction situation | | | | Transactions with terms different from others | | Notes/Accounts receivable (payable) | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase/Sale | Amount | Percentage of total purchases/sales | Payment terms | Unit price | Payment terms | Ending balance | Percentage of total notes/accounts receivable (payable) | |
| Sino-American Silicon Products Inc. | Aleo Solar | Subsidiaries directly held by the parent company. | Sales | (142,736) | (2)% | Net 90 days | - | | - | -% | |
| Aleo Solar | Aleo Solar Distribuzion Italia S.r.l | Subsidiaries indirectly held by the parent company. | Sales | (268,427) | (19)% | Net 60 days | - | | 88,870 | 66% | Note |
| Sunrise PV World Co. | Sunrise PV One | Chairman of the parent company is also the Chairman of Sino-American Silicon Products Inc. | Sales | (713,625) | (88)% | 15 days after the contract is agreed | - | | 13,191 | 99% | Note |
| GlobalWafers | Sino-American Silicon Products Inc. | Subsidiaries directly held by the parent company. | Purchase | 877,825 | 6% | O/A 30 days EOM | - | | (220,875) | (9)% | Note |
| GlobalWafers | GTI | Subsidiary and affiliated enterprise of Sino-American Silicon Products Inc. | Purchase | 2,074,272 | 14% | O/A 60 days | - | | (310,922) | (12)% | |
| GlobalWafers | Kunshan Sino | Subsidiaries directly held by the parent company. | Purchase | 1,969,639 | 13% | O/A 60 days | - | | (265,059) | (10)% | Note |
| GlobalWafers | GWJ | Subsidiaries indirectly held by the parent company. | Purchase | 5,998,428 | 40% | O/A 60-90 days | - | | (1,365,605) | (53)% | Note |

| Name of company | Related party | Nature of relationship | Transaction situation | | | | Transactions with terms different from others | | Notes/Accounts receivable (payable) | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase/Sale | Amount | Percentage of total purchases/sales | Payment terms | Unit price | Payment terms | Ending balance | Percentage of total notes/accounts receivable (payable) | |
| GlobalWafers | Topsil A/S | Subsidiaries indirectly held by the parent company. | Purchase | 620,593 | 4% | O/A 30-60 days | - | | (42,126) | (2)% | Note |
| GlobalWafers | GWS | Subsidiaries indirectly held by the parent company. | Purchase | 585,759 | 4% | O/A 60 days | - | | (58,237) | (2)% | Note |
| Taisil | GlobalWafers | Subsidiaries indirectly held by the parent company. | Purchase | 1,324,609 | 11% | O/A 60 days | - | | (249,946) | (8)% | Note |
| GWS | GlobalWafers | Subsidiaries indirectly held by the parent company. | Purchase | 549,011 | 4% | O/A 60 days | - | | (177,954) | (6)% | Note |
| Actron Technology Corporation | GlobalWafers | Chairman of the parent company is also the Chairman of Sino-American Silicon Products Inc. | Purchase | 229,325 | 2% | O/A 60 days EOM | - | | (48,111) | (2)% | Note |
| MEMC Korea | GlobalWafers | Subsidiaries indirectly held by the parent company. | Purchase | 778,020 | 6% | O/A 60 days | - | | (109,525) | (4)% | Note |
| MEMC SpA | GlobalWafers | Subsidiaries indirectly held by the parent company. | Purchase | 847,708 | 7% | O/A 60 days | - | | (139,596) | (5)% | Note |
| GTI | GlobalWafers | Subsidiaries indirectly held by the parent company. | Purchase | 3,294,333 | 26% | O/A 45 days | - | | (256,098) | (9)% | Note |
| Kunshan Sino | GlobalWafers | Subsidiaries indirectly held by the parent company. | Purchase | 886,190 | 7% | O/A 30 days | - | | (72,513) | (2)% | Note |
| GWJ | GlobalWafers | Subsidiaries indirectly held by the parent company. | Purchase | 1,681,018 | 13% | O/A 60-90 days | - | | (426,609) | (14)% | Note |

| Name of company | Related party | Nature of relationship | Transaction situation | | | | Transactions with terms different from others | | Notes/Accounts receivable (payable) | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase/Sale | Amount | Percentage of total purchases/sales | Payment terms | Unit price | Payment terms | Ending balance | Percentage of total notes/accounts receivable (payable) | |
| Topsil A/S | GlobalWafers | Subsidiaries indirectly held by the parent company. | Purchase | 442,842 | 3% | O/A 30-60 days | - | | (62,464) | (2)% | Note |
| GWS | MEMC LLC | Subsidiaries indirectly held by the parent company. | Purchase | 1,113,615 | 6% | O/A 60 days | - | | (210,402) | (7)% | Note |
| GWS | MEMC LLC | | Sales | (556,291) | (2)% | O/A 60 days | - | | 75,379 | 2% | |
| GWS | MEMC Sdn Bhd | Subsidiaries indirectly held by the parent company. | Purchase | 1,686,518 | 8% | O/A 60 days | - | | (221,284) | (7)% | Note |
| GWS | MEMC Sdn Bhd | Subsidiaries indirectly held by the parent company. | Sales | (661,023) | (3)% | O/A 60 days | - | | 75,452 | 2% | Note |
| GWS | MEMC SpA | Subsidiaries indirectly held by the parent company. | Purchase | 3,831,532 | 19% | O/A 60 days | - | | (509,008) | (17)% | Note |
| GWS | MEMC SpA | Subsidiaries indirectly held by the parent company. | Sales | (3,436,429) | (15)% | O/A 60 days | - | | 593,826 | 19% | Note |
| GWS | MEMC Korea | Subsidiaries indirectly held by the parent company. | Purrchase | 1,486,461 | 7% | O/A 60 days | - | | (201,533) | (7)% | Note |
| GWS | MEMC Japan | Subsidiaries indirectly held by the parent company. | Purchase | 4,382,815 | 22% | O/A 60 days | - | | (707,117) | (23)% | Note |
| GWS | MEMC Japan | Subsidiaries indirectly held by the parent company. | Sales | (1,572,917) | (7)% | O/A 60 days | - | | 210,912 | 7% | Note |
| GWS | Taisil | Subsidiaries indirectly held by the parent company. | Purchase | 6,982,787 | 35 | O/A 60 days | - | | (1,041,120) | (34)% | Note |

