Stock Symbol: 5483

Sino-American Silicon Products Inc.

2014 Annual Report

Issue Date: May 15, 2015

Information website: http://newmops.twse.com.tw

Company Spokesperson:

1.Spokesman
Name: CW Lee
Position: Strategic Planning Manager
Tel:+886-3-577-2233
E-mail: CWLee@saswafer.com

2.Deputy spokesperson:
Name: Olga Chang
Position: Senior Manager
Tel:+886-3-577-2233
E-mail: Olga@saswafer.com

I. Address and Telephone Number of The Company Headquarter, Subsidiaries, and Plants

1.Company Headquarter
Address: 4F, No.8, Industrial East Road 2, Science-Based Industrial Park, Hsinchu, Taiwan
Tel: +886-3-577-2233
Fax: +886-3-578-1706

2.Chunan Plant I
Address: No. 21, Kejung Rd., Chunan, Miaoli County, Hsinchu Science Park, Taiwan
Tel: +886-37-582533
Fax: +886-37-580206

3.Chunan Plant II
Address: No. 6, Kejung Rd., Chunan, Miaoli County, Hsinchu Science Park, Taiwan
Tel: +886-37-582533
Fax: +886-37-580206

4.Yilan Branch and Plant
Address: No.1 Sec. 2 Ligong 1st Rd., Wujie Township, Yilan 268, Taiwan, R.O.C
Tel: +886-3-990-5511
Fax:+886-3-9903141

5.Subsidiaries and Plants
Name: GlobalWafers Co., Ltd.
Address: No.8, Industrial East Road 2, Science-Based Industrial Park, Hsinchu, Taiwan
Tel: +886-3-577-2255
Fax: +866-3-578-1706

II.Stock Transfer Agency
Agency name: Stock Agency Department, Yuanta Securities
Address: B1, No. 210, Sec. 3, Chengde Rd., Taipei, Taiwan
Tel: +886-2-2586-5859
Website: http://www.yuanta.com.tw/

III. External Auditor
Name of Accounting Firm: KPMG Taiwan
Name of CPAs: Mei-Yu Tseng, Yung-Hua Huang
Address: 68F, No. 7, Sec. 5, Hsinyi Rd., Taipei, Taiwan
Tel: +886-2-8101-6666
Website: http://www.kpmg.com

IV. Global Depositary Receipt (GDR) Agency

Luxembourg Stock Exchange

How to Query
Website: http://www.bourse.lu

V. Company Website
http://www.saswafer.com

Table of Contents

I. Letter to Shareholders 6

Fiscal 2014 Business Report 6

II. Company Profile 10

2.1 Date of Incorporation: January 21, 1981 10

2.2 Major Business 10

2.3 Corporate Milestones 10

III. Corporate Governance 13

3.1 Organization Structure 13

3.2 Information on the Company's Directors, Supervisors, President, Vice President, Assistant Vice President, and The Supervisors of All The Company's Divisions and Branch Units 15

3.3 Implementation of Corporate Governance 29

3.4 Information Regarding Audit Fees 49

3.5 Information on Replacement of Independent Auditors in the Last Two Years and Thereafter 50

3.6 The Chairman, President, Finance or Accounting Manager Who Has Worked in the Accounting Firm or Affiliates in the Most Recent Year, the Name, Position and the Service Period Shall Be Disclosed 50

3.7 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders in Last Year and as of the Date of this Annual Report 50

3.8 Relationship Information of the Top 10 Shareholders among Who are Related Parties, as Defined in the Statement of Financial Accounting Standard NO.6. 52

3.9 Total Numbers and Equity of Shares Held In any Single Enterprise by the Company, Directors, Supervisors, Managers and Any Companies Controlled Either Directly or Indirectly by the Company 53

IV. Capital Overview 54

4.1 Capital and Shares 54

2014 PROFIT DISTRIBUTION TABLE 59

2014 PROFIT DISTRIBUTION TABLE 60

4.2 Status of Corporate Bonds: NA 61

4.3 Status of Preferred Stocks: NA 61

4.4 GDR Issuance 62

4.5 Employee Stock Options 63

4.6 Status of New Shares Issuance of Limited Stocks for Employees 65

4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions 65
4.8 Financing Plans and Implementation 65
V. Operational Highlights 66
5.1 Business Activities 66
5.2 Market and Sales Overview 78
5.3 Human Resources in the past two years 87
5.6 Important Contracts 91
VI. Financial Information 93
6.1 Five-Year Condensed balance sheet, comprehensive profit and loss statement and accountant audit report 93
6.2 Five-Year Financial Analysis 94
6.3 Audit Committee's Report in the Most Recent Year 100
2014 FINANCIAL STATEMENTS 110
6.6 The Impact on the Company's Financial Status in Cases where the Company or its Affiliates have Financial Difficulties 192
VII. Review of Financial Conditions, Operating Results, and Risk Management 193
7.1 Analysis of Financial Status 193
7.2 Analysis of Operating Results 194
7.3 Analysis of Cash Flow 195
7.4 Major Capital Expenditure Items influence on Financial Business 195
7.5 Recent Reinvestment Policy, Major Reasons for Profits or Losses, Improvement Plan and Investment Plan for the Following Year 196
1.6 Analysis of Risk Management 197
7.7 Other Major Events: None 200
VIII. Special Disclosure 201
8.1 Affiliated Businesses 201
8.1.1 Affiliated Business Consolidated Business Report 201
8.2 Private Placement Securities in the Most Recent Years 207
8.3 The Shares in the Company Held or Disposed of By Subsidiaries in the Most Recent Years 207
8.4 Other Necessary Supplement 207

I. Letter to Shareholders

Sino-American Silicon Products Inc.

Fiscal 2014 Business Report

Dear shareholders,

Thank you for joining SAS annual general shareholder meeting. We deeply appreciate your support.

Due to anti-dumping impact from the US during the second half of 2014 toward the solar industry, the average selling prices for solar wafers and cells continued to decline over the past year. Solar plants in Taiwan were confronted with a great challenge. While with SAS's restless dedication and contribution from the semiconductor business, we still managed to turn around with a consolidated revenue of NT$27.8 billion, 25% YoY, NT$1.12 billion net profit with 282% growth compared to 2013, and NT$2.06 earnings per share with 261% growth compare to 2013.

The 2014 operating results and 2015 business plan overview are presented as follows.

A. Operation Performance in 2014

1.Operation Performance

Unit: NT$'000

Year / Item	2014	2013	Change (%)
Operating Revenue	27,812,456	22,215,367	25.24%
Operating Costs	24,324,580	19,775,943	23.00%
Gross Profit from Operations	3,497,876	2,439,424	43.39%
Operating Expenses	2,051,082	1,810,410	13.29%
Operating Income	1,446,794	629,014	130.00%
Income before Income Tax	1,925,042	128,235	1401.18%
Net Income	1,299,267	339,842	282.32%
Net Income Attributable to the Parent Company	1,128,445	295,118	282.37%

The domino effect caused by the anti-dumping investigation from the US in 2014 resulted in plenty of order transfer in China region and strong demand for high efficiency products from the market. Data from the research institute IHS says that the total amount of global solar capacity came up to 43GW, a 20% raise during 2014 compare to 2013. SAS possesses the leading advantage with high efficiency product technology with low operating cost, which performed as the key factor of steady increase in operating revenue. Reinvestment during 2014 also provided significant

performance. GlobalWafers made a contribution of NT$15.92 billion in consolidated revenue, NT$2.09 billion of net income, NT$6.6 earnings per share. In the meanwhile, merging with Sunrise Global Solar Energy in 2014 additionally enabled SAS to take the initiative in implementing the integration of up and downstream by combining the Company's production technology of high efficiency solar silicon wafers and cells.

2.Budget Implementation: No financial forecast for 2014

3.Profitability Analysis

Item		2014	2013
Capital structure analysis	Debt ratio (%)	47	48
	Long-term funds to fixed assets (%)	204	190
Return on investment analysis	Rate of return on assets (%)	3.50	1.18
	Rate of return on stock equity (%)	6.16	1.74
	Operating income to capital (%)	24.94	12.02
	Income before tax to capital	33.19	2.45
	Net income to sales (%)	4.67	1.53
	Earnings per share (NTD)	2.06	0.57

4.Financial Structure

2014 revenue is NTD 27,821,456,000; operation cost is NTD 24,323,580,000. Operation expense is NTD 2,051,082,000. Other income is NTD 478,248,000. Net income before tax is NTD 1,925,042,000. Net income after tax is NTD 1,299,267,000. The financial structure is healthy.

5.Research & Development Status

1) 2014 Research & Development Expenditure

Unit: NT$'000

Item / Year	2014	2013
Research and Development Expenses	823,128	695,836
Net Revenue	27,821,456	22,215,367
%	2.96	3.13

2) Research & Development Achievement in 2014

Our technology / products

a.A5+ ultra-high efficiency multi-crystal solar wafer

b. A5+ multi-crystal furnace hot zone design and simulation technology development

c. A5+ high efficiency multi-crystal ingot growth technology

d. 800kg multi-crystal ingot growth technology

e.Slurry recycle and reuse technology development

f.Low power consumption multi-crystal ingot growth technology development

3) Future Plan

(1) High efficiency low reflectivity multi-crystal solar wafer
(2) Ultra-thin solar wafer
(3) Energy conservation hot zone technology
(4) Low impurity diffusion multi-crystal ingot growth technology development
(5) Silicon brick surface grinding technology development
(6) Large dimension brick squaring technology
(7) High throughput and low pollutant diamond

B. 2015 Operation Guideline

(1).Guideline

1) Enhance channel construction outside the US region with product differentiation marketing strategy
2) Strengthen the vertical integration of the solar chain and synergies to expand its business territory
3) Continuous research and development with a view to improve solar product quality and conversion efficiency.
4) Enhance organizational improvement by a transnational integration of manufacturing technology, procurement, production and marketing of seven production bases over four countries to minimize the cost.
5) Increase strategic alliances in order to accelerate the revenue growth, competitiveness and the ability to meet the market changes.

(2).Sales forecast: in line with the statistics analysis by HIS, growth of solar market in 2015 is estimated to exceed 16%. While subsidies from governments have been reducing year by year along with the interference factor as trading war still existing, long-term demand from the solar market continues to grow and is estimated to exceed more than 60G approximately by 2017. Accordingly, in addition to strengthening the core technical capabilities for developing high value added niche products, production of more efficient products will be actively expanded in an attempt to play the key role in the supply chain of solar materials.

C. Sales and Production Policy

1.SAS has developed the industry's highest efficiency multi-crystalline wafers as well as P-type monocrystalline cells (CELCO) which have been successfully set into mass production. The supply will be expanding in the future to provide customers with high-quality materials and to keep competitive in the solar silicon market.

2.With the steady market growth in the high efficiency products, SAS is also actively expanding production capacity quarterly in order to increase its market share. To lower anti-dumping impact from the US, enhancement of marketing and promotion over non-US region will be carried on.

3.To establish sound operating scale, SAS will continue to take the initiative in developing systematical integration with downstream firms and strategy alliance to remain competitive.

4.SAS will take the initiative in developing markets and orders of automotive and smart phone components along with production capacity expansion in order to attract more orders of 4”~12”

wafers.

D. Future Strategy

1.Take the initiative in developing high conversion efficiency wafers of the next generation in addition to core technology enhancement to provide customers with outstanding products and thus to acquire competitive advantage over the international market.

2.Strategic alliance for vertical integration so as to increase added value and coordinate service for business opportunity.

3.Expand industry-university collaboration and product uniqueness through high product creativity to maintain its leadership of the technology.

4.Close collaboration with downstream firms to take control of the market demand and development trend.

5.Integration of production and technology platforms within each company domestically and overseas so as to fully utilize every resource for a most efficient sales strategy application.

E.Influences from Completion, Regulation and Economy

1.With the appearance of new competitors, SAS continues to take the initiative in maintaining the leadership in the high efficiency technology and developing product differential strategy for providing even better products and service.

2.In response to the flat selling prices, SAS will make an effort to control production cost and accordingly integrate with mid and downstream resources to create synergies with more profit possibilities.

(3).Strengthen market diversification and develop products of high differentiation

In summary, as the global solar and semiconductor markets are still in a trend of steady growth, especially ongoing demand for the high efficiency solar products, SAS thus tends to be aggressive in expanding the production of high efficiency mono cell, CELCO. GlobalWafers, its semiconductor subsidiary, still holds up quite a market advantage in silicon wafers of automotive components and power devices. Strong demand for power ICs and drivers of automobiles and cell phones has made the semiconductor group of SAS successfully expand the main product production bit by bit to meet customers' needs. SAS is fully confident in solar and semiconductor business' global arrangement, resource integration of the groups and high technology/product differentiation strategy. Furthermore the company will continue to raise the market share and maximize its operating profit to create better prosperity for the best returns to all shareholders.

Finally, we would like to thank every shareholder for supporting SAS over the years. We wish you a healthy and prosperous life.

Chairman	Ming-Kung Lu
President	Hsiu-Lan Hsu
Chief Account	Mei-Ying Chiu

II. Company Profile

2.1 Date of Incorporation: January 21, 1981

2.2 Major Business

CC01080 Electronic component manufacture
IG03010 Energy technology services
F401010 International trade
(1).R&D, designing, manufacturing and sales of the following products:
(1).Silicon-based semiconductor materials and their components
(2).Varistor
(3).Optoelectronic and communication silicon wafer materials
(2).Technical and management consulting services to the business mentioned above.
(3).Technical services to integration and installation of optoelectronic power generation systems
(4).Operation of import/export trade related to the Company core businesses.

2.3 Corporate Milestones

1981	Sino-American Silicon Products Inc. founded.
1982	Pilot production of silicon ingot and wafer succeeded.
1984	Dr. David Yen elected as chairman.
1990	Capital increase to NT$300 million approved.
1991	Automobile rectifier is succeeded in mass production and officially marketing to market.
1991	Turning to the first one, in Taiwan, which is able to do the R&D and mass production of zincoxide varistors on the Company own.
1991	Standing on the second place around the world in automobile rectifier industry with production volume over 2 million units per month, only next to Motorola in terms of total capacity.
1995	Capital increase to NT$400 million.
1995	ISO-9002 quality assurance certificate granted.
1997	The fourth-phase plant reconstruction and expansion completed.
1997	Ms. Lin-Lin Sun elected as chairman.
1997	Capital increase to NT$600 million.
1998	Joint venture with Songlong Electronic Co. Ltd. to manufacture varistors.
1998	Capital increase to NT$800 million.
1998	Investing in Actron Technology Corp.
1999	QS-9000 quality assurance certificate granted.
1999	Kushan Sino Silicon Technology Company, a subsidiary, founded in China.

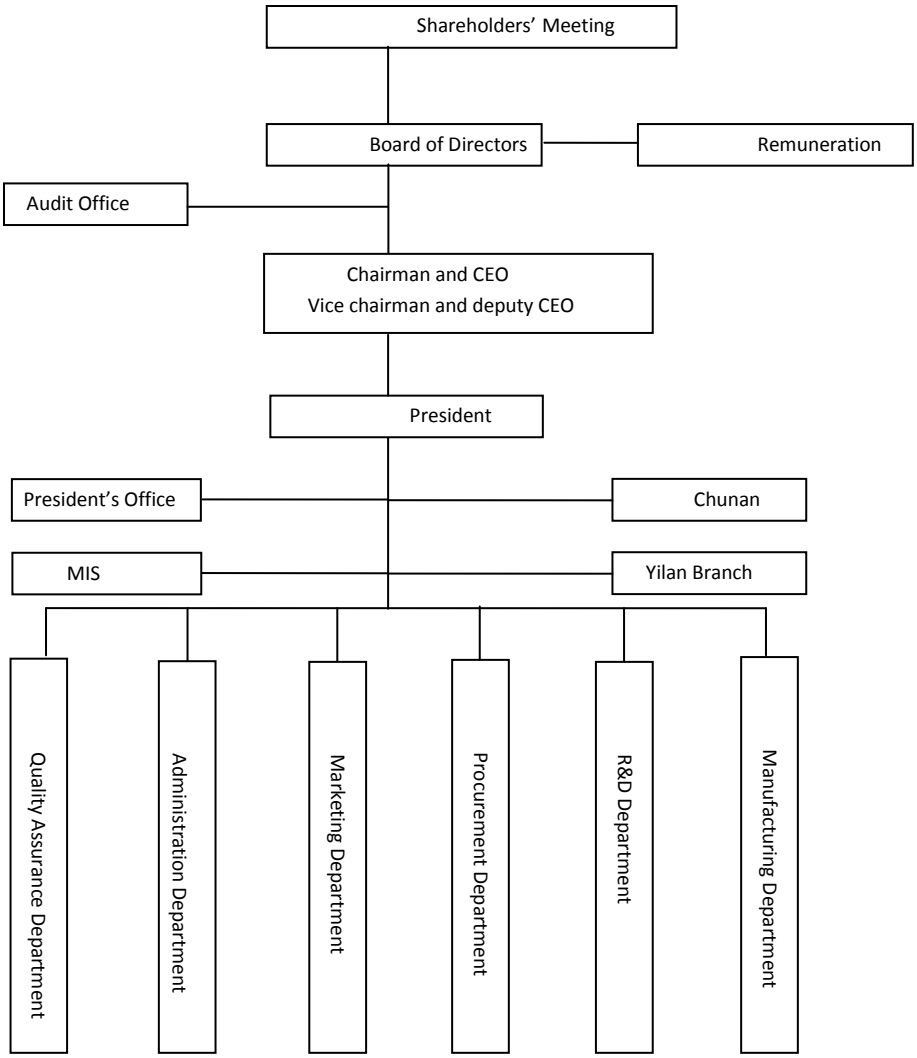
1999	Capital increase to NT$780 million.
2000	Polish wafers mass production succeeded and assumed to officially run.
2000	Mass production in Kushan Sino Silicon assumed.
2001	The Company officially listed on the Gre Tai Securities Market of Taiwan.
2001	The award and grant due to the "Ultra Thin Wafer-An Innovative Manufacturing Process Technology" are granted by the Science Park Administration.
2002	The grant resulting from the proposal of "High Efficient Ingot Growing Technology for Solar Cell" is granted by the Ministry of Economic Affairs of Taiwan.
2002	Taking over 38.6% of total shares issued by Topsil Semiconductor Materials A/S in Denmark.
2003	8" Silicon Lngot trial and pilot production succeeded.
2004	The grant resulting from the proposal of "The development of 2.5 mohm-cm heavily Arsenic doped silicon substrate" is granted by the Science Park Administration.
2004	The grant resulting from the proposal of "Development of Large Size Pseudo-Square Silicon Wafer for High Efficient Solar Cell" is granted by the Ministry of Economic Affairs in terms of qualifying a leading and innovative product.
2004	SAS Innovation Technology Research Center established.
2004	The grant resulting from the proposal of "Development of High Power electronic device wafer technology"" is granted by the Ministry of Economic Affairs.
2004	ISO 14001 certificate granted.
2004	Recipient of the 12th Industrial Technology Advancement Award：Excellent Enterprise Innovation Award from the Ministry of Economic Affairs
2004	The award and grant resulting from the proposal of "Study on The Sapphire Substrate for Blue Light Emitting Diode Application" are granted by the Science Park Administration.
2005	Initial SOI wafer production succeeded.
2005	Chunan branch established.
2005	TS16949：2002 quality assurance certificate granted.
2005	The award and grant resulting from the proposal of "Deep Diffused Polish wafer Development" is granted by the Science Park Administration.
2005	Beam laying ceremony held in Chunan branch.

2005	The second-phase capacity expansion of Kunshan Sino Silicon completed.
2006	Trial and pilot production of Solar ingot and wafer in Chunan branch succeeded and assumed to run..
2006	Solar ingot and wafer in Chunan branch officially produced in mass.
2006	Opening ceremony for Chunan branch.
2007	Mr. M. K. Lu elected as chairman.
2008	The acquisition of 100% of GlobiTech Incorporated completed.
2008	Recipient of the 16th Industrial Technology Advancement Award：Outstanding Enterprise Innovation Award from the Ministry of Economic Affairs.
2009	Capacity of 1MW Acquaviva 3 Solar Farm in Bari, Italy installed by our subsidiary Silfab spa.
2010	Chunan Plant II construction completed.
2010	The Industry Excellence Contribution Award granted by the Ministry of Economic Affairs.
2010	The joint venture agreement which is planned to found a new joint venture named Sinosolar Corp. is signed by Sino-American Silicon Products Inc, Solartech Energy Corp and SingTung Investment Ltd. Sinosolar Corp.
2011	TIPS certificate approved.
2011	SAS completed to carve out semiconductor business to GlobalWafers Co., Ltd. and sapphire business to Sino Sapphire Co., Ltd.
2011	Subsidiary, GlobalWafers Co., Ltd., finished acquisition of semiconductor department of Covalent Silicon Corporation
2012	Aegis® Wafer received Silicon Innovation Award in 2012 Solar Industry Awards
2013	Subsidiary, Sino Sapphire Co., Ltd., is merged with Crystalwise Technology Inc.
2013	TIPS certificate approved
2013	Completed a merger with Sinosolar Corporation to integrate its solar business resources.
2013	Won the US patent value top 50 among listed companies in Taiwan
2014	Completed a merger with Sunrise Global Solar Energy
2014	OHSAS 18001 certificate granted for occupational safety and health management

III. Corporate Governance

3.1 Organization Structure

3.1.1 Organization Chart



3.1.2 Responsibilities of Major Departments

Department	Responsibilities
Chairman	-Set up business plans, strategies, and targets. -Execute resolutions from Board of Directors Meeting and Shareholder Meeting
Audit Office	-Inspect and assess the soundness, effectiveness and efficiency over the Company's internal control system. -Responsible for the execution, audit and reports over the internal controls.
President and President's Office	-Perform resolutions from meetings of Board of Directors. -Execution of management and projects -Design business plans and strategies -Ensure planned business targets achieved. -Evaluate and analyze business and management performance.
MIS	-Maintain IT hardware & software -Plan and execute E-working
Quality Assurance Department	-Establish and maintain products standards and its relevant inspection standards. -Inspect on purchased materials, tools, production process, and finished products. -Perform product quality improvement activities.
Administration Department	-Manage capital, tax, assets, finance and accounting. -Human resource planning, recruitment, educations, and trainings.
Marketing Department	-Market strategy, explore potential market, customer communication and after service. -Collect market information, customer service and product application, assist the R&D and promotion activities of new products.
Procurement Department	-Procure and purchase -Evaluate new suppliers. -Manage raw materials and suppliers.
R&D Department	-Perform R&D, trial productions, and tests of new or re-designed products. -Enhance production technology and skills, capacity -Design and improve machineries. -Collaborate with academic institutions.
Manufacturing Department	-Manage production and quality, exception, utilization of raw materials, plant constructions and maintenances, human resource arrangement and training, expansion preparation and execution. -Plant construction and maintenance; security over environment, hygiene and safety training -Evaluate and purchase new machineries and in charge of maintenance and improvement.

3.2 Information on the Company's Directors, Supervisors, President, Vice President, Assistant Vice President, and The Supervisors of All The Company's Divisions and Branch Units

3.2.1 Directors and Supervisors

(1) Directors' and Supervisors' Information

April 28, 2014 Unit: Share; %

Title	Nation-ality	Name	Date First Elected	Date Elected	Duration	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in Other Persons' Names		Principal Work Experiences and Academic Qualifications	Positions Held Concurrently in The Company and/or in Any Other Company	Other executives, Directors and supervisors who are spouses or within second-degree relative of consanguinity		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	Taiwan R.O.C.	Ming-Kuang Lu	Sep. 7, 1998	Jun. 26, 2014	3 years	10,950,000	1.89	10,950,000	1.89	2,001,685	0.35	0	0	- EMBA program in National Chengchi University - Vice president of LiteOn Technology	Note 1	Supervisor	Su-Mei Yang	Spouse
Vice chairma	Taiwan R.O.C.	Tan-Liang Yao	Nov. 6, 1998	Jun. 26, 2014	3 years	1,858,395	0.36	1,738,395	0.30	14,413	0	0	0	- MBA from Tamkang University - Assistant vice president at Lite-on Semiconductor Corp. - President of the Company	Note 2	N/A	N/A	N/A
Director	Taiwan R.O.C.	Hsiu-Lan Hsu	Sep. 7, 1998	Jun. 26, 2014	3 years	1,931,085	0.37	1,706,085	0.29	0	0	0	0	- M.S. in computer science from University of Illinois - President of Creative Sensor Inc. - Vice president of the Company	Note 3	N/A	N/A	N/A
Director	Taiwan R.O.C.	Kang-Hsin Liu	Jun. 17, 2011	Jun. 26, 2014	3 years	0	0	0	0	0	0	0	0	- National Taiwan Ocean University - Vice Assistant President of Formosa Plastic Group - Director of Chemicals & Fibre Corp.	Note 4	N/A N/A	N/A N/A	N/A N/A
Director	Taiwan R.O.C.	Chin-Lung Chang	Jun. 17, 2011	Jun. 26, 2014	3 years	0	0	0	0	0	0	0	0	- M.S. in Chemical Engineering from Yokohama University - Associate professor in National Taipei University of Technology - Manager of Business/ Overseas Dept. & Supervisor of Nan Ya Plastics Corp. - Supervisor of Formosa Plastic Group	Note 5	N/A N/A	N/A N/A	N/A N/A
Director	Taiwan R.O.C.	Kuei-Chang Hsu	Jun. 26, 2014	Jun. 26, 2014	3 years	0	0	524,759	0.09	0	0	0	0	- HRM master of Texas A&M University - Chairman and president of Sunrise Global Solar Energy	Note 6	N/A	N/A	N/A
Director	Taiwan R.O.C.	Wen-Hui Tsai	Jun. 8, 2006	Jun. 26, 2014	3 years	3,033,191	0.58	3,033,191	0.52	30,490	0	0	0	- Bachelor degree in Accounting from National Chengchi University - Director of Actherm Inc. - Director of Ene Technology	Note 7	N/A	N/A	N/A
Director	Taiwan R.O.C.	Maoyang Corporaton Representative: Tie-Chih Sun	Jun. 13, 2003 Jun. 3, 2009	Jun. 26, 2014 Jun. 26, 2014	3 years 3 years	3,333,639 0	0.64 0	3,333,639 0	0.57 0	0 0	0 0	0 0	0 0	- Master degree in law from National Chengchi University - Supervisor of Career Consulting Co., Ltd.	Note 8	N/A N/A	N/A N/A	N/A N/A
Director	Taiwan R.O.C.	Kai-Chiang Company Representative: Hau Fang	Jun. 26, 2014 Jun. 26, 2014	Jun. 26, 2014 Jun. 26, 2014	3 years 3 years	300,000 15,803	0.06 0	710,000 15.803	0.12 0	0 0	0 0	0 0	0 0	- IMBA master of National Chengchi	Note 9	N/A N/A	N/A N/A	N/A N/A
Director	Taiwan R.O.C.	Kun Chang Investment Co. Representative: May-Yuan Chang	Jun. 17, 2011 Jun. 17, 2011	Jun. 26, 2014 Jun. 26, 2014	3 years 3 years	2,202,100 0	0.42 0	2,202,100 0	0.38 0	0 0	0 0	0 0	0 0	- M.S. in Industrial & Systems Engineering from Ohio State University - President of Captec partners Management Corp. - Chairwoman of Intumit Inc.	Note 10	N/A N/A	N/A N/A	N/A N/A
Director	na	Pan Asia Solar, Ltd. Representative: Szpitalak Ted	Jun. 26, 2014 Jun. 26, 2014	Jun. 26, 2014 Jun. 26, 2014	3 years 3 years	5,000 0	0 0	13,893,888 0	2.40 0	0 0	0 0	0 0	0 0	- Physics department of UNSW -Joint founder of JA Solar Holdings Co., Ltd. (JASO) -Joint founder of China Sunergy Co., Ltd (CSUN) -ARC facility technology chief of UNSW -Faculty of University of New South Wales Australia	Note 11	N/A N/A	N/A N/A	N/A N/A

Title	Nation-ality	Name	Date First Elected	Date Elected	Duration	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in Other Persons' Names		Principal Work Experiences and Academic Qualifications	Positions Held Concurrently in The Company and/or in Any Other Company	Other executives, Directors and supervisors who are spouses or within second-degree relative of consanguinity		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
														-Senior facility engineer of Gold Certificate Winner/Pacific Solar Co.Ltd.				
Independent director	Taiwan R.O.C.	Ting-Ko Chen	Jun. 17, 2011	Jun. 26, 2014	3 years	0	0	0	0	0	0	0	0	- Ph.D. in Business Administration from University of Michigan - Chief consultant of Ruentex Group - CEO of Charoen Pokphand Enterprise USA branch - Vice CEO for Formosa Plastic Group J-M company in USA - Chairman of Chin Fong Machine Industrial Co., Ltd. - Professor, manager, dean of NTUBA - Dean of College of Management, Tamkang University - Dean of College of Management, Asia University	Note 12	N/A	N/A	N/A
Independent director	Taiwan R.O.C.	Hsin-Hsien Lin	Jun. 26, 2014	Jun. 26, 2014	3 years	0	0	0	0	0	0	0	0	-EMBA, Tulane University, USA -Director of Lite-on Technology -Supervisor of Silitech Technology -President of Texas Instruments Taiwan branch	Note 13	N/A	N/A	N/A
Independent director	Taiwan R.O.C.	Meng-Hua Huang	Jun. 17, 2011	Jun. 26, 2014	3 years	0	0	0	0	0	0	0	0	- EMBA, Tulane University, USA - Manager/Accounting Supervisor of Texas Instruments Taiwan branch - Vice president of Silitek Corporation - Chief Auditor of Lite-on Group - Vice president of Liteon Technology - Senior vice president of LEOTEK	Note 14	N/A	N/A	N/A

Note 1: Concurrently chairman and CEO of Actron Technology Corporation, chairman of Ze Poly Pte Ltd., chairman of Formerica Optoelectronics Inc., director of Lite-On Semiconductor Corp., director of GlobiTech Incorporated. in U.S., director of GlobalWafers Japan Co., Ltd., legal representative of GlobalWafers Co., Ltd., legal representative of Solar Energy Corp.,

Note 2: Concurrently chairman of Kushan Sino Silicon Co. Ltd, director and CEO of Crystalwise Technology, director of GlobiTech Incorporated. in U.S., director of GlobalWafers Japan Co., Ltd., director of Actron Technology Corporation, director of Song Long Electronics Co., Ltd., supervisor of Giga Epitaxy Technology Corp., legal representative of GlobalWafers Co., Ltd., legal representative of Solar Energy Corp., supervisor of Sino-American Material Corp.

Note 3: Concurrently chairperson and CEO of subsidiary GlobiTech Incorporated in U.S., chairperson and president of GlobalWafers Co., Ltd., chairperson of GlobalWafers Japan Co., Ltd., vice chairperson of Kushan Sino Silicon Technology Company, director of GWafers Inc., director of SilFab Spa in Italy, director of Sino-American Material Corp.

Note 4: Concurrently chairman of Solar Energy Corp., chairman of Londee Corp., director of Sunshine PV Corp., chairman of Solar Energy Material and Mega Solar Energy Corp., Ltd., legal representative of True Honour Limited in Samoa, chairperson of Astro Solartech Inc. in U.S., director of Solar PV Corp. in Cayman island.

Note 5: Concurrently president and director of Solartech Energy Corp., legal representative and president of Sunshine PV Corp., director of Solar Energy Material and Mega Solar Energy Corp., Ltd., legal representative of Astro Solartech Inc. in U.S., director of True Honour Limited in Samoa, director of Solar PV Corp. in Cayman island, legal representative of Solartech Energy Corp in Japan.

Note 6: Legal representative of Accu Solar Corp

Note 7: Concurrently director of Ene Technology Inc., director of Advanced Wireless Semiconductor Company

Note 8: Concurrently director of Yung Fu Co. Ltd., director of Business World Consulting Co., Ltd., supervisor of Career Consulting Co. Ltd.

Note 9: Director of Actron Technology Corporation, vice president of Tum Inc.

Note 10: Concurrently president of Captec partners Management Corp., independent director of Taiwan Surface Mounting Technology Corp., independent director of AmTRAN Technology, supervisor of Xander International Corp., chairperson and legal representative of Intumit Inc., legal representative of Power Radio, legal representative of 3S Silicon Tech., Inc., legal representative of Solar Energy Corp., legal representative of Openfind Information Technology, Inc., legal representative of Jetvox Acoustic Corporation, legal representative of Lens Technology, director of Superior Plating Technology Co., supervisor of VIA Labs Inc., supervisor of WonderMedia Technologies Inc.

Note 11: Director of Pan Asia Solar Ltd (BI)/Si Fab Ltd. (BVI), director of CridCo S.r.L.(ITALY), director of Silfab S.p.A.(ITALY), director of Pan Asia Solar Inc(USA)

Note 12: Concurrently chairman of Chinese Academy of Business Foundation, chairman of Institute of Economics, Academia Sinica, honorary professor of National Taiwan Normal University, adjunct professor of management college, member of Namchow Group Remuneration Committee

Note 13: Concurrently chairman of Nan-hai Toy Co. Ltd., director of COTA Commercial Bank

Note 14: Concurrently director of Kwong Lung Enterprise Co., Ltd., supervisor of Leotek Electronics Corporation

(2) Major Shareholders of Institutional Shareholders

Table 1: Major Shareholder of Institutional Shareholders

April 27, 2015

Name of Institutional Shareholders	Major Shareholders of Institutional Shareholders
Maoyang Corporation	Chang Feng-Ming(76.657%), Hsu Hsu-Hua (4.957%), ThongLo Corporation(16.243%), Chang Hsi-Ning (0.357%), Chang An-Shih (0.357), Hsu Jia-Li (1.429%)
Kai-chiang Company	Ling-ling Sun(70%), Kai-chang Fang(9%), Hau Fang(12%), Hua Hang(9%)
Kun Chang Investment Company	Wang Hsueh-Hung (45.00%), Mercy Social Welfare Committee (12.00%), Christian Faith/Hope/Love Welfare Committee (12.00%), Via Technology Welfare Committee (11.00%), Christian Faith/Hope/Love Trust Fund (10.00%), Love of God Social Welfare Committee (10.00%)
Pan Asia Solar(BVI)	Pan Asia Solar(BVI) (100%)

Table 2: Major Shareholder(s) to The Company Listed in The Right Hand Column of The Above Table:

April 27, 2015

Name of Institutional Shareholders	Major Shareholders of Institutional Shareholders
ThongLo Corporation	Feng-Ming Chang (80.84%), Hsu Hsu-Hua (11.87%), Maoyang Corporation(6.67%), Chang Hsi-Ning (0.31%), Chang An-Shih (0.31%)
Pan Asia Solar(BVI)	Szpitalak Ted(79%) Beilby Bruce Nation(21%)

(3) Director and supervisor information

Conditions / Name	Meet one of the following professional qualification requirements, together with at least five years work experience			Compliance with independence criteria (Note 1)										Selected current positions/number of other public companies concurrently serving as an independent director
	An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or private junior college, College or University	A judge, public prosecutor, attorney, certified public accountant or other professional or technical specialists who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company	Work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company	1	2	3	4	5	6	7	8	9	10	
Directors														
Ming-Kuang Lu			✓					✓		✓		✓	✓	NA
Tan-Liang Yao			✓			✓	✓	✓	✓	✓	✓	✓	✓	NA
Hsiu-Lan Hsu			✓			✓	✓	✓	✓	✓	✓	✓	✓	NA
Kang-Hsin Liu			✓			✓	✓			✓	✓	✓	✓	NA
Chin-Lung Chang			✓			✓	✓			✓	✓	✓	✓	NA
Kuei-Chang Hsu			✓			✓	✓	✓	✓	✓	✓	✓	✓	NA
Wen-Hui Tsai			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NA
Maoyang Corporaton Representative: Tie-Chih Sun			✓	✓	✓	✓		✓	✓	✓		✓		NA
Kai-Chiang Company Representative: Hau Fang	✓		✓	✓	✓	✓		✓	✓	✓		✓		N/A
Kun-Chang Investment Co. Representative: May-Yuan Chang			✓	✓		✓	✓		✓	✓	✓	✓		2
Pan Asia Solar(BVI) Representative: Szpitalak Ted			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	NA
Ting-Ko Chen	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NA
Shing-Hsien Lin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NA
Angela Huang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A

Note 1: A "v" is marked in the space beneath a condition number when a director or supervisor has met that condition during the two years prior to election and during his or her period of service; the conditions are as follows:

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent Company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.

(3) The director, or his or her spouse or minor child, does not hold, in his or her own name or in another name, more than 1% of the company's total issued shares, nor is one of the company's top ten natural-person shareholders.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of any of the persons in the preceding three subparagraphs.

(5) Not a director, supervisor, or employee of a institutional shareholder that directly holds 5% or more of the total number of issued shares of the Company or that holds shares ranking in the top five in holdings.

(6) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified Company or institution that has a financial or business relationship with the Company.

(7) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, Company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.

(8) Not a spouse or relative within the second degree of kinship of any other director of the Company.

(9) Not a person of any conditions defined in Article 30 of the Company Act.

(10) Not elected with the conditions of government, juristic person or its representative defined in Article 27 of the Company Act.

1.2.2 Information on the Company's President, Vice President, Assistant Vice President, and the supervisors of all the Company's Divisions and Branch Units as follows:

April 27, 2015 Unit: share; %

Title	Nationality	Name	Date Elected	Current Shareholding		Spouse & Minor Shareholding		Shareholding in Other Persons' Names		Principal Work Experiences and Academic Qualifications	Positions Held Concurrently in The Company and/or in Any Other Company	Other executives, Directors and supervisors who are spouses or within second-degree relative of consanguinity		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	Taiwan R.O.C.	Ming-Kuang Lu	Apr. 2, 2007	10,950,000	2.09%	2,001,685	0.38%	0	0	- EMBA program in National Chengchi University - Vice president of LiteOn Technology	Note 1	N/A	N/A	N/A
Vice Chairman	Taiwan R.O.C.	Tan-Liang Yao	Oct. 1, 1998	1,738,39	0.36 %	14,413	0	0	0	- MBA from Tamkang University - Assistant vice president at Lite-On GMBH. - President of the Company	Note 2	N/A	N/A	N/A
President	Taiwan R.O.C.	Hsiu-Lan Hsu	Feb. 1, 2008	1,706,08	0.37%	0	0	0	0	- M.S. in computer science from University of illinois - President of Creative Sensor Inc. - Vice president of the Company	Note 3	N/A	N/A	N/A
Yi-lan branch President	Taiwan R.O.C.	Kuei-Chang Hsu	Aug. 1, 2014	524,75	0.09%	0	0	0	0	- HRM master of Texas A&M University - Master of machinery institute from Yuan Ze University - Chairman and president of Sunrise Global Solar Energy - Energy institute of Industrial technology research institute	Note 4	N/A	N/A	N/A
Production Vice President	Taiwan R.O.C.	Chun-Hau Shih	Sept. 2, 2014	57,00	0.01%	0	0	0	0	- Bachelor of Engineering Dept. of Cheng-Gong University - Vice president of manufacturing center of Sampotech - Senior vice president of Sunrise Global Solar Energy	N/A	N/A	N/A	N/A
Sales& Marketin Vice President	Taiwan R.O.C.	Yu-Tse Lin	Oct. 1, 2005	50,36	0.01%	0	0	0	0	- Master degree in Mineral and Metallurgical Engineering.,National Cheng Kung University - Vice manager of General Semiconductor Taiwan	N/A	N/A	N/A	N/A
Procurement Assistant Vice President	Taiwan R.O.C.	Ching-Wen Chou	Oct 1, 2009		0%	0	0	0	0	- Master degree in Business Administration , University of Long Island,USA - Procurement manager of Wistron NeWeb Corp - Project manager of Symbol Technologes	N/A	N/A	N/A	N/A
R&D Chief	Australia	Szpitalak Ted	Sept. 2, 2014			0	0	0	0	- Physics department of UNSW -Joint founder of JA Solar Holdings Co., Ltd. (JASO) -Joint founder of China Sunergy Co., Ltd (CSUN) -ARC facility technology chief of UNSW -Faculty of University of New South Wales Australia -Senior facility engineer of Gold Certificate Winner/Pacific Solar Co.Ltd.	Note 5	N/A	N/A	N/A
Material Vice President	Taiwan R.O.C.	Cheng-Mu Wu	Dec. 1, 2005			0	0	0	0	- Master degree in Electrical Engineering, Minghsin University of Science and Technology - Manufacturing director of GIGABYTE Technology Co. LTD	Note 6	N/A	N/A	N/A
R&D Vice President	Taiwan R.O.C.	Weng-Ching Hsu	May 17, 2004	149,80	0.03%	0	0	0	0	- Doctor degree in Institute of NanoEngineering and Microsystems, ,National Ching-Hua University - Researcher of Chemical Engineering Research Laboratories, Industrial Technology Research Institute	Note 7	N/A	N/A	N/A
Finance Accounting Manager	Taiwan R.O.C.	Mei -Ying Chiu	Apr 27, 2010	61,21	0.01%	55	0	0	0	- Bachelor degree in National Taipei College of Business - Audit of RSM International - Accountant in Middle area of E-Life Mall - Assistant of Carrefour	N/A	N/A	N/A	N/A

Note 1: Concurrently chairman and CEO of Actron Technology Corporation, chairman of Ze Poly Pte Ltd., chairman of Formerica Optoelectronics Inc., director of Lite-On Semiconductor Corp., director of GlobiTech Incorporated. in U.S., director of GlobalWafers Japan Co., Ltd., legal representative of GlobalWafers Co., Ltd., legal representative of Solar Energy Corp.,

Note 2: Concurrently chairman of Kushan Sino Silicon Co. Ltd, director and CEO of Crystalwise Technology, director of GlobiTech Incorporated. in U.S., director of GlobalWafers Japan Co., Ltd., director of Actron Technology Corporation, director of Song Long Electronics Co., Ltd., supervisor of Giga Epitaxy Technology Corp., legal representative of GlobalWafers Co., Ltd., legal representative of Solar Energy Corp., supervisor of Sino-American Material Corp.