| Name of company | Related party | Nature of relationship | Transaction situation | | | | Transactions with terms different from others | | Notes/Accounts receivable (payable) | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase/Sale | Amount | Percentage of total purchases/sales | Payment terms | Unit price | Payment terms | Ending balance | Percentage of total notes/accounts receivable (payable) | |
| GWS | Taisil | Subsidiaries indirectly held by the parent company. | Sales | (524,118) | (2)% | O/A 60 days | - | | 173,631 | 5% | Note |

Note: Transactions with standalone parties as mentioned above were eliminated when preparing the standalone reports.

## Sino-American Silicon Products Inc.

## Receivables from related parties with amounts exceeding the lower than NT$ 100 million or 20% of the capital stock

## December 31, 2019

Attachment 7

Unit: NT$ Thousand

| Name of company | Counter party | Nature of relationship | Ending balance | Turnover rate | Overdue | | Amounts received in subsequent period (Note 1) | Allowance for bad debts |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Action taken | | |
| Sino-American Silicon Products Inc. | Sulu | Subsidiaries indirectly held by the parent company. | 299,621 | note2 | - | | - | - |
| SSTI | AMLED | Subsidiaries indirectly held by the parent company. | 334,686 | note2 | - | | - | - |
| SSTI | Sulu | Subsidiaries indirectly held by the parent company. | 317,927 | note2 | - | | - | - |
| GlobalWafers | GTI | Subsidiaries indirectly held by the parent company. | 256,098 | 11.33 | - | | 256,098 | - |
| GlobalWafers | GWJ | Subsidiaries indirectly held by the parent company. | 426,609 | 3.80 | - | | 181,827 | - |
| GlobalWafers | GWS | Subsidiaries indirectly held by the parent company. | 177,954 | 5.72 | - | | 177,954 | - |
| GlobalWafers | MEMC Korea | Subsidiaries indirectly held by the parent company. | 109,525 | 3.66 | - | | 79,480 | - |
| GlobalWafers | MEMC SpA | Subsidiaries indirectly held by the parent company. | 139,596 | 5.24 | - | | 139,596 | - |
| GlobalWafers | Taisil | Subsidiaries indirectly held by the parent company. | 249,946 | 8.21 | - | | 249,946 | - |
| Taisil | GlobalWafers | Subsidiaries indirectly held by the parent company. | 6,400,000 | note2 | - | | - | - |
| Sino-American Silicon Products Inc.Aleo Solar | GlobalWafers | Subsidiaries indirectly held by the parent company. | 220,875 | 4.59 | - | | 220,875 | - |
| GTI | GlobalWafers | Subsidiaries indirectly held by the parent company. | 310,922 | 6.65 | - | | 310,922 | - |
| Kunshan Sino | GlobalWafers | Subsidiaries indirectly held by the parent company. | 265,059 | 4.85 | - | | 236,851 | - |

| Name of company | Counter party | Nature of relationship | Ending balance | Turnover rate | Overdue | | Amounts received in subsequent period (Note 1) | Allowance for bad debts |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Action taken | | |
| GWJ | GlobalWafers | Subsidiaries indirectly held by the parent company. | 1,365,605 | 3.89 | - | | 857,018 | - |
| GWJ | GlobalWafers | Subsidiaries indirectly held by the parent company. | 4,140,000 | note2 | - | | - | - |
| GWS | GWBV | Subsidiaries indirectly held by the parent company. | 2,998,000 | note2 | - | | - | - |
| GWS | MEMC Japan | Subsidiaries indirectly held by the parent company. | 210,912 | 8.89 | - | | 210,912 | - |
| GWS | MEMC SpA | Subsidiaries indirectly held by the parent company. | 593,826 | 7.67 | - | | 593,826 | - |
| GWS | GWI | Subsidiaries indirectly held by the parent company. | 3,258,826 | note2 | - | | - | - |
| GWS | MEMC LLC | Subsidiaries indirectly held by the parent company. | 173,631 | 3.42 | - | | 173,631 | - |
| MEMC Sdn Bhd | GWS | Subsidiaries indirectly held by the parent company. | 221,284 | 8.33 | - | | 221,284 | - |
| MEMC SpA | GWS | Subsidiaries indirectly held by the parent company. | 509,008 | 8.16 | - | | 509,008 | - |
| MEMC SpA | GWS | Subsidiaries indirectly held by the parent company. | 2,047,302 | note2 | - | | - | - |
| MEMC Korea | GWS | Subsidiaries indirectly held by the parent company. | 201,533 | 7.63 | - | | 201,533 | - |
| MEMC Japan | GWS | Subsidiaries indirectly held by the parent company. | 707,117 | 4.94 | - | | - | - |
| Taisil | GWS | Subsidiaries indirectly held by the parent company. | 1,041,120 | 7.34 | - | | - | - |
| MEMC LLC | GWS | Subsidiaries indirectly held by the parent company. | 210,402 | 6.74 | - | | 210,402 | - |

Note 1: The amount recovered after February 26, 2019.
Note 2: Receivables from related parties generated by financing.
Note 3: The above transactions related to the standalone standalone have been written off when preparing the standalone financial statements.

**Sino-American Silicon Products Inc.**

**Information on investees (excluding information on investees in Mainland China)**

**For the year ended December 31, 2019**

Attachment 8

Unit: NT$ Thousand

| Name of investor | Name of investee | Location | Main businesses and products | Original investment amount | | Balance as of December 31, 2019 | | | Net income (losses) of investee | Share of profits/losses of investee | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2019 | December 31, 2018 | Shares (thousands) | Percentage of Ownership | Carrying value | | | |
| Sino-American Silicon Products Inc. | SSTI | British Virgin Islands | Investment and triangular trade center with subsidiaries in China | 1,425,603 (USD 45,255) | 1,425,603 (USD 45,255) | 48,526 | 100.00% | 971,888 | 11,694 | 11,694 | Subsidiary Note 5 |
| Sino-American Silicon Products Inc. | GlobalWafers | Taiwan | Semiconductor silicon wafer materials and components manufacturing and trade | 8,955,952 | 8,955,952 | 222,727 | 51.17% | 23,060,434 | 13,644,095 | 6,981,683 | Subsidiary |
| Sino-American Silicon Products Inc. | Aleo Solar | Prenzlau | Solar module manufacturing and sale and wholesale of electronic materials | 558,139 (EUR 13,500) | 558,139 (EUR 13,500) | Note 1 | 100.00% | 385,238 | 161,178 | 161,178 | Subsidiary Note 2 |
| Sino-American Silicon Products Inc. | Aleo Sunrise | Germany | Manufacturing of solar cell as well as sale and wholesale of electronic materials | - | | Note 1 | 100.00% | - | (251,617) | (194,488) | Subsidiary Note 4 |
| Sino-American Silicon Products Inc. | SAS Sunrise Inc. | Cayman | Reinvestments in various businesses | 794,373 (USD 24,500) | 794,373 (USD 24,500) | 24,500 | 100.00% | 461,117 | (52,533) | (52,533) | Subsidiary |
| Sino-American Silicon Products Inc. | Sunrise PV World Co. | Taiwan | Power generating business | 300,000 | 300,000 | 30,000 | 100.00% | 276,330 | 29,842 | 29,597 | Subsidiary |
| Sino-American Silicon Products Inc. | Sunrise PV Five Electric | Taiwan | Power generating business | 1,000 | - | 100 | 100.00% | 989 | (11) | (11) | Subsidiary |
| Sino-American Silicon Products Inc. | Crystalwise Technology Inc. | Taiwan | Optical wafer and substrate manufacturing and trade | 2,215,803 | 2,010,843 | 86,923 | 41.93% | 280,554 | (751,496) | (307,020) | Affiliated companies Note 2 |

| Name of investor | Name of investee | Location | Main businesses and products | Original investment amount | | Balance as of December 31, 2019 | | | Net income (losses) of investee | Share of profits/losses of investee | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2019 | December 31, 2018 | Shares (thousands) | Percentage of Ownership | Carrying value | | | |
| Sino-American Silicon Products Inc. | Accu Solar Corporation | Taiwan | Solar energy system provider | 112,193 | 112,193 | 7,452 | 24.70% | | (5,488) | (713) | Affiliated companies |
| Sino-American Silicon Products Inc. | Cathy Sunrise | Taiwan | Power generating business | 450,000 | 450,000 | 45,000 | 30.00% | 459,333 | 25,615 | 8,847 | Affiliated companies |
| Sino-American Silicon Products Inc. | TSCS | Taiwan | Semiconductor special gas and chemical material manufacturer | 990,000 | 900,000 | 90,000 | 30.93% | 839,830 | (150,029) | (78,333) | Affiliated companies Note 2 |
| Sino-American Silicon Products Inc. | Actron Technology Corporation | Taiwan | Semiconductor electric wafer materials and components manufacturing and trade | 1,147,715 | - | 14,185 | 15.50% | 1,031,956 | 323,478 | 12,458 | Affiliated companies Note 2 |
| Sunrise PV World Co. | Sunrise PV Electric | Taiwan | Power generating business | - | 42,000 | - | - | - | 415 | - | Subsidiary Note 7 |
| Sunrise PV World Co. | Sunrise PV Two | Taiwan | Power generating business | - | 15,000 | - | - | - | (123) | - | Subsidiary Note 7 |
| Sunrise PV World Co. | Sunrise PV Three | Taiwan | Power generating business | 15,000 | 100,000 | 1,500 | 100.00% | 16,623 | 1,488 | - | Subsidiary Note 7 |
| Sunrise PV World Co. | Sunrise PV Four | Taiwan | Power generating business | 100,000 | 100,000 | 10,000 | 100.00% | 15,490 | 449 | - | Subsidiary Note 7 |
| Sunrise PV World Co. | Sunrise PV Five | Taiwan | Power generating business | - | 65,000 | - | - | - | 266 | - | Subsidiary Note 7 |
| SAS Sunrise Inc. | SAS Sunrise Pte.Ltd. | Singapore | Reinvestments in various businesses | 719,292 (USD 22,000) | 719,292 (USD 22,000) | 30,934 | 100.00% | 549,101 | (25,460) | - | Subsidiary Note 7 |
| SAS Sunrise Pte.Ltd. | AMLED | Philippines | Reinvestments in various businesses | - | - | - | - | - | - | - | Subsidiary Note 6 and 7 |
| SAS Sunrise Pte.Ltd. | Sulu | Philippines | Power generating business | 440,667 (USD 13,435) | 440,667 (USD 13,435) | 420,000 | 40.00% | 306,658 | (46,753) | - | Subsidiary Note 7 |
| AMLED | Sulu | Philippines | Power generating business | 297,229 (USD 9,065) | 297,229 (USD 9,065) | 472,500 | 45.00% | 173,902 | (46,753) | - | Subsidiary Note 7 |
| Aleo Solar | Aleo Solar Distribuzione Italia S.r.l | Italy | Solar module sale and wholesale of electronic materials | 4,078 (EUR 100) | 4,078 (EUR 100) | Note 1 | 100.00% | 2,994 | 4,652 | - | Subsidiary Note 7 |