Note 3: Concurrently chairperson and CEO of subsidiary GlobiTech Incorporated in U.S., chairperson and president of GlobalWafers Co., Ltd., chairperson of GlobalWafers Japan Co., Ltd., vice chairperson of Kushan Sino Silicon Technology Company, director of GWafers Inc., director of SilFab Spa in Italy, director of Sino-American Material Corp.

Note 4: Concurrently adjunct director of Accusolar Power Co., Ltd.

Note 5: Concurrently adjunct director of Pan Asia Solar Ltd.(BVI)/S Fab Ltd (BVI), director of GiridCo S.r.l.(ITALY), director of Silfab S.p.A.(ITALY), director of Pan Asia Solar Inc(USA)

Note 6: Transfer to manufacturing vice president at GlobalWafers Co., Ltd. on August 1, 2014

Note 7: Transfer to R&D vice president at GlobalWafers Co., Ltd. on September 2, 2014

3.2.3 Compensation Paid to CEO, President and Vice Presidents

(1) Remuneration Paid to Directors (Independent Directors included)

Date: December 31, 2014 Unit: NTD$ 1000

Title	Name	Remuneration								Total Remuneration (A+B+C+D) as a % of 2011 Net Income		Compensation Earned as Employees of SAS or of SAS Consolidated Entities												Total Compensation (A+B+C+D+E+F+G) as a % of 2011 Net Income		Compensation Paid to Directors from Nonconsolidated Affiliates
		Base Compensation (A)		Severance Pay and Pensions(B)		Bonus to Directors (C)		Allowances (D)				Base Compensation, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)		Employee Profit Sharing (G)				Exercisable Employee Stock Options (H)		Restricted Stock (I)				
																From SAS		From All Consolidated Entities								
		From SAS	From All Consolidated Entities	From SAS	From All Consolidated Entities	From SAS	From All Consolidated Entities	From SAS	From All Consolidated Entities	From SAS	From All Consolidated Entities	From SAS	From All Consolidated Entities	From SAS	From All Consolidated Entities	Cash	Stock (Fair Market Value)	Cash	Stock (Fair Market Value)	From SAS	From All Consolidated Entities	From SAS	From All Consolidated Entities	From SAS	From All Consolidated Entities	
Director	Ming-Kuang Lu	2,318	2,318	0	0	0	0	54	59	0.21	0.18	14,965	14,965	0	0	0	0	0	0	500	0	0	0	1.54	1.33	NA
Director	Tan-Liang Yao	2,318	2,318	0	0	0	0	54	59	0.21	0.18	14,127	14,127	0	0	0	0		0	600	0	0	0	1.46	1.27	NA
Director	Hsiu-Lan Hsu	1,818	1,818	0	0	0	100	54	59	0.17	0.22	14,242	19,535	0	0	0	0	8,230	8,230	700	0	0	0	1.87	2.36	NA
Director	Solar Energy Corp. Representative: Kang-Hsin Liu	15,017	15,017	0	0	0	1,000	477	482	1.37	1.27	6,412	6,412	45	45	0	0	0	0	0	0	0	0	1.95	1.77	N/A
Director	Solar Energy Corp. Representative: Chin-Lung Chang																									
Director	Kang-Hsin Liu																									
Director	Chin-Lung Chang																									
Director	Lin-Lin Sun																									
	Kuei-Chang Hsu																									
Director	Wen-Hui Tsai																									
Director	Maoyang Corporaton Representative: Tie-Chih Sun																									
Director	Kai-Chiang Company Representative: Hau Fang																									
Director	Kun-Chan Investment Co. Representative: May-Yuan Chang																									
Director	Pan Asia Solar, Ltd. Representative: Szpitalak Ted																									
Independent Director	Ting-Ko Chen																									
Independent Director	Shing-Hsien Lin																									
Independent Director	Ming-Chang Chen																									
Independent Director	Meng-Hua Huang																									

Remark: 1. 2014 actual retirement payment: NTD $0

2. Allowance or funding of pension obligation: NTD $45,000

3. Solar Energy Corp. Representative Kang-Hsin Liu left his office on June 26, 2014.

4. Solar Energy Corp. Representative Chin-Lung Chang left his office on June 26, 2014.

5. Ling-Ling Sun left her office on June 26, 2014.
6. Independent director Ming-Chang Chen left his office on June 26, 201

Remuneration Paid to Directors

Remuneration Paid to Directors	Directors			
	Total Remuneration (A+B+C+D)		Total Compensation (A+B+C+D+E+F+G)	
	From SAS	From All Consolidated Entities (I)	From SAS	From All Consolidated Entities (J)
Under NT$2,000,000	Hsiu-Lan Hsu Lin-Lin Sun Kuei-Chang hsu Wen-Huei Tsai Ming-Chang Chen Meng-Hua Huang Ting-Ko Chen Shing-Hsien Lin Kang-Hsin Liu Chin-Lung Chang Solar Energy Corp. Rep: Kang-Hsin Liu Solar Energy Corp. Rep: Chin-Lung Chang Maoyang Corporaton Rep: Tie-Chih Sun Kai-Chiang Company Rep: Hau Fang Kun-Chang Investment Co. Rep: May-Yuan Chang Pan Asia Solar Ltd. Rep: Szpitalak Ted	Kuei-Chang Hsu Lin-Lin Sun Wen-Huei Tsai Ming-Chang Chen Meng-Hua Huang Ting-Ko Chen Shing-Hsien Lin Kang-Hsin Liu Ching-Lung liu Solar Energy Corp. Rep: Kang-Hsin Liu Solar Energy Corp. Rep: Chin-Lung Chang Maoyang Corporaton Rep: Tie-Chih Sun Kai-Chiang Company Rep: Hau fang Kun-Chang Investment Co. Rep: May-Yuan Chang Pan Asia Solar Ltd. Rep: Szpitalak Ted	Lin-Lin Sun Wen-Huei Tsai Ming-Chang Chen Meng-Hua Huang Ting-Ko Chen Shing-Hsign Lin Kang-Hsin Liu Ching-Lung Chang Solar Energy Corp. Rep: Kang-Hsin Liu Solar Energy Corp. Rep: Chin-Lung Chang Maoyang Corporaton Rep: Tie-Chih Sun Kai-Chiang Company Rep: Hau fang Kun-Chang Investment Co. Rep: May-Yuan Chang Pan Asia Solar Ltd. Rep: Szpitalak Ted	Lin-Lin Sun Wen-Huei Tsai Ming-Chang Chen Meng-Hua Huang Ting-Ko Chen Shing-Hsien Lin Kang-Hsing Liu Ching-Lung Chang Solar Energy Corp. Rep: Kang-Hsin Liu Solar Energy Corp. Rep: Chin-Lung Chang Maoyang Corporaton Rep: Tie-Chih Sun Kai-Chiang Company Rep: Hau fang Kun-Chang Investment Co. Rep: May-Yuan Chang Pan Asia Solar Ltd. Rep: Szpitalak Ted
NT$2,000,000~NT$5,000,000	Ming-Kuang Lu Tan-Liang yao	Ming-Kung Lu Tan-Liang Yao Hsiu-Lan Hsu	0	0

NT$5,000,000~NT$10,000,000	0	0	Kuei-Chang Hsu	Kuei-Chang Hsu
NT$10,000,000~NT$15,000,000	0	0	0	0
NT$15,000,000~NT$30,000,000	0	0	Ming-Kung Lu Tan-Liang Yao Hsiu-lan Hsu	Ming-Kung Lu Tan-Liang Yao
NT$30,000,000~NT$50,000,000	0	0	0	Hsiu-lan Hsu
NT$50,000,000~NT$100,000,000	0	0	0	0
Over NT$100,000,000	0	0	0	0
Total	18	18	18	18

(2) Remuneration Paid to Supervisors

Date: December 31, 2014 Unit: NT$ '000

Title	Name	Remuneration Paid to Supervisors						Total Remuneration(A+B+C) as a% of 2011 net Income		Compensation Paid to Directors from Nonconsolidated Affiliates
		Base Compensation (A)		Bonus to Directors (B)		Allowances (C)				
		From SAS	From All Consolidated Entities (I)	From SAS	From All Consolidated Entities (I)	From SAS	From All Consolidated Entities (I)	From SAS	From All Consolidated Entities (I)	
Supervisor	Su-Mei Yang	2,727	2,727	0	0	45	45	0.25	0.25	NA
Supervisor	Kuo-Chow Chen									
Supervisor	Kun Chang Investment Co. Rep: May-Yuan Chang									

1. Supervisor Su-Mei Yang left her office on June 26, 2014
2. Supervisor Kuo-Chou Chen left his office on June 2, 2014
3. Representative of Kun-Chan Investment Co. May-Yuan Chang left her office on June 26, 2014.

Remuneration Paid to Supervisors

Remuneration Paid to Supervisors	Supervisors	
	Total Remuneration (A+B+C)	
	From SAS	From All Consolidated Entities (D)
Under NT$2,000,000	Su-Mei Yang Kuo-Chow Chen Kun Chang Investment Co. Rep: May-Yuan Chang	Su-Mei Yang Kuo-Chow Chen Kun Chang Investment Co. Rep: May-Yuan Chang
NT$2,000,000~NT$5,000,000	0	0
NT$5,000,000~NT$10,000,000	0	0
NT$10,000,000~NT$15,000,000	0	0
NT$15,000,000~NT$30,000,000	0	0
NT$30,000,000~NT$50,000,000	0	0
NT$50,000,000~NT$100,000,000	0	0
Over NT$100,000,000	0	0
Total	3	3

(3) Remuneration Paid to CEO, President and Vice Presidents

Date: December 31, 2014 Unit: NT$ '000

Title	Name	Base Compensation (A)		Severance Pay and Pensions (B)		Bonuses and Allowances (C)		Employee Profit Sharing (D)				Total Compensation (A+B+C+D)as a% of 2012net Income		Exercisable Employee Stock Options		Exercisable Limited Employee New Shares		Compensation Paid to Directors from Nonconsolidated Affiliates
		From SAS	From All Consolidated Entities	From SAS	From All Consolidated Entities	From SAS	From All Consolidated Entities	From SAS		From All Consolidated Entities		From SAS	From All Consolidated Entities	From SAS	From All Consolidated Entities	From SAS	From All Consolidated Entities	
								Cash	Stock (Fair Market Value)	Cash	Stock (Fair Market Value)							
CEO	Ming-Kung Lu	34,267	37,159	405	405	31,250	33,646	0	0	8,230	0	5.84	6.11	2,250	2,250	0	0	None
Vice CEO	Tang-Liang Yao																	
President	Hsiu-Lan Hsu																	
Branch President	Keui-Chang Hsu																	
Vice President	Cheng-Mu Wu																	
Vice President	Weng-Ching Hsu																	
Vice President	Yu-Tse Lin																	
Vice Manager	Hau-Chun Shih																	
Vice Manager	Ching-Wen Chou																	
R&D Chief	Szptalak Ted																	

Remark: 1. 2013 actual retirement payment: NTD $0

2. Allowance or funding of pension obligation: NTD $405,000

3. Cheng-Mu Wu was transferred to manufacturing vice president at GlobalWafers on August 1, 2014.

4. Wen-Ching Hsu was transferred to R&D vice president at GlobalWafers on August 1, 2014.

Remuneration Paid to CEO, President and Vice Presidents

Remuneration Paid to Supervisors	Names	
	From SAS	From All Consolidated Entities (E)
Under NT$2,000,000	0	0
NT$2,000,000~NT$5,000,000	Kuei-Chang Hsu Cheng-Mu Wu Weng-Ching Hsu Yu-Tse Lin Hau-Chun Shih Ching-Wen Chou Szpitalak Ted	Kuei-Chang Hsu Cheng-Mu Wu Weng-Ching Hsu Yu-Tse Lin Hau-Chun Shih Ching-Wen Chou Szpitalak Ted
NT$5,000,000~NT$10,000,000	Ming-Kung Lu Tang-Liang Yao Hsiu-Lan Hsu	Ming-Kung Lu Tang-Liang Yao
NT$10,000,000~NT$15,000,000	0	Hsiu-Lan Hsu
NT$15,000,000~NT$30,000,000	0	0
NT$30,000,000~NT$50,000,000	0	0
NT$50,000,000~NT$100,000,000	0	0
Over NT$100,000,000	0	0
Total	10	10

(4) Employee Profit Sharing Granted to Management Team

Date: December 31, 2014 Unit: NT$ thousand

	Title	Name	Stock (Fair Market Value)	Cash	Total Employee Profit Sharing	Total Employee Profit Sharing Paid to Management Team as a % of 2011 Net Income
Management Team	Chairman	Ming-Kung Lu	0	0	0	0%
	Vice Chairman	Tang-Liang Yao				
	President	Hsiu-Lan Hsu				
	Branch President	Kuei-Chang Hsu				
	Vice President	Cheng-Mu Wu				
	R&D Vice President	Weng-Ching Hsu				
	Sales & Marketing Vice President	Yu-Tse Lin				
	Procurement Vice President	Ching-Wen Chou				
	Manufacturing Vice president	Hau-Chun Shih				
	R&D Chief	Szpitalak Ted				
	Accounting Manager	Mei-Ying Chiu				

3.2.4 Comparison of Remuneration for Directors, Supervisors, Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, Presidents and Vice Presidents

1. Total Remuneration as a % of 2011 Net Income

Title	2014		2013	
	Form SAS	From All Consolidated Entities	Form SAS	From All Consolidated Entities
Directors	5.21%	5.00%	3.11%	3.11%
Supervisors	0.25%	0.21%	0.57%	0.57%
President and Vice President	5.84%	6.11%	8.82%	10.56%

2.1 The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance.

Remuneration to the directors and supervisors includes earning distribution and execution fees, which are specified in the Articles of Incorporation, and approved by shareholder meeting. Remuneration to presidents and vice presidents includes salary, bonus and cars along with earning distribution. Board of directors authorizes chairman to pay in accordance with related regulations

of SAS.

2.2 Procedures of remuneration

Remuneration to the directors and supervisors are performed in accordance with Article 30 of Articles of Incorporation:

If the Company has profit as a result of the yearly accounting closing, it will be distributed in accordance with the following:

(1) To make up for the previous loss;

(2) 10% of annual income retained as legal reserve until such retention equals the amount of authorized common stock;

(3) To distribute or reverse special earning reserve according to the law or competent authority;

(4) After deducting item (1)-(3), the remaining balance of annual income, if any, can be distributed at most 5% as remuneration to Directors and Supervisors and at least 10% as employee bonuses, the rest plus the accumulated undistributed earnings of the previous period of the profit shall be as dividends to stockholders.

In order to keep sustainable development for the Company and continuous growth on earnings per share, the cash dividends for shareholders shall be no less than 50% of the dividends for shareholders.

Also, execution fee is transportation expenses of each board of directors meeting, remuneration to presidents and vice president are in accordance with operation performance set in forth in Year Plan, its distribution is proceeded according to Procedure of Performance Evaluation and Procedure of Employee Stock Option.

SAS established Remuneration Committee at the end of 2011, which periodically examines performance of directors, supervisors and managers, as well as remuneration policy, system, standard and structure. Report if above-mentioned will be reported in the Board of Directors.

2.3 Connection between operation performance and future risk

Performance evaluation and remuneration of directors, supervisors and managers are measured based on market average, monetary amount, distribution method and future risk of the company. It has a positive correlation with the performance and responsibility of the company's business.

3.3 Implementation of Corporate Governance

3.3.1 Attendance of Directors for Board Meetings

A total of 12 meetings of the board of directors were held in the previous period. Director attendance was as follows: (2014/1/1~2014/12/31)

Title	Name	Attendance in Person	By Proxy	Attendance Rate in Person (%)	Notes
Chairman	Ming-Kung Lu	12	0	100%	2014.6.26 re-election
Vice Chairman	Tang-Liang Yao	12	0	100%	2014.6.26 re-election
Director	Hsiu-Lan Hsu	12	0	100%	2014.6.26 re-election
Director	Solar Energy Corp. Representative: Kang-Hsin Liu	3	1	75%	2014.6.26 discharge
Director	Solar Energy Corp. Representative: Chin-Lung Chang	2	2	50%	2014.6.26 discharge
	Kang-Hsin Liu	5	3	63%	2014.6.26 appointment
	Chin-Lung Chang	4	4	50%	2014.6.26 appointment
Director	Lin-Lin Sun	4	0	100%	2014.6.26 discharge
Director	Wen-Huei Tsai	12	0	100%	2014.6.26 re-election
Director	Mao-Yang Co.,Ltd Representative: Tieh-Chih Sun	12	0	100%	2014.6.26 re-election
Director	Kai-Chiang Company Rep: Hau Fang	8	0	100%	2014.6.26 appointment
Director	Kun-Chan Investment Co. May-Yuan Chang	8	0	100%	2014.6.26 appointment
Director	Pan Asia Solar Ltd. Rep: Szpitalak Ted	4	4	50%	2014.6.26 appointment
Independent Director	Ming-Chang Chen	3	0	75%	2014.6.26 discharge
Independent Director	Ting-Ko Chen	12	0	100%	2014.6.26 re-election
Independent Director	Shing-Hsien Lin	6	2	75%	2014.6.26 appointment
Independent Director	Meng-Hua Huang	11	1	91%	2014.6.26 re-election

Other mentionable items:

1. If there are the circumstances referred to in Article 14-3 of Securities and Exchange Act and resolutions of the directors' meetings objected to by Independent Directors or subject to qualified opinion and recorded or declared in writing, the dates of meetings, sessions, contents of motions, all independents' opinion and the Company's response to independent directors' opinion should be specified: No abovementioned matters so far.

2. If there is Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance and voting should be specified: No abovementioned matters so far.

▶Kuei-Chang Hsu, as an interested person in the proposal of Yilan branch president and vice president appointment discussed at the board of directors on July 10 2014, did not join the discussion and voting to avoid individual conflict of interest in accordance with law.

▶Szpitalak Ted, as an interested person in the proposal of personnel changes discussed at the board of directors on September 2nd 2014, did not join the discussion and voting to avoid individual conflict of interest in accordance with law.

3. Measures taken to strengthen the functionality of the Board (such as Audit Committee, information transparency elevation):

To Strengthen BOD Functionality	Evaluation
Establishment of independent director	Strength objectiveness of independent directors so as to supervise BOD performance
Establishment of remuneration committee	Assist BOD to execute and evaluate overall remuneration and benefit system; periodically examine adequateness of reward for directors, supervisors and managers
Establishment of audit committee	To exercise the securities laws, company laws and other related regulations.
Information transparency	Assigned employee to disclose information and update company website
Strengthen communication with interested parties	SAS has spokesman and deputy spokesman as communication channel for interested parties. We have designated period before AGM for shareholder to propose agendas, which will be reviewed by BOD according to related regulations.
Elevate BOD operation efficiency and decision	SAS has legislated "Rules and Procedures of Board of Directors Meeting" to strength BOD function and improve development of BOD decision.
Advance expertise	SAS' directors and supervisors have to fulfill authorities' training hour requirement, SAS also encourages BOD members to participate in professional courses. Also, SAS advocates regulations in each meeting so as to satisfy government inquiries.

3.3.2 Attendance of Audit Committee

A total of 4 meetings of the audit committee were held in the previous period. Independent director attendance was as follows: (2014/1/1~2014/12/31)

Title	Name	Attendance in Person	Attendance In Proxy	Attendance Rate in Person (%)	Notes
Independent Director	Ting-Kuo Chen	4	0	100%	2014.6.26 Appointed
Independent Director	Shing-Hsien Lin	2	2	50%	2014.6.26 Appointed
Independent Director	Mong-Hua Huang	3	1	75%	2014.6.26 Appointed

Other mentionable items:

1. If there are the circumstances referred to in Article 14-5 of the Securities and Exchange Act and resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all directors, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified: None
2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the items, methods and results of audits of corporate finance or operations, etc.)
   (1)The internal auditors have communicated the result of the audit reports to the members of the Audit Committee periodically, and have presented the findings of all audit reports in the quarterly meetings of the Audit Committee.
   (2)The Company's CPAs have presented the findings or the comments for the quarterly corporate

financial reports, as well as those matters communication of which is required by law, in the regular quarterly meetings of the Audit Committee.

3.3.3 Attendance of Supervisors for Board Meetings

A total of 12 meetings of the board of directors were held in the previous period. Supervisor attendance was as follows: (2014/1/1~2014/12/31)

Title	Name	Attendance in Person	Attendance In Proxy	Attendance Rate in Person (%)	Notes
Supervisor	Kuo-Chow Chen	4	0	100%	2014.6.26 resigned
Supervisor	Su-Mei Yang	4	0	100%	2014.6.26 resigned
Supervisor	Kun Chang Investment Co. Representative: May-Yuan Chang	4	0	100%	2014.6.26 resigned

Other mentionable items:

1. Supervisors' duties:

(1) Communication between supervisors and employee & shareholders:

Communication between supervisors and employee & shareholders is available through paper document, phone call, fax and email, communication status is smooth.

(2) Communication between supervisors and audit manager & CPA:

Supervisors exercise supervision, business and finance investigation in accordance with related regulations. Regarding accounting documents prepared by CPA, supervisors can communicate with CPA and managers in charge anytime if necessary, and also competent to explain to BOD and shareholders.

Supervisors attend BOD whether ordinary or extraordinary. SAS' audit manager reports and explains according to audit results of business and finance operation. A meeting may be convened anytime if necessary.

2. If supervisor makes a statement, BOD date, term, contents of motions, resolution and countermeasure of supervisor's statement should be specified: No abovementioned matters so far.

3.3.4 Corporate Governance Execution Status and Deviations from "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies"

Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has established the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies." The information has been disclosed on M.O.P.S. (http://newmops.tse.com.tw)	No significant deviation
2. Shareholding structure & shareholders' rights				
(1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(1) The Company has established an internal operating procedure, and has designated appropriate departments, such as Investor Relations, Public Relations, Legal Department, to handle shareholders' suggestions, doubts, disputes and litigation.	No significant deviation
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(2) The Company monitors shareholding of directors, supervisors, managers and major shareholders with over 10% company shares; submit reports to MOPS monthly.	No significant deviation
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(3) Internal control system includes enterprise risk monitoring and operation. SAS also legislates "Supervision and Management of Subsidiary" to execute risk control. SAS also legislates "Procedure of Investment Management" to control import/export, acquisition/deposal of assets, endorsement/guarantee, fund lending of affiliated companies.	No significant deviation
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		(4) To protect shareholders' rights and fairly treat shareholders, the Company has established the internal rules to forbid insiders trading on undisclosed information. The Company has also	No significant deviation

			strongly advocated these rules in order to prevent any violations.	
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members? (2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee? (3) Does the company establish a standard to measure the performance of the Board, and implement it annually? (4) Does the company regularly evaluate the independence of CPAs?	V V V V		1. The responsibilities of the board of directors have been clearly cataloged in Article 18 of the Corporate Governance Best-Practice Principles of the Company. Currently there are 14 directors to cover the guideline. 2. The Company has established the remuneration committee and audit committee. Other committee may be considered to be established to meet the need in the future. 3. The company has formulated rules and procedures for evaluating the Board's performance and conducts it annually. 4. The Company evaluates the independence of CPAs annually, ensuring that that they are not stakeholders such as a Board member, supervisor, shareholder or person paid by the Company, and will report to the board of directors.	No significant deviation No significant deviation No significant deviation No significant deviation
4. Does the company establish a communication channel and build a designated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities?	V		1. We have spokesman/deputy spokesman to keep smooth communication with interested parties. 2. The Company provides detailed contact information, including telephone numbers and email addresses in the "Stakeholder Area" section of the corporate website.	No significant deviation
5. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company designates Yuanta Securities to deal with shareholder affairs.	No significant deviation
6. Information Disclosure (1) Establishment of a corporate website to disclose information regarding the Company's financials, business and corporate governance status (2) Other information disclosure channels (e.g., maintaining an English website, designating people to handle information collection and	V V		1. The Company has set up a Chinese/English website to disclose information regarding the Company's financials, business and corporate governance status. 2. The Company has assigned an appropriate person to handle information collection and disclosure. The Company has established a spokesman system. Investor conference information is disclosed	No significant deviation No significant deviation

disclosure, appointing spokespersons, webcasting investors conference etc.)			on the corporate website (www.saswafer.com).	
7. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		(1) Maintenance on Employee rights: The Company always treats employees with honest and trust and protect employees rights according to Labor Standards Act (2) Staff care: the Company constructs solid relationship with employees via welfare policy and internal training, such as Employee Welfare Committee, Company tour and Free Health examination. (3) Stakeholders: The Company fully discloses via MOPS and official website to familiarize investors with corporal operation, and communicates with investors through shareholder meeting and spokesman. (4) Supplier relationship: The Company has maintained stable relationship with suppliers, random audits to ensure suppliers' quality. (5) The rights of interest-related party: The company has established official website (http://www.saswafer.com) to disclose financial, sales, corporate governance information and stock agency. (6) Continuing education/training of Directors and Supervisors:	

Title	Name	Date	Host by	Course	Duration hours	Matching Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and GTSM Listed Companies
Chairman	Ming-Kung Lu	2014/09/02	Taiwan Corporate Governance Association	Corporate Governance and Securities laws	3	Yes
		2015/03/19	Taiwan Corporate Governance Association	Corporate merger and legal	3	Yes

							responsibilities of directors and supervisors		
			Vice Chairman	Tang-Liang Yao	2014/05/07	Taiwan Corporate Governance Association	Corporate Governance System and Industry Development	3	Yes
					2014/09/02	Taiwan Corporate Governance Association	Corporate Governance and Securities laws	3	Yes
					2014/03/19	Taiwan Corporate Governance Association	Corporate merger and legal responsibilities of directors and supervisors	3	Yes
			Director	Hsiu-Lan Hsu	2014/09/02	Taiwan Corporate Governance Association	Corporate Governance and Securities laws	3	Yes
					2015/03/19	Taiwan Corporate Governance Association	Corporate merger and legal responsibilities of directors and supervisors	3	Yes
			Director	Kang-Hsin Liu	2014/09/02	Taiwan Corporate Governance Association	Corporate Governance and Securities laws	3	Yes
					2014/11/13	Taiwan Corporate Governance Association	Best practice example of industrial innovation	3	Yes
			Director	Chin-Lung Chang	2014/09/02	Taiwan Corporate Governance Association	Corporate Governance and Securities laws	3	Yes
					2014/11/13	Taiwan Corporate Governance Association	Best practice example of industrial innovation	3	Yes
			Director	Kuei-Chang Hsu	2014/09/02	Taiwan Corporate Governance Association	Corporate Governance and Securities laws	3	Yes
					2015/03/19	Taiwan Corporate Governance Association	Corporate merger and legal responsibilities of	3	Yes

							directors and supervisors		
			Director	Wen-Huei Tsai	2014/09/02	Taiwan Corporate Governance Association	Corporate Governance and Securities laws	3	Yes
			Director	Mao-Yang Co.,Ltd Rep: Tieh-Chih Sun	2014/09/02	Taiwan Corporate Governance Association	Corporate Governance and Securities laws	3	Yes
					2014/12/02	Securities & Future Institute	Corporate Merger Research	3	Yes
					2015/03/19	Taiwan Corporate Governance Association	Corporate merger and legal responsibilities of directors and supervisors	3	Yes
			Director	Kai-Chiang Company Rep: Hau Fang	2014/09/02	Taiwan Corporate Governance Association	Corporate Governance and Securities laws	3	Yes
					2015/03/19	Taiwan Corporate Governance Association	Corporate merger and legal responsibilities of directors and supervisors	3	Yes
			Director	Kun Chang Investment Co. Representative: May-Yuan Chang	2014/07/04	Taiwan Corporate Governance Association	OTC and emerging equity of corporate insiders advocacy	3	Yes
					2014/09/02	Taiwan Corporate Governance Association	Corporate Governance and Securities laws	3	Yes
					2015/03/19	Taiwan Corporate Governance Association	Corporate merger and legal responsibilities of directors and supervisors	3	Yes
					2015/04/14	Taiwan Academy of Banking and Finance	Corporate governance forum	3	Yes
			Director	Pan Asia Solar Ltd. Rep: Szpitalak Ted	2014/09/02	Taiwan Corporate Governance Association	Corporate Governance and Securities laws	3	Yes
					2015/03/19	Taiwan Corporate Governance Association	Corporate merger and legal	3	Yes

					responsibilities of directors and supervisors		
Director	Ting-Kuo Chen	2014/09/02	Taiwan Corporate Governance Association	Corporate Governance and Securities laws	3	Yes	
		2015/03/19	Taiwan Corporate Governance Association	Corporate merger and legal responsibilities of directors and supervisors	3	Yes	
Director	Shing-Hsien Lin	2014/09/02	Taiwan Corporate Governance Association	Corporate Governance and Securities laws	3	Yes	
		2015/03/19	Taiwan Corporate Governance Association	Corporate merger and legal responsibilities of directors and supervisors	3	Yes	
		2045/05/13	Taiwan Corporate Governance Association	Guard against fraud	3	Yes	
Director	Meng-Hua Huang	2014/09/02	Taiwan Corporate Governance Association	Corporate Governance and Securities laws	3	Yes	
		2015/03/19	Taiwan Corporate Governance Association	Corporate merger and legal responsibilities of directors and supervisors	3	Yes	

Specified in MOPS/ http://mops.twse.com.tw

(7) Status of risk management policies and risk evaluation: The company has legislated internal regulations to evaluate and manage risks.

(8) Customer policy execution:

The Company has maintained stable relationship with customers to create profit.

(9) The Company has purchased responsibility insurance for Director, Independent Director and Important Managers to ensure protection of stockholders' rights and exposed at Market Observation Post System (http://newmops.tse.com.tw).

8. Has the company implemented a	V		The Company does not authorize any other professional organization to conduct such an

self-evaluation report 2 on corporate governance or has it authorized any other professional organization to conduct such evaluation? If so, please describe the opinion from the Board, the result of self or authorized evaluation, the major deficiencies, suggestions, or improvements.			evaluation, therefore not applicable. All functions and internal control system conducted by directors of the Company is subjected to the corporate governance norm.

3.3.5. Operation of Remuneration Committee

1. Member Information

Title	Condition / Name	If independent directors equip with over 5 years of working experience and below qualifications			Independence（Note 1）								Concurrently serving in remuneration committee of other listed companies (Counting in company)	Remark（Note 2）
		Owning qualification of national/private college instructor or above of commence, law, finance or corporal operation-related professions	Certified technicians or judge, prosecutor, lawyer, CPA or corporal operation-related national certifications	Experienced in commence, law, finance, accounting or other corporal operation-related business	1	2	3	4	5	6	7	8		
Independent Director	Ting-Ko Chen	✓			✓	✓	✓	✓	✓	✓	✓	✓	1	NA
Independent Director	Shing-Hsien Lin			✓	✓	✓	✓	✓	✓	✓	✓	✓	NA	NA
Independent Director	Meng-Hua Huang			✓	✓	✓	✓	✓	✓	✓	✓	✓	NA	NA

Note 1: Check in blocks if matching below description in tenure or two years before the tenure.

(1) Not an employee of the company or any of its affiliates.

(2) Not a director or supervisor of the company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary in which the company holds, directly or indirectly, more than 50 percent of the voting shares.

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under any other's name, in an aggregate amount of 1 percent or more of the total number of issued shares of the company or ranking in the top 10 in shareholding.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5 percent or more of the total number of issued shares of the company or ranks in the top 5 in shareholding.

(6) Not a director, supervisor, managerial officer, or shareholder holding 5 percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.

(7) Not a professional individual who, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, or accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof.

(8) Not matching description in Article 30 of Company Act

Note 2: If a remuneration committee member is director, please specify if matching item5, Article 6 of “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter”

2. Attendance of Remuneration Committee

Title	Name	Attendance in Person(B)	Attendance In Proxy	Attendance Rate in Person (%) (B/A)	Remark
Committee member	Ting-Ko Chen	4	0	100%	2014.6.26 Re-elected
Committee member	Shing-Heien Lin	2	1	67%	2014.6.26 Appointed
Committee member	Ming-Chang Chen	1	0	100%	2014.6.26 Resigned
Committee member	Meng-Hua Huang	3	1	75%	2014.6.26 Re-elected

Other mentionable items:

(1) If remuneration committee's suggestions are objected ir modified by BOD, BOD date, term, contents of motions, resolution and countermeasure of remuneration committee's statement (if remuneration resolved by BOD is better than that of remuneration committee, discrepancy and reason should be specified): NA

(2) If any member is against or reserves his/her opinion with record or paper statement regarding committee's resolution, remuneration committee's date, term, contents of motions, resolution and countermeasure of member's statement should be specified: NA

3.3.13 Internal Control System Execution Status

1. Statement of Internal Control System

Sino-American Silicon Products Inc.

Statement of Internal Control System

Date: March 24, 2015

Based on the findings of a self-assessment, Sino-American Silicon Products Inc. (SAS) states the following with regard to its internal control system in 2014:

1. SAS is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. SAS has established such a system aimed at providing reasonable assurance regarding the achievement of objectives in the following categories: (1) effectiveness and efficiency of operations (including profitability, performance, and safeguarding of assets), (2) reliability of financial reporting, and (3) compliance with applicable laws and regulations.

2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Moreover, the effectiveness of an internal control system may be subject to changes of environment or circumstances. Nevertheless, the internal control system of SAS contains self-monitoring mechanisms, and SAS takes corrective actions whenever a deficiency is identified.

3. SAS evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five components of internal control based on the process of management control: (1) control environment, (2) risk assessment and response, (3) control activities, (4) information and communication, and (5) monitoring. Each component further contains several items. Please refer to the Regulations for details.

4. SAS has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.

5. Based on the findings of the evaluation mentioned in the preceding paragraph, SAS believes that, during the year 2014[*2], its internal control system (including its supervision and management of subsidiaries), as well as its internal controls to monitor the achievement of its objectives concerning operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable laws and regulations, were effective in design and operation, and reasonably assured the achievement of the above-stated objectives.

6. This Statement will be an integral part of SAS's Annual Report for the year 2013 and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.

7. This Statement has been passed by the Board of Directors in their meeting held on March 24, 2015, with zero of the eleven attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Sino-American Silicon Products Inc.

Chairman Ming-Kung Lu

President Hsiu-Lan Hsu

Note 1: When material weakness occurs the design/ execution of public company internal control system, the company shall append explanation after item 4, in which enumerates and specifies the weakness, and the countermeasure/amendment taken before date of balance sheet in the Statement of Internal Control System

Note 2: The date here refers to the ending date of fiscal year

2. Disclose the review report of independent auditors if they are retained for reviewing the internal control system: Not applicable

3.3.14 Punishment on the Company and its Staff in Violation of Law, or Punishment on its Employees in Violation of Internal Control System and Other Internal Regulations, Major Shortcomings and Status of Correction: None.

3.3.15 As of the date of this Annual Report, the following resolutions are adopted regarding annual shareholders' meeting and Board of Directors Meeting.