| Name of investor | Name of investee | Location | Main businesses and products | Original investment amount | | Balance as of December 31, 2019 | | | Net income (losses) of investee | Share of profits/losses of investee | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2019 | December 31, 2018 | Shares (thousands) | Percentage of Ownership | Carrying value | | | |
| GlobalWafers | GWI | Cayman | Reinvestments in various businesses | 2,241,668 (USD 73,423) | 2,241,668 (USD 73,423) | 90,000 | 100.00% | 4,360,907 | 2,074,206 | - | Subsidiary Note 7 |
| GlobalWafers | GSI | Cayman | Business investment and triangular trade center with subsidiaries in China | 756,809 (USD 26,555) | 756,809 (USD 26,555) | 25,000 | 100.00% | 1,521,431 | 202,929 | - | Subsidiary Note 7 |
| GlobalWafers | GWJ | Japan | Semiconductor silicon wafer manufacturing and trading | 5,448,015 | 5,448,015 | 128 | 100.00% | 15,262,418 | 1,904,017 | - | Subsidiary Note 3 and 7 |
| GlobalWafers | GWafers Singapore | Singapore | Reinvestments in various businesses | 11,966,930 | 11,966,930 | 364,000 | 67.20% | 23,271,556 | 5,553,670 | - | Subsidiary Note 7 |
| GlobalWafers | Topsil A/S | Denmark | Semiconductor silicon wafer manufacturing and trading | 1,964,069 (DKK407,600) | 1,964,069 (DKK407,600) | 1,000 | 100.00% | 1,660,861 | 64,061 | - | Subsidiary Note 7 |
| GlobalWafers | Whole Global Investment Corporation | Taiwan | Reinvestments in various businesses | 309,760 | 200,000 | 30,976 | 30.98% | 571,929 | 65,636 | 20,331 | Affiliated companies |
| GlobalWafers | Taisil | Taiwan | Semiconductor silicon wafer manufacturing and sales | 14,504,663 | 14,504,663 | 9,999 | 99.99% | 17,705,613 | 3,546,184 | - | Subsidiary |
| GWI | GWafers Singapore | Singapore | Reinvestments in various businesses | 5,411,947 | 5,411,947 | 177,674 | 32.80% | 4,360,907 | 5,553,670 | - | Subsidiary Note 3 and 7 |
| GWJ | MEMC Japan | Japan | Semiconductor silicon wafer manufacturing and sales | 373,413 (JPY 100,000) | 373,413 (JPY 100,000) | 750 | 100.00% | 3,066,944 | 227,673 | - | Subsidiary Note 3 and 7 |
| Topsil A/S | Topsil PL | Poland | Semiconductor silicon wafer manufacturing and trading | - | - | 0.1 | 100.00% | - | 13,719 | - | Subsidiary Note 3 and 7 |
| GWafers Singapore | GWS | Singapore | Investment, marketing and trading business | 14,671,320 (USD 436,398) | 14,671,320 (USD 436,398) | 299,445 | 100.00% | 25,151,706 | 6,223,239 | - | Subsidiary Note 3 and 7 |
| GWS | GWBV | Netherlands | Reinvestments in various businesses | 6,413,892 (USD 162,723) | 6,413,892 (USD 162,723) | 0.1 | 100.00% | 40,918,549 | 3,547,609 | - | Subsidiary Note 3 and 7 |
| GWBV | MEMC SpA | Italy | Semiconductor silicon wafer manufacturing and sales | 6,732,641 (USD 204,788) | 6,732,641 (USD 204,788) | 65,000 | 100.00% | 11,849,317 | 1,425,916 | - | Subsidiary Note 3 and 7 |