1. Annual Shareholders' Meeting

Date	Meeting	Resolutions
2014/06/26	Annual Shareholders' Meeting	1.Approve FY 2013 business report and financial statements 2.Approve the proposal for distribution of 2013 loss 3.Approve capital reserve cash distribution 4.Approve to revise Articles of Incorporation 5.Approve to revise the Acquisition or Disposal of Assets Procedures 6.Approve to repeal Rules for the Election of Directors and Supervisors and establish Rules for the Election of Directors 7.Approve to conduct stock issuance in common shares or in GDR for common shares or private placement for common shares to meet the need of working capital 8.Complete the 12th election of directors – 11 directors, 3 independent directors Election list (1) Ming-Kung Lu (2) Tan-Liang Yao (3) Hsiu-Lan Hsu (4) Kang-Hsin Hsu (5) Ching-Lung Chang (6) Wen-Huei Tsai (7) Keui-Chang Hsu (8) Kai-Chiang Company Rep: Hau Fang (9) Mao-Yang Co., Ltd. Rep: Teih-Chih Sun (10) Kun-Chang Investment Co. (11) Pan Asia Solar Ltd. Rep: Szpitalak Ted Independent directors

		(1) Ting-Kuo Chen (2) Shing-Hsien Lin (3) Mon-Hua Huang 9.Approve to release directors from obligation of non-competition
2015/01/06	Extraordinary Annual Shareholders Meeting	Approve all business related to GWC's to be listed in Taipei Exchange and purchase of GWC's stocks for capital increase

2. Board of Directors Meeting

Date	Meeting	Resolutions
2014/02/11	Board of Directors Meeting	1. Approve to amend the depreciable life of production equipment report 2. Approve capital increase of Crystalwise Technology
2014/03/20	Board of Directors Meeting	1. Approve 2013 Business Overview and annual financial and consolidated financial reports 2. CPA adjustment 3. Capital increase of Powertec Energy Corporation 4. Capital increase of Solartech 5. Approve the proposal of 2013 profit distribution 6. Cash dividend from capital reserve distribution 7. The proposal of 2013 statement of internal control 8. Amend articles of incorporation 9. Abolish Rules for the Election of Directors and Supervisors and establish Rules for the Election of Directors 10. Establish Audit Committee Charter 11. Amend Acquisition or Disposal of Assets 12. Elect the 12th Directors 13. Release directors from obligation of non-competition 14. In compliance with the loan quota from DBS Bank to GWC, a support letter is issued by SAS to promise the future assistance of GWC's financial status 15. Convene 2014 general shareholders meeting 16. Authorize to sign syndicated loan

		contract
2014/04/15	Board of Directors Meeting	1. The stock release of GWC 2. Capital increase of Accu Solar Corp 3. bnbStock issuance in common shares or in GDR for common shares or private placement for common shares to meet the need of working capital 4. Amendment of the 12th directors' election 5. Capital amendment on the Corporation Registration after the 2014 Q1 renewal of employees share warrants to common shares 6. Set up Self-Regulatory Rules on Disclosure of Merger and Acquisition Information 7. Set up Responsibility Rules on Independent Directors 8. Set up Risk Management Best-Practice Principles 9. Set up Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises 10. Set up Corporate Governance Best-Practice Principles 11. Amend Articles of Incorporation
2014/05/13	Board of Directors Meeting	1. 2014 Q1 consolidated financial report 2. Appointment report on the evaluation of CPA's competence and independence 3. General credit limit and foreign exchange quota provided by banking institutions 4. Examine the independent director candidate list nominated by shareholders 5. Changes to the cash dividend from the capital reserve of the Company 6. Changes to convention of 2014 shareholders' meeting 7. Personnel promotion 8. Proposed to set up Sino-American Material Corp. to invest solar cell module using EVA 9. Resolution items of 2014 the 1st remuneration committee
2014/06/26	Board of Directors Meeting	1. To elect new chairman (Ming-Kung Lu)

		2. Elect new vice president (Tan-Liang Yao) 3. Set up audit committee
2014/07/04	Board of Directors Meeting	1. Appoint remuneration committee 2. Registration of Yilan branch
2014/07/10	Board of Directors Meeting	1. Discuss the appointment of the president and vice president of Yilan branch 2. Discuss the personnel appointments of Yilan branch
2014/08/12	Board of Directors Meeting	1. 2014 Q2 consolidated financial statements 2. Yilan branch proposes to change the depreciable life of production equipment of solar cell related products 3. Set up Directions for the Implementation of Continuing Education for Directors 4. Set up Rules Governing the Exercise of Rights and Participation in Resolutions by Juristic Person Shareholders With Controlling Power 5. Set up Risk Management Best-Practice Principles 6. Amend Ethical Corporate Management Best Practice Principles 7. Rules of Board of Directors Meetings 8. Amend Codes of Ethical Conduct 9. Amend Remuneration of directors 10. Amend Supervision of Sino-American Silicon Products Inc. to its subsidiary 11. Amend Corporate Governance Best-Practice Principles 12. Yearly wade adjustment of managers
2014/09/02	Board of Directors Meeting	1. Personnel shift (vice president: Cheng-Mu Wu, vice president: Chin-Wen Hsu)
2014/10/02	Board of Directors Meeting	1.Stock release of GWC under the circumstance of planning GWC to be a listed company in Taipei Exchange
2014/11/13	Board of Directors Meeting	1. 2014 Q3 consolidated financial statements 2. 2015 internal audit plan discussion 3. Amend Internal Control System, Internal Audit System, Internal Audit Practice Details, Internal Control

		System-Self-Evaluation Procedures and so forth 4. Purchase GWC shares for capital increase in response to the related matters of GWC's IPO preparation 5. Set up Corporate Social Responsibility Best Practice Principles 6. Amend Division of Business Authority 7. Amend Remuneration Policy 8. Propose to convene 2015 first extraordinary shareholders' meeting
2014/12/18	Board of Directors Meeting	1.Approve 2014 business overview 2.2014 audit fees proposal 3.Amend Regulations for SAS' Supervisor over Subsidiaries 4.Amend Ethical Corporate Management Best Practice Principles 5.Amend Codes of Ethical Conduct 6.Propose to set up new subsidiary to invest solar power plant industry
2015/01/06	Board of Directors Meeting	1.Propose to release stocks of GlobalWafers Co., Ltd.(GWC) in line with the public offering plan of GWC 2.Amend "Remuneration Committee Charter"
2015/03/24	Board of Directors Meeting	1. Report the 2014 business report and 2014 consolidated and individual financial statements 2.Approve the 2014 profit distribution 3.Discuss the cash dividend distribution from the capital reserve 4.Propose to increase directors at Crystalwise Technology in line with its re-election 5.Major capital purchases of the Company 6.2014 Statements of Internal Control System 7.Amend Procedures for Acquisition or Disposal of Assets 8.Amend Procedures for Endorsement and Guarantee 9.Amend Directions for the Implementation of Continuing Education for Directors 10. No acceptance for overdue new share issuance from private placement 11. Related matters of 2015 shareholders meeting agenda

		12. Special bonus distribution for 2014 directors and managers
2015/05/05	Board of Directors Meeting	1.2015 Q1 consolidated financial statements 2.Appointment report on the evaluation of CPA's competence and independence 3.Report on SAS' completeness of stock release over its subsidiary GWC 4.Amend Corporate Governance Best-Practice Principles 5.Ching-chau Chang and other five shareholders submitted proposal to the shareholders meeting 6.Call meeting for the modification of 2015 general shareholders' meeting

3. Review on execution of 2014 Annual Shareholders' Meeting resolutions

1.Approve 2013 business report & financial reports	Uploaded to MOPS after resolved by AGM
2. Approve 2013 profit distribution	AGM resolution: As of the beginning of 2013, the Company's retained earnings based on (ROC GAAP) is NT$0, adding effect of transition to IFRSs amounting to NT$102,349,086, setting off adjusted net income for 2012 from ROC GAAP transition to IFRSs amounting to NT$206,697,914, the adjustment of actuarial losses 2012 is NT$15,532,756,with the opening balance of appropriated IFRSs special capital reserve amounting to NT$102,349,086 and the opening balance of accumulated offset the company net losses based on IFRSs amounting to NT$222,230,370 and also offset movement of actuarial losses amounting to NT$8,467,402, and then adding net profit after tax amounting to NT$295,118,039. After setting aside the legal reserve amounting to NT$6,442,297 and special reserve amounting to NT$ 57,980,670, consequently, the unappropriated retained earnings is NT$0. In accordance with the aforesaid, no dividends of shareholders, employees and remuneration of directors will be distributed this year. Approved by all attending shareholders.

3.Approve cash dividend distribution from the capital reserve of the Company	The Company plans to distribute cash dividend through capital reserve of NT$523,143,081. The distribution ratio is determined by the holding ratio of shareholders in the register of shareholders on the record date of the distribution. Each share will be distributed NT$1 cash dividend. The dividend payment date is proposed to be August 8, 2014.
4.Approve to revise "Articles of Incorporation"	Execute in accordance with revised "Articles of Incorporation" after resolved by AGM
5.Approve to revise "Procedures for Acquisition or disposal of Assets"	Execute in accordance with revised "Procedures for Acquisition or disposal of Assets" after resolved by AGM
6.Approve to abolish "Rules for Election of Directors and Supervisors" and set up "Rules for Election of Directors"	Execute in accordance with abolished "Rules for Election of Directors and Supervisors" and established "Rules for Election of Directors" after resolved by AGM
7.Approve to issue new shares through GDR or local SPO or Private Placement	In terms of overall capital consideration, no acceptance after overdue according to AGM's resolution.
8.The 12th election for directors is completed. 11 directors, 3 independent directors Elected directors are as follows. (1) Ming-Kung Lu (2) Tang-Liang Yao (3) Hsiu-Lan Hsu (4) Kang-Hsin Liu (5) Ching-Lung Chang (6) Wen-Huei Tsai (7) Kuei-Chang Hsu (8) Kai-Chiang Company Rep: Hau Fan (9) Mau-Yang Company Rep: Tieh-Chih Sun (10) Kun-Chang Investment Co. (11) Pan Asia Solar Ltd. Rep: Szpitalak Ted Elected independent directors: (1) Ting-Kuo Chen (2) Shing-Hsien Lin (3) Mong-Hua Huang	Release on to the M.O.P.S in accordance with regulations after AGM's resolution
9.Approve to release directors from obligation of non-competition	Release on to the M.O.P.S in accordance with regulations after AGM's resolution

4.Review on execution of 2015 Extraordinary Annual Shareholders' Meeting resolutions

1.The Company proposes to conduct the resolution of the board of directors to forfeit the subscription to the capital increase by cash of its subsidiary GlobalWafers Co., Ltd. (GWC) Submitted for discussion.	The Company, in accordance with the EGM resolution, gave up the purchase of GWC's capital increase and transferred to all shareholders. Other unsolved issues have been authorized to the board of directors by EGM. The capital increase of GWC has been

	completed on January 29, 2015.

3.3.16 As Of The Date Of This Annual Report, A Director Or A Supervisor Has Expressed Disagreement To A Resolution Passed By The Board Of Directors And Kept Document Or A Written Statement: None.

3.3.17 As Of The Date Of This Annual Report, Resignation Or Dismissal Of Personnel Responsible For Financial Report (Including Chairman, President, Accounting And Audit Managers):

April 27, 2015

Title	Name	Date of Appointment	Date of Dismissal	Reason
R&D Manager	Wen-Ching Hsu	2004.05.17	2014.09.02	Job Reassignment

3.4 Information Regarding Audit Fees

3.4.1 Audit Fees

Accounting Firm	Name of CPA		Audit Period	Note
KPMG	Tseng, Mei-Yu	Yong-Hua Huang	2014.01-2014.12	

Unit: NT$ 1000

Item / Remuneration range		Audit Fee	Non-audit Fee	Total
1	Under NT$2,000 thousand	-	-	-
2	NT$2,000~NT$4,000 thousand	-	-	-
3	NT$4,000~NT$6,000 thousand	4,750	808	5,568
4	NT$6,000~NT$8,000 thousand	-	-	-
5	NT$8,000~NT$10,000 thousand	-	-	-
6	Over NT$10,000 thousand	-	-	-

Unit: NT$ 1000

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Audit Period	Note
			System Design	Company Registration	Human Resource	Others (Note2)	Subtotal		
KPMG	Tseng, Mei-Yu Yong-Hua Huang	4,760	-	138	-	670	808	2014.01.01-2014.12.31	

NOTE 1: When the Company changes its auditors and the accounting firm, shall separately specify audit period and reason in the Note column, and disclose information of audit and non-audit fees.

NOTE 2: Please record non-audit fees separately according to service item, if non-audit fees indicated under "Other" constitute 25 percent of total non-audit fees, the nature of those service items shall be indicated in the Note column.

3.4.2 Non-Audit Fee Paid to Auditors and the Accounting Firm Accounted for More Than One-Fourth of Total Audit Fee Shall Disclose the Amount and The Service Item: None.

3.4.3 When the Company Changes Its Accounting Firm and the Audit Fees Paid for the Fiscal Year in Which Such Change Took Place Are Lower Than Those for the Previous Year, The Reduction in the Amount of Audit Fees, Reduction Percentage, and Reason(S) Therefore Shall Be Disclosed: None.

3.4.4 When the Audit Fees Paid for the Current Year Are Lower Than Those for the Previous Fiscal Year by 15 Percent Or More, the Reduction in the Amount of Audit Fees, Reduction Percentage, and Reason(S) Therefore Shall Be Disclosed: None.

3.5 Information on Replacement of Independent Auditors in the Last Two Years and Thereafter: In line with the internal personnel adjustment of KPMG, the board of directors has approved on March 20th 2014 that the financial statement auditors shall be changed from Mei-Yu Tseng and Chen-Chien Chen to Mei-Yu Tseng and Yong-Hua Huang from the first quarter of 2014.

3.6 The Chairman, President, Finance or Accounting Manager Who Has Worked in the Accounting Firm or Affiliates in the Most Recent Year, the Name, Position and the Service Period Shall Be Disclosed: None.

3.7 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders in Last Year and as of the Date of this Annual Report

3.7.1 Net Change in Shareholding and Net Change in Shares Pledged by Directors, Management and Shareholders with 10% Shareholdings or More

Title	Name	2014		As of April 27, 2015		Note
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged	
Chairman	Ming-Kuang Lu	(50,000)	0	0	0	CEO of the Company
Vice Chairman	Tang-Liang Yao	(280,000)	0	0	0	Vice CEO of the Company
Director	Hsiu-Lan Hsu	(140,000)	0	(100,000)	0	President of the Company
Director	Solar Energy Corp. Representative: Kang-Hsin Liu	0 0	0 0	0 0	0 0	2014.6.26 Resign
Director	Solar Energy Corp. Representative: Chin-Lung Chang	0 0	0 0	0 0	0 0	2014.6.26 Resign
Director	Lin-Lin Sun	(29,724)	0	(29,724)	0	2014.6.26 Resign
Director	Kang-Hsin Liu	0	0	0	0	2014.6.26 Elected
Director	Ching-Lung Chang	0	0	0	0	2014.6.26 Elected
Director	Kuei-Chang Hsu	524,759	0	0	0	2014.6.26 Elected
Director	Wen-Huei Tsai	0	0	0	0	2014.6.26 Re-elected
Director	Mao-Yang Co.,Ltd Representative: Tieh-Chih Sun	333,000 0	0 0	0 0	0 0	2014.6.26 Re-elected
Director	Pan Asia Solar Ltd., Rep: Szpitalak Ted	13,888,888 0	0 0	0 0	0 0	2014.6.26 Elected

Director	Kai-Chiang Company, Rep: Hau Fang	340,000 0	0 0	70,000 0	0 0	2014.6.26 Elected
Director	Kun Chang Investment Co. Rep: May-Yuan Chang	0 0	0 0	0 0	0 0	2014.6.26 Elected
Independent Director	Ting-Kuo Chan	0	0	0	0	2014.6.26 Re-elected
Independent Director	Shing-Hsien Lin	0	0	0	0	2014.6.26 Elected
Independent Director	Ming-Chang Chen	0	0	0	0	2014.6.26 Resign
Independent Director	Mon-Hua Huang	0	0	0	0	2014.6.26 Re-elected
Supervisor	Su-Mei Yang	0	0	0	0	2014.6.26 Resign
Supervisor	Kuo-Chou Chen	0	0	0	0	2014.6.26 Resign
Supervisor	Kun Chang Investment Co. Representative: May-Yuan Chang	0	0	0	0	2014.6.26 Resign
Manager	Cheng-Mu Wu	0	0	0	0	2014.6.26 Resign
Manager	Weng-Ching Hsu	(72,000)	0	(12,000)	0	2014.6.26 Resign
Manager	Kuei-Chang Hsu	524,759	0	0	0	2014.6.26 New
Manager	Sxpitalak Ted	0	0	0	0	2014.6.26 New
Manager	Hau-Chun Shih	743	0	0	0	2014.6.26 New
Manager	Yu-Tze Lin	0	0	0	0	
Manager	Ching-Wen Chou	0	0	0	0	
Accounting Vice Manager	Mei -Ying Chiu	0 0	0	0	0	

Note 1: Shareholders with 10% shareholdings or more shall be specified respectively as major shareholder.

Note 2: Shares trading or shares pledge with related parties shall fill in below information.

3.7.2 Shares Trading with Related Parties: None

3.7.3 Shares Pledge with Related Parties: None

3.8 Relationship Information of the Top 10 Shareholders among Who are Related Parties, as Defined in the Statement of Financial Accounting Standard NO.6.

Name	Shareholding		Shareholding under spouse or underage children		Shareholding under other		Top 10 shareholders among who are related parties		Note
	Share	%	Share	%	Share	%	%	Name	
Cathay life insurance Corp.	27,339,450	4.71%	0	0	0	0	NA	NA	
Cathay life insurance Corp. Representative: Hung-Tu Tsai	0	0%	0	0	0	0	NA	NA	
Solartech-energy Corp.	21,860,379	3.77%	0	0	0	0	NA	NA	
Solar Energy Corp. Representative: Kang-Hsin Liu	0	0%	0	0	0	0	NA	NA	
Fubon Financial	14,150,000	2.44%	0	0	0	0	NA	NA	
Fubon Financial Representative: Ben-Yuan Cheng	0	0%	0	0	0	0	NA	NA	
Pan Asia Solar Ltd.	13,888,888	2.39%			0	0	NA		
Pan Asia Solar Ltd. Re: Szpitalak Ted	0	0%	0	0	0	0	NA		
Feng-Ming Chang	11,335,000	1.95%	0	0	0	0	NA	NA	
Ming-Kuang Lu	10,950,000	1.89%	2,001,685	0.35%	0	0	NA	NA	
Public Service Pension Fund Committee	8,315,956	1.49%	0	0	0	0	NA	NA	
Public Service Pension Fund Committee Representative: Je-Shen Chang	0	0%	0	0	0	0	NA	NA	
WenYang Chung	7,093,105	1.22%	0	0	0	0	NA		
Mercuries Life Insurance	4,073,000	0.70%	0	0	0	0	NA	NA	
Mercuries Life Insurance, Rep: Chung-Hsin Chao	0	0%	0	0	0	0	NA	NA	
Citibank Singapore	4,043,504	0.70%	0	0	0	0	NA	NA	

government investment fiduciary account									

3.9 Total Numbers and Equity of Shares Held In any Single Enterprise by the Company, Directors, Supervisors, Managers and Any Companies Controlled Either Directly or Indirectly by the Company

2014/12/31 Unit: 1,000 shares; %

Reinvestment	Investment by SAS		Investments directly or indirectly controlled by directors, supervisors and managers		Total investment	
	Share	%	Share	%	Share	%
Sino Silicon Technology Inc.	48,526,237	100%	0	0	48,526,237	100%
GlobalWafers Co., Ltd.	301,381,000	94.92%	0	0	301,381,000	94.92%
KUNSHAN SINO SILICON TECHNOLOGY CO., LTD.	No shares for Limited Corporation	0	0	100%	No shares for Limited Corporation	100%
GlobiTech Incorporated	0	100%	1000	100%	1000	100%
GlobalSemiconductor Inc.	0	0	25,000,000	100%	25,000,000	100%
GlobalWafers Ltd.	0	0	90,000,000	100%	90,000,000	100%
GWafers Inc.	No shares for Limited Corporation	0	No shares for Limited Corporation	100%	No shares for Limited Corporation	100%
GlobalWafers Japan Co., Ltd.	0	0	128,002	100%	128,002	100%
Aleo Solar GmbH	No shares for Limited Corporation	100%	No shares for Limited Corporation	100%	No shares for Limited Corporation	100%
Aleo Solar Distribuzione Italia S.r.l.	No shares for Limited Corporation	0	No shares for Limited Corporation	100%	No shares for Limited Corporation	100%
Sino-American Materials Corp.	9,000,000	90%	0	100%	9,000,000	90%

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

1. Issued Shares

Unit: NT/Share

Month/ Year	Price	Authorized		Paid-in		Note		
		Shares	Amount	Shares	Amount	Source of capital	Capital increased by assets other that cash	Other
1981/01	10	10,800,000	108,000,000	6,044,663	60,446,630	Cash offering 38,902,043	21,544,587	
1984/08	10	10,800,000	108,000,000	10,800,000	108,000,000	Cash offering 111,946	47,441,424	
1984/11	10	14,000,000	140,000,000	14,000,000	140,000,000	Cash offering 32,000,000	None	
1990/04	10	30,000,000	300,000,000	30,000,000	300,000,000	Cash offering 160,000,000	None	Note 1
1995/11	10	60,000,000	600,000,000	40,000,000	400,000,000	Cash offering 100,000,000	None	Note 2
1998/02	10	60,000,000	600,000,000	60,000,000	600,000,000	Cash offering 200,000,000	None	Note 3
1998/08	10	63,000,000	630,000,000	63,000,000	630,000,000	Capital surplus 30,000,000	None	Note 4
1999/12	10	78,000,000	780,000,000	78,000,000	780,000,000	Cash offering 150,000,000	None	Note 5
1990/10	10	86,421,000	864,210,000	86,421,000	864,210,000	Capital surplus, retained earnings, and capitalization of employee bonus 84,210,000	None	Note 6
2001/10	10	170,000,000	1,700,000,000	100,857,250	1,008,572,500	Retained earnings and capitalization of employee bonus 144,362,500	None	Note 7
2002/10	10	170,000,000	1,700,000,000	105,350,000	1,053,500,000	Retained earnings and capitalization of employee bonus 44,927,500	None	Note 8
2003/09	10	170,000,000	1,700,000,000	109,706,100	1,097,061,000	Capital surplus, retained earnings, and capitalization of employee bonus 43,561,000	None	Note 9
2004/09	10	170,000,000	1,700,000,000	114,593,000	1,145,930,000	Retained earnings and capitalization of employee bonus 48,869,000	None	Note 10
2004/09	10	170,000,000	1,700,000,000	122,300,000	1,223,000,000	Retained earnings and capitalization of employee bonus 77,070,000	None	Note 11
2005/10	10	170,000,000	1,700,000,000	152,300,000	1,523,000,000	Cash offering 300,000,000	None	Note 12
2006/09	10	250,000,000	2,500,000,000	161,000,000	1,610,000,000	Capital surplus, retained earnings, and capitalization of employee bonus 87,000,000	None	Note 13
2006/10	10	250,000,000	2,500,000,000	181,000,000	1,810,000,000	Cash offering 200,000,000	None	Note 14
2006/10	10	250,000,000	2,500,000,000	183,289,000	1,832,890,000	Execution of stock options 22,890,000	None	Note 15
2007/03	10	250,000,000	2,500,000,000	183,692,000	1,836,920,000	Execution of stock options 4,030,000	None	Note 16
2007/05	10	250,000,000	2,500,000,000	186,506,000	1,865,060,000	Execution of stock options 28,140,000	None	Note 17

2007/09	10	250,000,000	2,500,000,000	186,831,000	1,868,310,000	Execution of stock options 3,250,000	None	Note 18
2007/09	10	250,000,000	2,500,000,000	197,241,300	1,972,413,000	Retained earnings and capitalization of employee bonus 104,103,000	None	Note 19
2007/12	10	250,000,000	2,500,000,000	198,366,300	1,983,663,000	Execution of stock options 11,250,000	None	Note 20
2008/02	10	250,000,000	2,500,000,000	198,386,300	1,983,863,000	Execution of stock options 200,000	None	Note 21
2008/05	10	250,000,000	2,500,000,000	199,107,700	1,991,077,000	Execution of stock options 7,214,000	None	Note 22
2008/09	10	250,000,000	2,500,000,000	210,426,710	2,104,267,100	Retained earnings and capitalization of employee bonus 110,860,100 Execution of stock options 2,330,000	None	Note 23
2008/10	10	250,000,000	2,500,000,000	220,426,710	2,204,267,100	Cash offering 100,000,000	None	Note 24
2008/12	10	250,000,000	2,500,000,000	221,177,710	2,221,777,100	Execution of stock options 7,510,000	None	Note 25
2009/04	10	250,000,000	2,500,000,000	221,233,710	2,212,337,100	Execution of stock options 560,000	None	Note 26
2009/05	10	250,000,000	2,500,000,000	221,923,110	2,219,231,100	Execution of stock options 6,894,000	None	Note 27
2009/08	10	350,000,000	3,500,000,000	267,929,276	2,679,292,760	Retained earnings and capitalization of employee bonus 460,061,660	None	Note 28
2009/08	10	350,000,000	3,500,000,000	299,179,276	2,991,792,760	Cash offering 312,500,000	None	Note 29
2009/09	10	350,000,000	3,500,000,000	299,317,276	2,993,172,760	Execution of stock options 1,380,000	None	Note 30
2009/11	10	350,000,000	3,500,000,000	299,441,276	2,994,412,760	Execution of stock options 1,240,000	None	Note 31
2010/03	10	350,000,000	3,500,000,000	299,479,276	2,994,792,760	Execution of stock options 380,000	None	Note 32
2010/04	10	350,000,000	3,500,000,000	299,626,276	2,996,262,760	Execution of stock options 1,470,000	None	Note 33
2010/07	10	350,000,000	3,500,000,000	321,025,580	3,210,255,800	Retained earnings and capitalization of employee bonus 213,993,040	None	Note 34
2010/10	10	500,000,000	5,000,000,000	382,025,580	3,820,255,800	Cash offering 610,000,000	None	Note 35
2011/05	10	500,000,000	5,000,000,000	402,132,190	4,021,321,900	Share swap 201,066,100	None	Note 36
2011/08	10	600,000,000	6,000,000,000	423,119,081	4,231,190,810	Retained earnings and capitalization of employee bonus 209,868,910	None	Note 37
2011/11	10	600,000,000	6,000,000,000	443,119,081	4,431,190,810	Cash offering 20,000,000	None	Note 38
2012/08	10	800,000,000	8,000,000,000	523,119,081	5,231,190,810	Cash offering 80,000,000	None	Note 39
2014/05	10	800,000,000	8,000,000,000	523,143,081	5,231,430,810	Execution of stock options 24,000	None	Note 40
2014/05	10	800,000,000	8,000,000,000	580,031,151	5,800,311,510	New share issuance of a merger with Sunrise Solar Global Energy 56,888,070	None	Note 41

Note 1: Approval Document No. The 26 October 1980 Letter No. Taiwan Finance Securities –I-02824 of the Securities and Futures Commission, Ministry of Finance
Note 2: Approval Document No. The 04 December 1995 Letter No. Taiwan Finance Securities –I-39204 of the Securities and Futures Commission, Ministry of Finance
Note 3: Approval Document No. The 27 November 1997 Letter No. Taiwan Finance Securities –I-85459 of the Securities and Futures Commission, Ministry of Finance
Note 4: Approval Document No. The 10 July 1998 Letter No. Taiwan Finance Securities –I-58663 of the Securities and Futures Commission, Ministry of Finance
Note 5: Approval Document No. The 26 October 1999 Letter No. Taiwan Finance Securities –I-92634 of the Securities and Futures Commission, Ministry of Finance
Note 6: Approval Document No. The 6 October 2000 Letter No. Taiwan Finance Securities –I-83996 of the Securities and Futures Commission, Ministry of Finance
Note 7: Approval Document No. The 26 June 2001 Letter No. Taiwan Finance Securities –I-140364 of the Securities and Futures Commission, Ministry of Finance
Note 8: Approval Document No. The 9 August 2002 Letter No. Taiwan Finance Securities –I-0910144515 of the Securities and Futures Commission, Ministry of Finance
Note 9: Approval Document No. The 25 July 2003 Letter No. Taiwan Finance Securities –I-0920133758 of the Securities and Futures Commission, Ministry of Finance
Note 10: Approval Document No. The 19 July 2004 Letter No. Financial Supervisory –Securities–I-0930132046 of the Securities and Futures Bureau of the Financial Supervisory Commission Executive Yuan
Note 11: Approval Document No. The 29 June 2005 Letter No. Financial Supervisory –Securities–I-0940126037 of the Securities and Futures Bureau of the Financial Supervisory Commission Executive Yuan
Note 12: Approval Document No. The 1 July 2005 Letter No. Financial Supervisory –Securities–I-0940125440 of the Securities and Futures Bureau of the Financial Supervisory Commission Executive Yuan
Note 13: Approval Document No. The 10 July 2006 Letter No. Financial Supervisory –Securities–I-0950128446 of the Securities and Futures Bureau of the Financial Supervisory Commission Executive Yuan
Note 14: Approval Document No. The 12 July 2004 Letter No. Financial Supervisory –Securities–I-0950128620 of the Securities and Futures Bureau of the Financial Supervisory Commission Executive Yuan
Note 15: Approval Document No. The 27 October 2006 Letter No. Science-Park-Listed-Company –0950028768 of Science Park Administration
Note 16: Approval Document No. The 3 March 2007 Letter No. Science-Park-Listed-Company –0960006570 of Science Park Administration
Note 17: Approval Document No. The 1 May 2007 Letter No. Science-Park-Listed-Company –0960011004 of Science Park Administration
Note 18: Approval Document No. The 17 July 2007 Letter No. Taiwan Finance Securities –I-0960011004 of the Securities and Futures Commission, Ministry of Finance
Note 19: Approval Document No. The 13 September 2007 Letter No. Science-Park-Listed-Company –0960025181 of Science Park Administration
Note 20: Approval Document No. The 5 December 2007 Letter No. Science-Park-Listed-Company –0960033158 of Science Park Administration
Note 21: Approval Document No. The 15 February 2008 Letter No. Science-Park-Listed-Company –0970007484 of Science Park Administration
Note 22: Approval Document No. The 14 May 2008 Letter No. Science-Park-Listed-Company –0970012289 of Science Park Administration
Note 23: Approval Document No. The 1 September 2008 Letter No. Science-Park-Listed-Company –0970023820 of Science Park Administration
Note 24 Approval Document No. The 5 November 2008 Letter No. Science-Park-Listed-Company –09700031254 of Science Park Administration
Note 25: Approval Document No. The 1 December 2008 Letter No. Science-Park-Listed-Company –0970033918 of Science Park Administration
Note 26 Approval Document No. The 13 April 2009 Letter No. Science-Park-Listed-Company –0980010288 of Science Park Administration
Note 27 Approval Document No. The 13 May 2009 Letter No. Science-Park-Listed-Company –0980012552 of Science Park Administration
Note 28: Approval Document No. The 14 August 2009 Letter No. Science-Park-Listed-Company –0980021402 of Science Park Administration
Note 29: Approval Document No. The 28 August 2009 Letter No. Science-Park-Listed-Company –0980024305 of Science Park Administration
Note 30: Approval Document No. The 28 September 2009 Letter No. Science-Park-Listed-Company –0980027608 of Science Park Administration
Note 31: Approval Document No. The 30 November 2009 Letter No. Science-Park-Listed-Company –0980033989 of Science Park Administration
Note 32: Approval Document No. The 29 April 2010 Letter No. Science-Park-Listed-Company –0990012116 of Science Park Administration
Note 33: Approval Document No. The 4 June 2010 Letter No. Science-Park-Listed-Company –0990015583 of Science Park Administration
Note 34: Approval Document No. The 2 July 2010 Letter No. Science-Park-Listed-Company –0990018384 of Science Park Administration
Note 35: Approval Document No. The 15 October 2010 Letter No. Science-Park-Listed-Company –0990031133 of Science Park Administration
Note 36: Approval Document No. The 5 May 2011 Letter No. Science-Park-Listed-Company –1000011943 of Science Park Administration
Note 37: Approval Document No. The 31 August 2011 Letter No. Science-Park-Listed-Company –1000025568 of Science Park Administration
Note 38: Approval Document No. The 8 November 2011 Letter No. Science-Park-Listed-Company –1000033672 of Science Park Administration
Note 39: Approval Document No. The 7 August 2012 Letter No. Science-Park-Listed-Company –1010024319 of Science Park Administration
Note 40: Approval Document No. The 8 May 2014 Letter No. Science-Park-Listed-Company –1030012459 of Science Park Administration
Note 41: Approval Document No. The 27 August 2014 Letter No. Science-Park-Listed-Company –1030025712 of Science Park Administration

2. Type of Stock

Type of Stock	Authorized Capital			Remark
	Outstanding Shares	Unissued hares	Total	
Common Stock	580,031,151	219,968,849	800,000,000	OTC Stock

3. Shelf Registration: None

4.1.2 Shareholder Structure

Date: April 28, 2014

Structure / Number	Government Agencies	Financial Institutions	Other Juridical Persons	Individuals	Foreign Institution & Persons	Total
Number	5	2	208	74,327	253	74,795
Ownership (Share)	9,767,406	5,837,456	107,099,928	317,133,594	86,192,767	580,031,151
Ownership (%)	1.68%	1.01%	18.47%	63.98%	14.86%	100.00%

Note:
1.Foreign issuers shall specify its Chinese ownership: Chinese ownership refers to Chinese people, legal entity, group, other institute or companies invested by third area, the aforementioned are stipulated in Article 3 of Statute For Investment By Overseas Chinese.
2.The ownership percentage of China investors is 0.24%.

4.1.3 Diffusion of Ownership

1. Common Shares

Each share having a par value of NT$ 10

Date: April 27, 2015

Shareholder Ownership (Unit: Share)	Number of Shareholders	Ownership (Share)	Ownership (%)
1~999	22,764	3,325,999	0.63%
1,000~5,000	39,271	81,916,562	14.12%
5,001~10,000	6,737	50,592,854	8.72%
10,001~15,000	2,113	26,090,583	4.50%
15,001~20,000	1,183	21,688,305	3.74%
20,001~30,000	833	20,532,333	3.92%
30,001~40,000	459	16,416,030	2.83%
40,001~50,000	308	14,255,659	2.46%
50,001~100,000	493	34,909,857	6.02%
100,001~200,000	217	29,959,265	5.17%
200,001~400,000	100	28,391,923	4.89%
400,001~600,000	35	16,781,904	2.89%
600,001~800,000	20	13,956,934	2.41%
800,001~1,000,000	0	8,238,233	1.42%
Over 1,000,001	48	207,323,794	35.74%
Total	74,795	580,031,151	100.00%

4.1.4 Major Shareholders

Date: April 27, 2015

Share / Name	Ownership (Share)	Ownership (%)
Cathay life insurance Corp.	27,339,450	4.71%
Solartech-energy Corp.	21,860,379	3.77%
Fubon Financial	14,150,000	2.44%
Pan Asia Solar Ltd.	13,888,888	2.39%
Feng-Ming Chang	11,335,000	1.95%
Ming-Kuang Lu	10,950,000	1.89%
Public Service Pension Fund Committee	8,315,956	1.43%
WenYang Chung	7,093,105	1.22%
Mercuries Life Insurance	4,073,000	0.70%
Citibank Singapore government investment fiduciary account	4,043,504	0.70%

4.1.5 Market Price, Net Worth, Earnings, Dividends per Share for the Recent Two Years

Item / Year		2013	2014	2014/1/1~2015/3/31
Market Price per Share	Highest	52.10	61.60	54.60
	Lowest	32.10	42.55	46.95
	Average	41.33	52.23	50.18
Net Worth per Share	Before Distribution	34.98	36.03	37.35
	After Distribution	33.98		NA

Earnings per Share	Weighted Average Shares (thousands)		521,925	546,844	580,031
	Earnings per Share	Before adjustment	0.57	2.06	0.35
		After adjustment	0.27	2.06	NA
Dividends per Share	Cash Dividends		-	Note 1	NA
	Stock Dividend	Retained Earning	-	Note 1	NA
		Capital Surplus	-	Note 1	NA
	Accumulated undistributed dividends		-	Note 1	NA
Return on Investment	Price/Earnings Rate		72.51	25.28	143.37
	Price/Dividend Rate		Note 1	Note 1	-
	Cash dividend Yield		-	Note 1	-

Note 1: Pending 2014 shareholders' approval

4.1.6 Dividend Policy and Execution Status

1. Dividend Policy
   (1)The dividend policy of the Company is based on Company Act and Articles of Incorporation so as to ensure its steady operation and equity of shareholders.
   (2) If the Company has profit as a result of the yearly accounting closing, it will be distributed after taxes paid, making up for the previous loss, distributing or reversing special earning reserve according to the law or competent authority. The remaining balance of annual income, if any, can be distributed at most 3% as remuneration to Directors and Supervisors and at least 5% as employee bonuses, the rest plus the accumulated undistributed earnings of the previous period of the profit shall be as dividends to stockholders.
   (3) In order to keep sustainable development for the Company and continuous growth on earnings per share, the cash dividends for shareholders shall be no less than 50% of the dividends for shareholders.

   Employees entitled to stock bonus may include subsidiaries' employees that meet certain criteria set by the board of directors.

2. Status of Profit Distribution Proposal

   The proposal has been approved by the first meeting of SAS audit committee on March 24th, 2015 as follows.

   (1)As of the beginning of 2014, the Company's retained earnings is NT$0, setting off amounts written off for 2014 of new share issuance when merging with Sunrise amounting to NT$685,586,906, the adjustment of actuarial losses 2014 is NT$50,666,673 and the opening balance of accumulated offset the company net losses amounting to NT$736,253,579, and then adding net profit after tax amounting to NT$1,128,444,682. After setting aside the legal reserve amounting to NT$39,219,110 and special reserve amounting to NT$352,971,993, consequently, the unappropriated retained earnings is NT$0.
   (2)In accordance with the aforesaid, no dividends of shareholders, employees and remuneration of directors will be distributed this year.

2014 PROFIT DISTRIBUTION TABLE

(Unit: NT$)

Items		Amount
Beginning retained earnings		**0**
Less: Deduction from new share issuance of equity merger		(685,586,906)
Adjusted beginning retained earnings		(685,586,906)
Less: Movement of actuarial (losses)		(50,666,673)
Adjusted retained earnings		(736,253,579)
Net profit after tax		1,128,444,682
Distributable retained earnings		**392,191,103**
Less：		
Appropriated legal capital reserve	(39,219,110)	
Appropriated special capital reserve	(352,971,993)	(392,191,103)
Distributable items:		
Dividend to shareholders		
Bonus to shareholders- Shares	0	
Bonus to shareholders- Cash $0.0875	0	0
Ending balance of unappropriated retained earnings		**0**
Employee bonus sharing		0
Compensation of directors and supervisors		0

The 2014 distribution of cash dividend through capital premium is resolved by the board of directors on March 24, 2015 as follows.

(1)The Company plans to distribute cash dividend through capital reserve of NT$1,044,056,072. The distribution ratio is determined by the holding ratio of shareholders in the register of shareholders on the record date of the distribution. Each share will be distributed NT$1.8 cash dividend.

(2) The capital premium will be distributed cash rounding to dollar unit. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the distribution date.

4.1.7 Impact of the Stock Dividend Proposal of this Shareholders meeting on Operational Performance and Earning per Share: NA

4.1.8 Employee Bonus and Directors' and Supervisors' Remuneration

1. Percentage of dividends for employees and remuneration for directors in the Articles of

Incorporation:

If the Company has profit as a result of the yearly accounting closing, it will be distributed after taxes paid, making up for the previous loss, distributing or reversing special earning reserve according to the law or competent authority. The remaining balance of annual income, if any, can be distributed at most 3% as remuneration to Directors and Supervisors and at least 5% as employee bonuses, the rest plus the accumulated undistributed earnings of the previous period of the profit shall be as dividends to stockholders.

2. Proposal to Distribute Profits

The board of directors has approved on March 24th, 2014 that no dividends of shareholders, employees and remuneration of directors will be distributed this year.

(1) Allocation for employee stock bonus nor Directors' and Supervisors' remuneration: NA

(2) Ratio of employee stock bonus to capitalization of earnings: NA

(3) Recommended distribution of employee bonus and directors' and supervisors' remuneration has no differences with estimation, therefore, no need to disclose reason, variance and dealing.

(4) 2014 distribution of employee bonus and directors' and supervisors' remuneration is the same with proposal.

2014 PROFIT DISTRIBUTION TABLE

(Unit: NT$)

Items		Amount
Beginning retained earnings		**0**
Less: Deduction from new share issuance of equity merger		(685,586,906)
Adjusted beginning retained earnings		(685,586,906)
Less: Movement of actuarial (losses)		(50,666,673)
Adjusted retained earnings		(736,253,579)
Net profit after tax		1,128,444,682
Distributable retained earnings		**392,191,103**
Less：		
Appropriated legal capital reserve	(39,219,110)	
Appropriated special capital reserve	(352,971,993)	(392,191,103)
Distributable items:		
Dividend to shareholders		
Bonus to shareholders- Shares	0	
Bonus to shareholders- Cash $0.0875	0	0
Ending balance of unappropriated retained earnings		**0**
Employee bonus sharing		0
Compensation of directors and supervisors		0

4.1.9 Repurchase of Company Shares: NA

4.2 Status of Corporate Bonds: NA

4.3 Status of Preferred Stocks: NA

4.4 GDR Issuance

Date: March 31, 2015

Date of Issuance			September 8, 2011
Issuance and Listing			Luxembourg Stock Exchange
Total Amount			US$ 177,192,800
Offering Price per GDS			US$ 2.9048
Units Issued			61,000,000 Units
Underlying Securities			Common shares of Sino-American Silicon Products Inc.
Common Shares Represented			61,000,000 Shares
Rights and Obligations of GDS Holders			1. Holders of GDSs shall be entitled, in accordance with the provisions of the Deposit Agreement and the applicable provisions of laws and regulations of the ROC, to exercise the voting rights of the underlying common shares represented by the GDSs. 2. Subject to the laws and regulations of ROC, the GDSs holders have the same rights to distributions of dividends as shareholders of common stocks. If SAS declares stock dividends or other distribution of common shares in the future, the Depositary shall, in accordance with the provisions of the Deposit Agreement and relevant applicable laws and regulations, issue correspondent units of new GDSs and allocate them to the GDSs holders on a pro-rata basis to their respective GDSs holding, increase the number of the underlying common shares represented by each unit of GDS, or sell, for and on behalf of the holders of GDSs, such stock dividends and distribute the proceeds (net of the applicable taxes and expenses) to the GDSs holders in proportion to the number of GDSs held by them. Subject to compliance with the relevant applicable laws and regulations, the GDSs holders have the same pre-emptive rights as SAS shareholders of common stocks in the event of a rights offering or other similar offering by SAS. The Depositary shall, to the extent permitted by the Deposit Agreement and the relevant laws and regulations, provide such pre-emptive rights to GDSs holders or sell such rights, for and on behalf of the GDSs holders, and distribute the proceeds (net of the applicable taxes and expenses) to the GDSs holders in proportion to the number of GDSs held by them.
Trustee			Not Applicable
Depositary Bank			Citibank, N.A.
Custodian Bank			Citibank Taiwan Ltd.
GDSs Outstanding			456,750
Apportionment of expenses for the issuance and maintenance			All fees and expenses such as underwriting fees, legal fees, listing fees and other expenses related to issuance of GDSs were borne by SAS and the selling shareholders, while maintenance expenses such as annual listing fees were borne by SAS.
Terms and Conditions in the Deposit Agreement and Custody Agreement			-
Closing Price per GDS	2014	High	US$ 2.040
		Low	US$ 1.420
		Average	US$ 1.721
	01/01/2015~ 03/31/2015	High	US$ 1.750
		Low	US$ 1.500
		Average	US$ 1.592

4.5 Employee Stock Options

17.5.1 Issuance of Employee Stock Options

Date: March 31, 2015

Type of Stock Option	First Tranche
Regulatory approval date	2010.11.12
Issue date	2011.08.10
Units issued	10,000,000
Option shares to be issued as a percentage of outstanding shares	1.724%
Duration	6 years
Conversion measures	Issue new stock
Conditional conversion periods and percentages	Full 2 years: 40% Full 3 years: 60% Full 4 years: 80% Full 5 years: 100%
Converted shares	24,000
Exercised amount	1,346,400
Number of shares yet to be converted	9,976,000
Adjusted exercise price for those who have yet to exercise their rights	55.10
Unexercised shares as a percentage of total issued shares	1.7199%
Impact on possible dilution of shareholdings	None

17.5.2 lList of Executives Receiving Employee Stock Options and the Top 10 Employees with Options Valued in Excess of NT$30 Million

Date: March 31, 2015 Unit: NTD

	Title	Name	No. of Option Shares	Option Shares as a Percentage of Shares Issued	Exercised				Unexercised			
					No. of Shares Converted	Strike Price (NT$)	Amount (NT$ thousand)	Converted Shares as a Percentage of Shares Issued	No. of Shares Converted	Strike Price (NT$)	Amount (NT$ thousand)	Converted Shares as a Percentage of Shares Issued
Managers	Chairman	Ming-Kuang Lu	2,990,000	0.52%	0	0	0	0%	2,990,000	55.1	164,749,000	0.52%
	Vice Chairman	Tan-Liang Yao										
	President	Hsiu-Lan Hsu										
	Vice President	Ching-Chang Chin										
	Vice President	Hao-Chun Shih										
	Vice President	Weng-Ching Hsu										
	Vice President	Yu-Tse Lin										
	Vice President	Cheng-Mu Wu										
	Assistant Vice President	Chien-Hsiung Lo										
	Assistant Vice President	Ching-Wen Chou										
	Manager	Shang -Chih Tai										
	Manager	Mei -Ying Chiu										
Employees	Employee	Yu-Hsin Lin	730,000	0.13%	24,000	56.1	1,346,400	0.0046%	706,000	55.1	38,900,600	0.12%
	Employee	Wei-Wen Chen										
	Employee	Chin-Chen Chiu										
	Employee	Wei-Ko Huang										
	Employee	Chen-Huei Chang										
	Employee	Ming-Sung Yan										
	Employee	Sung-Lin Hsu										
	Employee	Tai-Lung Ma										
	Employee	Hsin-Chung Chao										
	Employee	Jung-Tsung Wang										

Manager, Shang-Chih Dai, resigned on February 28th, 2014

4.6 Status of New Shares Issuance of Limited Stocks for Employees:NA

4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions:

The Company conducted a merger with Sunrise Global Solar Energy on August 1st 2014 with 2.16 shares of Sunrise per share of SAS and an total issuance of 56,888,070 shares.

4.8 Financing Plans and Implementation:NA

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

5.1.1.1. The Company shall engage in the following business:

CC01080 Electronic Parts and Components Manufacturing

F401010 International Trade

IG03010 Energy-related Technology and Service

(1) Research and development, design, manufacture and sell of the following products:

- Silicon-based semiconductor materials and their components
- Varistor
- Photovoltaic and communication materials

(2) The technology, management and advisory business related to the products listed above.

(3) Photovoltaic system integration and installation services.

(4) Import-export activities related to the above mentioned business.

5.1.1.2. Revenue distribution

Unit: NT$1000; %

Major Divisions	Total Sales in Year 2014	(%) of total sales
Solar Ingot	301,895	1%
Solar Wafer	3,400,513	12%
Semi Ingot	1,084,927	4%
Semi Wafer	14,675,962	53%
Solar Cell	4,458,456	16%
Solar Module	195,918	1%
Others	3,703,785	13%
Total	27,821,456	100%

5.1.1.3. Current Products and Service

(1) Single crystal ingot

(2) Black wafer (super low resistivity)

(3) Multi Crystal ingot

(4) Ultra-thin wafer

(5) A5+ Ultra high efficiency multi-crystal solar wafer

(6) A4+ Super high efficiency multi-crystal solar wafer

(7) A3+ High efficiency multi-crystal solar wafer

(8) Single crystal wafer

(9) Nano wafer

(10) Aegis Wafer

(11) High efficiency single crystal cell

(12) High efficiency multi-crystal cell

5.1.1.4.Future New Technology and Products

(1) Low reflectivity black wafer
(2) Ultra-thin solar wafer
(3) Nano-structure solar wafer
(4) High efficiency N-type solar cell technology
(5) 900kg Multi-crystal ingot growth technology
(6) G6 hot zone energy conservation technology development
(7) G6 high quality ingot growth technology development
(8) Brick surface grinding technology development
(9) Large dimension brick squaring technology development
(10) Automatic crucible coating technology development
(11) Non-contact multi-crystal ingot solid-liquid interface measurement technology development
(12) Wafer sorting by Photoluminescence imaging system development
(13) Poly material quality sorting technology development
(14) Low impurity diffusion multi-crystal ingot growth technology development

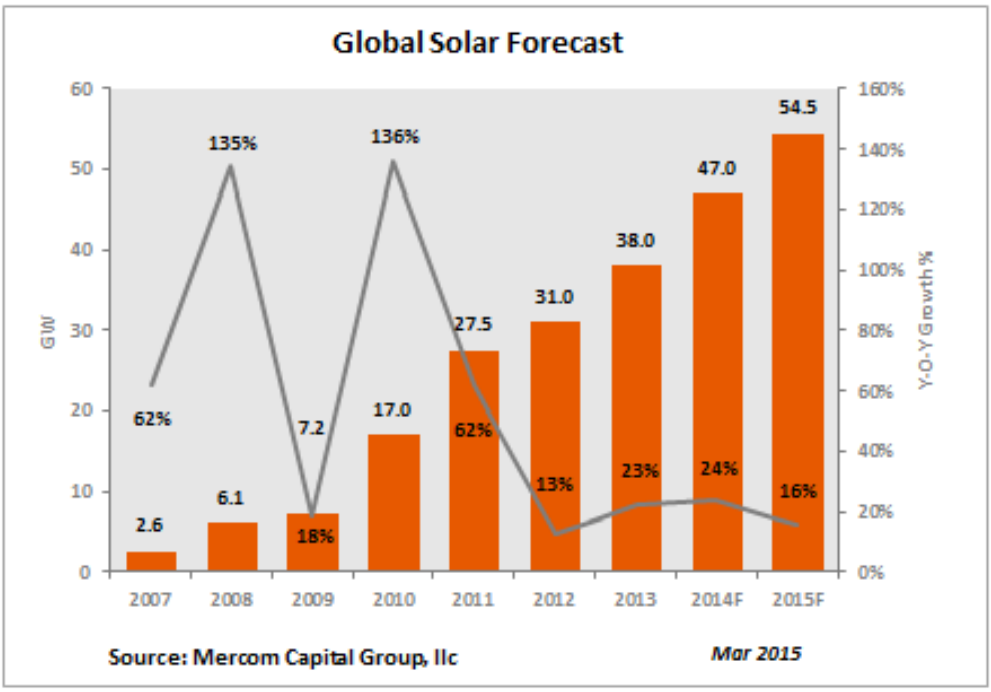
5.1.2 Industry Overview

5.1.2.1. Industrial Current Status and Future Development

(1) Solar

The solar industry had gradually turned from emerging industry to mature industry while occasions such as supplies over demands and trade wars that are frequently to be seen in a mature industry emerged continuously, and accordingly made the year of 2014 the most dramatic ups and downs in the solar industry history.

However, the growth of global solar demand is considerable in 2014. According to the investigation report of Clean Energy Communication and Consulting company Mercom Capital Group, the 2014 actual installing volume of global solar is about 47.0 GW which increased 24% compared to 2013, and the estimated total annual demand is 54.5GW with annual growth rate is more than 15%. The main market is also China, America and Japan. The emerging market growth will over 40%. Research institutions HIS indicates: the solar market is changing from demand-driven to supply-driven that means the scale of solar market gradually depends on production volume and shipping volume. Furthermore, more and more markets begin to make use of solar power that can prevent the whole market from falling into big ups and downs situations.



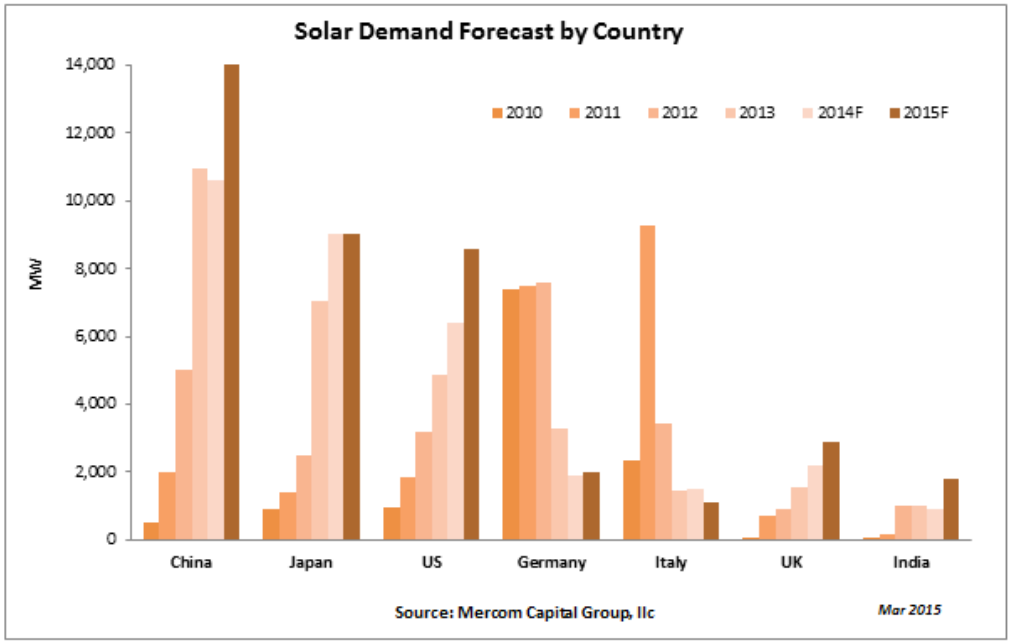
Mercom Capital indicates: the global solar demand is about 47GW in 2014, although Chinese market didn't perform as expected, the actual installing volume is only 10.6 GW which has a slight decline compare with 2013. But due to the continue increasing and stable supply and demand of Japanese and American market , the whole supply chain can keep a good utilization rate by the end of 2014. The shipment of Chinese front-line module continues to achieve high levels.

Mercom Capital indicates: the global estimated demand is 54.5GW, the main market still locates in China, America, Japan and covers about 57% shares of the whole market which equals to 2014 .On the positive side, the new financing mechanism is not only good to reduce financing cost, but also brings new funds flowing water for solar.

The aim of Chinese National Energy Board is 17.8GW, China has become the largest market since 2013 , 2015 is expected to remain so. Mercom indicates, Chinese PV installing volume is about 9GW in 2014 and is expected to keep the same data . But America is hopeful to exceed Japan as the second largest market. According to estimation of Mercom, American's stalling volume will increase dramatically to about 8.5GW.

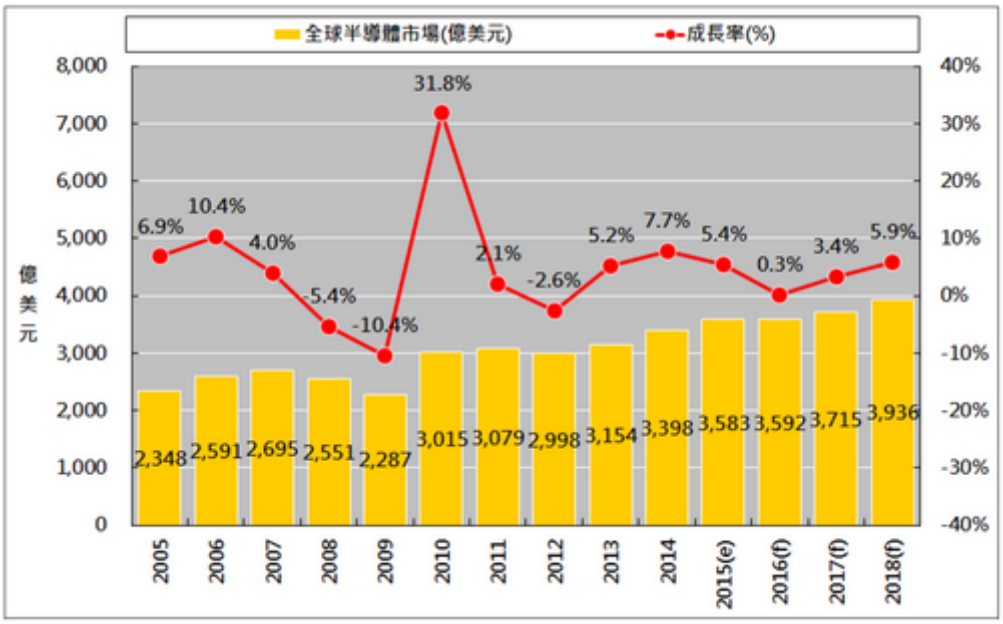
The European solar demand continues to slump in 2014,although the English stalling volume increase to 2.2GW in 2014 and will continue to increase to 2.9GW in 2015.But Germany –another main market is less than 2GW in 2014 and will be 1.9GW in 2015. So Mercom think that the European market demand is still weak.

Besides ,the emerging market (countries besides the top ten) is becoming strong in the second half and growing strength is increasingly obvious, total demand will exceed 10GW.Especially in Indian, the annual installing volume is 900MW~1GW in the past three years, Mercom indicates, it will increase dramatically in 2015 with a high goal of 1.8GW



(2) Semiconductor

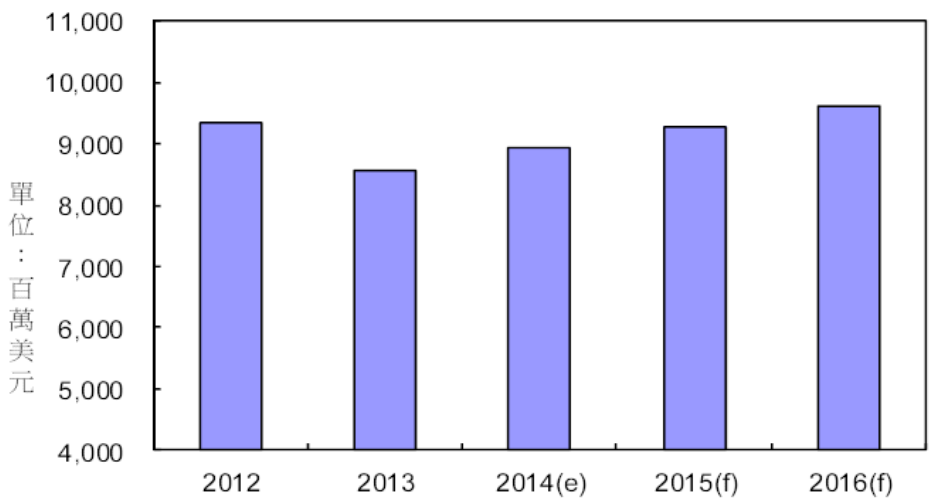
With the recovery of the semiconductor, the 2013 global semiconductor revenue had first exceeded 300 billion dollars in 2013 according to American SIA. It has become the highest sales year among semiconductor market history. The smart-moving shipment shows the growing trend especially the growth of the medium and low market and automotive electronics demand is continuously increase. The running strength becomes stronger based on global macroeconomic improved. According to Market research institution –Gartner, the 2014 global semiconductor revenue is 339.8 billion dollars which grows 7.7% compared with 2013, all these achievements are beneficial from smart phone, tablet, automotive applications. As is estimated that the 2015 global semiconductor revenue will be 358.3 billion with growth rate 5.4%. Besides, the 2016 global semiconductor revenue is estimated to 359.2 billion with growth rate is 0.3%. the 2017 global semiconductor revenue is estimated to 371.5 billion with growth rate is 3.4%. the 2018 global semiconductor revenue is estimated to 393.6billion with growth rate is 5.9%. Global semiconductor market size will break through 400 billion dollars by 2020.



Looking back through the year 2014, the growth of the total income from sales of global semiconductor components was mainly from the CPU upgrade demand of note books and smart phones as well as the increasing need from automobile components, flat-screen TVs and game machines that all together brought up tremendous volume of related chips and network chips. In addition, the continuously development of wearable devices, internet of things, cloud applications are expected to increasingly create the overall revenue for the global semiconductor market.

Due to the increasing demand of smart phone, note books, semiconductor market gradually recovering since 2013, the shipment of medium and low handheld device is more than advanced device, so the semiconductor production shows increasing. But the 2013 semi production amount slumps 8.2% with 85.7 billion compared with 2012, however the demand of medium and low handheld device is strong and stimulates the development of semiconductor. Related memory , processor, communications chip demand exceeds supply and this makes each semiconductor keep full factory capacity and the demand of 12 inch is more obvious.

2012~2016 Production Trend Analysis of the Global Silicon Industry

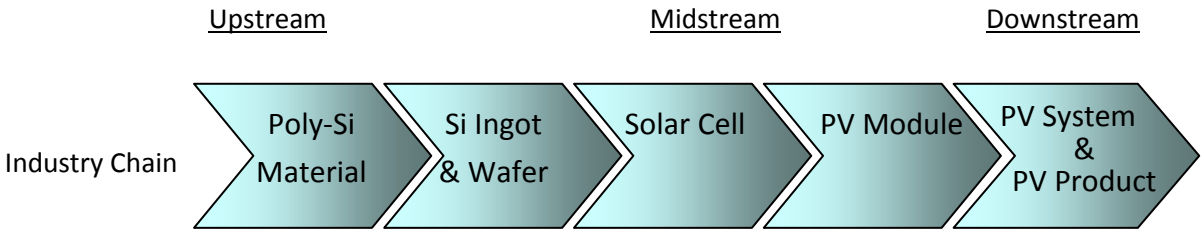


Sources: 2014 Yearbook of Semiconductor Industry by Industrial Technology Research Institute

5.1.2.2. Relationship with Up-, Middle- and Downstream Companies

(1) Solar

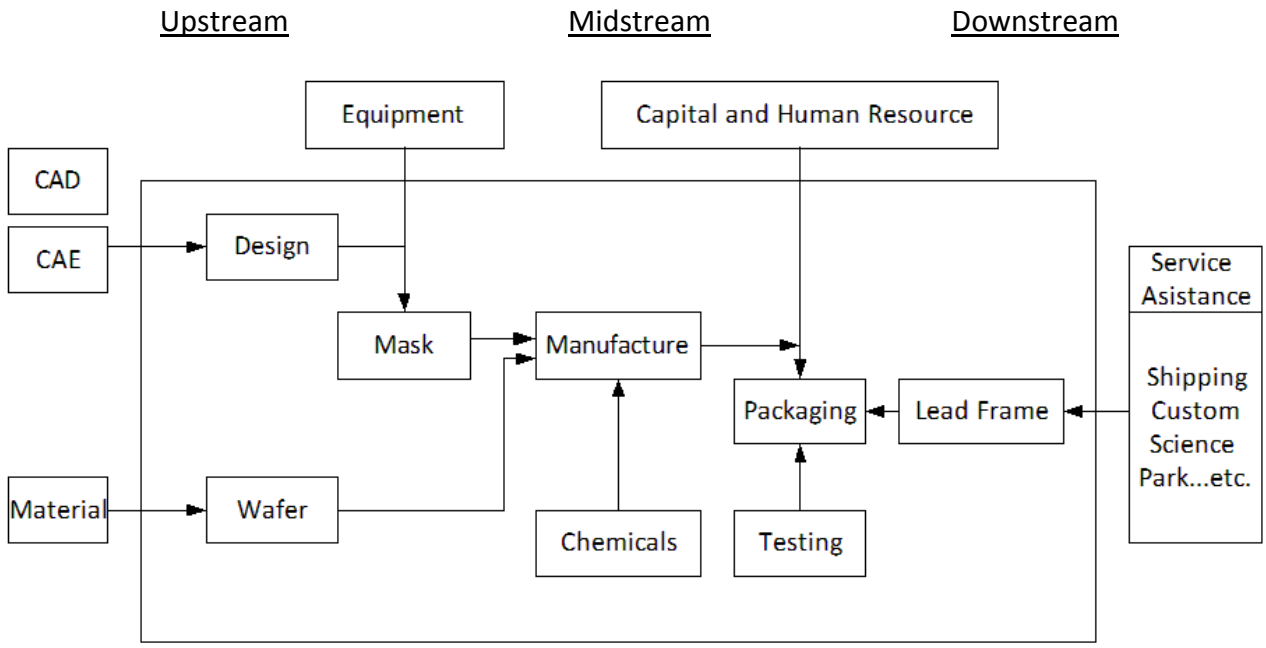
Solar Industry Connection Chain



Source: SAS Internal

(2) Semiconductor

Semiconductor Industry Connection Chain



Sources: Industrial Technology Research Institute Electronics Department ITIS Project

5.1.2.3. Product Trends and Competition

(1) Solar

2015 Overlook of Solar Energy Industry: from the overall point of view, the demand growth will increase 16%, reaching 51.4 GW. While the supply still exceeds the demand, coupled with the product efficiency of various plants is insignificant as well as the impact of centralized downstream module suppliers, it will probably face more severe price competition. And the price of polysilicon, silicon wafer and battery will continue dropping. Among them, the polycrystalline battery may fall into negative profit status, only partial high efficiency monocrystalline or polycrystalline cells may maintain a slight profit.

Based on the basic principle of demand and supply, the top multi-silicon products will bring

considerable capacity and also bring threaten for price. Besides, China's anti-tariff and stopping processing to European, America, Korean and previously assigned agreement expiration all make the price reduction. Once the multi-silicon price is down, the related silicon products will be down too, all the silicon companies will under inventory losses pressure.

The biggest winner will be the module suppliers on the solar supply chain, energy trend think that the module quality is very important because the module need to keep warranty for 20 years. The front-line module factories with stable finance will get more orders. Although the price of module is also reduced, with the production cost is also reduced, then the module still can get profits.

According to America's new two -anti theories, the trade battle between each country is still the biggest influence on the solar chains, so no matter increase the subsidiaries in overseas or increase customers, all these are the fundamental ways to keep competitive. How to decentralize management sales and expand emerging markets will be national sports for solar industry in 2015.

Recently the main markets such as Japan, America, European and China inland are all positive to transform demand from ground electricity to rooftop solar electricity, this makes efficient solar modules are favored by the market, especially the Chinese government encourages to improve the transform efficiency of solar battery. since there comes the technical specification production goal in leader meter books in 2015, production chain leader should have the technical module efficiency which is over 17% on single –silicon and which is over 16.5% on multi –silicon and which is over 16.5% on film .The solar industry man indicates, it seems that only PERC technology or single-silicon technology to keep the orders qualified. The input of PERC MP mainly change current equipment and increase some processing ,the cost is low and technology barriers is relatively low compared with N-type silicon. However ,the production technology barriers occurred after MP in one year, but we are always the solar leading due to early R & D investment.

As for the processing of N-type high-efficiency solar battery, it is not the new processing as SunPower, Panasonic, Sharp always use it as the main technology. But the N-type solar battery is not the market mainstream since the technology is not easy to learn, the cost is hard to control and patent restriction. Currently Japanese solar chain indicates ,equipment and process suppliers rare work together to put N-type high-efficiency solar battery into use. This action is aim to assist cross-strait industrial chain on technology upgrading, once N-type is applied successfully, global supply chain will be rearranged.

In summary, five major trends of solar energy market in 2015 are summarized as follows.

(1) Prices for polysilicon start dropping again while silicon wafer pursues high efficiency products with good stability.
(2) Solar cell market competition becomes more severe while better profit is expected to increase for the module end.
(3) A bottle neck appear for the polycrystalline material while the efficiency of monocrystalline and PERC are to be the focus of this year.
(4) The market share owned by the 2015 top 10 module plants exceeds 50% while scale-shipment of the top 5 modules are on the threshold of 3.5 GW.
(5) Under the variables of trade war, finance, grid development, operational risk of the global layout is to be scattered.

(2) Semiconductor

A. Things networking will be a new growth momentum of the semiconductor industry in the era of smart phones.

Networking is an information carrier based n internet and traditional telecommunications network, all that can be addressed independently ordinary physical objects to achieve interoperability of network and its main structure includes detecting, transmission and processing. But in terms of the three levels of things networking, It can be divided into M2M network infrastructure, terminal object interconnect fabric, integrated system structure. Application content is respectively embedded network, terminal and terminal / central interconnection, service-oriented ecosystem, its application field includes transport and logistics, health care field, intelligent environments (home, office, factory), the individual and society, etc. In this case, things networking will bring new opportunities for the semiconductor industry because its mainly related applications still need lots of chips, The continuous development of the semiconductor industry and the popularity of things networking is expected to once again drive the development of Taiwan's semiconductor industry except 3C applications market. Gartner predicts the networking industry chain will reach 2.0 trillion in 2020, what’s more, as the market expected that The average networking device per capita will change from 1.8 in 2010 to 6.6 in 2020.

B. Semiconductors applying wisdom micro interconnection is becoming popular.

In addition to build large-scale smart grid and metering facilities ,Smart home market also began to use Microgid as the important networking of all kinds appliances and decentralized energy, global microgrid is being hurriedly applied. The population of Asia-Pacific countries such as India, China, Malaysia will grow quickly in the next few years and electricity consumption will increase substantially, So the traditional grid structure is inadequate based on this situation. As is expected 2014~2020 microgrid installations in Asia Pacific will reach 2800MW and Asia-Pacific region will become the world's largest micro-grid placement volume location by 2030. NFC technology and Sub-GHz wireless communications and other key semiconductor components will play an important role in microgrid market.

C. Silicon wafers continues with large size development.

With the technology development, wafer size for integrated circuit goes from 4-inch, 6-inch, 8-inch to 12-inch and still continues to expand. An integrated circuit chip with specific function requires only a size smaller than 1 sq. centimeter, so it is possible to output several integrated circuit chips at one time within one silicon wafer. The larger the silicon wafer is the more integrated circuit chips can be output and accordingly production cost for each chip can be reduced. Therefore, considering improving economic efficiency through unit cost reduction, size expansion is sure to be a major development for silicon wafer manufacturing.

D. Process technology evolution

Silicon wafer is the upstream basic material of semiconductor, with the size reduction of the wafer and processing is toward advanced miniaturization, for the sake of full utilization of capacity utilization and yield, silicon wafer is on the direction of large size and high-quality. With semiconductor manufacturers wafer processing is toward advanced miniaturization, the silicon wafer surface cleanliness requirements are more strict, so enhancing pulling engineering technology and supporting processing are becoming more and more important.

E. SiC next generation and GaN are getting broad use of power semiconductors.

Power semiconductors is element to control electric power, it can effectively control the device power consumption, because of environmental trend and legislation and enforcement to improve the efficiency of the motor and other electrical equipment in the major countries in Europe and America and Japan, The importance of power semiconductors is rising, Si was used for power semiconductors in the past. But with the appearance of Sic or GaN semiconductor material recently, It can withstand high voltage and high temperature, Sic or GaN semiconductor material is as the next generation power semiconductors compared to the performance close to the theoretical limit of Si power semiconductors. Power semiconductor products in the area of PC application have made good progress. But for the operating power range up to 3300 ~ 4500V in the tram and operating power range up to 8000V of substations and power generation systems, as it needs to test for a long time, so applications field is very small. The introduction of this new material is expected to drive the miniaturization of the power modules and cooling system Simplification and fuel consumption promotion.

Industry Competition

Our group rank the sixth over the world. As the top two wafer manufacturers has occupied almost over 50% of the global revenue and over 90% for the top six manufacturers, who also are the main suppliers of 12-inch wafers, shifting from the industry competition is fierce and all small suppliers must go for a turnover of less than ten percent of visible competition.

5.1.3 Research and Development

In recent years, our company is not only committed to long crystal silicon wafer material level precision machining process improvement, but also through exchanges and cooperation with academic and research institutions to promote rapidly of new technology and new product development capability. Finally our company breaks through the technical bottleneck again in 104 year and develop successfully A5+ multi-chip into mass production after eight years of investment in high efficiency long grain and high strength thin wafers, the average efficiency of the wafer is increased to 19.6% and Module power wattage fell swoop to 286 Watt. In addition to effectively reducing the amount of material use during the wafer processing section, recycled carrier within its own process to we also develop successfully carrier recovery and high-strength low breakage rate processing, this reduces production costs and enhance the quality of the wafer, No matter on improving polycrystalline productivity, lifting the ingot weight, increasing yield , reducing crystal defect density, reducing the metal impurities diffused, crystal quality improvement, reducing the amount of argon gas and electricity consumption, reducing sliced material, slice emissions reduction and recycling of waste use, to enhance the strength of the wafer and polycrystalline and develop cutting technology D.W, all of these had already exceeded the international standards. A number of technical indicators have become the international benchmark, besides our company is also actively take part in patent portfolio to protect the company's intellectual property rights in the past few years. we has achieved more than 177 patent of research results and won several international awards so far.

5.1.3.1. Percentage of Research and Development Expenses to Net Revenue for Two Years

Unit: NTD $1000

Year	2013	2014	By 2015/3/31
Net Revenue	22,215,367	27,215,456	6,795,306
Research and Development Expenses	695,836	823,128	174,181
Research and Development Percentage	3.13%	2.96%	2.56%

5.1.3.2. Developed Technology and Products (from latest year to the annual report issued date)

Project	Content	Investment
A5+ solar wafer Ultra-high efficiency technology development.	The project makes use of new solar hot-zone design and with benefit of computer simulation to develop low energy consumption, low defect and high quality ingots. The cell efficiency has achieved max. of 19.4% and this technology is patents protected.	100 million
Solar wafer nano-processed technology development.	The project makes use of wet nano-texturing process to develop high strength and low reflectivity wafers. Solar modules can gain more power generation. The technology received many patents and was awarded with “Silicon Solar Award” in Frankfurt, Germany, 2012.	50 million
Solar wafer SiC recovery and recycling technology development.	The project makes use of wet cyclone serial and parallel design to recycle slurry waste produced from slicing process and reuses it to reduce material cost significantly. This design is patents protected.	150 million
Solar wafer PAG recovery and recycle technology development.	The project makes use of solid/liquid separation technology to recycle and reuse PAG contents from slurry waste. This design is patents protected.	50 million
Solar wafer PG solution reuse and recycle technology	The project makes use of pressure filter process providing	10 million

development.	with different material of filters to recycle and reuse PG solution. It reduces material cost significantly and also lower environmental impacts.	
Solar wafer slurry recovery and recycle technology and development.	The project recycles and reuses slurry waste (D0903) by making use of water cleaning and pressure filtering to separate solid and liquid form and also by evaporation to collection oil base. Later on adding formula pack to produce reusable oil. It reduces the material cost significantly and lower environmental impacts.	10 million
High efficiency CELCO mono solar cells technology and development.	CELCO mono solar cells incorporated innovated process, advanced PERC (Passivated Emitter Rear Cell) and LBSF (Local Back Surface Field) technology. This design is patents protected.	150 million
Advanced Solar wafer nano-processed technology and cells technology development.	The project makes use of nano-wafer, ALD(Atomic Layer Deposition) and high efficiency cells technology to gain efficiency and power generation.	90 million

5.1.4 Long-term and Short-term Development

5.1.4.1. Long-term Development

A. Solar

(1) Having been through the market depression from 2011 to 2012 of a yearly growth of only 5%, the solar market started coming back to life from 2013 with a growth of 20% during the past years. According to the investigation from IHS, the total amount of installation in 2014 reached 43GW and it is estimated that a growth of over 16% in the 2015 solar market is expectable. Although financial subsidy from governments declines year by year plus interruption factor of trade wars, a total demand of more than 60GW in 2017 is estimated and thus the trend for long-term growth remains.

(2) Due to the US anti-dumping sanction, high demand from China is substantially increased and

together bring about the increasing overall growth rate of solar energy in 2015. High conversion products become the major role for the future.

(3) Under the maturity of solar energy development, the only advantage to survive is to keep low cost and high efficiency. With continuous improvement, the gold of the Company is to strengthen the market differentiation so as to provide related products with good quality. From the past experiences, it is inevitable that only the fittest survives when the industry develops to a certain level. Thus those who value researches and management will be the winner eventually and we have confidence in ourselves.

(4) From the long-term point of view, strategic coalition with downstream module brands as well as system development is the mainstream trend. SAS has invested many enterprises since 2008, such as solar cell manufacturer Sunrise Global, Solartech Solar Energy, and system fab SunParc in Italy, AccuSolar and Powertec Energy in Taiwan, plus a formal merger with Aleo in Germany in 2014 and an exclusively agent contract from the beginning of the year of solar systems in Germany and Italy so as to integrate vertical resources to maximize the operation scale.

B. Semiconductor

(1) Commitment in technology development of large size heavily-doped crystal growth and power semiconductors epitaxy, so as to achieve the largest supplier of middle and small size silicon wafers with complete production line.

(2) Commitment in technology development of high efficiency solar single-crystal growth, so as to achieve the largest silicon wafer supplier with complete production line and quality insurance.

(3) Capacity and technology integration of Japanese, Taiwanese and American sites, so as to make the best use of all resources.

(4) The company aims at taking full advantage of the analysis of regional information resources as the most effective marketing strategy by integrating sales departments of Japan, China and the US as one unit.

(5) Due to discrete devices are undergoing size transformation from small (75mm, 100mm, 125mm) to large (150mm, 200mm), SAS shall plan advanced products in order to satisfy the change of semiconductor customer's demand and provide better options. With reference of Japanese sites in high efficiency hot zone design of single-crystal furnace and pulling technique, SAS endeavors in involving in 8.5" heavily-doped crystal or epitaxy wafers, via technology platform to decrease industrial competition yet increase promotion. As for sales, SAS aims at breaking into 8" wafer field by means of market exploration and product certification, building long-term collaboration with customers. With stable technology and orders of 8" wafers, SAS shall penetrate into integrated circuit market.

(6) Take full advantage of 8" & 12" capacity and technology of Japanese site to penetrate the market of tier 1 IC Fab.

(7) Using leading technology from Japan to develop products of next generation so as to win a irreplaceable position at the market.

5.1.4.2. Short-term Development

A. Solar

(1) With coming of market recovery, the company plans to increase production season by season to expand market supply. Due to the impact of American's anti-dumping, the Company keeps to improve sales and promotion outside the US region and continuously enhance the cost control at mass production.

(2) SAS has developed the most efficient polysilicon chips and P-type poly crystals cell (Celco), and put into mass production. SAS will augment production so as to provide customers with high quality solar silicon materials and stay market competitiveness.

B. Semiconductor

(1) SAS aims at heavily-doped crystal growth and wafering technology development to fulfill the requirements of power semiconductors epitaxy.

(2) SAS aims to expand market and orders of automotive and smart phone components; extend production capacity to draw more 4"/6" wafers orders; search for strategic alliance of technology and sales; research and develop new products and materials; expedite product implement and increase market share; develop core technology of large size wafer crystal growth; expanding communication with academy and research institutes, advance crystal technology to international standard.

(3) SAS aims to extend 8" production capacity and elevate 12" efficiency, so as to augment global market share of 8" & 12" wafer.

5.2 Market and Sales Overview

5.2.1 Market Analysis

5.2.1.1. Sales Region

(1)Solar

Unit: NTD $1,000

Area		2013		2014	
		Turnover	%	Turnover	%
Local		3,120,410	47	5,972,927	50
Abroad	Asia	2,486,555	37	4,215,905	5
	America	241,432	4	223,376	2
	Others	807,493	12	1,487,557	13
Total		6,655,890	100	11,899,765	100

(2)Semi

Unit: NTD $1,000

Area		2013		2014	
		Turnover	%	Turnover	%
Local		4,612,837	30	4,036,641	25
Abroad	Asia	7,290,569	47	7,955,702	50
	America	2,081,440	13	1,934,388	12

	Others	1,574,631	10	1,994,960	13
Total		15,559,477	100	15,921,691	100

5.2.1.2. Market Share (%) of Major Product

(1) Solar

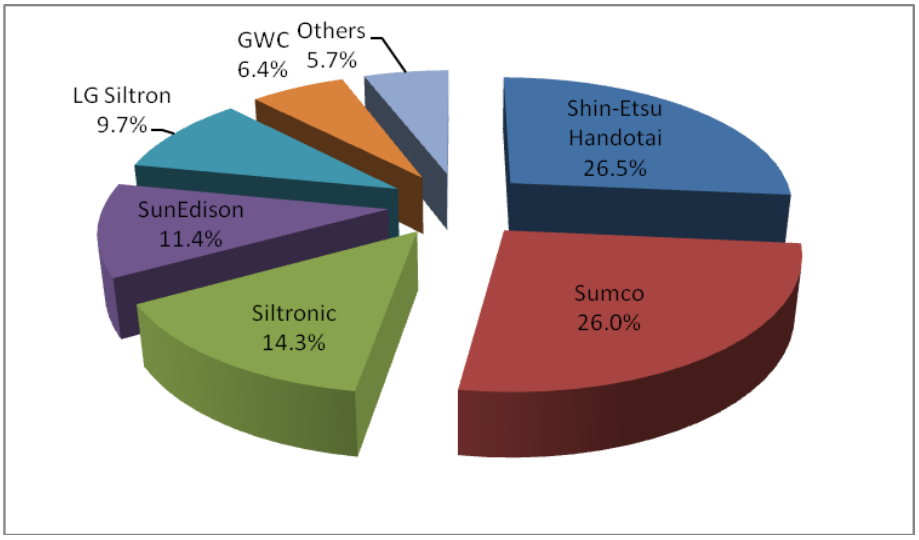
A. SAS is engrossed in high-efficiency solar wafer development, and evolving as major supplier of solar wafer in Taiwan. Accumulated capacity of Chunan branches I & II reaches 850MW and further expansion to 1GW about 3.0% of the global solar wafers is to be expected by the end of 2015.

B. Market share can be raised to about 5.6%.

(2) Semiconductor

According to the 2013 ranking of the world silicon wafer manufacturers released by Gartner, the silicon wafer industry has a tendency toward centralization and integration. The top six vendors has a total market share of 95% among those the top five are Shin-Etsu (Japan), Sumco (Japan), Siltronic AG (Germany), SunEdison (USA) and LG Siltron (Korea). SAS ranks the sixth all over the world with a market share of 6.4% showing a steady growth trend at its operating system and further enhancement is to be expected under the market development for automotive application and power supply devices.

Market Shares of Global Semiconductor Poly Silicon Suppliers



Source: Garner

5.2.1.3. Future Supply And Demand in Market

(1) Solar

A. It's forecasted that the global solar energy supply will still exceed demand in 2015. Continuous subsidy deduction from governments of developed countries squeezes the terminal demand that

makes the upstream pressured by the downstream into lower quoted prices and accordingly shows a hard-to-rise trend for the solar cell price.

B. Depreciation of Euro and Yen is likely to become the largest recent pressure for the solar plants in Taiwan and China. The European Union is planning to adjust the lowest price for modules from China from 2015 Q2. Once the EU price limit level increases as expected by market, solar module plant which want to expand business in Europe will under more unfavorable conditions based on limited price and framework.