| Name of investor | Name of investee | Location | Main businesses and products | Original investment amount | | Balance as of December 31, 2019 | | | Net income (losses) of investee | Share of profits/losses of investee | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2019 | December 31, 2018 | Shares (thousands) | Percentage of Ownership | Carrying value | | | |
| GWBV | MEMC BV | Singapore | Reinvestments in various businesses | - | - | - | - | - | 414,476 | - | Subsidiary Note 3 and 7 |
| MEMC SpA | MEMC SarL | France | Trading business | 1,316 (USD 40) | 1,316 (USD 40) | 0.5 | 100.00% | 807 | 753 | - | Subsidiary Note 3 and 7 |
| MEMC SpA | MEMC GmbH | Germany | Trading business | 4,622 (USD 141) | 4,622 (USD 141) | 0.002 | 100.00% | 4,817 | (617) | - | Subsidiary Note 3 and 7 |
| MEMC SpA | MEMC BV | Netherlands | Reinvestments in various businesses | - | 2,430,141 (USD 73,918) | - | - | - | 414,476 | - | Subsidiary Note 3 and 7 |
| MEMC BV | MEMC Korea | Korea | Semiconductor silicon wafer manufacturing and sales | - | 2,427,650 (USD 73,842) | - | - | - | 1,270,737 | - | Subsidiary Note 3 and 7 |
| GWBV | MEMC Korea | Korea | Semiconductor silicon wafer manufacturing and sales | 3,641,474 (USD 110,763) | 3,641,474 (USD 110,763) | 25,200 | 100% | 15,373,703 | 1,270,737 | - | Subsidiary Note 3 and 7 |
| GWBV | GTI | U.S.A. | Epitaxial silicon wafer production and trade of epitaxy foundry business | 2,779,849 (USD 91,262) | 2,779,849 (USD 91,262) | 1 | 100.00% | 9,486,787 | 947,639 | - | Subsidiary Note 3 and 7 |
| GWBV | MEMC Sdn Bhd | Malaysia | Semiconductor silicon wafer R&D, manufacturing and sales | 898,016 (USD 27,315) | 898,016 (USD 27,315) | 1,036 | 100.00% | 740,576 | 75,835 | - | Subsidiary Note3 and 7 |
| GWBV | MEMC Ipoh | Malaysia | Semiconductor silicon wafer manufacturing and sales | 93,907 (USD 1,323) | 146,624 (USD 3,020) | 612,300 | 100.00% | 3,807 | 236 | - | Subsidiary Note 3 and 7 |
| GTI | MEMC LLC | U.S.A. | Semiconductor silicon wafer R&D, manufacturing and sales | 543,384 (USD 17,839) | 543,384 (USD 17,839) | - | 100.00% | 4,263,233 | 178,816 | - | Subsidiary Note 3 and 7 |

Note:1 Corporation limited

Note 2: The investment gain or loss recognition includes the investment cost and the amortization of the net equity acquired.

Note 3: The investees are indirect subsidiaries of the Company. GWafer Singapore had been restructured so the Company and GWI held 67.2 %and 32.8 p%, respectively, of its shares on July 1, 2018. In addition, GTI was transferred to GWBV; and MEMC LLC was transferred to GTI. In June 18, 2019, MEMC BV was transferred to GWBV and was liquidated in September 2019. MEMC Korea was transferred from GWBV and MEMC BV to GWBV.

Note 4: Aleo sunrise was100% owned by Sino-American Silicon Products Inc from March, 2019.

Note 5: Not including earnings transferred to capital increase.

Note 6: The Company does not hold the ownership interests of AMLED, but the Company can control the financial and operating strategies of AMLED and obtain all the benefits of its operations and net assets in accordance with the terms of the agreements with such standalone, so AMLED is considered as a subsidiary.

Note 7: The profit and loss of the investee company is included in its investment company. To avoid confusion, it will not be expressed here.

Note 8: The above transactions relating to the standalone standalone have been written off when preparing the standalone financial statements.

**Sino-American Silicon Products Inc.**

**Information on investment in mainland China**

**For the year ended December 31, 2019**

Attachment 9 Unit: NT$ Thousand

(I) The names of investees in Mainland China, the main businesses and products, and other information

| Name of investee | Main businesses and products | Total amount of paid in capital | Method Of investment | Accumulated outflow of investment from Taiwan as of January 1, 2017 | Investment flows | | Accumulated outflow of investment from Taiwan as of December 31, 2018 | Net income (losses) of the investee | Shareholding ratio of direct or indirect investment of GlobalWafers | Investment income (losses) (Note 4) | Book value | Accumulated remittance of earnings in current period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outflow | Inflow | | | | | | |
| Kunshan Sino | Silicon rods and silicon wafer processing and trade | 769,177 (Note 7) | (Note 1) | 713,300 (USD 21,729) | - | - | 713,300 (USD21,729) | 195,307 | 100.00% | 195,307 | 1,425,100 | - |
| SunEdison Shanghai | Trading business | 7,527 (RMB 1,500) | (Note 2) | (Note 2) | - | - | (Note 2) | (557) | 100.00% | (557) | 8,914 | - |
| Shanghai GROWFAST Semiconductor Technology Co. Ltd. | Sales and marketing business | 9,756 (RMB 2,000) | (Note 3) | - | - | - | - | (21,528) | 60.00% | (12,917) | 7,627 | - |

(II) Limitation on investment in Mainland China

| Company Name | Accumulated Investment in Mainland China as of December 31, 2018 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|---|---|---|---|
| GlobalWafers | 713,300 (USD 21,729) | 818,233 (USD 25,000)(Note 5) | 27,043,950 (Note 6) |

Note 1: Investments through GSI registered in mainland China.

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

Note 3: Kunshan Sino was invested by Shanghai GROWFAST in mainland China, without limit on investment, due to not having any investment from Taiwan.

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

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

Note 6: Calculated by 60% of the quota of the "Review Principles of Investment or Technical Cooperation in Mainland China" August 29, 2008, multiplied by the net worth of GlobalWafers on December 31, 2018.

Note 7: Retained earnings Transferred to Capital was included.

**Sino-American Silicon Products Inc.**

**List of cash and cash equivalents**

**December 31, 2019**

**Expressed in thousands of New Taiwan Dollars**
**(Foreign currency in $ / JPY)**

| Items | Summary | Amount |
|---|---|---|
| Cash | Petty cash and cash on hand | $ 146 |
| Bank deposits | Check deposits | 3,930 |
| | Demand deposits | 143,414 |
| | Foreign currency deposit (USD: 36,935,93.05 ; CHF: 5,840.68 ; JPY: 1,857,518 ; EUR: 19,085.09; RMB: 144,706.13) | 1,109,298 |
| | Subtotal | 1,256,642 |
| | Total | **$ 1,256,788** |

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

USD exchange rate: 29.98

CHF exchange rate: 30.925

JPY exchange rate: 0.276

EUR exchange rate: 33.59

RMB exchange rate: 4.305

## Sino-American Silicon Products Inc.
## Statement of Notes and Accounts Receivable
## December 31, 2019

**Expressed in thousands of New Taiwan Dollars**

| Customer Name | | Amount |
|---|---|---|
| Company D | $ | 85,295 |
| Company A | | 59,643 |
| Company B | | 33,788 |
| Others (individual amount does not exceed 5%) | | 54,104 |
| | | 232,830 |
| Less: Allowance for bad debt | | (33,788) |
| | **$** | **199,042** |

Note: 1. Notes and accounts receivable resulting from business activities.