C. With a vertical integration to modules and systems, solar energy industry chain in China is different from that of Taiwan and thus can get a better control than Taiwan at the terminal output. Price raising of the European market makes the module sales in restriction, this also cause global solar plant has to offer low price. Thus, about 50% of orders are still dependent on the mainland's Taiwan battery modules will probably suffer the calamity pond, The threaten chance for supply chain plants in the mainland by trade war will increase.

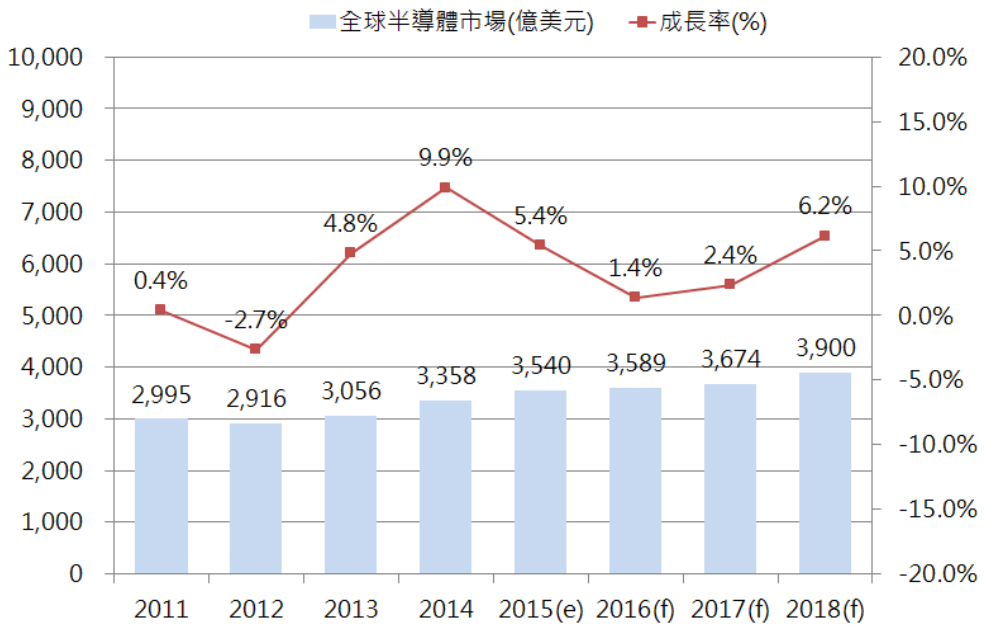
D. According to the research institute IHS, the average selling price of solar modules is estimated to decline during 2015 to 2019 down to 27% of US$0.45 per watt on an average. With the decrease in the price of solar modules, global market demand for solar power generation will continue to grow, global solar demand will reach 75 GW and the total generating capacity will be 498GW by 2019. the average annual demand for solar power generation will be higher than 1GW in global 11 markets from 2015 to 2019. the mainland market cumulative demand is about 85GW from 2015 to 2019, Japan is 45GW and America is 42GW , England is about 21.5GW and Germany is about 14GW.

E. The industrial layout in Taiwan is yet not complete. Even though solar cells of good quality, stability or cost from Taiwan have reached a high standard in the global supply chain, our downstream module and system layout still lags behind. As for the material upstream side, productivity is also stagnated due to low market price. Taiwan's solar silicon wafer supply amount is less than half the battery capacity requirements.

F. The industry chain of Taiwan needs to be opened to the sea. In addition to making self-owned module brand and direct export to the overseas markets, the most crucial part is to form an effective differentiation from China. Based on current situation, Taiwan plants need to accelerate the pace of technology development and maintain the leading edge in terms of quality then to make sure market share and do market segmentation from China factory.

(2)Semiconductor

According to the statistics from World Semiconductor Trade Statistics (WSTS) in February 2015, affected by the demand growth from the downstream terminal products such as smart phones etc., the global semiconductor market for 2014 is estimated to reach US$335.8 billion, growing by 9.9%. While driven by new applications such as Apple Watch, networking and so forth, the global semiconductor market in 2015 is expected to scale up to about US$354 billion with 5.4% more growth rate compared with 2014. The global semiconductor market is expected to grow to US$390 billion by 2018 showing continued growth trend.

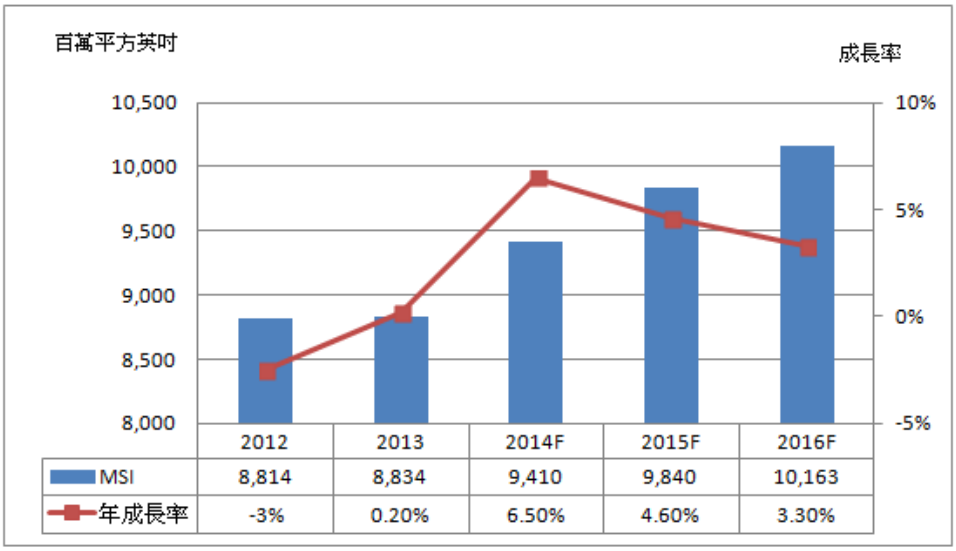


2011~2018 Scale of the Global Semiconductor Market

Source: TSIA(2015/02): WSTS:Industrial Technology Research Institute IEK(2015/02)

According to the latest US SEMI silicon wafer shipments report notes (2014/11), because smart phones with NAND-type Flash Memory / DRAM demand increased, the demand for 12-inch wafers increase accordingly. with the rapid increase demand for the four semiconductor :Plus fingerprint identification chip, LCD driver IC, power management IC and automotive electronics, each chip developers also compete for 8-inch semiconductor wafer foundry capacity, thereby it brings 8-inch silicon wafer continuous demand. 2014 global semiconductor silicon wafer shipments had grown 6.5% with amount 9410 million square inches and it exceeded 9370 million square inches in 2010, as estimated global semiconductor silicon wafer shipments is amounted to 9840 million square incheswith growing 4.6% in 2015and 2016 will breakthrough 10103 billion million square inches with growing 3.3%.

2014~2016 Silicon Wafer Shipments



Source: SEMI(2014/11) – the amount of silicon wafers, non-polished silicon wafers not included.

5.2.1.4. Competition Superiority

(1) Excellent industry management experience and technical team that helps acquire order from customers through the ability to meet the demand for developing key technology timely.

(2) With advanced processing technology, our company is committed to improving the crystal pulling and wafering processing, also through the exchange and cooperation with academic and research institutions to develop rapidly promotion of new energy technologies and new products.

(3) Scale- production capacity and flexible capacity scheduling and scale economics competitiveness are effectively manage the processing and carry out distributed diversified strategy, it can greatly enhance the production efficiency and get the unit cost down.

(4) Establishing long-term close partnership with customers and provide key technology and completed manufacturing services to customers.

(5) Comparative financial structure, sufficient cash flow and sound balance sheet structure can totally ensure company's continious strong investment and development.

5.2.1.5. Favorable and Unfavorable Factors in the Long-term Future

5.2.1.5.1. Favorable Factors

A. Solar Business

(1) Even though photovoltaic industry is not mature enough to be independent from government subsidy, renewable energy is the inevitable trend that worth eternal development.
(2) Internationally recognized R&D and process improvement for advancing products and competence.

B. Semiconductor Business

(1) Our company is high-capital and technology-intensive with high barriers to entry and we also have excellent R & D team and our group has reached scale economies, Our company's product manufacturing processing technology has earned trust and quality certification by the 1st class international companies and we has a considerable market competitive advantage.
(2) The semiconductor market continuous demand drives the growth of silicon wafer shipments, particularly in the 8-inch and 12-inch silicon wafer demand is more significant, and 6 inch silicon wafer demand is also being increased for the vehicles and people's livelihood, it causes the global wafer material demand grow with great market potential.
(3) Product development conform to market demand and our group can not only provide customers a full range from 3 to 12-inch silicon wafers processing and products, but also our group actively layout niche application of advanced processing with completed product line, so our group still has huge space for development in the future.

5.2.1.5.2. Unfavorable Factors and Countermeasures:

A. Solar Business

(1) Enormous competitors ardently undermine capacity and produce oversupply after 2011 Q2.

(2) Effects upon selling price and profit decline due to launched of new manufacturers.
(3) The result of the antidumping petition by the United States may cause a drain on the US market.

Countermeasure:
(1) Actively locate new clients, especially in China; downstream integration and strategic alliance.
(2) Strengthen technical connection with downstream clients; commitment in developing high-efficiency products with core technology; minimize production cost so as to magnify profit.
(3) New region development, especially emerging markets in Middle East and Southeast Asia.

B. Semiconductor Business

(1) As for company's main customers, in addition to semiconductor manufacturers and foundries, but also includes integrated device manufacturers and automotive electronics manufacturers, etc., as the semiconductor device is indispensable basic materials for silicon wafer manufacturing, so the company operating conditions is closely rely on boom of semiconductor industry.

(2) The key raw material shortage risk, if upstream suppliers of raw materials can’t cooperate timely , it will cause production shut down because of shortage of raw materials.

(3) Exchange rate risk, most customers are dollar-denominated, so the dollar fluctuations in currency exchange rates will also affect the company's operations costs.

(4) Small size competitors to join, small size silicon wafer manufacturers to join the competition in past years, with the semiconductor industry active foster of Chinese government to its domestic, the small size of the semiconductor market is more and more competitive.

Countermeasure:

(1) The technical personnel of our company and subsidiaries have been engaged in the semiconductor industry for many years, with strong technical strength and core technology and combined with our own technology integration and development capabilities, we can provide a completed and diversified products and establish long-term stable partnership with existing customers, so that production capacity can be fully and stable used and reduce the risk of business cycling.

(2) Our company’s main raw material - polycrystalline silicon which only purchase from the world-renowned manufacturers and signed a long-term supply contracts to ensure quality of stable and adequate supply .

(3) It is the natural hedge principle to use liabilities and assets in mining offsetting part and minimize net exposure site and exchange rate fluctuations and the financial department will closely focus on the exchange rate movements. If necessary, will use hedge of long-term foreign exchange operations against risk and reduce the impact of exchange rate fluctuations on operating costs.

(4) Our company's product manufacturing processing technology has earned trust and quality certification by large international companies and we has a considerable competitive advantage compared with the new entrants .Our company will continue to strengthen the competitive niche to stay ahead.

5.2.2 The Production Procedures of Main Products

5.2.2.1. Major Products and Their Application

Products	Main Usage
Solar ingot	Being wire-saw cut into solar wafers, which are used as substrates for solar cells.
A5^{+} super Solar multi-crystal wafer	Ingredient of multi-crystal solar cells with average conversion efficiency in 18.2% w/normal process and with conversion efficiency in 19.2% w/ PERC process
A4^{+} super solar multi-crystal wafer	Ingredient of multi-crystal solar cells with average conversion efficiency in 18% w/normal process and with conversion efficiency in 19% w/ PERC process
A3^{+} solar multi-crystal wafer	Ingredient of multi-crystal solar cells with average conversion efficiency in 17.8% w/normal process and with conversion efficiency in 18.8% w/ PERC process
solar mono-crystal wafer	Key material of solar substrate and can be processed into solar module.
Semiconductor wafer	Major ingredient of semiconductor device. It is produced via polishing, diffusion, exposure, etching and can be processed via package and test so as to grow into main material of discrete devices (Schottky diode, high voltage PIN diode, bipolar transistor, thyristor, power MOSFET, IGBT, etc.), MEMS、Power Device, IC (Consumer IC, LOGIC IC) and photovoltaic component.

5.2.2.2. Process Flow

Wafering

Poly-Si → Silicon Growth → Cropping → Grinding → Slicing → Wafer Cleaning → Heat Treatment → Grinding → Lapping → Post-Lap Cleaning → Inspection → Packing

Chips

Si Wafer → Diffusion → Sandblasting → Cleaning → Nickel Plating → Sintering → Nickel Plating→ Gold Plating → Slicing →Packing

Polish Wafers

Lap Wafer →Etching → Pre-polishing Inspection → Polishing → Pre-cleaning → Inspection → Final Cleaning → Surface Scan → Inspection →Packing

Solar mono-crystal ingot

mono-Crystal Growth → Cropping → Slug Inspection → Squaring and Grinding → Solar ingot

Solar Multi-Crystal ingot

Multi-Crystal Growth → Squaring → Slug Insepction → Edge grinding

Solar Wafering

Poly-Si → Crystal Growth → Wire-Saw Cutting → Squaring →Grinding → Slicing → As-cut Wafer pre-Cleaning → As-cut Wafer Cleaning → Inspection → Packing

Solar cell

Solar wafer →Surface roughness →Surface diffusion → Surface cleaning & edge insulating →Surface anti-reflective & passivation → metaling & sintering →solar cell efficiency measurement and classification

5.2.3 Supply Status of Main Materials

Major Raw Materials	Source of Supply	Supply Situation
Poly Silicon	Company A, B, C	Good
Ingots	Company B	Good

5.2.4 Major Suppliers and Clients in past two years

5.2.4.1. Major Suppliers Information for the past two calendar years

Unit: NT$'000

Item	2013				2014				By 2015/3/31			
	Name	Amount	Percent	Relation with Issuer	Name	Amount	Percent	Relation with Issuer	Name	Amount	Percent	Relation with Issuer
1	A	2,471,392	18.86	None	A	3,127,882	23.42	None	A	593,074	14.74	None
	Others	10,633,831	81.14	None	Others	10,224,974	76.58	None	Others	3,430,244	85.26	None
	Net Supplies	13,105,223	100.00		Net Supplies	13,352,856	100.00		Net Supplies	4,023,318	100.00	

Note : Major suppliers mean each commanding over 10% share of annual order volume, yet contract specifies no name of suppliers or unrelated individuals shall be revealed, therefore, uses alphabet to refer.

5.2.4.2. Major Clients Information for the Last Two Calendar Years

Unit: NT$'000

Item	2013				2014				By 2015/3/31			
	Name	Amount	Percent	Relation with Issuer	Name	Amount	Percent	Relation with Issuer	Name	Amount	Percent	Relation with Issuer
1	B	2,926,764	13.17	None	B	3,285,070	11.81	None	A	772,031	11.36	None
	Others	19,288,603	86.83	None	Others	24,536,386	88.19	None	Others	6,023,275	88.64	None
	Net Sales	22,215,367	100.00		Net Sales	27,821,456	100.00		Net Sales	6,795,306	100.00	

Note: Major clients mean each commanding over 10% share of annual order volume, yet contract specifies no name of customer or unrelated individuals shall be revealed, therefore, uses alphabet to refer.

5.2.5 Productions in the past two years

Unit: NT$'000

Year / Output / Major Products (or by departments)	2013			2014		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Solar Ingot(ton)	4,369	2,423	944,553	4,222	2,657	1,149,889
Solar Silicon Wafer(kpcs)	165,305	132,232	2,679,475	145,182	111,294	3,416,703
Semi Ingot(ton)	215	146	862,503	215	171	763,098
Semi Wafer(kpcs)	26,970	22,990	15,412,221	7,680	6,626	2,079,660
Solar Cell(kpcs)	42,000	32,745	2,395,946	72,000	65,226	4,458,500
Total	—	—	22,294,698			11,867,850

Note: Capacity means the optimum amount that can be produced by means of the existent facilities, exclusive of necessary facility shutdown and holidays.

5.2.6. Shipments and Sales in the past two years

Unit: NT$ '000

Shipments & Sales / Year / Major Products (or by departments)	2013				2014			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Solar Ingots(kg)	86,342	237,078	97,364	267,344	60	48,953	685	252,942
Solar Silicon Wafer(pcs)	34,591	1,244,506	39,007	1,403,379	82,704	2,526,853	24,054	873,660
Semi Ingot & Wafer(kpcs)	7,650	4,041,875	16,376	10,655,983	8,061	4,036,641	14.932	11,724,248
Solar Wafer(kcs)	1,625	130,875	16,435	1,323,292	22,187	1,239,150	35,504	3,219,306
Solar Module(kcs)	—	—	—	—	—	—	25,778	195,918
Other	—	2,078,946	—	17,904	—	2,157,971	—	1,545,814
Total	130,208	7,733,247	164,672	14,482,120	113,012	10,009,568	100,953	17,811,888

5.3 Human Resources in the past two years

Year		2013	2014	By 2015/3/31
Number of Employees	Staff	182	311	311
	operators	608	957	927
	Total	790	1,268	1,238
Average Age		32.6	32.1	31.9
Average Years of Service		4.4	3.7	3.8
Education	Masters	6%	7%	8%
	Bachelor's Degree	49%	53%	51%
	Senior High School	41%	35%	34%
	Below Senior High School	4%	5%	8%

Finance-associated employees' certification status as below:

1. Corporation internal control basic test (SFI): 1 person (Audit department), 1 person (Finance department)
2. International Internal Auditor License: 1 person (Audit department)

2014 Employee Training Status

Item	Class	People	Hours	Fee
New Staff Orientation	201	1,096	2,534	0
Professional Training	766	5,981	3,324	623,963
Common Training	359	2,718	856	394,655
Total	1,326	9,795	6,714	1,018,618

5.4 Environmental Protection Expenditures

5.4.1 According to the Law, a Company Shall Apply Permission for Pollution Facilities Placement, Pollutant Emission; Pay Prevention Fee; Set up Environmental Department, above Explanations are as below: the Company Has Applied Permission for Pollution Facilities Placement and Set up Environmental Department to Deal with Related Matters.

5.4.2 Investment of pollution preventing main facilities, and the purposes and possible benefits:

1). Pollution and improvement

The company continues to replace and improve old pollution preventing facilities, and operators training to avoid pollution from happening.

2). Environmental Protection Expenditures for the last three years

A. 2012

a. Air pollution prevention NT$3,040,400

b. Water pollution prevention NT$645,000

c. Industrial waste process NT$30,000

B. 2013

a. Air pollution prevention NT$1,487,000
b. Water pollution prevention NT$1,824,000
c. Industrial waste process NT$26,079,000

C. 2014
a. Air pollution prevention NT$2,273,000
b. Water pollution prevention NT$2,198,000
c. Industrial waste process NT$14,969,000

3). Anticipated Improvement

Above investments shall improve sewage and exhaustion emission more effectively, and shall reconstruct to cope with environmental regulations amendments.

5.4.3 The Company Shall Specify if There's Any Conflict Related to Pollution in the Last Two Years to the Date Issued Annual Report: None.

5.4.4 The Company Shall Specify the Total Amount of Loss (Including Compensation), Punishment of Environment Pollution, and Disclose Future Countermeasures (Including Improvement) and Possible Expenditures (Including Estimate Of Possible Loss, Punishment, Compensation, or Specify Facts if Cannot Be Estimated) in the Last Two Years to the Date Issued Annual Report: None.

5.4.5 Effects of Current Pollution Condition and Improvement to Company Profit, Competition and Capital Expense, With Anticipated Major Environmental Protection Expenditures in The Next Two Years: None.

4.6 RoHs Information: Perform RoHs-Prohibitive Materials Examination on Wafers.

5.5 Labor Relations

5.5.1 Employee Benefits, Training, Education, Retirement Policy, Executions and Labor Negotiations and Measures to Protect Employee Rights.

5.5.1.1 Employee Benefits:

A. Besides common benefit-labor, health and group insurances and pension, the company also provides bonus for New Year, festivals, birthday, year-end party, cash premiums for wedding/funeral, travel allowance, shuttle bus, lunch, dormitory, employee stocks and complete staff training.

B. The company allocates 0.05% of monthly turnover and 30% of leftover income to Employee welfare committee, which operates in accordance with related regulations.

5.5.1.2 Training and Practice:

SAS has diverse training programs and profession advancements, including orientation, pm-site training, safety and sanitary training, profession courses and other related external programs. SAS aims to foster competent employees for all challenges.

5.5.1.3. Retirement Policy:

A. Two types for retirement: voluntary and mandatory.

Voluntary retirement: work over 15 years and reach age 55, or work over 25 years, or work over 10 years and reach age 60

Mandatory retirement: Staff who reaching age 65 since May 14th, 2008 or being insanity, physically disabled for work, the company can perform mandatory retirement.

B. Years of service calculation: start on the date of employment, except military service, position retained without pay should be deducted.

C. Pension payment standards:

Old System: Two units of radix shall be given when reaching one service year. One unit shall be given annually when reaching 15 service years, yet the maximum is 45. Service under 6 months is considered as one half year; service over 6 months is considered as one year. Any labor subjected to mandatory retirement, such as insanity or handicapped due to work injury, whose units of radix will be calculated according to above regulation with 20% plus.

New system: Labor who chooses new system after 2005.7, whose service year before that shall be calculated according to old system; while after that, new system.

D. Employment after 2005.7 shall be calculated according to new system. (Employer shall allocate 6% of salary into personal account in Bureau of Labor Insurance)

5.5.1.4. Labor Negotiations:

Labor relations have been harmonious since company establishment, keeping open and smooth communication. Via labor relations meeting and employee welfare committee, both sides negotiate mutual benefits to meet needs and expectations.

5.5.1.5. Measures To Protect Employee Rights:

Labor relations have been harmonious since company establishment, no conflict-caused losses, and we anticipate no such things shall happen in the future.

5.5.2 The Company Shall Disclose Present and Future Countermeasures and Possible Expenditures of Labor-Conflict-Caused Losses in the Latest Year to the Date Issued Annual Report:

Labor relations have been harmonious since company establishment, no conflict-caused losses, and we anticipate no such things shall happen in the future.

5.5.3 Employee Ethical Conduct

For better understanding of ethics, integrity, discipline and team spirit, SAS legislates related regulations for all company to follow, please refer below:

1). Delegation of the Authorization:

SAS adopts delegation and deputy system to ensure smooth operation, and all departments strictly obey authority level.

2). Reward and Punishment System:

Working regulation specifies commendation, merit citation as well as excellence merit citation for reward, and reprimand, demerit and two demerit points for punishment. Reward or Punishment may be given via bonus or deduction.

3). Trade Secret Protection:

To ensure trade secret and intellectual property, employees must sign nondisclosure agreement of trade secret and intellectual property.

4). Performance Evaluation:

To encourage team spirit and performance as well as explore talents, SAS legislates standard

for performance evaluation for fair promotion and reward/punishment.

5). Prevention and Procedure for Sexual Harassment:

For fair opportunity of different genders as well as dignity, SAS strictly forbids sexual harassment, specifies rules and complaint channel, so as to better behave employees.

6). Work Regulation & Behavior standard:

For better definition of right and duty of both employer and employees, SAS legislates this regulation, catalog please refer below:

Chapter I Appointment

Chapter II Attendance

Chapter III Overtime payment & Weekend Shift

Chapter IV Salary, Allowance & Bonus

Chapter V Evaluation, Reward/Punishment & Promotion

Chapter VI Resign, Position Retained without Pay, Severance, Dismissal & Retirement

Chapter VII Labor Insurance & Health Insurance

Chapter VIII Welfare Committee

Chapter IX Subsidy (Marriage, Funeral, Birthday) & Emergency Allowance

Chapter X Compensation of Occupational Accident

Chapter XI Safety and Sanitary

Chapter XII Communication System & Others

7) Work Regulation & Behavior standard in Factory:

SAS legislates "Work Regulation & Behavior standard in Factory" for manufacturers in factory, so as to ensure product quality and SOP, such as dress code in clean room. The aforementioned are made for efficiency and work environment.

(1) Obey all work regulations and laws

(2) Obey assignment, supervisors with no excuses

(3) No operation conflicts with SAS, no abuse of company name

(4) No personal interest via occupational convenience

(5) No leak of company technology, management and trade secrets

(6) No news distribution unless approved by SAS

(7) No personal storage, nor distribution of company confidential information

(8) No contraband, nor combustibles in company as well as production line

(9) No arbitrary entrance into forbidden area, nor bringing companions and discharged employees into company

(10) Salary is confidential, discussion is strictly forbidden

(11) No gambling, drug abuse, smoking and betel nut nor other inappropriate behavior in company

(12) No liquor in work time

(13) Neither cherish public property, no waste, breakage, exchange nor occupying

(14) Keep adequate appearance, wearing uniform and identification badge

New employees are informed of above rules when orientation, the latest version is also announced on billboard.

5.5.4 Precaution of Environment And Labor Safety

SAS sets up specific unit and legislates "Procedure of Occupational Safety, Health and Inspection", assigning designates staffs to take charge of related events. Content please refer below:

A. Regulation on work

(1) All staffs shall keep health physical and mental status, as well as good sanity.

(2) Through 5S execution

(3) No smoking, betel nuts and liquor in factory

(4) Smoking is only allowed in smoking area and no littering cigarette butts.

(5) Wear protection when handling hazardous materials.

(6) Mark hazardous materials and no breakage.

(7) Set qualified dispensers in factory and regularly exams.

(8) Disinfect whole factory annually

(9) Keep great toilet ventilation

(10) Full observation of 6S

(11) No spitting, littering cigarette butts and trash

B. Employee Safety

(1) Follow protocol and SOP in every work

(2) Don't be abrupt when facing no SOP work. One should carefully apply other SOPs or discuss with leaders before execute.

(3) Workers and inspectors should wear helmet with fasten strings when working at over 2 meters heights or falling objects.

(4) Use safe rope when working in open areas with over 2 meters heights.

(5) Set up "danger" signs when power outage. Signs can only be removed when all problems are cleared and employees are off the spot.

(6) Wear personal protections according to different stations. Any danger should be reported immediately.

(7) No chasing, running or anything dangerous while working.

(8) Following instruments and equipments limitations

5.6 Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Land lease	Science Park Administration	1990.10.01~2020.09.30	4638 square meter, rental paid annually, NTD $2,433,837 in total	Object business purpose only
Land lease	Science Park Administration	2005.06.01~2024.12.31	12004.74 square meter, rental paid annually, NTD $1,571,664 in total	Object business purpose only
Land lease	Science Park Administration	2008.01.26~2027.12.31	13000 square meter, rental paid annually, NTD $2,345,040 in total	Object business purpose only
Sales contract	Customer B B-2	2009~2018	Sales contract	None
Sales contract	Customer B B-3	2009~2018	Sales contract	None
Sales contract	Customer B B-4	2011~2019	Sales contract	None
Sales contract	Customer B B-5	2012~2016	Sales contract	None
Sales contract	Customer C C-1	2009~2016	Sales contract	None
Sales contract	Customer C C-2	2009~2019	Sales contract	None
Sales contract	Customer D D-1	2007~2015	Sales contract	None
Sales contract	Customer D D-2	2006~2015	Sales contract	None
Sales contract	Customer D D-3	2009~2018	Sales contract	None
Sales contract	Customer D D-4	2009~2015	Sales contract	None
Sales contract	Customer D D-5	2011~2015	Sales contract	None
Sales contract	Customer E E-1	2008~2018	Sales contract	None

Sales contract	Customer E E-2	2009~2017	Sales contract	None
Sales contract	Customer F F-2	2009~2019	Sales contract	None
Sales contract	Customer G G-1	2007~2015	Sales contract	None
Sales contract	Customer H	2007~2015	Sales contract	None
Sales contract	Customer J	2009~2017	Sales contract	None
Supplier contract	Supplier A A-1	2006~2015	Silicon contract	None
Supplier contract	Supplier A A-2	2009~2018	Silicon contract	None
Supplier contract	Supplier A A-3	2011~2019	Silicon contract	None
Supplier contract	Supplier B B-2	2009~2015	Silicon contract	None
Supplier contract	Supplier B B-3	2009~2015	Silicon contract	None
Supplier contract	Supplier B B-4	2010~2018	Silicon contract	None
Supplier contract	Supplier C C-1	2009~2016	Silicon contract	None
Supplier contract	Supplier C C-2	2010~2016	Silicon contract	None
Supplier contract	Supplier C C-3	2013~2019	Silicon contract	None
Syndicated Loan Agreement	Taiwan Cooperative Bank/ Taipei Fubon Commercial Bank Co., Ltd./ E. Sun Commercial Bank/ Mega International Commercial Bank/ First Commercial Bank/ Ta Chong Bank	2013.05.09～2018.05.09	Syndicated loan in NTD 4 billion for bank loan payment and mid-term operation fund	None

VI. Financial Information

6.1 Five-Year Condensed balance sheet, comprehensive profit and loss statement and accountant audit report

6.1.1 Condensed Balance Sheet

Condensed Balance Sheet - follow local government financial standards (combined).

Unit: NT$'000

Item \ Year		Five-Year Financial Summary(Note 1)				
		2010	2011	2012	2013	2014
Current Assets		13,175,427	8,782,067	11,653,889	—	—
Funds & Long-Term Investments		2,937,619	4,817,457	4,163,388	—	—
Fixed Assets (note2)		10,090,767	11,139,193	18,053,170	—	—
Intangible Assets		631,695	657,144	631,754	—	—
Other Assets		4,095,094	4,031,009	3,833,583	—	—
Total Assets		30,930,602	29,426,870	38,335,784	—	—
Current Liabilities	Before Distribution	6,011,081	5,545,317	10,706,483	—	—
	After Distribution	8,021,742	5,988,436	—	—	—
Long-Term Liabilities		2,393,000	1,100,000	3,329,071	—	—
Other Liabilities		4,099,237	3,788,745	5,545,252	—	—
Total Liabilities	Before Distribution	12,503,318	10,434,062	19,580,806	—	—
	After Distribution	14,513,979	10,877,181	—	—	—
Capital Stock		3,820,256	4,431,191	5,231,191	—	—
Capital Surplus		9,574,891	12,141,389	14,878,908	—	—
Retained Earnings	Before Distribution	4,808,059	3,025,038	213,967	—	—
	After Distribution	2,797,398	2,581,919	—	—	—
Unrealized Gain Or Loss On Financial Instruments		352,014	(766,076)	(1,107,472)	—	—
Cumulative Translation Adjustments		(106,758)	161,317	(459,621)	—	—
Net Loss Unrecognized As Pension Cost		(21,178)	(51)	—	—	—
Total Shareholders' Equity	Before Distribution	18,427,284	18,992,808	18,754,978	—	—
	After Distribution	16,416,623	18,549,689	—	—	—

Note 1: Financial information for the past five years was audited and certified by Accountants.
Note 2: No asset reevaluation

Condensed Statement of Income

Condensed Balance Sheet – follow local government financial standards (consolidated)

Unit: NT$'000

Item \ Year	Five-Year Financial Summary (Note 1)				
	2010	2011	2012	2013	2014
Operating Revenue	22,528,702	17,549,063	19,089,330	—	—
Gross Profit	5,530,813	1,735,299	901,108	—	—
Income From Operations	4,264,467	754,649	(1,212,604)	—	—
Non-Operating Income	178,465	248,064	129,960	—	—
Non-Operating Expenses	358,170	440,369	1,599,393	—	—
Income From Operations Of Continued Segments - Before Tax	4,084,762	562,344	(2,682,037)	—	—
Income From Operations Of Continued Segments - After Tax	3,568,609	428,706	(2,360,471)	—	—
Income From Discontinued Departments	—	—	—	—	—
Extraordinary Gain Or Loss	—	—	—	—	—
Cumulative Effect Of Accounting Principle Changes	—	—	—	—	—
Net Income Or Loss For Current Period	3,568,609	428,706	(2,360,471)	—	—
Earnings Per Share	10.5	1.02	(4.90)	—	—

Note 1: Financial information of 2013 Q1 was certified by Certified Public Accountants.

6.1.3 Accountant auditors' and audit findings for Last Five Years

Year	CPA's Name	Auditing Opinion	Note
2010	Chen, Chien-Chen Tseng, Mei-Yu	Modified unqualified opinion	Note
2011	Chen, Chien-Chen Tseng, Mei-Yu	Modified unqualified opinion	Note
2012	Tseng, Mei-Yu Chen, Chien-Chen	Modified unqualified opinion	Note
2013	Tseng, Mei-Yu Chen, Chien-Chen	Modified unqualified opinion	Note
2014	Tseng, Mei-Yu Huang, Yong-Hua	Modified unqualified opinion	Note

Note: The financial reports of the invested companies in the above financial statement were audited by other CPAs and not KPMG CPAs. Therefore, the opinions expressed are for the above financial statements. The amounts listed in the financial statements for related invested companies are based on reports audited by other CPAs.

6.2 Five-Year Financial Analysis

Taiwan GAAP

Item \ Year		Financial Analysis In The Past Five Years				
		2010	2011	2012	2013	2014
Financial Structure (%)	Ratio Of Liabilities To Assets	40.42	35.46	51.08	—	—
	Ratio Of Long-Term Capital To Fixed Assets	206.33	180.38	122.33	—	—
Solvency (%)	Current Ratio	219.19	158.37	108.85	—	—
	Quick Ratio	168.58	110.20	57.48	—	—
	Times Interest Earned Ratio	55.67	9.18	(8.49)	—	—
Operating Ability	Accounts Receivable Turnover (Turns)	9.08	8.87	8.04	—	—
	Average Collection Period	40.22	41.17	45.41	—	—

	Inventory Turnover (Turns)		10.27	9.52	7.51	—	—
	Accounts Payable Turnover (Turns)		10.82	13.54	10.86	—	—
	Average Days In Sales		35.55	38.33	48.57	—	—
	Fixed Assets Turnover (Turns)		2.47	1.65	1.31	—	—
	Total Assets Turnover (Turns)		0.87	0.58	0.56	—	—
Profitability	Return On Total Assets (%)		13.94	1.61	(6.27)	—	—
	Return On Shareholders' Equity (%)		25.21	2.29	(12.51)	—	—
	Ratio To Issued Capital (%)	Operating income	111.63	17.03	(23.18)	—	—
		Pre-tax profit	106.92	12.69	(51.27)	—	—
	Profit Ratio (%)		15.84	2.44	(12.37)	—	—
	Earnings Per Share ($)		10.5	1.02	(4.9)	—	—
Cash Flow	Cash Flow Ratio (%)		88.75	49.66	12.26	—	—
	Cash Flow Adequacy Ratio (%)		66.29	67.63	70.22	—	—
	Cash Reinvestment Ratio (%)		19.29	2.90	1.28	—	—
Leverage	Operating Leverage		1.33	3.34	(1.7)	—	—
	Financial Leverage		1.02	1.10	0.81	—	—
Analysis of financial ratio change in the last two years. (The analyses can be skipped if difference is less than 20%) The financial information from 2013 is reviewed in accordance with the regulations of IFRS.							

Note 1: Financial information for 2010~2012 was audited and certified by Certified Public Accountants.

Note 2: Glossary:

1. Financial Structure
   (1) Ratio Of Liabilities To Assets = Total Liabilities/ Total Assets
   (2) Ratio Of Long-Term Capital To Fixed Assets = (Net Shareholder's Equity + Long-Term Liabilities)/ Net Fixed Assets
2. Solvency
   (1) Current Ratio = Current Assets / Current Liabilities.
   (2) Quick Ratio = (Current Assets – Inventories – Prepaid Expenses) / Current Liabilities.
   (3) Times Interest Earned Ratio = Earnings before Interests And Taxes/ Interest Expenses.
3. Operating Ability
   (1) Accounts Receivable Turnover = Net Sales / Average Trade Receivables.
   (2) Average Collection Period = 365 / Accounts Receivable Turnover.
   (3) Inventory Turnover = Cost Of Goods Sold / Average Inventory.
   (4) Accounts Payable Turnover = Cost Of Goods Sold / Average Accounts Payable.
   (5) Average Days In Sales = 365 / Inventory Turnover.
   (6) Fixed Assets Turnover = Net Sales / Net Fixed Assets.
   (7) Total Assets Turnover = Net Sales / Total Assets.
4. Profitability
   (1) Return on Total Assets (%) = [Net Income + Interest Expense x (1-Effective Tax Rate)] / Average Total Assets.
   (2) Return on Stockholders' Equity = Net Income / Average Stockholders' Equity.
   (3) Profit Ratio (%) = Net Income / Net Sales.
   (4) Earnings Per Share ($)= (Net Income – Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding..
5. Cash Flow
   (1) Cash Flow Ratio (%) = Net Cash Provided by Operating Activities / Current Liabilities.
   (2) Cash Flow Adequacy Ratio (%) = Five-year Sum of Cash from Operations / Five-year (Capital Expenditures + Inventories Additions + Cash Dividend)
   (3) Cash Reinvestment Ratio (%) = (Net Cash Provided by Operating Activities - Cash Dividend) / (Gross Fixed Assets + Long-Term investments + Other Assets + Working Capital)
6. Leverage
   (1) Operating Leverage = (Net Sales – Variable Cost) / Income from operations.
   (2) Financial Leverage = Income from operations / (Income from operations – Interest Expenditures).

Note 3: EPS calculation shall pay attention to below:

1) Weighted average common shares instead of circulated shares by yearend.
2) If capital increase or treasury stock happens, its circulation period should be considered in calculating weighted average shares.
3) If capital increase out of earnings or surplus happens, instead of circulation period, it should be adjusted according increase ratio in calculating previous EPS.
4) If preferred stock is inconvertible accumulated, stock dividend of that year (whether distributing or not) should be deducted from net income after tax, or be added to net loss after tax. If preferred stock is not accumulated, its stock dividend should be deducted from net income after tax, and no adjustment needed if encountering net loss after tax.

Note 4: Cash flow calculation shall pay attention to below:

1) Net Cash Provided by Operating Activities refers to Net cash flows from (used in) operating activities of Statements of Cash Flows
2) Capital expenditure refers to cash outflow of capital investment.
3) Inventory increase can only be calculated when yearend balance is more than year beginning. If inventory decreases in yearend, it shall be deemed zero.
4) Cash dividend includes common shares and preferred share.
5) Property, plant and equipment gross figure deducts accumulated depreciation

Note 5: Each operating cost/expense should be categorized to fixed and varied, when comes to estimation or subjective judgment, the issuer should pay attention to its reasonableness and consistency

IFRS

Item(Note 2) \ Year		Financial Analysis In The Past Five Years					2015/1/1~ 2015/3/31
		2010	2011	2012	2013	2014	
Financia Structure (%)	Ratio Of Liabilities To Assets	—	—	51	48.11	47	43.1
	Ratio Of Long-Term Capital To Fixed Assets	—	—	141.25	189.88	204	222.05
Solvency (%)	Current Ratio	—	—	89.45	152.25	172	202.15
	Quick Ratio	—	—	47.10	90.07	110	136.03
	Times Interest Earned Ratio	—	—	(9.23)	3.92	15.33	17.27
Operating Ability	Accounts Receivable Turnover (Turns)	—	—	7.92	6.18	6.13	5.2
	Average Collection Period	—	—	46.09	59.00	59.54	70.19
	Inventory Turnover (Turns)	—	—	7.35	4.99	5.39	4.83
	Accounts Payable Turnover (Turns)	—	—	12.93	7.19	8.9	8.44
	Average Days In Sales	—	—	49.69	73.00	67.71	75.6
	Fixed Assets Turnover (Turns)	—	—	1.26	1.3	1.83	1.83
	Total Assets Turnover (Turns)	—	—	0.54	0.57	0.68	0.64
Profitability	Return On Total Assets (%)	—	—	(6.87)	1.18	3.5	2.91
	Return On Shareholders' Equity (%)	—	—	(13.71)	1.74	6.16	4.8
	Ratio To Issued Capital (%)	—	—	(55.01)	2.45	33.19	31.85
	Profit Ratio (%)	—	—	(13.96)	1.53	4.67	4.02
	Earnings Per Share ($)	—	—	(5.33)	0.57	2.06	0.35
Cash Flow	Cash Flow Ratio (%)	—	—	11.10	26.99	30.2	(1.37)
	Cash Flow Adequacy Ratio (%)	—	—	58.88	65.18	80.77	77.87
	Cash Reinvestment Ratio (%)	—	—	4.18	1.11	(0.44)	(0.17)
Leverage	Operating Leverage	—	—	(1.16)	6.56	2.52	1.83
	Financial Leverage	—	—	0.84	1.31	1.1	1.05
Analysis of financial ratio change in the last two years. (The analyses can be skipped if difference is less than 20%) Not applicable							

1. Long-term funds accounted for property, plant and equipment ratio: due to the increase of shareholders' net equity in 2014.
2. Current Ratio: due to the increase of current assets in 2014.
3. Quick Ratio: due to the increase of current assets in 2014.
4. Interest coverage ratio: due to high pre-tax net profit of 2014.
5. The accounts receivable turnover ratio: due to the increase in accounts receivable in 2014.
6. The average AR days: due to accounts receivable turnover ratio reduced in 2014.
7. Inventory turnover: due to the increase of sales cost in 2014
8. Account payables turnover rate: due to the increase of sales cost in 2014
9. The average sales days: due to inventory turnover improved in 2014.
10. Property, plant and equipment turnover: due to the increase of net sales in 2014.
11. Return on Assets: due to the net increase after-tax profit or loss in 2014
12. Return on equity: due to the net increase after-tax profit or loss in 2014
13. The operating profit accounted for paid-in capital ratio: due to the increase in operating profit in

2014
14. The pre-tax profit to paid-in capital ratio: due to the increase in pre-tax net income in 2014
15. The net profit rate: due to the net increase after-tax profit or loss in 2014
16. Earnings per share: due to the net increase after-tax profit or loss in 2014
17. The cash flow ratio: Cash flow from operating activities net outflow increased.
18. Cash reinvestment ratio: Cash flow from operating activities net outflow increased.
19. Operating Leverage ratio: variable cost increased.

Note 1: The financial information for the first quarter 2015 has been reviewed by Certified Public Accountants.

Note 2: Glossary:

1. Financial Structure

(1)Ratio Of Liabilities To Assets = Total Liabilities/ Total Assets

(2)Ratio Of Long-Term Capital To Fixed Assets = (Net Shareholder's Equity + Long-Term Liabilities)/ Net Fixed Assets

2. Solvency

(1)Current Ratio = Current Assets / Current Liabilities.

(2)Quick Ratio = (Current Assets – Inventories – Prepaid Expenses) / Current Liabilities.

(3)Times Interest Earned Ratio = Earnings before Interests And Taxes/ Interest Expenses.

3. Operating Ability

(1)Accounts Receivable Turnover = Net Sales / Average Trade Receivables.

(2)Average Collection Period = 365 / Accounts Receivable Turnover.

(3)Inventory Turnover = Cost Of Goods Sold / Average Inventory.

(4)Accounts Payable Turnover = Cost Of Goods Sold / Average Accounts Payable.

(5)Average Days In Sales = 365 / Inventory Turnover.

(6)Fixed Assets Turnover = Net Sales / Net Fixed Assets.

(7)Total Assets Turnover = Net Sales / Total Assets.

4. Profitability

(1)Return on Total Assets (%) = [Net Income + Interest Expense x (1-Effective Tax Rate)] / Average Total Assets.

(2)Return on Stockholders' Equity = Net Income / Average Stockholders' Equity.

(3)Profit Ratio (%) = Net Income / Net Sales.

(4)Earnings Per Share ($)= (Net Income – Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding..

5. Cash Flow

(1)Cash Flow Ratio (%) = Net Cash Provided by Operating Activities / Current Liabilities.

(2)Cash Flow Adequacy Ratio (%) = Five-year Sum of Cash from Operations / Five-year (Capital Expenditures + Inventories Additions + Cash Dividend)

(3)Cash Reinvestment Ratio (%) = (Net Cash Provided by Operating Activities - Cash Dividend) / (Gross Fixed Assets + Long-Term investments + Other Assets + Working Capital)

6. Leverage

(1)Operating Leverage = (Net Sales – Variable Cost) / Income from operations.

(2)Financial Leverage = Income from operations / (Income from operations – Interest Expenditures).

Note 3: EPS calculation shall pay attention to below:

1. Weighted average common shares instead of circulated shares by yearend.
2. If capital increase or treasury stock happens, its circulation period should be considered in calculating weighted average shares.
3. If capital increase out of earnings or surplus happens, instead of circulation period, it should be adjusted according increase ratio in calculating previous EPS.
4. If preferred stock is inconvertible accumulated, stock dividend of that year (whether distributing or not) should be deducted from net income after tax, or be added to net loss after tax. If preferred stock is not accumulated, its stock dividend should be deducted from net income after tax, and no adjustment

needed if encountering net loss after tax.

Note 4: Cash flow calculation shall pay attention to below:

1. Net Cash Provided by Operating Activities refers to Net cash flows from (used in) operating activities of Statements of Cash Flows
2. Capital expenditure refers to cash outflow of capital investment.
3. Inventory increase can only be calculated when yearend balance is more than year beginning. If inventory decreases in yearend, it shall be deemed zero.
4. Cash dividend includes common shares and preferred share.
5. Property, plant and equipment gross figure deducts accumulated depreciation

Note 5: Each operating cost/expense should be categorized to fixed and varied, when comes to estimation or subjective judgment, the issuer should pay attention to its reasonableness and consistency

Note 6: Instead of paid-in capital, foreign company should adopts net value as denominator

Note 7: Company stock of non-denomination or non-NTD10 per share should adopts the change in the balance sheet attributed to the parent company equity ratio for the capital ratio calculation.

6.3 Audit Committee's Report in the Most Recent Year

Audit Committee's Audit Report

The Board of Directors has prepared the Company's 2014 Business Report, Stand-alone and Consolidated Financial Statements and Earnings Distribution Proposal. Sino American Silicon Products Inc. Stand-alone and Consolidated Financial Statements have been audited and certified by Tseng, Mei-Yu, CPA and Huang, Yong-Hua, CPA, of KPMG and an audit report relating to the Financial Statements has been issued. The Business Report, Stand-alone and Consolidated Financial Statements and Earnings Distribution Proposal have been reviewed and considered to be complied with relevant rules by the undersigned, the supervisor of Sino American Silicon Products Inc. According to Article 219 of the Company Law, I hereby submit this report.

Hereto

Annual Shareholders' Meeting in Year 2015 of Sino American Silicon Products Inc.

Sino American Silicon Products Inc.

Audit Committee Conve：_____

Ting-Kuo Chen

March 20th, 2015

6.4 Audited Consolidated Financial Statements for Most Recent Year

Statement

Pursuant to the "Regulations Governing Preparation of Consolidated Business Reports Covering Affiliated Enterprises, Consolidated Financial Statements Covering Affiliated Enterprises, and Reports on Affiliations" and to “No . 07, Consolidated Financial Statements, of Statements of Financial Accounting Standards”, SAS shall prepare the affiliates' consolidated financial statements and issue the declaration, which has been issued and placed in the affiliates' financial statement.

Sino-American Silicon Products Inc.

Chairman Ming-Kuang Lu

Consolidated Statements of Financial Position
December 31, 2014 and 2013 (expressed in thousands of New Taiwan dollars)

Assets		December 31, 2014	%	December 31, 2013	%
Current assets:					
Cash and cash equivalents	$	5,390,582	13	3,682,154	9
Financial assets designated as at fair value through profit or low - current		5,225	—	8,773	—
Notes and trade receivable, net		4,711,791	12	3,845,632	10
Accounts receivable from related parties, net		306,955	1	218,413	1
Inventories		4,606,999	11	4,415,896	11
Prepayments for materials		1,007,547	2	1,246,382	3
Other current assets		396,266	1	347,755	1
Other financial assets – current		386,439	1	100,273	—
		16,811,804	41	13,865,278	35
Non-current assets:					
Available-for-sale financial assets - non-current		858,637	2	1,000,245	3
Financial assets carried at cost – non-current		1,403,767	3	1,366,818	3
Investments accounted for using equity method		2,004,864	5	1,475,653	4
Property, plant and equipment, net		15,243,561	37	16,097,846	41
Intangible assets		694,238	2	656,780	1
Other assets - non-current		841,462	2	962,919	2
Other financial assets – non-current		242,350	1	372,242	1
Long-term prepayments for materials		2,786,433	7	3,875,861	10
		24,075,312	59	25,808,364	65
Total Assets	**$**	**40,887,116**	100	**39,673,642**	100

Liabilities and Stockholders' Equity		December 31, 2014	%		December 31, 2013	%
Current liabilities:						
Short-term borrowings	$	2,819,368	7		2,409,093	6
Notes and accounts payable		2,584,312	7		2,750,094	7
Payables to related parties		128,436	—		4,394	—
Payroll and bonus payable		775,832	2		526,307	1
Provision – current		608,268	1		661,155	2
Other current liabilities		1,382,655	3		1,310,794	3
Revenue received in advance for sales		826,221	2		1,278,510	3
Current portion of long-term loans payable		666,667	2		166,667	—
		9,791,759	24		9,107,014	22
Non-current liabilities:						
Long-term loans payable		3,808,667	9		4,372,783	11
Liability reserve - non-current		1,146,415	3		1,652,650	5
Other liabilities – non-current		2,831,602	7		2,008,170	5
Revenue received in advance for sales – non-current		1,725,535	4		1,947,134	5
		9,512,219	23		9,980,737	26
Total Liabilities		19,303,978	47		19,087,751	48
Equity:						
Common stock		5,800,312	14		5,231,191	13
Capital surplus		16,995,509	42		14,977,502	38
Retained earnings:						
Legal reserve		220,409	1		213,967	1
Special reserve		160,330	—		102,349	—
Unappropriated earnings (accumulated deficits)		392,191	1		64,423	—
		772,930	2		380,739	1
Other equity		(2,670,512)	(7)		(2,291,808)	(6)
Total equity attributable to owners of the Company		20,898,239	51		18,297,624	46
Non-controlling interests		684,899	2		2,288,267	6
Total Equity		21,583,138	53		20,585,891	52
Total Liabilities and Equity	**$**	**40,887,116**	**100**		**39,673,642**	**100**

Consolidated Statements of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2014 and 2013 (expressed in thousands of New Taiwan dollars, except for earnings per share)

		2014		2013	
			%		%
Operating revenues:	$	27,821,456	100	22,215,367	100
Cost of goods sold		24,323,580	87	19,775,943	89
Gross loss		3,497,876	13	2,439,424	11
Operating expenses:					
Selling and distribution		467,768	2	322,377	1
General and administrative		760,486	3	792,197	4
Research and development		823,128	3	695,836	3
Total operating profit		2,051,082	8	1,810,410	8
Operating income (loss)		1,446,794	5	629,014	3
Non-operating income and gains (expenses and loses):					
Other income		60,777	—	26,687	—
Other gains and (losses)		551,895	2	(153,958)	(1)
Interest expense		(134,369)	—	(147,175)	(1)
Share of the profit or loss of equity-accounted investees		(55)	—	(226,333)	(1)
Total non-operating income and expenses		478,248	2	(500,779)	(3)
Profit from continuing operations before income tax		1,925,042	7	128,235	—
Income tax expense (benefit)		625,775	2	89,302	—
Profit (loss) from continuing operations		1,299,267	5	38,933	—
Discontinued operations - profit (loss) from discontinued operations		—	—	300,909	1
Profit (loss) of the year		**1,299,267**	**5**	**339,842**	1
Other comprehensive income (loss)：					
Foreign currency translation adjustments		(244,645)	(1)	(1,052,020)	(4)
Net change in fair value of available-for-sale financial assets		(196,282)	(1)	304,883	1
Recognized liabilities for defined benefit obligations		(91,868)	—	(8,550)	—
Total share of comprehensive income of associates and joint ventures accounted for using equity method		27,534	—	—	—
Income tax expense (benefit) related to other comprehensive income		90,217	—	174,686	1
Other comprehensive income (loss) for the year, net of taxes		(415,044)	(2)	(581,001)	(2)
Total comprehensive income (loss) for the year		884,223	3	(241,159)	(1)
Profit attributable to:					
Owners of the Company		1,128,445	4	295,118	1
Non-controlling interests		170,822	1	44,724	—
		1,299,267	5	339,842	1
Total other comprehensive income attributable to:					
Owners of the Company		714,269	3	(268,728)	(1)
Non-controlling interests		169,954	—	27,569	—
		884,223	3	(241,159)	(1)
Earnings per share (in dollars)					
Basic earnings (loss) per share	**$**	**2.06**		**0.57**	
Continuing operations					
Basic earnings (loss) per share		2.06		-0.01	
Basic earnings (loss) per share from discontinued operations				0.58	

Consolidated Statements of Changes in Stockholders' Equity

Years ended December 31, 2014 and 2013 (expressed in thousands of New Taiwan dollars)

		Equity Attributable to Owners of the Company													
				Retained Earnings					Other Equity						
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnins	Total	Foreign currency translation reserves	Net change in fair value of available-for-sale financial assets	other	Total	Treasury stock	Subtotal of equity attributable to the Company	Non-controlling interest	Total equity
Balance at January 1, 2013	$	5,231,191	14,878,908	987,717	604,810	(1,498,442)	94,085	(628,954)	(1,107,472)	—	(1,736,426)	(256,695)	18,211,063	254,700	18,465,763
Net profit for 2013		—	—	—	—	295,118	295,118	—	—	—	—	—	295,118	44,724	339,842
Other comprehensive income for 2013		—	—	—	—	(8,464)	(8,464)	(860,265)	304,883	—	(555,382)	—	(563,846)	(17,155)	(581,001)
Total comprehensive income (loss) for 2013		—	—	—	—	286,654	286,654	(860,265)	304,883	—	(555,382)	—	(268,728)	27,569	(241,159)
Appropriation and distribution of retained earnings															
Special reserve		—	—	—	102,349	(102,349)	—	—	—	—	—	—	—	—	—
Legal reserve		—	—	(773,750)	—	773,750	—	—	—	—	—	—	—	—	—
Cash dividends		—	—	—	(604,810)	604,810	—	—	—	—	—	—	—	—	—
Issuance of common stock for cash		—	49,409	—	—	—	—	—	—	—	—	—	49,409	—	49,409
Treasury stock acquired		—	—	—	—	—	—	—	—	—	—	(5,749)	(5,749)	—	(5,749)
Adjustments for disposal of subsidiaries' equity		—	—	—	—	—	—	—	—	—	—	—	—	(72,757)	(72,757)
Equity-settled shares based payment		—	17,966	—	—	—	—	—	—	—	—	—	17,966	488	18,454
Treasury stock transferred to employees		—	31,219	—	—	—	—	—	—	—	—	262,444	293,663	214	293,877
Cash dividend from subsidiaries		—	—	—	—	—	—	—	—	—	—	—	—	(12,446)	(12,446)
Acquisition of non-controlling interest		—	—	—	—	—	—	—	—	—	—	—	—	2,090,499	2,090,499
Balance at December 31, 2013		5,231,191	14,977,502	213,967	102,349	64,423	380,739	(1,489,219)	(802,589)	—	(2,291,808)	—	18,297,624	2,288,267	20,585,891
Net profit for 2014		—	—	—	—	1,128,445	1,128,445		—	—	—	—	1,128,445	170,822	1,299,267
Other comprehensive income (loss) for 2014		—	—	—	—	(50,667)	(50,667)	(172,185)	(191,324)	—	(363,509)	—	414,176	(868)	(415,044)
Total comprehensive income (loss) for 2014		—	—	—	—	1,077,778	1,077,778	(172,185)	(191,324)	—	(363,509)	—	714,269	169,954	884,223
Appropriation and distribution of retained earnings:															
Legal reserve		—	—	6,442	—	(6,442)	—	—	—	—	—	—	—	—	—
Special reserve		—	—	—	57,981	(57,981)	—	—	—	—	—	—	—	—	—
Issuance of common share for acquisition		568,881	2,280,177	—	—	(685,587)	(685,587)	(8,206)	—	—	(8,206)	—	2,155,265	(2,155,265)	—
Equity-settled shares based trade		—	22,696	—	—	—	—	—	—	—	—	—	22,696	142	22,838
Capital surplus' cash dividend declared		—	(523,142)	—	—	—	—	—	—	—	—	—	(523,142)	-	(523,142)
Acquisition of non-controlling interest		—	—	—	—	—	—	—	—	—	—	—	—	10,000	10,000
Execution of employee stock options		240	1,106	—	—	—	—	—	—	—	—	—	1,346	—	1,346
Difference of equity-accounted investees		—	83,939	—	—	—	—	—	—	(6,989)	(6,989)	—	76,950	—	76,950
Proceeds from sales of subsidiaries' equity to non-controlling interest		—	153,231	—	—	—	—	—	—	—	—	—	153,231	467,394	620,625
Subsidiaries' cash dividend declared		—	—	—	—	—	—	—	—	—	—	—	—	(95,593)	(95,593)
Balance at December 31, 2014	$	**5,800,312**	**16,995,509**	**220,409**	**160,330**	**392,191**	**772,930**	**(1,669,610)**	**(993,913)**	**(6,989)**	**(2,670,512)**	—	**20,898,239**	**684,899**	**21,583,138**

Note: There was no directors' and supervisors' remuneration and employee bonuses.

Consolidated Statements of Cash Flows

Years ended December 31, 2014 and 2013 (expressed in thousands of New Taiwan dollars)

		2014	2013
Cash flows from operating activities:			
Profit (loss) before income tax from continuing operations:	$	1,925,042	128,235
Profit (loss) before income tax from discontinued operations:		—	300,909
Profit (loss) before income tax		(1,925,042)	429,144
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation		2,180,043	3,484,846
Amortization		23,487	14,309
Provision for (reversal of) allowance for doubtful accounts		(888)	448
Interest expenses		134,369	147,175
Interest income		(49,066)	(17,484)
Dividend income		(11,711)	(9,203)
Equity-settled share-based payment		28,815	99,296
Share of profit or loss of equity-accounted investees		55	226,333
Loss from disposal and write-off of property, plant and equipment		(9,292)	4,139
Gain on disposal of available-for-sale financial assets, net		—	(62,342)
Loss on revaluation of investments under equity method		—	320,135
Impairment loss of non-financial assets		444,256	—
Gain on sale of discontinued operation		—	(300,909)
Provision for (reversal of) inventory obsolescence and devaluation loss		74,007	22,472
Other losses of non-cash activities		7,516	—
Subtotal of losses of non-cash activities		2,821,591	3,929,215
Changes in operating assets and liabilities:			
Changes in operating assets			
Notes and accounts receivable (including related parties)		(1,037,432)	(590,691)
Inventories		(24,885)	(778,158)
Financial assets designated as at fair value through profit or loss		3,548	(9,988)
Prepayments for materials		898,099	1,066,198
Other current assets		(38,001)	(66,760)
Total changes in operating assets		(198,671)	(379,399)
Changes in operating liabilities:			
Notes and accounts payable (including related parties)		31,234	70,987
Provision		(474,350)	(615,576)
Revenue received in advance		(673,888)	(967,151)
Accrued pension liabilities		(15,205)	(87,645)
Other current liabilities		(284,550)	106,825
Total changes in operating liabilities		(1,416,759)	(1,492,560)
Total changes in operating assets and liabilities		(1,615,430)	(1,871,959)
Total adjustments		1,206,161	2,057,256
Cash inflow generated from operations		3,131,203	2,486,400
Interest received		49,066	17,484
Dividend paid		11,711	9,203
Interest paid		(137,471)	(150,509)
Income tax refunded (paid)		(97,240)	95,554
Net cash inflows from operating activities		2,957,269	2,458,132

	2014	2013
Cash flows from investing activities:		
Acquisition of financial assets available for sale	$ (54,674)	—
Proceeds from disposal of available-for-sale financial assets	—	70,308
Acquisition of financial assets carried at cost	(169,902)	(13,433)
Acquisition of investment using equity method	(333,145)	(165,358)
Disposal of discontinued operation, net of cash	—	(203,128)
Acquisition of property, plant and equipment	(1,344,168)	(1,675,579)
Proceeds from disposal of property, plant and equipment	82,249	80,054
Capital deduction from financial assets at cost	70,741	—
Decrease (increase) in refundable deposits	99,514	495,250
Increase in restricted certificate of deposit	(311,954)	(243,436)
Acquisition of subsidiary, net of cash acquired	513,442	924,297
Net cash used in investing activities	(144,897)	(731,025)
Cash flows from financing activities:		
Increase in short-term borrowings	410,275	417,738
Increase in long-term loans payable	800,000	3,837,550
Repayment of long-term loans payable	(864,116)	(4,830,316)
Payments of cash dividends	(523,142)	—
Increase in non-controlling interests	10,000	—
Execution of employees' stock options	1,346	—
Treasury stock acquired	—	(5,749)
Proceeds from employees' purchase of treasury stock	—	262,444
Proceeds from sales of subsidiaries' equity to non-controlling interest	620,625	—
Declared cash dividend to non-controlling interest	(95,593)	(12,446)
Net cash flows from financing activities	359,395	(330,779)
Effect of exchange rate changes on cash	(160,339)	172,441
Net decrease (decrease) in cash and cash equivalents	1,708,428	1,568,769
Cash and cash equivalents at beginning of year	3,682,154	2,113,385
Cash and cash equivalents at end of year	$ 5,390,582	3,682,154
Fair value of assets and liabilities of subsidiary acquired:		
Cash and cash equivalents	$ 513,442	1,734,172
Notes and trade receivable, net	—	497,442
Accounts receivable from related parties, net	—	7,440
Inventories	240,225	269,334
Other current assets	62,085	98,688
Prepayment for materials	—	642,254
Property, plant and equipment, net	259,988	2,478,264
Other assets—non-current	62,490	223,010
Intangible assets	—	19,761
Financial liabilities designated as at fair value through profit or loss	—	(1,215)
Notes and accounts payable	—	(342,861)
Other current liabilities	—	(168,901)
Long-term loans payable	—	(430,000)
Other non-current liabilities	(1,138,230)	(319,334)
Provision	—	(427,000)
Fair value of non-controlling interest at acquisition date	—	(2,090,499)
Fair value of subsidiary interest at acquisition	—	2,190,555
Less: Fair value of subsidiary before acquisition date	—	(1,380,680)
Cash proceeds from acquisition of subsidiary	(513,442)	(1,734,172)
Cash paid to obtain (proceeds from obtaining) control of subsidiary (excluding discharged in cash)	$ (513,442)	(924,297)

6.5 Audited Standalone Financial Statements for Most Recent Year

Stock code: 5483

Sino-American Silicon Products Inc.

Individual financial report

December 31, 2014 and 2013
(Independent Auditor's Report enclosed)

Independent Auditor's Report

Company address: No. 8. Industrial East Road 2, Hsinchu Science Park, Taiwan, R.O.C.
Tel.: (03) 577-2233

Independent Auditor's Report

The Board of Directors of Sino-American Silicon Products Inc.

We have audited the accompanying balance sheets of Sino-American Silicon Products Inc as of December 31, 2014 and 2013 as well as the related statements of income, changes in retained earnings and cash flows for the January 1 to December 31, 2014 and 2013. These Individual financial report are the responsibility of the Company's management. Our responsibility is to express an opinion on the Individual financial report based on our audits. For investments under the equity method of Sino-American Silicon Products Inc, the financial reports of part of the long-term equity investments were not audited by us but by other independent auditors. We have performed the necessary audit procedures on the financial statements of the invested companies that were audited by other CPAs due to the adjusted differences between the net recognizable assets acquired and the acquisition price. Therefore, our opinions on the adjusted amount of the invested companies in the individual financial statements referred to above were based on the reports of other independent auditors. The Company's investments referred to above amounted to NT$2,004,864 thousand and NT$3,668,256 thousand, representing 6% and 12% of the total assets as of December 31, 2014 and 2013, respectively. The profit and loss from the subsidiary under the equity method and affiliates amounted to (NT$55 thousand) and (NT$207,934 thousand), representing 0% and (171%) of the net income before taxes in 2014 and 2013, respectively.

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

In our opinion, based on our audits and the reports of other auditors, the individual financial statements referred to above present fairly, in all material respects, the financial position of Sino-American Silicon Products Inc as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the January 1 to December 31, 2014 and 2013 and are in conformity with the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers."

KPMG CPA

Independent Accountants: M.Y. Tseng

Y.H. Huang

Securities authority approved and certified document No.: (88) Tai-Tsai-Chen (VI) No. 18311
FSC.Certificate Shen.Zi No. 1010004977

March 30, 2015

2014 FINANCIAL STATEMENTS

SINO-AMERICAN SILICON PRODUCTS INC.

Parent-Company-Only Statements of Financial Position

December 31, 2014 and 2013
(expressed in thousands of New Taiwan dollars)

Assets		December 31, 2014		December 31, 2013	
Current assets:			%		%
Cash and cash equivalents	$	1,460,560	5	343,226	1
Notes and trade receivable, net		1,110,375	3	706,546	2
Accounts receivable from related parties		397,283	1	372,171	1
Inventories, net		1,387,777	4	891,129	3
Prepayments for materials		627,068	2	858,701	3
Other current assets		175,582	—	148,731	1
Other financial assets – current		264	—	24	—
		5,158,909	15	3,320,528	11
Non-current assets:					
Available-for-sale financial assets – non-current		858,637	3	1,000,245	4
Financial assets carried at cost – non-current		867,323	3	795,028	3
Investments accounted for using equity method		16,234,271	53	17,710,460	60
Property, plant and equipment, net		5,999,176	19	3,882,361	13
Intangible assets		17,785	—	—	—
Deferred income tax assets		176,288	1	252,907	1
Long-term accounts receivable from related parties		—	—	—	—
Other financial assets – non-current		66,073	—	43,110	—
Long-term prepayments for materials		1,791,500	6	2,404,767	8
		26,010,993	85	26,088,878	89
Total Assets	**$**	**31,169,902**	100	**29,409,406**	100

SINO-AMERICAN SILICON PRODUCTS INC.

Parent-Company-Only Statements of Financial Position (continued)

December 31, 2014 and 2013
(expressed in thousands of New Taiwan dollars)

Liabilities and Stockholders' Equity		December 31, 2014		December 31, 2013	
Current liabilities:			%		%
Short-term borrowings	$	750,000	3	1,107,171	4
Notes and accounts payable		974,128	3	1,006,783	4
Payables to related parties		82,500	—	486,958	2
Payroll and bonus payable		332,017	1	140,633	—
Revenue received in advance for sales		784,432	3	1,286,239	4
Provision – current		—	—	119,519	—
Other current liabilities		339,237	1	167,707	1
Current portion of long-term loans payable		666,667	2	166,667	1
		3,988,981	13	4,481,677	16
Non-current liabilities:					
Long-term loans payable		3,808,667	12	4,372,783	15
Liability reserve		427,000	1	—	—
Other liabilities – non-current		321,480	1	30,868	—
Revenue received in advance for sales – non-current		1,725,353	6	2,226,454	7
		6,282,682	20	6,630,105	22
Total Liabilities		10,271,663	33	11,111,782	38
Equity:					
Common stock		5,800,312	19	5,231,191	18
Capital surplus		16,995,509	55	14,977,502	51
Retained earnings:					
Legal reserve		220,409	1	213,967	1
Special reserve		160,330	1	102,349	—
Unappropriated earnings (accumulated deficits)		392,191	1	64,423	—
		772,930	3	380,739	1
Other equity		(2,670,512)	(10)	(2,291,808)	(8)
Total Equity		20,898,239	67	18,297,624	62
Total Liabilities and Equity	$	**31,169,902**	100	**29,409,406**	100

SINO-AMERICAN SILICON PRODUCTS INC.

Parent-Company-Only Statements of Profit or Loss and Other Comprehensive Income

Years ended December 31, 2014 and 2013
(expressed in thousands of New Taiwan dollars, except for earnings per share)

		2014		2013	
			%		%
Operating revenues:	$	9,175,737	100	5,208,835	100
Cost of goods sold		9,895,108	108	6,564,673	126
Gross loss		(719,371)	(8)	(1,355,838)	(26)
Operating expenses:					
Selling		35,529	—	17,995	—
General and administrative		118,231	1	94,226	2
Research and development		190,443	2	155,141	3
Total operating profit		344,203	3	267,362	5
Operating loss		(1,063,574)	(1)	(1,623,200)	(31)
Non-operating income and (expenses):					
Other income		16,558	—	9,839	—
Other gains and (losses)		161,402	2	115,409	2
Interest expense		(97,751)	(1)	(103,519)	(2)
Share of profit or loss of subsidiaries and associates accounted for using equity method		2,121,126	23	1,723,219	33
Total non-operating income and expenses		2,201,335	24	1,744,948	33
Profit from continuing operations before income tax		1,137,761	13	121,748	2
Income tax expense		9,316	—	(173,370)	(3)
Net profit (loss)		**1,128,445**	**13**	**295,118**	5
Other comprehensive income (loss)：					
Exchange differences on translation of foreign operations		44,274	—	24,847	—
Unrealized gain (loss) on available-for-sale financial assets		(196,282)	(2)	304,883	6
Actuarial loss on defined benefit plans		(1,782)	—	(2,200)	—
Share of other comprehensive income of subsidiaries and associates accounted for using equity method		(255,702)	(3)	(887,152)	(17)
Income tax related to other comprehensive income		(4,684)	—	(4,224)	—
Total other comprehensive income (loss), net of income tax		(414,176)	(5)	(563,846)	(11)
Total comprehensive income (loss)	$	**714,269**	**8**	**(268,728)**	**(6)**
Earnings per share (in dollars)					
Basic earnings (loss) per share	$	**2.06**		**0.57**	

SINO-AMERICAN SILICON PRODUCTS INC.

Parent-Company-Only Statements of Changes in Stockholders' Equity

Years ended December 31, 2014 and 2013
(expressed in thousands of New Taiwan dollars)

				Retained Earnings				Other Equity					
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings (accumulated deficit)	Total	Exchange differences on translation	Unrealized gain (loss) on available-for-sale financial assets	other	Total	Treasury stock	Total equity
Balance at January 1, 2013	$	5,231,191	14,878,908	987,717	604,810	1,498,442	94,085	(628,954)	(1,107,472)	—	1,736,426	(256,695)	18,211,063
Net profit for 2013		—	—	—	—	295,118	295,118	—	—	—	—	—	295,118
Other comprehensive loss for 2013		—	—	—	—	(8,464)	(8,464)	(860,265)	304,883	—	(555,382)	—	(536,846)
Total comprehensive loss for 2013		—	—	—	—	286,654	286,654	(860,265)	304,883	—	(555,382)	—	(268,728)
Appropriation and distribution of retained earnings													
Legal reserve		—	—	—	102,349	(102,349)	—	—	—	—	—	—	—
Legal used to offset company losses		—	—	(773,750)	—	773,750	—	—	—	—	—	—	—
Special reserve used to offset company losses		—	—	—	604,810	604,810	—	—	—	—	—	—	—
Adjustment for changes in investees' equity		—	49,409	—	—	—	—	—	—	—	—	—	49,409
Treasury stock acquired		—	—	—	—	—	—	—	—	—	—	(5,749)	(5,749)
Compensation cost arising from issuance of stock from exercising employee stock options and from capital increase by cash reserved for employees		—	17,966	—	—	—	—	—	—	—	—	—	17,966
Treasury stock transferred to employees		—	31,219	—	—	—	—	—	—	—	—	262,444	293,663
Balance at December 31, 2013		5,231,191	14,977,502	213,987	102,349	64,423	380,739	(1,489,219)	(802,589)	—	(2,291,808)	—	18,297,624
Net profit for 2014		—	—	—	—	1,128,445	1,128,445	—	—	—	—	—	1,128,445
Other comprehensive income (loss) for 2014		—	—	—	—	(50,667)	(50,667)	(172,185)	(191,324)	—	(363,509)	—	(414,176)
Total comprehensive income (loss) for 2014		—	—	—	—	1,077,778	1,077,778	(172,185)	(191,324)	—	(363,509)	—	714,269

SINO-AMERICAN SILICON PRODUCTS INC.

Statements of Changes in Stockholders' Equity (continued)
Years ended December 31, 2014 and 2013
(expressed in thousands of New Taiwan dollars)

Appropriation and distribution of retained earnings (Note):												
Special reserve	—	—	—	57,981	(57,981)	—	—	—	—	—	—	—
Legal reserve	—	—	6,442	—	(6,442)	—	—	—	—	—	—	—
Issuance of common share for acquisition	568,881	2,280,177	—	—	(685,587)	(685,587)	8,206	—	—	(8,206)	—	2,155,265
Compensation cost arising from issuance of stock from exercising employee stock options and from capital increase by cash reserved for employees	—	22,696	—	—	—	—	—	—	—	—	—	22,696
Capital surplus cash dividend declared	—	(523,142)	—	—	—	—	—	—	—	—	—	(523,142)
Execution of employee stock options	240	1,106	—	—	—	—	—	—	—	—	—	1,346
Difference of equity accounted investees	—	83,939	—	—	—	—	—	—	(6,989)	(6,989)	—	76,950
Proceeds from sales of subsidiaries' equity to non-controllig invest	—	153,231	—	—	—	—	—	—	—	—	—	153,231
Balance at December 31, 2014	**$ 5,800,312**	**16,995,509**	**220,409**	**160,330**	**392,191**	**772,930**	**(1,669,610)**	**(993,913)**	**(6,989)**	**(2,670,512)**	**-**	**20,898,239**

Note: There was no directors' and supervisors' remuneration and employee bonuses.

SINO-AMERICAN SILICON PRODUCTS INC.

Parent-Company-Only Statements of Cash Flows

Years ended December 31, 2014 and 2013
(expressed in thousands of New Taiwan dollars)

		2014	2013
Cash flows from operating activities:			
Income (loss) before tax	$	1,137,761	121,748
Adjustments：			
Adjustments for:			
Depreciation		515,271	1,043,757
Amortization		1,482	—
Provision for (reversal of) allowance for doubtful accounts		466	4
Interest expenses		97,751	103,519
Interest income		(4,847)	(636)
Dividend income		(11,711)	(9,203)
Compensation cost arising from issuance of stock from exercising employee stock options and from capital increase by cash reserved for employees		22,696	49,185
Share of profit or loss of subsidiaries and associates accounted for using equity method		(2,121,126)	(1,723,219)
Loss from disposal and write-off of property, plant and equipment		(13,532)	
Gain on disposal of available-for-sale financial assets, net		—	(62,342)
Loss on disposal of equity-method investments		—	19,226
Loss on non-financial asset impairment		444,256	—
Expense with no effect on cash flow		7,516	654
Provision for (reversal of) inventory obsolescence and devaluation loss		1,317	(3,607)
Total adjustments to reconcile income (loss) before tax		1,060,461	(582,662)
Changes in operating assets and liabilities:			
Changes in operating assets:			
Notes and accounts receivable (including related parties)		251,403	(608,444)
Inventories		(156,553)	(547,030)
Prepayments for materials		720,568	571,500
Other current assets		119,323	110
Other financial assets		29,146	2,418
Financial assets designated as at fair value through profit or loss		654	—

Total changes in operating assets	964,541	(581,446)
Changes in operating liabilities:		
Notes and accounts payable (including related parties)	(604,214)	910,568
Provision	(119,519)	(147,097)
Revenue received in advance for sales	(763,317)	(658,824)
Accrued expenses and other current liabilities	31,072	113,268
Accrued pension liabilities	(1,791)	4,315
Total changes in operating liabilities	(1,457,769)	222,230
Total changes in operating assets and liabilities	(493,228)	(359,216)
Total adjustments	(1,553,698)	(941,878)
Cash inflow (outflow) generated from operations	(415,928)	(820,130)
Interest received	4,847	636
Dividend paid	11,711	9,203
Interest paid	(101,446)	(106,077)
Income tax refunded (paid)	—	124,432
Net cash outflows used in operating activities	(500,816)	(791,936)

SINO-AMERICAN SILICON PRODUCTS INC.

Parent-Company-Only Statements of Cash Flows (continued)

Years ended December 31, 2014 and 2013
(expressed in thousands of New Taiwan dollars)

		2014	2013
Cash flows from investing activities:			
Acquisition of financial assets available for sale	$	(54,674)	—
Proceeds from disposal of available-for-sale financial assets		—	70,308
Acquisition of financial assets carried at cost		(169,902)	(13,433)
Acquisition of equity-accounted investees		(423,145)	(165,358)
Acquisition of subsidiaries (excluding cash obtained)		904,023	(791,002)
Acquisition of property, plant and equipment		(206,752)	(90,150)
Disposal of property, plant and equipment		31,324	—
Dividends from equity-accounted investees		1,795,723	876,554
Increase in restricted certificate of deposit		12,182	(34,823)
Decrease in refundable deposits		96,306	716
Refund from capital reduction of subsidiaries		53,880	—
Net cash used in investing activities		2,038,965	(147,188)
Cash flows from financing activities:			
Increase (decrease) in other payables to related parties		(98,357)	98,357
Increase in short-term borrowings		(357,171)	807,171
Increase in long-term loans payable		800,000	3,837,550
Repayment of long-term loans payable		(864,116)	(4,176,577)
Payments of cash dividends		(523,142)	—
Proceeds from sales of subsidiaries' equity to non-controlling interest		620,625	—
Treasury stock acquired		—	(5,749)
Treasury stock transferred to employees		—	262,444
stock option for employees		1,346	—
Net cash flows from financing activities		(420,815)	823,196
Net decrease in cash and cash equivalents		1,117,334	(115,928)
Cash and cash equivalents at beginning of year		343,226	459,154
Cash and cash equivalents at end of year	**$**	**1,460,560**	**343,226**
Fair value of assets and (liabilities) of associates acquired:			
Cash and cash equivalents	$	904,023	18,857
Financial assets designated as at fair value through profit or loss		140,647	—
Notes and trade receivable, net		680,808	—

Inventory		341,412	—
Other current assets		55,964	—
Other current financial assets		29,386	—
Prepayment for materials		545,241	—
Equity-method investments		572,132	1,374,554
Property, plant and equipment		2,375,624	—
Intangible asset		19,267	—
Other assets—non-current		27,532	37
Other assets—non-current financial assets		131,451	—
Financial liabilities designated as at fair value through profit or loss		(139,993)	—
Notes and trade payable		(265,458)	—
Other current liabilities		(294,264)	—
Provision - non-current		(427,000)	—
Other liabilities—non-current		(300,891)	(3)
Exchange differences on translation of foreign financial Statements		8,206	—
Fair value of subsidiary's equity at acquisition date		4,404,087	1,393,454
Less: Fair value of associates before acquisition date		(2,240,616)	(583,595)
Issuance of new shares, consolidation		(2,163,471)	—
Cash proceeds from acquisition of associates		(904,023)	(18,857)
Acquisition of associates	$	**(904,023)**	**791,002**

Sino-American Silicon Products Inc.
Notes to Individual financial report
December 31, 2014 and 2013
(Expressed in NT$ Thousand unless otherwise stated)

1. Company background

Sino-American Silicon Products Inc. (hereinafter referred to as "the Company") was incorporated in accordance with the Company Law of the Republic of China in January 1981; also, the Chunan Branch was established in June 2005 at No. 8. Industrial East Road 2, Hsinchu Science Park, Taiwan, R.O.C. for the R&D, design, production and sale of semi-conductor silicon materials and components, rheostat, optical and communications wafer materials; 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, Globalwafters Co., Ltd. (hereinafter referred to as "Globalwafters") 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.

2. Financial statements approval date and procedure

The individual financial statements were approved for publication by the Board of Directors on March 24, 2015.