2. Accounts receivable – related party is not included in the accounts receivable referred to above. Please refer to Note VII to the financial statements for details.

**Sino-American Silicon Products Inc.**
**Statement of Inventories**
**December 31, 2019**

**Expressed in thousands of New Taiwan Dollars**

| | Amount | | |
|---|---|---|---|
| **Items** | **Costs** | **Net realizable value** | **Remark** |
| Finished goods and products | $ 226,545 | 247,988 | Please refer to Note 4 (7) to the standalone financial statements for the reference of net realizable value of inventory, in detail. |
| Work in progress | 39,051 | 58,984 | |
| Raw materials | 78,664 | 72,477 | |
| Supplies | 63,685 | 17,828 | |
| Subtotal | 407,945 | **397,287** | |
| Less: Allowance for reduction of inventory to market | (72,304) | | |
| Total | **$ 355,641** | | |

**Sino-American Silicon Products Inc.**
**Statement of other current assets**
**December 31, 2019**

**Expressed in thousands of New Taiwan Dollars**

| **Items** | **Amount** |
|---|---|
| Income tax refund receivable | $ 22,593 |
| Prepaid insurance expense | 4,425 |
| Others (individual amount does not exceed 5%) | 11,373 |
| | **$ 38,391** |

## Sino-American Silicon Products Inc.

## Financial assets measured at fair value through other comprehensive gain or loss — Non-current change statement

## For the year ended December 31, 2019

**Expressed in thousands of New Taiwan Dollars**

| | Beginning balance | | Increase (decrease) for the period | | Reclassified | | Gain or loss on evaluation | End of the period | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Name** | **Shares** | **Fair value** | **Shares** | **Amount** | **Shares** | **Amounts** | **Amount** | **Shares** | **Fair value** | **Accumulated impairment loss** | **Guarantee or collateral provided** | **Remarks** |
| Actron Technology Corporation | 3,210 | $ 316,427 | 1,748 | 195,973 | 4,958 | (485,420) | (29,980) | - | - | - | None | |
| Giga Electronic Technology Corp. | 395 | 4,458 | 136 | 1,637 | | - | - | 531 | 6,095 | - | None | |
| Powertech Energy Corp. | 30,410 | 130,764 | - | - | - | - | (130,764) | 30,410 | - | - | None | |
| Bigsun Technology Corporation | 7,500 | - | - | - | - | - | - | 7,500 | - | - | None | |
| Phoenix Silicon International Corporation | 1,956 | 76,284 | (1,956) | (76,284) | | - | - | - | - | - | None | |
| URE | 34,492 | 270,073 | (34,492) | (270,073) | | (485,420) | - | - | | - | None | |
| Total | | $ 801,006 | | (148,747) | 4,958 | (485,420) | (160,744) | | 6,095 | | | |

Note: Capital reduction to make up for losses

# Sino-American Silicon Products Inc.
## Financial assets measured at amortized cost - non-current changes statement
### For the year ended December 31, 2019

Unit: thousand sheets / NT$ thousands

| | Beginning balance | | Increase (decrease) for the period | | Decrease of the year | | End of the period | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Name | Number of sheets | Carrying Amount | Number of sheets | Amount | Number of sheets | Amount | Number of sheets | Carrying Amount | Accumulated impairment loss | Guarantee or collateral provided | Remarks |
| Crystalwise Technology - Corporate bonds | 280 | $ 281,366 | 250 | 252,287 | - | - | 530 | 507,680 | 25,973 | None | |

# Sino-American Silicon Products Inc.
## Statement of changes in investments under equity method
## For the year ended December 31, 2019