3. Application of newly published and amended standards and interpretations

(1)The impact of not implementing the International Financial Reporting Standards version 2013 approved by the Financial Supervisory Commission (hereinafter referred to as the "FSC"):

According to the FSC.Certificate.Shen.Tzi No. 1030010325 Order of the Financial Supervisory Commission dated April 3, 2014, the listed, OTC, and Emerging companies should adopt the International Financial Reporting Standards (excluding IFRS 9 "Financial Instruments) version 2013 since 2015 as approved by the Financial Supervisory Commission to have financial statements prepared. The new releases, modifications and amendments of the Standards and Interpretations by the International Accounting Standards Board (IASB) are summarized as follows:

Newly released / modified / amended standards and interpretations	The effective date announced by the IASB
Amendments to IFRS 1, "Limited exemption of the International Financial Reporting Standards No. 7 "Comparative Disclosure" to the initial adopters"	2010.7.1
Amendments to IFRS 1, "The removal of the fixed date for the initial user with severe inflation"	2011.7.1
Amendments to IFRS 1, "Government Loans"	2013.1.1
Amendment to IFRS 7, "Disclosure - Transfers of financial assets"	2011.7.1
Amendment to IFRS 7, "Disclosure - Offsetting of financial assets and financial liabilities"	2013.1.1
IFRS 10, "Consolidated Financial Statements"	2013.1.1 (Investment entity took effect on January 1, 2014)
IFRS No. 11, "Joint agreement"	2013.1.1
IFRS No. 12, "Disclosure of other entity's equity"	2013.1.1
IFRS No. 13, "Measured at the fair value"	2013.1.1
Amendments to IAS 1, "Presentation of other comprehensive income accounts"	2012.7.1
Amendments to IAS 12, "Deferred income tax: Recovery of the subject assets"	2012.1.1
Amendments to IAS 19, "Employee benefits"	2013.1.1
Amendments to IAS 27, "Separate Financial Statements"	2013.1.1
Amendment to IAS 32, "Offsetting of financial assets and financial liabilities"	2014.1.1
IFRIC No. 20, "Stripping Costs in the Production Phase of a Surface Mine"	2013.1.1

The Company had assessed and concluded that the adoption of the IFRSs version 2013 would not cause any significant changes to the individual financial statements, except for the following items:

1. Amendments to IAS 19, "Employee benefits"

   The main amendments to be made according to the Standards include determining the net interest by having the net defined benefit liability (asset) multiplied by the discount rate and using the net interest to replace the interest cost and expected return of plan assets prior to the amendment of the Standards; deleting actuarial gains and losses by adopting the "corridor approach" or the accounting policy on the accrual method to have it included in the profit or loss in a lump sum upon occurrence; also, having actuarial gains and losses included in other comprehensive profit or loss upon occurrence and prior service costs recognized in the profit or loss upon occurrence instead of having it amortized as an expense in accordance with the straight-line method throughout the average period prior to complying with the vested conditions. In addition, a company should recognize severance benefits when it can no longer be revoked or when recognizing the related reorganization cost, whichever is sooner, instead of having severance benefits recognized as liabilities and expenses only when the commitment of resignation is confirmed In addition, the amendments also require a broader disclosure in defined benefit plans.

The Company had assessed and concluded that there was no significant impact of the standards on the Company's financial condition and results of operations, and the relevant disclosures of the defined benefit plan will be implemented accordingly.

2. Amendments to IAS 1, "Presentation of Financial Statements"

The standard amends the presentation of other comprehensive income and requires entities to separate items presented in other comprehensive income into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss. The amendment also requires that the income tax amounts applicable to before-tax amounts included in other comprehensive income shall be disclosed separately in accordance with the aforesaid two categories. The Company will change the presentation of comprehensive income in accordance with amendments to the standard.

3. IFRS No. 12, "Disclosure of other entity's equity"

The requirements regarding the disclosures of equity in the subsidiaries, joint agreements, affiliated companies and structured entities that are not included in the consolidated financial statements in all accounting standards are consolidated into this Standard, including the information to be disclosed. The Company will have the information regarding the consolidated entities or non-consolidated entities disclosed in accordance with the Standard.

4. IFRS No. 13, "Measured at the fair value"

According to the Standard, fair value is defined and the framework of fair value measurement is established; also, the disclosure of fair value measurement is stipulated. Upon assessment, the Company believes that adoption of the standard has no significant impact on the Group's financial status and results of operation but will result in more extensive disclosure of information relating to fair value measurement.

(2)The impact of the newly released IFRSs by the IASB that are not yet approved by the Financial Supervisory Commission (FSC):

2013-IFRSs issued by International Accounting Standards Board ("IASB") but not yet endorsed by the FSC:

Newly released / modified / amended standards and interpretations	The effective date announced by the IASB
IFRS No. 9, "Financial instruments"	2018.1.1
Amendments to IFRS No. 10 and IAS No. 28 "Assets Sale or Purchase between Investor and the Affiliates or Joint Ventures."	2016.1.1
IFRS 10, IFRS 12, and IAS 28 Amendment "Investment entity: Application of the exceptions for consolidated financial statements"	2016.1.1
IFRS 11 Amendment "Acquisition of joint operation equity"	2016.1.1
IFRSs No. 14, "Regulatory Deferral Accounts"	2016.1.1
IFRSs No. 15, "Revenue from customer contracts"	2017.1.1
Amendments to IAS No. 1 "Disclosure Plan."	2016.1.1
IAS 16 and IAS 38 Amendment "Introduction of acceptable depreciation and amortization methods"	2016.1.1
IAS 16 and IAS 41 Amendment "Production Plants"	2016.1.1
Amendment to IAS 19, "Defined benefit plan: employee contributions"	2014.7.1
IAS 27 Amendment "Equity Method of individual financial statements"	2016.1.1
Amendment to IAS 36, "Disclosure of the recoverable amount of	2014.1.1

Newly released / modified / amended standards and interpretations	The effective date announced by the IASB
non-financial assets"	
IAS 39 Amendment "Replacement of derivatives contracts and continuity of hedge accounting"	2014.1.1
IFRIC 21, 'Levies'	2014.1.1

The Company is assessing the potential impact of the new standards and amendments above on the financial positions and performance of the Company and will make appropriate disclosure after the evaluation.

4. Accounting policy summary

The significant accounting policies adopted in the individual financial statements are summarized as follows. Unless otherwise stated, the following accounting policies are applicable to the individual financial statements throughout the reporting period.

(1) Compliance statement

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

(2) Basis of preparation

1. Measurement basis

The individual financial report has been prepared in accordance with the historical cost basis, except for the following important items in the balance sheet:

(1) Financial instruments measured at the fair value through profit and loss (including derivatives);

(2) Available-for-sale financial assets measured at fair value;

(3) Defined benefit liabilities are recognized in accordance with the net amount of the pension fund assets net of the present value of the defined benefit obligations.

2. Functional currency and presentation currency

Each entity of the Company operates in accordance with the local functional currency of the primary economic environment. The individual financial statements are based on the Company's functional currency, the NT Dollar. All financial information expressed in NT Dollar is based on the monetary unit of NT$ Thousand.

(3) Foreign currency

1. Foreign currency transactions

Foreign currency transactions are converted into the functional currency in accordance with the exchange rates prevailing on the transaction date. Foreign currency monetary items are converted into functional currency in accordance with the exchange rates prevailing on the reporting date. The exchange profit and loss is the difference between the amortized cost denominated in the functional currency at the beginning of the year with the current effective interest adjusted and paid, and the amortized cost denominated in foreign currency translated in accordance with the exchange rate of the reporting date. The non-monetary item in the foreign currency measured at fair value is converted into the functional currency in accordance with the exchange rate on the date the fair value is measured. The non-monetary item in the foreign currency measured at historical cost is translated in accordance with the exchange rate on the trading day. Except for when the exchange profit and loss of the available-for-sale financial assets is

recognized in other profit or loss, the exchange profit and loss of the remaining assets is recognized in the profit or loss.

2. Foreign operation institutions

The assets and liabilities of foreign operation institutions, including goodwill and fair value adjustments arising on the acquisition, are converted in the functional currency according to the exchange rate on the reporting date. Except when in an economy with high inflation, incomes and expenses are denominated in accordance with the current average exchange rate and with the exchange differences recognized in other profit or loss.

(4) Standards for classifying assets and liabilities as current and noncurrent

Assets in line with one of the following conditions are classified as current assets. Assets other than current assets are classified as non-current assets:

1. Assets that are expected to be realized in the Company's regular operating cycle or with the intent to be sold or consumed;
2. Assets that are held for trading purposes;
3. Assets that are expected to be realized within twelve months after the balance sheet date;
4. Cash or cash equivalent, excluding the assets that are to be used for exchange or liquidating debts within twelve months after the balance sheet date or restrictive assets.

Liabilities in line with one of the following conditions are classified as current liabilities. Liabilities other than current liabilities are classified as non-current liabilities:

1. Liabilities that are expected to be liquidated within the regular operating cycle of the Company;
2. Assets that are held for trading purposes;
3. Liabilities that are expected to be liquidated within twelve months after the balance sheet date;
4. The liabilities for which the Company cannot unconditionally have the liquidation deadline postponed for at least twelve months after the balance sheet date;

(5) Cash and cash equivalent

Cash includes cash on hand and demand deposits. Cash equivalent meant for short-term and highly liquidating investments that can be converted to a known amount of cash with very little risk of changes in value. Bank time deposits that meet the definition referred to above and are for the purpose of fulfilling short-term cash commitments rather than investment or other purposes are reported as cash equivalent.

(6) Financial instrument

Financial assets and financial liabilities are recognized when the Company becomes a party to the financial instrument contract.

1. Financial assets

The Company's financial assets are classified as: Financial assets, accounts receivable and available-for-sale financial assets measured at fair value through profit and loss.

(1) Financial assets measured at fair value through profit and loss

Such financial assets refer to the held-for-trade financial or designated financial assets measured at fair value through profit or loss.

The main purpose of acquiring or generating the held-for-trade financial assets is to have it sold or re-purchased in the short run. The Company in one of the following conditions has financial assets other than the held-for-trade financial assets designated to be measured at fair value through profit and loss at the original recognition:

A. Eliminate or significantly reduce the measurement or recognition inconsistency arising from the use of different basis for measuring assets or liabilities and recognizing the related profit and loss.

B. The performance of financial assets is assessed on the basis of fair value.

C. Hybrid instruments with embedded derivatives.

Such financial assets are measured at fair value during the original recognition. The transaction cost is recognized in the profit or loss upon recognition. The subsequent evaluation is measured at fair value with the profit and loss (including related dividend income and interest income) arising from the re-measurement recognized in the profit or loss and reported in the "non-operating income and expense" account. The regular trade of financial assets is handled in accordance with the trade day accounting.

(2) Financial assets in available-for-sale

Such financial assets are designated as available-for-sale or specific category non-derivative financial assets. The financial assets are recognized initially at the fair value plus attributed transaction cost. The financial assets are recognized subsequently at the fair value. Except for impairment loss and dividend income recognized in the profit or loss, the change in book value is recognized in other comprehensive profit or loss and accumulated in the available-for-sale financial assets unrealized profit or loss of the shareholder's equity. When derecognizing, the cumulative amount of gain or loss under the shareholder's equity is reclassified under profit or loss; also, reported in the "non-operating income and expense" account. The regular trade of financial assets is handled in accordance with the trade day accounting.

If such financial assets are equity investments "without quoted market price and reliably measured fair value," it is measured at cost net of impairment loss and it is reported in the "financial assets carried at cost" account.

Dividend income from equity investment is recognized on the date (it is usually on the ex-dividend date) when the Company is entitled to collect dividends; also, it is reported in the "non-operating income and expense" account.

(3) Accounts receivables

Accounts receivables are financial assets without a quoted market price and with fixed or determinable payment amount, including notes and accounts receivables and other receivables. It is measured at fair value plus directly attributed transaction cost at initial recognition. It is measured subsequently in accordance with the effective interest rate method and the amortized cost net of impairment loss, except for short-term receivables with insignificant interest recognized. The regular trade of financial assets is handled in accordance with the trade day accounting.

Interest income is reported in the "non-operating income and expense" account.

(4) Impairment of financial assets

The impairment of the financial assets that is not measured at fair value through profit or loss should be assessed on each reporting date. When there is objective evidence indicating that the estimated future cash flow of the asset is with a loss due to one or more events that occurred after the financial assets recognized initially, the impairment of the financial assets has already occurred.

Objective evidence of impairment of financial assets includes significant financial difficulty of the issuer, the default (such as a delay in interest or principal payments or non-payment), and the disappearance of the active market for the financial assets due to financial difficulties. In addition, the significant or permanent fair value decline to the cost of the available-for-sale equity investments is also an

objective evidence of impairment.

If the accounts receivable assessed individually is without any identified impairment, it should be jointly assessed for impairment. Objective evidence of impairment for a receivable portfolio could include the Company's experience in collection, the increase in delayed payments of the receivable portfolio exceeding the average credit period and the national or regional economic conditions and changes related to receivable arrears.

The recognized impairment loss of the financial assets measured at cost is the difference between the book value of the assets and the present value of the estimated future cash flow discounted at the market return rate on similar assets. Such impairment loss cannot be reversed in the subsequent period.

The impairment loss of all financial assets is directly deducted from the book value of the financial asset; however, the book value of accounts receivables is adjusted down with the allowance account. The accounts receivable that is determined to be uncollectible is written off against the allowance account. The amount recovered that was previously written off is credited to the allowance account. Changes in the book value of the allowance account are recognized in the profit or loss.

The impairment loss of the available-for-sale equity instruments that was previously recognized in the profit or loss may not be reversed and recognized in the profit or loss. The recovery in fair value of any impairment loss previously recognized is recognized in other profit or loss and accumulated in the "other equity" account. If the recovery in fair value of available-for-sale debt instruments can be objectively linked to an event occurring after the impairment loss has been recognized in the profit or loss, it will be reversed and recognized in the profit or loss.

The loss and recovery of the bad debt of accounts receivable are reported as marketing expenses. The impairment loss and recovery of financial assets other than accounts receivables are reported in the "non-operating income and expense" account.

(5) De-recognition of financial assets

The Company's financial asset is derecognized only when the contractual rights to the cash flows from the assets are terminated or when the financial assets have been transferred and nearly all of the risks and rewards related to the ownership of the financial assets have been transferred to other companies.

When having one single financial asset derecognized entirely, the difference between the book value and the considerations received or receivable plus the amount recognized in the other comprehensive profit or loss and accumulated in the "Other equity - Available-for-sale financial assets unrealized profit or loss" is recognized in the profit or loss and reported in the "non-operating income and expense" account.

When not having one single financial asset derecognized entirely, the Company has the book value of the financial assets amortized to the continuing operation and discontinuing operation according to the respective fair value on the transfer day. The difference between the book value amortized to the derecognized operation and the considerations received from the derecognized operation plus the accumulated profit or loss recognized in the other comprehensive profit or loss amortized to the derecognized operation is recognized in the profit or loss and reported in the "non-operating income and expense" account. The accumulated profit or loss recognized in the other comprehensive profit or loss is amortized to the continuously recognized operation and derecognized operation according to the respective fair value.

2. Financial liability and equity instrument

(1) Classification of liabilities or equity

The Company's debt and equity instruments issued are classified as financial liabilities or equity in accordance with the definition of the contractual agreements.

Equity instrument refers to any contract underlying the Company's residual equity after deducting all liabilities from the assets. The equity instrument issued by the Company is recognized at the acquisition price net of the direct issue cost.

Interest and loss or profit related to financial liabilities are recognized in the profit or loss and reported in the "non-operating income and expense" account.

(2) Other financial liabilities

Financial liabilities include long-term and short-term loans, accounts payable and other payables. Financial liabilities are measured at fair value plus directly attributable transaction cost when initially recognized; subsequently, they are valued in accordance with the effective interest rate method and measured at the amortized cost. The interest expense that is not capitalized as an asset cost is reported in the "non-operating income and expense" account.

(3) Derecognition of financial liabilities

The Company's financial liability is derecognized when the contractual obligations have been performed, cancelled or expired.

When derecognizing financial liability, the difference between the book value and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in the profit or loss and reported in the "non-operating income and expense" account.

(4) Financial assets and liabilities offsetting

Financial assets and financial liabilities are offset and recognized in the balance sheet only when the Company has a legal right to do so and has the intention to have them cleared at a net value or has the asset cashed and the liability settled at the same time.

3. Derivatives

The Company holds derivatives to hedge foreign currency risk exposure. It is measured at fair value at the original recognition and the transaction cost is recognized in the profit or loss. It is subsequently measured at fair value with the profit and loss arising from the re-measurement recognized in the profit or loss and reported in the "non-operating income and expense" account. The positive fair value of a derivative instrument is classified as financial assets; also, the negative fair value of a derivative instrument is classified as a financial liability.

(7) Inventory

Inventory is valued at the lower of cost or net of the realizable value. Costs include the acquisition, production or processing and other costs necessary to make the product available at the designed location and status, which is calculated in accordance with the weighted average method. The cost of finished goods and work-in-process goods includes the manufacturing cost that is amortized proportionately to the regular productivity.

The net realizable value is calculated in accordance with the estimated selling price in the course of business net of the costs needed to complete the project and the selling expenses.

(8) Investment in the affiliated companies

Affiliated companies: The Company has significant influence but without control over their financial and operating policies. The Company with a 20% ~ 50% voting shares is assumed to have a significant influence over the invested company.

Under the equity method, investment is originally recognized at cost. Investment cost includes transaction cost. The book value of investment in the affiliated companies includes the goodwill recognized at the initial investment and net of any accumulated impairment losses.

Individual financial report covers the period from the date the significant influence obtained to the date the significant influence ceased, after completing the adjustments consistent with the Company's accounting policy; recognize the gain or loss and the other profit or loss of the investment in the affiliated companies proportionately to the equity ratio.

The unrealized gains and losses arising from the transactions conducted between the Company and the affiliated companies have been offset within the scope of the investment in the invested company. The written-off unrealized losses are the same as the written-off unrealized profits but are limited to the circumstances when the impairment evidence is not available.

When the loss of the affiliated company to be recognized by the Company proportionately to the shareholdings is equal to or exceeds the Company's equity in the affiliated company, stop recognizing any loss. However, recognize additional losses and related liabilities only upon the occurrence of a legal obligation, presumption of obligation or within the amount paid on behalf of the invested company.

(9) Investment in subsidiaries

The Company has the wholly-owned invested company valued with the equity method when preparing the individual financial statements. Under the equity method, the amortization amount attributable to the shareholders of the parent company from the profit or loss and other comprehensive profit or loss of the individual financial statements and the consolidated financial statements is the same. Moreover, the equity attributable to the shareholders of the parent company from the shareholder's equity of the individual financial statements and the consolidated 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 with the shareholders.

(10) Property, plant and equipment

1. Recognition and measurement

Recognition and measurement of property, plant and equipment is based on the cost model. The cost of property, plant and equipment is net of the accumulated depreciation and accumulated impairment. Cost includes expenditures directly attributable to assets acquisition. The cost of self-built assets includes raw materials and direct labor, direct attributable cost to have the assets available for the intended use, demolition, removal and restoration of the location, and the loan cost in line with the requirements of assets capitalization. Software acquired for integrating the function of the related equipment is capitalized as part of the equipment.

When property, plant, and equipment contains different components and the cost is relatively significant to the total cost of the item; also, when the use of a different depreciation rate or method is more appropriate, it should be treated as a separate item of the property, plant and equipment (a major component).

The gain and loss from the disposal of property, plant and equipment is determined according to the difference between the book value and the disposal amount of the property, plant and equipment; also, it is recognized in the "non-operating income and expense" account at a net amount.

2. Subsequent cost

When the expected future economic benefits resulting from the subsequent

expenditure for property, plant and equipment is likely to flow into the Company and when the amount can be measured reliably, the expenditure is recognized as part of the book value of the item; also, the book value of the replacement is derecognized. The routine repair and maintenance cost of property, plant and equipment is recognized in the profit or loss when it is incurred.

3. Depreciation

Depreciation is calculated in accordance with the asset cost net of residual value, the estimated years of useful life and the straight-line method. Each significant part of the asset is assessed. If the useful life of an integral part of the asset is different from the other parts of the asset, the unique part should be depreciated separately. The appropriated depreciation is recognized in the profit or loss.

Estimated useful lives for the current and comparative periods are as follows:

(1) Real estate and building: 2~40 years

(2) Machinery equipment: 2~15 years

(3) Other equipment: 2~20 years

(4) The major parts of housing and construction include plant building, electrical power engineering and wastewater treatment systems, whose depreciation are appropriated in accordance with the useful life of 25~30 years, 25 years and 4~15 years, respectively.

Depreciation methods, years of useful life and residual values are reviewed at the end of each financial year. If the expected value is different from the estimates, it should be adjusted properly when necessary; also, the difference should be processed as changes in accounting estimates.

(11) Intangible assets

1. Research and development

Research phase refers to the activity conducted to acquire and understand new scientific or technological knowledge; also, the related expense is recognized in the profit or loss when they are incurred.

The expenditure accrued in the development phase that meets all the following conditions simultaneously is recognized as an intangible asset; however, if it does not meet all the following conditions, it is to be recognized in the profit or loss when incurred:

(1) Technical feasibility of the intangible asset is completed and the intangible asset is ready for use or sale.

(2) The intention is to have the intangible asset completed for use or sale.

(3) The Company is capable of using or selling the intangible asset.

(4) The intangible asset is likely to generate future economic benefits.

(5) The Company has sufficient technical, financial and other resources to complete this development and to use or sell the intangible asset.

(6) The expenditure attributable to the intangible asset development can be reliably measured.

2. Other intangible assets

The other intangible assets acquired by the Company are measured at cost, net of accumulated amortization and accumulated impairment.

3. Subsequent expenditures

Subsequent expenditures that can help increase the future economic benefits of the specific assets can be capitalized. All other expenses are recognized in the profit or loss when incurred.

4. Amortization

The amortizable amount is the asset cost, net of residual value.

Except for goodwill, intangible assets from the state available for use is amortized in accordance with the straight-line method over the estimated useful life of 2~5 years; also, the amortization amount is recognized in the profit or loss.

Review the residual value, amortization period and amortization method for intangible assets at the end of the fiscal year and with the changes, if any, treated as a change in accounting estimates.

(12) Impairment of non-financial assets

The Company assesses the non-financial assets other than inventories and deferred income tax assets for any impairment on each reporting date; also, estimates the recoverable amount of the assets with an impairment evidence. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit that the asset belongs to in order to assess the impairment.

The recoverable amount is the fair value of an individual asset or the cash-generating unit net of the sale cost or value in use, whichever is higher. If the recoverable amount of an individual asset or cash-generating unit is lower than the book value, the book value of the individual asset or cash-generating unit is adjusted down to the recoverable amount with the impairment loss recognized. Impairment loss is recognized immediately in the profit or loss.

The Company reevaluates on each reporting day whether there are indications that the impairment loss of non-financial assets other than goodwill recognized previously have been eliminated or reduced. If the estimates used to determine the recoverable amount are changed, the impairment loss should be reversed in order to increase the book value of the individual asset or cash-generating unit to the recoverable amount; however, it shall not exceed the book value of the individual assets or cash-generating unit in the prior period before recognizing the impairment loss but after appropriating the depreciation or amortization.

Goodwill is tested for impairment annually and the recoverable amount below the book value is recognized in the impairment loss.

For the purposes of impairment testing, goodwill acquired through business merger shall be amortized to the Company's cash-generating units (or cash generating group) that are expecting to be benefited from the synergy of the merger. If the recoverable amount of the cash-generating unit is less than its book value, the impairment loss is applied to offset the book value of the goodwill amortized to the cash-generating unit and then to the book value of the assets within the unit proportionately. The goodwill impairment loss recognized cannot be reversed in the subsequent period.

(13) Liability reserve

The recognition of the liability reserve is due to the present obligations of the Company resulting from a past event that may require the outflow of economic resources in the future to settle the obligation and the amount of the obligation can be estimated reliably. Liability reserve is discounted at the pre-tax discount rate that reflects the monetary time value and debt specific risk assessed by the market. The amortization of the discount is recognized as an interest expense.

When the Company expects to fulfill a contractual obligation that is inevitably with a cost exceeding the expected economic benefits from the contract, the liability reserve for the onerous contract should be recognized. Such liability reserve is measured at lower than the estimated cost of the terminated contract and the present value of the estimated net cost of the continued contract; also, recognize all impairment losses related to such assets before recognizing the liability reserve of the onerous contract.

(14) Treasury stock

The Company has the outstanding stock shares repurchased and classified as "Treasury stock" for the considerations (including the amount attributable to the cost) net of taxes paid and then debited to the equity. If the disposal price of the treasury stock is higher than the book value, the difference is classified as "Additional paid-in capital – Treasury stock;" if the disposal price is lower than the book value, the difference is applied to write off the additional paid-in capital of the treasury stock in the same category or debited to retained earnings, if there is an insufficient amount. The book value of treasury stock is calculated in accordance with the weighted average method and is calculated separately in accordance with the reason for repurchase.

(15) Income recognition

1. Products sales

The income from the sale of instruments in the course of business is measured at the fair value of the considerations received or receivable net of sales return, sales discount and volume discount. Income is recognized when persuasive evidence is available (usually, it is a signed purchase order from the customers), the significant risks of ownership and considerations are transferred to the buyer, the proceeds are likely to be collected, the associated cost and possible sales returns can be estimated reliably, do not continue to be involved in instrument management and the amount of income can be measured reliably. If a discount is likely to occur and the discount amount can be measured reliably, it is credited to the income when the sale is recognized.

The timing for the transfer of risks and considerations depends on the individual term of the sales contracts.

2. Labor service income

The Company provides consulting and management services to clients. Labor service income is recognized in accordance with the percentage of completion on the reporting date.

(16) Employee benefits

1. Defined contribution plan

The appropriation obligation under the defined contribution plan is recognized as employee benefits expense in the profit or loss account throughout the employee's service period.

2. Defined benefit plan

The retirement benefit plan that is not a defined contribution plan is classified as a defined benefit plan. The Company's net obligation under the defined benefit plan is based on the present value of the future benefit amount earned by employees currently or previously in each benefit plan. Any unrecognized prior service cost and the fair value of the plan assets are deducted. The discount rate is based on the interest rate of the market yield rate of government bond on the reporting date that is with a similar due date as the Company's net obligation deadline and denominated in the same currency as the expected benefit payment.

Enterprise's net obligation is calculated annually by a qualified actuary in accordance with the project unit credit method. When the calculation is favorable to the Company, recognized assets are limited to the present value of the total economic benefit to be derived from the unrecognized prior service cost, the refund to be collected from the plan, or the reduction of the appropriation for the plan. The minimum fund appropriation needed for any plan of the Company should be considered when calculating the present value of the economic benefits. If a benefit can be realized in the plan period or upon the liquidation of the plan liability, it is with economic benefit to the Company.

For the plan benefit that is improved due to the service provided by the employees, it is to be recognized in the profit or loss in accordance with the straight line method over the average vested period. If the benefits will be vested immediately, the expense related to the vested benefit should be immediately recognized in the profit or loss.

The Company had adopted the IFRSs conversion date approved by the Financial Supervisory Commission on January 1, 2012 to have all actuarial gains and losses recognized in the retained earnings. The actuarial gains and losses subsequently resulting from the Company's defined benefit plan is immediately recognized in the other comprehensive profit or loss.

The Company when experiencing curtailment or settlement should recognize the curtailment or settlement profit or loss of the defined benefit plan. Curtailment or settlement gains and losses include any changes in the fair value of any plan assets, changes in the present value of defined benefit obligations, any previously unrecognized actuarial gains and losses, and prior service costs.

3. Short-term employee benefits

Short-term employee benefit obligation is measured on an undiscounted basis; also, it is recognized as an expense when the related service is provided.

For the short-term cash bonus or the amount expected to be paid of a bonus plan, if the Company has a legal obligation or presumption of obligation due to the services rendered by employees and the obligation can be estimated reliably, the amount is recognized as a liability.

(17) Share-based payment transactions

For the share-based rewards to be paid to the employees, compensation cost should be recognized with the respective equity increased in accordance with the fair value on the payment date when the employees are entitled to the rewards, unconditionally. The compensation cost to be recognized is adjusted in accordance with the rewards in line with the expected conditions of service. The final compensation cost recognized is based on the rewards in line with the expected conditions of service on the payment date.

(18) Income tax

Income tax expense includes current and deferred income tax. Except for the items related to a business merger or recognized directly in the equity or other comprehensive profit or loss, the current income tax and deferred income tax should be recognized in the profit or loss.

Current income tax includes the estimated income tax payable or tax refund receivable of the current taxable income (loss) calculated in accordance with the statutory tax rate on the reporting date or the substantive legislation tax rate and any adjustments to the tax payable of the previous years.

Deferred income tax is measured and recognized in accordance with the temporary differences between the book value of assets and liabilities for financial reporting purposes and their tax basis. The temporary differences arising in the following circumstances will be without any recognized deferred income tax:

1. Assets or liabilities that are originally recognized in a transaction not attributable to a business merger; also, the transaction does not affect accounting profit and taxable income (loss).
2. It resulted from investing in subsidiaries and joint ventures; also, it probably won't be reversed in the foreseeable future.
3. Original recognition of goodwill

Deferred income tax is measured in accordance with the tax rate in the expected asset

realization or liability liquidation period; also, it is based on the statutory tax rate or substantive legislation tax rate on the reporting date.

The Company will have financial assets and financial liabilities offset when complying with the following conditions:

1. With statutory right to offset financial assets and financial liabilities; and
2. Deferred income tax assets and deferred income tax liabilities are related to one of the taxable entities that are levied by the same tax authorities:
   (1) The same taxable entity; or
   (2) Different taxable entities, but each entity intends to settle current income tax liabilities and assets at a net amount or to realize assets and liquidate liability simultaneously when a significant amount of deferred tax assets is expected to be recovered and deferred tax liabilities are expected to be liquidated in each future period.

The unapplied tax losses and unapplied tax credits carried forward and deductible temporary differences are recognized as deferred income tax assets within the range of probable future taxable income available for use. The deferred income tax assets should be reassessed on each reporting date and should be adjusted down within the range of improbable income tax benefit.

According to Article 40 of the Enterprises Mergers and Acquisitions Act, the Company has the profit-seeking enterprise income tax return filed in accordance with the Consolidated Tax Return System since the year 2012. The Company is the taxpayer to have the tax return of the Company and domestic subsidiaries filed together in accordance with the relevant provisions of the Income Tax Act, including additional 10% profit-seeking enterprise income tax for the unappropriated earnings. The other tax-related matters are to be handled separately by each company.

The Company and the domestic subsidiaries have income tax returns first filed separately in accordance with IAS 12 “Income Tax.” After having the difference related to the joint income tax return adjusted and consolidated, it is amortized to each company in the joint tax return filing through a reasonable, systematic and consistent method. The income tax and deferred income tax expense after amortization is expressed in the financial statements.

(19) Merger

The Company has goodwill measured in accordance with the fair value of the consideration paid on the transfer date, including any non-controlling equity attributable to the acquired company, less the identifiable assets acquired and liabilities assumed (usually, it is the fair value). If the balance after deduction is a negative value, the Company will have the purchase interest in a bargain recognized in the profit or loss after reassessing whether all the assets acquired and liabilities assumed have been properly identified.

The merged company will have the non-controlling equity identifiable net assets measured in accordance with the non-controlling equity ratio on an itemized transaction basis.

For a merger in progress, the Company will have the fair value of the equity of the acquired company re-measured on the acquisition date and with the relevant profit or loss, if any, recognized in the profit or loss. For the changes in the acquired company’s equity value that were recognized in other profit or loss prior to the acquisition date, the Company shall have it handled pursuant to the same manner as having the equity disposed of directly. If the equity at the time of disposition should be reclassified as profit and loss, the amount should be reclassified to the profit or loss.

If the original accounting process of the merger is not yet completed prior to the end of the merger reporting period, the Company may have the pending accounting items reported

in a provisional amount; also, the provisional amount must be adjusted retro-actively throughout the measurement period or should have additional assets or liabilities recognized to reflect the information of the existing fact and status on the acquisition date throughout the measurement period. The measurement period shall not be more than one year from the acquisition date onwards.

Except for those related to debt issue or equity instruments, the transaction cost related to the merger must be recognized immediately as the Company's expense upon its occurrence.

(20) 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 profit and 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 profit and 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 common stock includes stock option to employees and stock dividends to employee that are yet to be resolved in the shareholders' meeting.

(21) Segment information

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

(22) Reason and effect for accounting changes

The Company had the useful life of the manufacturing equipment reviewed in 2014 with the useful life adjusted from the original 4~6 years to 8 years in order to reasonably reflect future economic effect of the assets.

The impact of the changes in estimates referred to above on the depreciation expense is recognized in the cost of goods sold; also, the impact on current and future periods is as follows:

	2014	2015	2016	2017	2018	2019	thereafter
Increase (decrease) of depreciation expense	$ (658,998)	(347,748)	4,050	206,126	329,211	265,299	202,060

5. Materials accounting judgment, estimates and main source of assumption uncertainties

The management when preparing the individual financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms" 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 is to continue examining the estimates and underlying assumptions. Changes in accounting estimates are to be recognized during the affected and future periods.

The uncertainties of assumptions and estimates are with high risks causing material adjustments in the following year. Please refer to the following notes:

(1) Note 6 (8) Impairments assessment of property, plant, and equipment

(2) Note 6 (13) Liability reserve

6. Important accounting items

(1) Cash and cash equivalent

	2014.12.31	2013.12.31
Cash	$ 498	422
Bank deposits	763,762	342,804
Deposit account	696,300	-
Cash and cash equivalents in the Statement of Cash Flow	**$ 1,460,560**	**343,226**

Please refer to Note 6 (26) for the disclosure of the Company's interest rate risk and sensitivity analysis of financial assets and liabilities.

(2) Notes receivable and accounts receivable - net

	2014.12.31	2013.12.31
Notes receivable	$ 5,735	-
Accounts receivable	1,153,998	706,550
Less: Allowance for bad debt	(49,358)	(4)
	$ 1,110,375	**706,546**

Changes in allowance for bad debt of accounts receivable are as follows:

	2014	2013
Balance – 1/1	$ 4	-
Assumed by the merger	48,888	-
The impairment loss recognized	466	4
Balance – 12/31	**$ 49,358**	**4**
Individual assessment of impairments	$ 48,888	-
Collective assessment of impairments	470	4
	$ 49,358	**4**

The aging analysis of the Company's overdue receivable on the reporting date is as follows:

	2014.12.31		2013.12.31	
	Total amount	Impairment	Total amount	Impairment
Overdue 31~60 days	$ 407	61	24	4
Overdue 61~90 days	2,722	409	-	-
Overdue for over 1 year	48,888	48,888	-	-
	$ 52,017	**49,358**	**24**	**4**

The Company's average credit period for a sale is 0-120 days. Allowance for bad debt of accounts receivable is for recording bad debt expense and it is primarily based on the historical payment behavior, the customer's credit rating and the aging information to estimate the uncollectible amount.

(3) Inventories

	2014.12.31	2013.12.31
Finished goods	$ 527,404	151,417
Work-in-process goods	170,908	134,606
Raw materials	582,629	539,476
Substances	106,836	65,630
	$ 1,387,777	**891,129**

Operating cost is detailed as follows:

	2014	2013
Cost of goods sold	$ 9,144,501	5,982,244
Appropriate (reverse) inventory loss in valuation	1,317	(3,607)
Unamortized fixed manufacturing expense	305,034	586,036
Appropriate onerous contract loss	444,256	-
	$ 9,895,108	**6,564,673**

As of December 31, 2014 and 2013, the Company's inventories had not been provided as collateral.

(4) Available- for-sale financial assets – non-current

	2014.12.31	2013.12.31
Listed stocks – Solartech Energy Corp.	$ 619,089	764,956
OTC Stocks – Actron Technology Corporation	239,548	235,289
	$ 858,637	**1,000,245**

Please refer to Note 6 (22) for the disposal of investment gains and losses in detail.

Please refer to Note 6 (25) for the profit or loss re-measured at fair value recognized in other profit or loss.

As of December 31, 2014 and 2013, the Company's financial assets referred to above had not been provided as collateral.

The impact of the changes in equity securities price (two-period analysis is on the same basis and assumes that other factors remain constant) in the reporting date on other profit or loss is as follows:

Securities price on the reporting date	2014	2013
Up 10%	**$ 85,864**	**100,025**
Down 10%	**$ (85,864)**	**(100,025)**

(5) Financial valued at the cost-noncurrent

	2014.12.31	2013.12.31
Equity investment	$ 888,833	816,538
The cumulative amount of impairment loss recognized	(21,510)	(21,510)
	$ 867,323	**795,028**

Cumulative impairments change as follows:

	2014.12.31	2013.12.31
Accumulated impairments (*i.e.*, cumulative impairments – beginning) - ending	**$ 21,510**	**21,510**

The Company's stock investment referred to above is measured at cost, net of impairment loss on the reporting date. Since the fair value is with a broad range of reasonable estimation and the probability of estimations cannot be reasonably assessed; therefore, the management of the Company believes that the fair value cannot be reliably measured.

The Company in line with business strategy and taking into consideration the industry upstream and downstream longitudinal integration and strategies layout had increased investment in Sunshine PV Corp. (Sunshine) for NT$21,455 thousand in 2014; also, with the resolutions reached in the board meeting had increased investment in Powertec Energy Corporation (Powertec) for NT$76,936 thousand and in Accu Solar Corporation (Accu) for NT$86,097 thousand. After the additional investment in Accu Solar Corporation referred to above, the Company's shareholding ratio was increased from 11.22% to 24.70% with significant influence over Accu Solar Corporation; therefore, the financial assets of Accu Solar Corporation that was measured at cost was transferred to the investment under the equity method. Please refer to Note 6 (6) for instructions.

As of December 31, 2014 and 2013, the Company's financial assets referred to above

had not been provided as collateral.

(6) Investment under the equity method

The Company's investments under the equity method on the reporting date were as follows:

	2014.12.31	2013.12.31
Affiliated companies:		
Subsidiary	$ 14,229,407	16,234,807
Affiliated Enterprises	2,004,864	1,475,653
	$ 16,234,271	**17,710,460**

1. Subsidiaries

Please refer to the 2014 consolidated financial statements.

2. Affiliated companies

The book value of the affiliates invested by the Company as of December 31, 2014 and 2013 with a quoted market price was NT$1,892,671 thousand and NT$1,475,653 thousand, respectively; also, the fair value was NT$2,278,175 thousand and NT$1,988,163 thousand, respectively.

The financial information of the Company's affiliates was summarized as follows. The financial information was not adjusted proportionately to the Company's shareholding ratio:

	2014.12.31	2013.12.31
Total assets	**$ 5,283,930**	**4,306,449**
Total liabilities	**$ 995,681**	**1,409,241**

	2014	2013
Revenue	**$ 2,260,099**	**1,960,487**
Net income (loss)	**$ 32,079**	**(451,510)**

3. The Company's share of the profit or loss of subsidiaries and affiliated companies in 2014 and 2013 was as follows:

	2014	2013
Subsidiary	$ 2,121,181	1,496,886
Affiliated Enterprises	(55)	(226,333)
	$ 2,121,126	**1,270,553**

The Company does not share any contingent liabilities of the affiliated company with other investors or have contingent liabilities arising from assuming the liability of the affiliated company.

The capability of the affiliated company to have funds transferred to the Company has not been subject to any significant restrictions.

The Company merged Sino-Solar Corp (hereinafter referred to "Central Solar") and Sunrise Global Solar Energy Co., Ltd. on August 1, 2013 with control over these companies. Sino-Solar Corp was discontinued after the merger. Sunrise Global Solar Energy Co., Ltd. has been included in the consolidated financial statements since August 1, 2013. Please refer to Note 6 (7) for details.

The Company had the subsidiary, Sino Sapphire CO., LTD., merged with Crystalwise Technology Inc. on January 1, 2013 and with a 42.80% stock share of Crystalwise Technology Inc. acquired with a significant influence over Crystalwise Technology Inc.

As of December 31, 2014 and 2013, the Company's investments under the equity method had not been provided as collateral.

(7) Acquisition of subsidiaries and loss of control over the subsidiaries

1. Acquisition of subsidiaries

The merger of Sino-Solar Corp and the Company was resolved in the general shareholders' meeting on June 25, 2013 and the Company had continued to operate while Sino-Solar Corp was discontinued. The base date of the merger was resolved to be scheduled on August 1, 2013 in the board meeting on July 26, 2013. The Company paid NT$809,875 thousand in cash on August 1, 2013 to acquire 58.12% stock shares of Sino-Solar Corp with significant control over it; also, the Company's shareholding ratio in Sino-Solar Corp was increased from 41.88% to 100%. Sino-Solar Corp was engaged in the production and sale of photo-voltaic solar cells.