Unit: NT$ thousands /thousand shares

| Investee company name | Beginning balance Shares | Beginning balance Amount | Increase (decrease) for the period Shares | Increase (decrease) for the period Amount | Current reclassification Shares | Current reclassification Amount | Net change in net equity value of subsidiaries and related enterprises recognized by equity method (Note 2) | Investment profits and losses | Exchange differences on translation of foreign financial statements | Remeasurement of defined benefit plan of subsidiaries | Other adjustment items (Note 3) | Ending balance Shares | Ending balance Amount | Shareholding ratio (%) | Market price or net equity value Unit price | Market price or net equity value Total price | Guarantee or collateral provided |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Subsidiary: | | | | | | | | | | | | | | | | | |
| SSTI | 48,526 | $ 973,360 | - | - | - | - | - | 11,694 | (23,970) | - | 10,804 | 48,526 | 971,888 | 100.00 | - | 971,888 | None |
| GlobalWafers | 222,293 | 22,074,512 | - | (5,568,175) (note1) | - | - | 2,050 | 6,981,683 | (614,868) | 29,988 | 155,244 | 222,727 | 23,060,434 | 51.17 | 382.50 | 85,193,077 | None |
| Aleo Solar | - | 239,786 | - | - | - | - | - | 161,178 | (15,726) | - | - | - | 385,238 | 100.00 | - | 385,238 | None |
| Aleo sunrise | 30,000 | - | - | 194,488 | - | - | - | (194,488) | - | - | - | - | - | - | - | - | None |
| Sunrise PV World Co. | 24,500 | 246,733 | - | - | - | - | - | 29,597 | - | - | - | 30,000 | 276,330 | 100.00 | - | 276,330 | None |
| SAS Sunrise Inc. | 9,000 | 498,283 | - | - | - | - | - | (52,533) | 15,367 | - | - | 24,500 | 461,117 | 100.00 | - | 461,117 | None |
| Sunrise PV Five Electric | - | - | 100 | 1,000 (note1) | - | - | - | (11) | - | - | - | 100 | 989 | 100.00 | - | 989 | None |
| | | 24,032,674 | | (5,372,687) | | - | 2,050 | 6,937,120 | (639,197) | 29,988 | 166,048 | | 25,155,996 | | | 87,288,639 | None |
| Affiliated enterprises: | | | | | | | | | | | | | | | | | |
| Crystalwise Technology Inc. | 65,923 | 415,391 | 21,000 | 204,960 | - | - | (12,106) | (307,020) | (5,087) | - | (15,584) | 86,923 | 280,554 | 41.93 | 11.85 | 1,030,041 | None |
| Cathy Sunrise | 45,000 | 464,252 | - | (13,766) (note1) | - | - | - | 8,847 | - | - | - | 45,000 | 459,333 | 30.00 | - | 459,333 | None |
| Accu Solar Corporation | 7,452 | 65,648 | - | - | - | - | - | (713) | - | - | - | 7,452 | 64,935 | 24.70 | - | 64,935 | None |
| TSCS | 90,000 | 918,163 | - | - | - | - | - | (78,333) | - | - | - | 90,000 | 839,830 | 30.93 | - | 839,830 | None |
| Actron Technology Inc. | - | - | 9,227 | 788,735(note1) | 4,958 | 485,420(note2) | (269,194) | 12,458 | (1,910) | - | 16,447 | 14,185 | 1,031,956 | 15.50 | 97.3 | 1,380,234 | None |
| | | 1,863,454 | | 979,929 | | 485,420 | (281,300) | (364,761) | (6,997) | - | 863 | | 2,676,608 | | - | 3,774,373 | |
| Unrealized gain fromaffiliate accounts | | (12,690) | | (25,668) | - | - | - | - | - | - | - | - | (38,358) | | | | |
| Total | | $ 25,883,438 | | (4,418,426) | | 485,420 | (279,250) | 6,572,359 | (646,194) | 29,988 | 166,911 | - | 27,794,246 | | | | |

Note 1: The cash dividend of NT$ 5,568,175 thousand for the subsidiary、the cash dividend of NT$ 13,766 thousand by Cathy Sunrise、the increase of investment of NT$ 1000 thousand for the subsidiary、the increase of investment of NT$ 813,527 thousand for the affiliate company and the cash dividend of NT$ 5,568,175 thousand by Actron Technology.

Note 2: The recognized into financial assets measured at fair value through other comprehensive gain or loss transfer into investment under equity method base on Fair value.

Note 3: Including the changes due to the subsidiary's not subscribing in accordance with the shareholding ratio.

Note 4: Including unrealized gain or loss of the financial assets of affiliated enterprises, the employees' unearned remuneration.

## Sino-American Silicon Products Inc.
## Statement of changes of property, plant and equipment
## For the year ended December 31, 2019

Please refer to Note 6 (9) for relevant information of property, plant and equipment.

## Sino-American Silicon Products Inc.
## Statement of Right for use assets
## For the year ended December 31, 2019

Please refer to Note 6 (10) for relevant information of right for use assets.

## Statement of other non-current assets
## For the year ended December 31, 2019

**Expressed in thousands of New Taiwan Dollars**

| Items | | Amount |
|---|---|---|
| Deferred Income tax assets – non-current | $ | 70,335 |
| Others (individual amount does not exceed 5%) | | 3,973 |
| | **$** | **74,308** |

## Sino-American Silicon Products Inc.
## Statement of Short term borrowings
## December 31, 2019

**Expressed in thousands of New Taiwan Dollars**

| Lending bank | Explanation | Ending balance | Contract duration | Range of Interest Rate | The unutilized credit amount | Mortgage or guarantee |
|---|---|---|---|---|---|---|
| Taipei Fubon Bank | Working capital | $ 200,000 | Note 1 | 0.73% | 1,750,000 | None. |

Note 1: The loan period is based on the actual practice and it is usually repaid in one month. The operation turnover is for one year.

Note 2: In addition to the above booked, the Company still has undisbursed financing amount of NT$ 8,479,867 thousands.

## Sino-American Silicon Products Inc.
## Statement of Accounts payable
## December 31, 2019

| Supplier Name | Amount |
|---|---|
| Supplier甲 | $ 141,656 |
| Supplier丙 | 79,354 |
| Supplier戊 | 51,992 |
| Supplier乙 | 39,392 |
| Others (individual amount does not exceed 5%) | 188,499 |
| Total | $ 500,893 |

Note: 1. Accounts payable resulting from business activities.
2. Accounts payable – related parties were not included in the above accounts. Please refer to Note 7 to the standalone financial statements for details.

## Sino-American Silicon Products Inc.
## Statement of lease liabilities
## December 31, 2019

**Expressed in thousands of New Taiwan Dollars**

| Items | description | Rental term | Discount rate | Ending balance | Remark |
|---|---|---|---|---|---|
| Building | Warehouse | 2015/7/1-2025/6/30 | 1.11% | $ 120,94700 | - |
| Land | Science park | 2019/1/1-2027/12/31 | 1.11% | 31,832 | - |
| Office and other equipments | Cars | 2019/3/11-2022/3/10 | 1.11% | 1,834 | - |
| Office and other equipments | Cars | 2019/1/1-2021/12/27 | 1.11% | 804 | - |
| | | | | 155,417 | |
| Less: lease liabilities -current | | | | (26,511) | |
| | | | | $ 128,906 | |

## Sino-American Silicon Products Inc.
## Statement of contract liabilities
## December 31, 2019

| Customer Name | Amount |
|---|---|
| United Renewable Energy Co., Ltd. | $ 883,220 |
| Company G | 203,800 |
| Company I | 58,418 |
| Others (individual amount does not exceed 5%) | 58,757 |
| | 1,240,195 |
| Less: contract liability - current | (88,538) |
| Total | $ 1,115,657 |

**Sino-American Silicon Products Inc.**
**Statement of other current liabilities**
**December 31, 2019**

**Expressed in thousands of New Taiwan Dollars**

| Items | Summary | Amount |
|---|---|---|
| Equipment payable | | $ 30,215 |
| Lease liabilities-current | | 26,511 |
| Others (individual amount does not exceed 5%) | Labor service, water and electricity, and interest payable | 306,875 |
| Total | | **$ 363,601** |

**Sino-American Silicon Products Inc.**
**Statement of other liabilities-non current**
**December 31, 2019**

| Items | Summary | Amount |
|---|---|---|
| Lease liabilities-current | | $ 128,906 |
| Defer tax liabilities-non current | | 32,839 |
| Total | | **$ 161,745** |

**Sino-American Silicon Products Inc.**
**Operating revenues statement**
**For the year ended December 31, 2019**

**Expressed in thousands of New Taiwan Dollars**

| Items | Sales volume | Amount |
|---|---|---|
| Sales revenue: | | |
| Solar energy – cells | 96,544 thousand/pcs | $ 3,020,157 |
| Solar energy – bricks | 538 thousand/kg | 792,922 |
| Solar energy – modules | 50 thousand/pcs | 178,923 |
| Solar energy – wafers | 9,974 thousand/pcs | 144,715 |
| Revenues from sale of goods and raw materials | | 1,854,756 |
| | | 5,991,474 |
| Processing revenue | | 3,276 |
| Electricity Revenue and others | | 8,135 |
| Net operating revenues | | **$ 6,002,885** |

# Sino-American Silicon Products Inc.
## Statement of Operating Cost
## For the year ended December 31, 2019
**Expressed in thousands of New Taiwan Dollars**

| Items | Amount |
|---|---|
| Beginning inventory - Finished goods | $ 22,495 |
| Add: Purchase in this period | 1,343,365 |
| Less: Inventories at the end of the period | 5,111 |
| Realized sale gain from inter-affiliate accounts | 1,820 |
| Transfer of expenses | 829 |
| Cost of goods purchased and sold | 1,358,100 |
| Raw material consumption | |
| Beginning raw materials | 465,062 |
| Add: Material purchased in this period | 2,951,991 |
| Less: Ending raw materials | 142,349 |
| Reclassify as fixed assets | 1,645 |
| Realized sale gain from inter-affiliate accounts | 2,729 |
| Reclassified as expenses | 456,390 |
| Sale in this period | 1,065,354 |
| Consumption of raw materials in this period | 1,748,586 |
| Direct labor | 288,827 |
| Manufacturing expenses | 1,447,963 |
| Manufacturing cost | 3,485,376 |
| Add: Beginning WIP goods | 61,709 |
| Transfer in of finished goods | 456,689 |
| Less: Ending WIP goods | 39,051 |
| Costs of finished goods | 3,964,723 |
| Add: Beginning finished goods | 352,462 |
| Less: Finished goods at end of period | 221,434 |
| Other | 16,243 |
| Transfer out of finished goods | 456,689 |
| Cost of finished goods sold | 3,622,819 |
| Cost of goods sold | 4,980,919 |
| Add: Cost of raw materials sold | 1,065,354 |
| Unamortized fixed manufacturing expense | 170,471 |
| The impairment loss of prepaid purchase | 13,000 |
| The impairment loss of purchase contract | 3,884,607 |
| Realized profit and offset from sales to affiliated companies | 19,953 |
| Less: Appropriation for inventory loss in valuation | 10,942 |
| Total operating cost | **$ 9,895,050** |

## Sino-American Silicon Products Inc.
## Statement of operating expense
## For the year ended December 31, 2019

**Expressed in thousands of New Taiwan Dollars**

| Items | | Selling expenses | Administrative expenses | Research and development expenses |
|---|---|---|---|---|
| Salary expenses | $ | 31,854 | 191,525 | 62,831 |
| Import/export expenses | | 9,073 | 17 | 87 |
| Directors remuneration | | - | 41,790 | - |
| Depreciation | | 100 | 17,966 | 21,288 |
| Service fees | | 7 | 30,596 | 638 |
| Others (summary of individual amount not exceeding 5%) | | 9,667 | 33,020 | 26,925 |
| Total | **$** | **50,701** | **314,914** | **111,769** |

## Sino-American Silicon Products Inc.
## Statement of other gains and losses, net
## For the year ended December 31, 2019

Please refer to Note 6 (24) of the standalone financial statements for relevant information of other gains and losses, net.

## Sino-American Silicon Products Inc.
## Statement of finance cost
## For the year ended December 31, 2019

Please refer to Note 6 (25) of the standalone financial statements for relevant information of finance cost.

**Sino-American Silicon Products Inc.**

**Employee benefits, depreciation, depletion, and amortization expenses summarized by functions.**

**For the year ended December 31, 2019**

Please refer to Note 12 of the standalone financial statements for relevant information of employee benefits, depreciation, depletion, and amortization expenses.