The Company paid NT$165,358 thousand in cash in May 2013 to acquire 3.47% stock shares of Sunrise Global Solar Energy Co., Ltd. In addition, the Company had acquired a 32.25% stock share in Sunrise Global Solar Energy Co., Ltd. with significant control over it after the merger with Sino-Solar Corp on August 1, 2013. The Company's equity in Sunrise Global Solar Energy Co., Ltd. was increased from 15.23% to 50.95%. Sunrise Global Solar Energy Co., Ltd. was engaged in the production and sale of photo-voltaic solar cells. The Company for the vertical integration of the photo-voltaic solar business group and enhancing operational performance and competitiveness intends to merge Sunrise Global Solar Energy Co., Ltd. where the Company had held a 50.95% stock share. The Company will continue to operate after the merger. The proposal for the merger was approved at the board meeting on August 12, 2013 by both companies independently. Sunrise Global Solar Energy Co., Ltd. may have 2.16 common stock shares exchanged for 1 common stock share of the Company. An additional 56,888 thousand shares were issued for the capitalization arising from the merger and there were 580,007 thousand shares outstanding after the merger. The merger was resolved in the extraordinary shareholders' meeting of Sunrise Global Solar Energy Co., Ltd. on September 30, 2013. Sunrise Global Solar Energy Co., Ltd. was dissolved after the merger. The Company's Chairman was authorized to have the base date of the merger scheduled on August 1, 2014 with Sunrise Global Solar Energy Co., Ltd. and thus the merger process was completed.

The Company had issued new shares to merge Sunrise Global Solar Energy Co., Ltd. in accordance with Paragraph 30~31 of IAS 27. If the change in the equity of the parent company in subsidiaries does not result in a loss of control, it should be handled as an equity transaction, in other words, it is handled as an equity transaction. In such cases, the book value of the controlling and non-controlling equity should be adjusted to reflect the changes of their relative equity in the subsidiaries. The difference between the adjusted amount of the non-controlling equity in Sunrise Global Solar Energy Co., Ltd. and the fair value of the consideration paid should be directly recognized as equity and attributable to the shareholders' equity of the parent company.

According to the requirements referred to above, the Company issued 56,888 thousand shares and paid NT$2,878,537 thousand for the consideration in accordance with the closing price of NT$50.6/share on the base date of the merger; also, after deducting capital stock of NT$568,881 thousand, there was additional paid-in capital - stock premium for NT$2,309,656 thousand documented. The Company had Sunrise Global Solar Energy Co., Ltd. consolidated on the base date of the merger according to the book value of the net assets for NT$4,404,087 thousand. The book value of NT$2,240,616 thousand of Sunrise Global Solar Energy Co., Ltd. originally held by the Company was de-recognized and the difference of NT$715,066 thousand from the

consideration paid for the new shares issued was debited to the book value of the non-controlling equity accordingly referred to above; also, the difference from the transfer consideration should be adjusted to the additional paid-in capital (if there was insufficient additional paid-in capital of the same type of transaction, it should be debited to retained earnings). Therefore, the Company first wrote off "3230 Additional paid-in capital – difference between the actual acquisition or disposition of subsidiaries and book value" for NT$29,479 thousand and the insufficient amount of NT$685,587 thousand was debited to "retained earnings."

The Company had the fair value of the 41.88% equity in Sino-Solar Corp and 18.70% equity in Sunrise Global Solar Energy Co., Ltd. re-measured prior to the acquisition in 2013 and with a loss of NT$123,689 thousand and NT$196,446 thousand recognized, respectively. Such losses were recognized in the "Other profit or loss - net loss from the disposal of investment under the equity method" of the Income Statement.

The net income of Sino-Solar Corp and Sunrise Global Solar Energy Co., Ltd. for NT$41,224 thousand was attributable to the Company for the 5-month period as of December 31, 2013. If the acquisition occurred on January 1, 2013, the management estimated the current net income would be NT$464,624 thousand. When determining such amount, the management assumed that the acquisition took place on January 1, 2013; also, it assumed that the adjustment of the estimated fair value was the same on the acquisition date.

The Company for the strategic development of solar module industry had Sino-American Materials Co., Ltd., incorporated with the resolution of the Board of Directors reached on May 13, 2014. Sino-American Materials Co., Ltd., is engaged in the production and sale of EVA film for solar modules with a paid-in capital of NT$100,000 thousand and a factory set-up for a production capacity of 600 MW EVA a year. Sino-American Materials Co., Ltd. was registered for business operations on May 30, 2014 and the Company had invested NT$90,000 thousand to acquire 90% stock shares.

Please refer to the Consolidated Financial Statements for the transfer consideration, the identifiable assets acquired and the liabilities assumed on the acquisition date.

2. Acquisition-related costs

The external legal fees and the cost of on-site inspections arising from the Company's merging Sunrise Global Solar Energy Co., Ltd. and Sino-Solar Corp in 2013 amounted to NT$2,935 thousand, which should be recognized in the "management fees" of the Income Statement.

3. Disposing part of the subsidiary's equity without losing the control

The Companies had 1.68% and 2% equity in Globalwafers Co., Ltd. disposed of on June 30, and October 22, 2014 for an amount of NT$239,625 thousand and NT$381,000 thousand, respectively.

The impact of the changes in the Company's shareholding of Globalwafers Co., Ltd. is as follows:

	2014
The consideration received from the non-controlling equity	$ 620,625
The book value of disposed of non-controlling equity	(467,394)
Additional paid-in capital- the spread between the equity buying/selling price and book value	**$ 153,231**

4. Loss of control over the subsidiaries

The Company had acquired 42.80% stock share of Crystalwise Technology Inc. with significant influence after it was merged with Sino Sapphire CO., LTD., the subsidiary of the Company, on January 1, 2013 and discontinued its operations. The Company lost its 95.12% shareholdings in Sino Sapphire CO., LTD. for a disposal price of NT$1,692,284 thousand and with a disposal gain of NT$300,909 thousand reported in the "Other profit or loss - net loss from the disposal of investment under the equity method" of the Income Statement.

Please refer to the Consolidated Financial Statements for the transfer consideration and the disposal of assets and liabilities.

(8) Property, plant and equipment

1. Changes in the cost, depreciation and impairment loss of the Company's real estate, property, plant and equipment are as follows:

	Land	Real estate and building	Machinery equipment	Other equipment	Construction in progress and quarantined equipment	Total
Cost:						
Balance – 1/1/2014	$ -	2,523,933	5,810,231	943,639	42,533	9,320,336
Acquired through business merger	2,380	479,709	2,576,700	568,666	206,128	3,833,583
Additions	-	21,627	211,179	24,168	38,888	295,862
Disposal	-	-	(152,555)	(16,484)	(21,608)	(190,647)
Balance – 12/31/2014	**$ 2,380**	**3,025,269**	**8,445,555**	**1,519,989**	**265,941**	**13,259,134**
Balance – 1/1/2013	$ -	2,514,436	5,775,987	927,510	44,448	9,262,381
Additions	-	9,497	55,109	16,391	(1,915)	79,082
Disposal	-	-	(20,865)	(262)	-	(21,127)
Balance – 12/31/2013	**$ -**	**2,523,933**	**5,810,231**	**943,639**	**42,533**	**9,320,336**
Depreciation and impairment loss:						
Balance – 1/1/2014	$ -	664,499	4,473,214	300,262	-	5,437,975
Assumed through business merger	-	158,738	1,206,733	92,488	-	1,457,959
Current depreciation	-	166,291	261,355	87,625	-	515,271
Disposal	-	-	(134,943)	(16,304)	-	(151,247)
Balance – 12/31/2014	**$ -**	**989,528**	**5,806,359**	**464,071**	**-**	**7,259,958**
Balance – 1/1/2013	$ -	513,468	3,678,553	222,555	-	4,414,576
Current depreciation	-	151,031	814,897	77,829	-	1,043,757
Disposal	-	-	(20,236)	(122)	-	(20,358)
Balance – 12/31/2013	**$ -**	**664,499**	**4,473,214**	**300,262**	**-**	**5,437,975**
Book value:						
December 31, 2014	**$ 2,380**	**2,035,741**	**2,639,196**	**1,055,918**	**265,941**	**5,999,176**
December 31, 2013	**$ -**	**1,859,434**	**1,337,017**	**643,377**	**42,533**	**3,882,361**
January 1, 2013	**$ -**	**2,000,968**	**2,097,434**	**704,955**	**44,448**	**4,847,805**

2. Uncertainty of assumptions and estimates

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 group 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.

3. Guarantees

Please refer to Note 8 for the guarantees of long-term loan as of December 31, 2014 and 2013 in details.

(9) Intangible assets

Costs and amortization of intangible assets of the Company are listed as follows:

	Patent
Cost:	
Balance – 1/1/2014	$ -
Acquired through business merger	19,267
Current amortization	(1,482)
Balance – 12/31/2014	**$ 17,785**

The amortization expense of intangible assets was reported in the operating cost of the Income Statement for an amount of NT$1,482 thousand in 2014.

(10) Short-term loans

	2014.12.31	2013.12.31
Unsecured bank loans	$ 750,000	1,004,800
Purchase of materials loan	-	102,371
	$ 750,000	**1,107,171**
The unutilized credit amount	**$ 1,954,800**	**2,148,436**
Ending loan interest rate interval	**1.12%~1.14%**	**1.07%~1.15%**

The Company's short-term loan is denominated in NT$.

(11) Long-term loan

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

	2014.12.31			
	Currency	Ending interest rate interval	Contract period	Amount
Syndicated loan granted by the Taiwan Cooperative Bank	NTD	1.68%	2013.05.09~2018.05.09	$ 2,925,334
Taiwan Cooperative Bank	NTD	1.50%	2013.06.28~2016.06.28	400,000
CITIC Bank	NTD	1.55%	2014.10.31~2016.10.31	350,000
Mega Bank	NTD	1.50%	2014.07.06~2016.07.05	300,000
China Development Bank	NTD	1.40%	2014.02.25~2016.02.25	200,000
Taipei Fubon Bank	NTD	1.51%	2014.12.16~2016.12.16	300,000
Total				**$ 4,475,334**
Current				$ 666,667
Non-current				3,808,667
Total				**$ 4,475,334**
The unutilized credit amount				**$ 700,000**

	2013.12.31			
	Currency	Ending interest rate	Contract period	Amount

		interval		
Syndicated loan granted by the Taiwan Cooperative Bank	NTD	1.79%	2013.05.09~2018.05.09	$ 2,489,450
Taiwan Cooperative Bank	NTD	1.50%	2013.06.28~2016.06.28	400,000
CITIC Bank	NTD	1.59%	2013.10.31~2015.10.31	350,000
Mega Bank	NTD	1.50%	2013.07.06~2015.07.05	300,000
E. Sun Bank	NTD	1.58%	2012.07.31~2015.07.31	400,000
Bank of Taiwan	NTD	1.55%	2013.08.12~2016.08.12	300,000
Taipei Fubon Bank	NTD	1.51%	2013.11.27~2015.11.27	300,000
Total				**$ 4,539,450**
Current				$ 166,667
Non-current				4,372,783
Total				**$ 4,539,450**
The unutilized credit amount				**$ 1,500,000**

The Company had a syndicated loan signed with the Cooperative Bank and the other five banks on May 6, 2013 for a credit line of NT$4,000,000 thousand. According to the contract signed, the Company during the loan period must maintain a specific current ratio, debt ratio, times interest earned ratio and net value on the consolidated financial statements of the audited year and on the consolidated financial statements of the second quarter reviewed.

According to the syndicated loan agreement signed between the Cooperative Bank and other banks and the Company, the Company must repay the balance of the syndicated loan to Citibank (Taiwan) and other banks with top priority. The Company after implementing the credit line in May 2013 had repaid the principal and interest to Citibank (Taiwan) and other banks in full and with the credit line cancelled.

If some of the Company's financial ratios failed to meet the requirements referred to above, an application for exemption should be filed with the banks according to the contract with the non-conformity and root causes and the corrective action to be taken stated for the review of the syndicate banks. For any breach of contract confirmed, the banks may require repayment for the utilized loans.

According to the provisions of the contract referred to above, if the actual credit amount used by the Company in the expected implementation date is less than the amount expected, the Company is to have the commitment fee for the outstanding credit line calculated and paid in accordance with 0.1%~0.2% of the annual fee. As of December 31, 2014, the Company had such credit line utilized in accordance with the contractual schedule without the need to pay for the commitment fee.

The Company's 2014 consolidated financial report are in compliance with the financial ratio limits.

Please refer to Note 6 (26) for information on the Company's interest rate, foreign currency and liquidity risk exposure.

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

(12) Finance lease liability

The Company had part of the property, plant and equipment acquired through a financial lease with the finance lease liability payable booked in the "Other current liability" and "Other non-current liability" as follows:

	2014.12.31		
	Future	**Interest**	**The present**

	minimum lease payment		value of the minimum lease payment
Within 1 year	$ 19,492	11,515	7,977
1~5 years	77,968	42,756	35,212
Over 5 years	320,726	67,209	253,517
	$ 418,186	**121,480**	**296,706**

The Company had merged the financial lease liability of Sunrise Global Solar Energy Co., Ltd. on August 1, 2014, which was for the land lease contract signed with the Industries Development Bureau MOEA in October 2007 to lease the Li-Kong Section of the Lize Industrial Park. According to the contract signed, upon the expiration of the lease, the Company may have the rent that was paid throughout the lease period converted as payment for buying the land according to the market price at the time of signing the contract.

(13) Liability reserve

1. Changes in the Company's liability reserve are as follows:

	Onerous contract
Balance – 1/1/2014	$ 119,519
Liability reserve for merger	427,000
Current liability reserve reversed	(119,519)
Balance – 12/31/2014	**$ 427,000**
Balance – 1/1/2013	$ 266,616
Current liability reserve reversed	(147,097)
Balance – 12/31/2013	**$ 119,519**

The onerous contract appropriated by the Company was for the long-term silicone material supply contract signed with the supplier. The parties to the contract have agreed to have the supply volume and price fulfilled completely from January 1, 2006 to December 31, 2019. 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 the current market price volatility, the Company has the contractual price re-negotiated with some of the silicon suppliers or negotiated with some of the suppliers for the current purchase price in accordance with market conditions in order to adjust the average purchase price. However, the long-term purchase of the raw materials contract price adjustment is still under negotiations with some of the suppliers; therefore, the Company has the relevant liability reserve appropriated. Please refer to Note 9 for the notice of the silicone suppliers requesting the Company to perform the contract.

2. Uncertainty of assumptions and estimates

The Company based on future procurement forecast to estimate the possible loss arising from the breach of the long-term purchase contract in order to appropriate loss reserve. Therefore, the impact of future economic change on the Company’s operating conditions and results of agreements with suppliers are likely to materially affect the estimation of the Company’s liability reserve.

(14) Operating lease

Lease of lessee

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

	2014.12.31	2013.12.31
Within 1 year	$ 8,436	8,690
1~5 years	31,148	31,833
Over 5 years	48,050	55,800
	$ 87,634	**96,323**

The operating lease expense reported in profit or loss was NT$10,783 thousand and NT$9,976 thousand in 2014 and 2013, respectively.

The company leased the plant from Globalwafers Co., Ltd. The lease term is from October 1, 2011 to September 30, 2015 for an annual rent of NT$816 thousand.

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. According to the contract signed, the rent is to be adjusted in accordance with the adjustments of the land price announced by the government and for an annual rent of NT$7,750 thousand.

(15) Employee benefits

1. Defined benefit plan

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

	2014.12.31	2013.12.31
The total present value of obligations	$ (42,939)	(40,073)
The fair value of plan assets	10,149	9,205
The defined benefit obligations recognized	**$ (32,790)**	**(30,868)**

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 who is 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 appropriated by the Company in accordance with the Labor Standards Act is managed collectively by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the "Bureau of Labor Funds"). According to the "Rules Governing the Income and Expense Safekeeping and Utilization of Labor Pension Fund," the minimum earnings of the fund shall not be less than the earnings calculated at the two-year time deposit interest rate of the local bank.

The Company's pension reserve account at the Bank of Taiwan amounted to NT$10,149 thousand on December 31, 2014. 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) Changes in the present value of the defined benefit obligation

Changes in the present value of the Company's defined benefit obligations in 2014 and 2013 are as follows:

	2014	2013
Defined benefit obligations – 1/1	$ 40,073	37,051

Current service cost and interest	1,060	867
Actuarial (loss) gain	1,806	2,155
Defined benefit obligations – 12/31	**$ 42,939**	**40,073**

(3) Changes in the fair value of plan assets

Changes in the fair value of the Company's defined benefit plan assets in 2014 and 2013 are as follows:

	2014	2013
Fair value of the plan assets on January 1	$ 9,205	8,298
The expected return of plan assets	192	163
The Company's amount of appropriation	728	789
Actuarial (loss) gain	24	(45)
Fair value of the plan assets on December 31	**$ 10,149**	**9,205**

(4) The expenses recognized in the profit or loss

The Company's expenses recognized in the profit or loss in 2014 and 2013 are as follows:

	2014	2013
Current service cost	$ 359	357
Interest cost	701	510
The expected return of plan assets	(192)	(163)
	$ 868	**704**
The actual return of plan assets	**$ 216**	**118**

(5) The actuarial profit and loss recognized in other profit or loss

The Company's actuarial profit and loss recognized in the profit or loss in 2014 and 2013 are as follows:

	2014	2013
Accumulated balance – 1/1	$ (22,197)	(19,997)
Recognized currently	(1,782)	(2,200)
Accumulated balance – 12/31	**$ (23,979)**	**(22,197)**

(6) Actuarial assumptions

The major actuarial assumptions used by the Company at the end of the financial reporting day are as follows:

A. The actuarial calculation of the present value of defined benefit obligations on December 31, 2014 and 2013

	2014.12.31	2013.12.31

Discount rate	1.625%	1.750%
Expected return on plan assets	2.000%	2.000%
Future salary increases	2.000%	2.000%

B. The actuarial calculation of the defined benefit plan cost in 2014 and 2013

	2014	**2013**
Discount rate	1.750%	1.375%
Expected return on plan assets	2.000%	1.875%
Future salary increases	2.000%	2.000%

(7) Historical information of experience adjustments

	2014.12.31	**2013.12.31**	**2012.12.31**	**2012.1.1**
The present value of defined benefit obligations	$ (42,939)	(40,073)	(37,051)	(31,154)
The fair value of plan assets	10,149	9,205	8,298	7,371
Defined benefit obligations net debt	**$ (32,790)**	**(30,868)**	**(28,753)**	**(23,783)**
Experience adjustment of the present value of defined benefit plan	**$ (1,250)**	**(4,905)**	**(5,102)**	**-**
Experience adjustment of the fair value of plan assets	**$ 25**	**(45)**	**(54)**	**-**

The Company expects to have an amount of NT$856 thousand appropriated for the payment of the defined benefit plan within one year after the 2014 reporting date.

(8) When calculating the present value of defined benefit obligations, the Company must use judgment and estimates to determine the related actuarial assumptions at the balance sheet date, including employee turnover rate and future changes in salaries. Any change in the actuarial assumptions is likely to materially affect the amount of the Company's defined benefit obligations.

The book value of the Company's accrued pension liabilities amounted to NT$32,790 thousand on the 2014 reporting date. When the discount rate is increased or decreased by 0.25%, the changes in the Company's accrued pension liability are as follows:

	The profit and loss of the present value of the defined benefit obligations	
Actuarial assumptions	**Increased by 0.25%**	**Decreased by 0.25%**
Discount rate	**$ (1,041)**	**1,045**
Salary adjustment rate	**$ 1,078**	**(1,014)**

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 of making extra payments.

The Company's pension expense under the defined contribution plan was NT$24,356 thousand and NT$18,202 thousand in 2014 and 2013, respectively; also, the amount had been appropriated to the Bureau of Labor Insurance, Ministry of Labor.

(16) Income tax

According to Article 40 of the Enterprises Mergers and Acquisitions Act, the Company and Globalwafers Co., Ltd. have the profit-seeking enterprise income tax return filed in accordance with the Consolidated Tax Return System since the year 2012. The Company is the taxpayer to have the tax return of the Company and Globalwafers Co., Ltd. filed together in accordance with the relevant provisions of the Income Tax Act, including an additional 10% profit-seeking enterprise income tax for the unappropriated earnings. The other tax-related matters are to be handled separately by each company.

The Company and Globalwafers Co., Ltd. have income tax return first filed separately in accordance with IAS 12 "Income Tax." After having the difference related to the joint income tax return adjusted and consolidated, it is amortized to each company in the joint tax return filing through a reasonable, systematic and consistent method. The income tax and deferred income tax expense after amortization is expressed in the financial statements.

1. Income tax expenses

The Company's income tax expense (profit) in 2014 and 2013 is as follows:

	2014	2013
Current income tax profit		
Occurring during the year	$ (89,024)	(68,068)
Adjustment of the income tax-current of prior period	(235)	(507)
	(89,259)	(68,575)
Deferred income tax expense (profit)		
Temporary differences occurring and reversed	64,287	(25,280)
Changes in the unrecognized deductible temporary differences	34,288	(79,515)
	98,575	(104,795)
Income tax expense (profit)	**$ 9,316**	**(173,370)**

The Company's income tax expense (profit) recognized in other profit or loss in 2014 and 2013 is as follows:

	2014	2013
Exchange difference from conversion of financial statements of overseas operations	**$ (4,684)**	**(4,224)**

The Company's income tax expense (profit) and net income before tax in 2014 and 2013 is adjusted as follows:

	2014	2013
Net income before tax	$ 1,137,761	121,748
The income tax is calculated in accordance with the domestic income tax rate where the Company is located.	193,419	20,698
Permanent differences adjustment	(402,636)	(145,206)
The underestimation and overestimation of the prior period and unrecognized temporary difference	218,533	(48,862)
	$ 9,316	**(173,370)**

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:

	2014.12.31	2013.12.31
Deductible temporary differences	$ 315,873	98,880
Investment tax credits	-	983,858
Loss carryforwards	291,821	386,642
	$ 607,694	**1,469,380**

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 income 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 income in the future for the use of temporary differences.

As of December 31, 2014, the deadline for the deduction of the Company's tax losses arising from the items that had not been recognized as deferred tax assets are as follows:

Annual losses	Loss to be deducted	Deadline for deduction
2012	$ 673,600	2022
2013	190,464	2023
2014	852,530	2024
	$ 1,716,594	

(2) Recognized deferred income tax assets and liabilities

Deferred income tax assets and liabilities are listed as follows:

	2013.1.1	Recognized in the income statement	Recognized in other comprehensive income statement	2013.12.31	Recognized in the income statement	Recognized in other comprehensive income statement	Acquired through business merger	2014.12.31
Allowance for inventory loss in valuation	$ 14,853	(613)	-	14,240	3,184	-	16,773	34,197
Investment tax credits	72,934	(72,934)	-	-	-	-	-	-
Loss deduction	-	183,792	-	183,792	(103,793)	-	-	79,999
Other	64,549	(5,450)	(4,224)	54,875	2,034	(4,684)	9,807	62,032
	$ 152,336	**104,795**	**(4,224)**	**252,907**	**(98,575)**	**(4,684)**	**26,580**	**176,228**

3. Audited and approved income tax return filed

The Company's income tax returns filed have been audited and approved by the tax authorities up to 2011.

4. The Company's income tax integration is as follows:

	2014.12.31	2013.12.31
The attributable year of unappropriated earnings:		
After 1998	$ 392,191	64,423
Tax credit account balance	$ 83,760	79,814

	2014 (Estimated)	2013 (Actual)
ROC resident's tax credit ratio for earnings distribution	21.36%	-

The income tax integration amount referred to above was processed in accordance with the Tai.Chai.Shay No. 10204562810 Letter dated October 17, 2014 of the Ministry of Finance.

(17) Capital and other equity

The Company's authorized capital amounted to NT$8,000,000 thousand with 800,000 thousand shares issued at NT$10 par on December 31, 2014 and 2013, respectively, (All including employee stock warrants, preferred stock with stock option or corporate bonds with stock option, and NT$200,000 thousand worth of stock shares available for subscription). The legal registration procedure for the authorized capital stock is completed. The paid-in capital amounted to NT$5,800,312 thousand and NT$5,231,191 thousand, respectively.

The Company's outstanding stock shares in 2014 and 2013 were adjusted as follows (expressed in thousand shares):

	Common stock	
	2014	2013
Beginning outstanding shares – 1/1	523,119	515,526
New shares issued for the merger	56,888	-
Employees exercising stock options	24	-
Buy back treasury stock	-	(170)
Treasury stock shares transferred to employees	-	7,763
Ending outstanding shares – 12/31	580,031	523,119

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 listed 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.

The Company had 24 thousand stock shares issued for the stock option of the stock warrant exercised by the employees in 2014 and the legal registration procedure for the stock issuance was completed as of December 31, 2014.

The Company had additionally issued 56,888 thousand common stock shares for merging Sunrise Global Solar Energy Co., Ltd. on August 1, 2014 and the legal registration procedure for the stock issuance was completed as of December 31, 2014.

2. Additional paid-in capital

The additional paid-in capital balance of the Company is as follows:

	2014.12.31	2013.12.31
Common stock premium	$ 16,278,647	14,491,027
Difference between the disposal price and book value of the subsidiary's equity	123,752	-
Additional paid-in capital of long-term equity investment is recognized under the equity method	206,007	122,068
Treasury stock transactions	31,765	31,765
Employee stock options, etc.	355,338	332,642
	$ 16,995,509	**14,977,502**

According to the Company Law amended in January 2013, additional paid-in capital is for making up losses first before capitalizing the realized additional paid-in capital or distributing cash dividends to shareholders in accordance with the original shareholding ratio. The realized additional paid-in capital referred to above includes the stock premium and bestowed income. According to the Criteria Governing the Offering and Issuance of Securities by Issuers, the total amount of additional paid-in capital for capitalization every year may not exceed 10% of the paid-in capital.

A decision was resolved in the Company's shareholders' meeting on June 26, 2014 to distribute NT$523,142 thousand (NT$1 per share) in cash with the additional paid-in capital of 2013. Please visit the MOPS for the related information.

3. Legal reserve

According to the Company Law amended in January 2013, the Company is to appropriate 10% of its net income as legal reserve until it is equivalent to the total capital amount. If there is no net loss, the Company may have stock dividends or cash dividends distributed with legal reserve based on the resolution reached in the shareholder's meeting, but limited to the legal reserve amount exceeding 25% of the paid-in capital.

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. The special reserve balance amounted to NT$102,349 thousand as of December 31, 2014 and 2013, respectively.

According to the Order referred to above, while distributing the distributable earnings, the Company had additional special reserve appropriated from the current profit 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. Earnings distributions and dividend policy

According to the Articles of Association amended on June 26, 2014, the Company's annual earnings, if any, should be distributed in the order as follows:

(1) Make up losses.

(2) Appropriate 10% legal reserve. Unless the cumulative legal reserve is equivalent to the Company's total capital stock.

(3) Appropriate or reverse the special reserve in accordance with the law or regulations or the requirements of the competent authorities.

(4) For any remaining balance of the current earnings after deducting the amount in paragraph (1) ~ (3), appropriate not more than 3% of the remaining amount as remuneration to directors and minimum 5% of the remaining amount as employee bonus and the remaining amount thereafter plus undistributed earnings of previous years to be distributed in accordance with the earnings distribution proposed by the board of directors and resolved in the shareholders' meeting.

For the sustainable operation and development and the stable growth of earnings per share, the Company has the shareholder dividend distribution ratio determined with more than 50% cash dividends distributed. If the employee bonus is distributed with stock shares issued, the employees of the Company's subsidiary who have met the specific conditions that are stipulated by the authorized Chairman are entitled to such stock dividend distribution.

The distributable earnings from the net income of 2014 and 2013 after deducting the 10% legal reserve and special reserve were NT$0; therefore, no need to estimate the amount of employee bonus and remuneration to directors.

The 2014 earnings distribution was proposed by the Company's Board of Directors on March 24, 2015 for a dividend of NT$1.8/share to be distributed with the additional paid-in capital. Such earnings distribution is yet to be resolved in the shareholders' meeting. The relevant information can be obtained from the MOPS after the resolutions reached in the meetings.

The Company's 2012 loss subsidy proposal was resolved in the shareholders' meeting on June 25, 2013. The loss subsidized with legal reserve and special reserve amounted to NT$773,750 thousand and NT$604,810 thousand, respectively, and without any dividend distribution planned.

6. Treasury stock

The Company exercises treasury stock system to buy back stock shares from the Gre Tai Securities Market. The changes in treasury stock are illustrated by the reasons for

buy back as follows:

Unit: Thousand shares

Reasons for buy back	2013 Beginning shareholdings	Increase of the year	Decrease of the year	Ending shareholdings
Transferred to Company's employees and the subsidiary's employees	7,593	170	7,763	-

According to the Securities Exchange Act, the repurchased shares and percentage shall not exceed 10% of the outstanding shares; the total amount of treasury stock shall not exceed the lump sum of the retained earnings, stock premium and realized additional paid-in capital. According to the Securities and Exchange Act, the Company's treasury stock may not be pledged and is not entitled to the rights of shareholders before transfer.

7. Other equity (after tax)

	Exchange difference arising from the conversion of a foreign institution's financial statements	Available-for-sale investment	Other	Total
January 1, 2014	$ (1,489,219)	(802,589)	-	(2,291,808)
Exchange difference arising from the conversion of a foreign institution's net assets	39,591	-	-	39,591
Exchange difference of the subsidiaries and affiliated companies under the equity method	(211,776)	-	-	(211,776)
Available-for-sale financial assets unrealized gains and losses	-	(196,282)	-	(196,282)
The unrealized profit or loss of the available-for-sale financial assets of the affiliated companies under the equity method	-	4,958	-	4,958
The un-earned remuneration of the employees of the affiliated companies under the equity method	-	-	(6,989)	(6,989)
New shares issued for the merger	(8,206)	-	-	(8,206)
Balance – 12/31/2014	$ (1,669,610)	(993,913)	(6,989)	(2,670,512)

	Exchange difference arising from the conversion of a foreign institution's financial	Available-for-sale investment	Other	Total

	statements			
January 1, 2013	$ (628,954)	(1,107,472)	-	(1,736,426)
Exchange difference arising from the conversion of a foreign institution's net assets	20,623	-	-	20,623
Exchange difference of the subsidiaries and affiliated companies under the equity method	(880,888)	-	-	(880,888)
Available-for-sale financial assets unrealized gains and losses	-	304,883	-	304,883
Balance – 12/31/2013	**$ (1,489,219)**	**(802,589)**	**-**	**(2,291,808)**

(18) Share-based payment

1. Employee stock warrants

It was resolved in the Board meeting in June 2010 to have the 1st employee stock warrant issued for 10,000,000 units in 2010, which was declared and became effective on November 12, 2010 and issued on August 10, 2011. One unit of stock warrant can subscribe to one common stock share of the Company for a 6-year duration. Employees may exercise the stock option for the cumulative ratio of 40%, 60%, 80% and 100% after 2-year, 3-year, 4-year, and 5-year, respectively, from the date the stock option was awarded.

The Company's employee stock warrant awarded as of December 31, 2014 is as follows:

Type	The effective date of declaration	Awarded date	Vested period	Vested unit (Thousand units)	Subscription unit price (NT$)	Market price per unit on the measurement date (NT$)	Adjusted performance price (NT$)
The first employee stock options in 2010	2010.11.12	2011.8.10	Service period 2~4 years	10,000	60.50	60.50	55.10

The remuneration cost of the Company's 2014 and 2013 compensating employee stock option plan amounted to NT$28,808 thousand and NT$52,784 thousand, respectively, (including NT$6,118 thousand and NT$34,818 thousand recognized as remuneration cost by the subsidiaries, respectively). The fair value of the stock option awarded to employees on August 10, 2011 was estimated in accordance with Black-Scholes stock option valuation model and with the weighted average information of the assumptions illustrated as follows:

Dividend rate	3.6%
Expected price volatility	48.065%
Risk-free interest rate	1.2905%
Expected duration	6 years

The Company at the time of partition had transferred 2,175 thousand shares and 885 thousand shares of the stock option to the subsidiaries, Globalwafers Co., Ltd. and Sino Sapphire CO., LTD., on October 1, 2011, respectively. The volume and weighted average price of the Company's employee stock warrant in 2014 and 2013 is disclosed as follows:

	2014		2013	
Employee stock options	Quantity (thousand shares)	Adjusted weighted average price (NT$)	Quantity (thousand shares)	Adjusted weighted average price (NT$)

Outstanding shares - beginning	6,350	$ 57.40	6,940	57.40
Confiscated in current period (number of failures)	(20)	57.40	(590)	57.40
The number of shares transferred in the current period of employees assigned to subsidiaries	(2,405)	57.40	-	-
Outstanding shares - ending	**3,925**	55.10	**6,350**	57.40
Exercisable employee stock options - ending	**1,385**	55.10	**2,886**	57.40
The average fair market value per share (NT$) of the employee stock options	**$ 23.36**		**23.36**	

The weighted average residual duration of the outstanding employee stock options on December 31, 2014 and 2013 was for 1.66 years and 2.66 years, respectively.

2. Treasury stock shares transferred to employees

The expenses of the share-based payment arising from the treasury stock transferred to employees and the subsidiary, Globalwafers Co., Ltd., in 2013 was NT$46,512 thousand (of which, the expense of NT$15,293 thousand was for the share-based payment arising from the treasury stocks transferred to the subsidiary).

The fair value of the share-based payment on the award day is estimated in accordance with Black-Scholes stock option valuation model and with the inputs as follows:

The fair value on the award day	6.06
The stock price on the award day	39.9
Exercising price	33.8
Expected volatility rate (%)	34.072%
Duration of stock option (years)	0.0438 years
Expected dividend rate	3.402%
Risk-free interest rate (%)	0.776%

(19) Earnings per share

1. Basic earnings per share

	2014	2013
Net income attributable to the common stock of the Company	**$ 1,128,445**	**295,118**
Weighted average number of outstanding common stock – current	**546,844**	**521,925**
Basic earnings per share	**$ 2.06**	**0.57**

2. Diluted earnings per share

The 2014 and 2013 employee stock options had no dilution effect; therefore, the diluted earnings per share would not be disclosed.

(20) Income

	2014	2013
Sales of goods	$ 9,086,407	5,201,724
Labor service provided	8,830	3,253
Processing	80,500	3,858

	$ 9,175,737	**5,208,835**

(21) Other income

	2014	2013
Interest income	$ 4,847	636
Dividend income	11,711	9,203
	$ 16,558	**9,839**

(22) Other profit and loss

	2014	2013
Foreign currency exchange gains and losses	$ 101,325	33,501
Profit from disposal of investments:		
Net profit from the disposal of available-for-sale financial assets	-	62,342
Loss from the disposal of investment under the equity method	-	(19,226)
Other	60,077	38,792
	$ 161,402	**115,409**

(23) Finance cost

	2014	2013
Interest expenses		
Bank loans	$ 92,266	103,519
Lease payable	5,485	-
	$ 97,751	**103,519**

(24) The other profit or loss of the subsidiaries and affiliates companies recognized in accordance with the equity method

The other profit or loss of the subsidiaries recognized in accordance with the equity method in 2014 and 2013 is as follows:

	2014	2013
Actuarial gains and losses of defined benefit	$ (58,898)	(6,264)
Exchange difference from conversion of financial statements of overseas operations	(253,405)	(1,061,790)
Profit in valuation of the available-for-sale financial assets	4,958	-
The income tax related to other comprehensive profit or income	51,643	180,902
	$ (255,702)	**(887,152)**

(25) Re-classification and adjustment of the other comprehensive profit or income

The re-classification and adjustment of the other comprehensive profit or income of the Company in 2014 and 2013 is as follows:

	2014	2013
Available-for-sale financial assets:		
Net changes in the fair value - current	$ (191,324)	367,225
Net change in fair value reclassified to profit or loss	-	(62,342)

Net change in fair value recognized in other profit or loss	**$ (191,324)**	**304,883**

(26) Financial instruments

1. Classification of financial instruments

Financial assets

	2014.12.31	2013.12.31
Available-for-sale financial assets (including financial asstsassets valued at cost)	$ 1,725,960	1,795,273
Loans and receivables:		
Cash and cash equivalents	1,460,560	343,226
Notes and accounts receivable (including related party)	1,507,658	1,078,717
Other financial assets (current and noncurrent)	66,337	43,134
	$ 3,034,555	**1,465,077**
	$ 4,760,515	**3,260,350**

Financial liabilities

	2014.12.31	2013.12.31
Financial liabilities valued at the amortized cost:		
Short-term loans	$ 750,000	1,107,171
Notes and accounts payable (including related party)	1,056,628	1,493,741
Rent payable (current and noncurrent)	296,706	-
Long-term loans (including long-term loan due in one year)	4,475,334	4,539,450
	$ 6,578,668	**7,140,362**

2. Credit Risk

(1) Credit risk exposure

The book value of financial assets represents the maximum credit risk exposure amount. The maximum credit risk exposure amount wasn't$3,034,555 thousand and NT$1,465,077 thousand on December 31, 2014 and 2013, respectively.

(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. As of December 31, 2014 and 2013, 73% and 88%, respectively, of the Company's notes and accounts receivable (including related party) were attributable to the top-10 customers. Although there was the risk of concentration, the Company had regularly assessed the likelihood of the recovery of receivables and with appropriate allowance for bad debts appropriated.

3. 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.

	Book value	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2014							

Non-derivative financial liabilities							
Short-term loans	$ 750,000	(758,510)	-	(758,510)	-	-	-
Notes and accounts payable (including related party)	1,056,628	(1,056,628)	(1,056,628)	-	-	-	-
Long-term loans (including long-term loan due in one year)	4,475,334	(4,656,486)	(336,140)	(338,947)	(2,975,473)	(1,005,926)	-
Financing lease liabilities	296,706	(418,186)	(9,746)	(9,746)	(19,492)	(58,476)	(320,726)
	$ 6,578,668	**(6,889,810)**	**(1,402,514)**	**(1,107,203)**	**7,140,362**	**(7,455,798**	**(320,726)**
December 31, 2013							
Non-derivative financial liabilities							
Short-term loans	1,107,171	(1,117,741	(1,920)	(1,115,821)	-	-	-
Notes and accounts payable (including related party)	1,493,741	(1,493,741)	(1,493,741)	-	-	-	-
Long-term loans (including long-term loan due in one year)	4,539,450	(4,844,316)	(84,078)	(84,822)	(1,564,826)	(3,110,590	-
	$ 7,140,362	**(7,455,798)**	**(1,579,739)**	**(1,200,643)**	**(1,564,826**	**(3,110,590)**	**-**

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.

4. Exchange rate risk

(1) Exchange rate risk exposure

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

	2014.12.31		
	Foreign currency	**Exchange rate**	**NTD**
Financial assets			
Monetary items			
USD	$ 84,764	31.650	2,682,781
JPY	31,375	0.2646	8,302
EUR	1,925	38.470	74,055
Financial liabilities			

Monetary items			
USD	27,900	31.650	883,035
JPY	62,131	0.2646	16,440
EUR	1,036	38.470	39,855

	2013.12.31		
	Foreign currency	**Exchange rate**	**NTD**
Financial assets			
Monetary items			
USD	$ 36,490	29.805	1,087,584
JPY	1,009	0.2839	286
EUR	1,260	41.090	51,773
Financial liabilities			
Monetary items			
USD	44,354	29.805	1,321,971
JPY	132,492	0.2839	37,614

(2) Sensitivity analysis

The Company's exchange rate risk primarily come 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. When NT to the USD, JPY, and EUR was valued or devalued by 5% on December 31, 2014 and 2013 and with all other factors remaining unchanged, the 2014 and 2013 net income before tax was increased or decreased by NT$91,290 thousand and NT$10,997 thousand, respectively. The analysis of the two periods was performed on the same basis.

5. Interest rate 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 interest rates increased or decreased by 0.25%, but all other variables remained constant, the Company's net income before tax in 2014 and 2013 would be decreased or increased by NT$11,153 thousand and NT$13,258 thousand, respectively, mainly due to the Company's loans with variable interest rates.

6. Fair value

(1) The Company's non-derivative short-term financial assets and liabilities include notes and accounts receivable/payable (including related party), other receivable to / payable from related party, other financial assets - current and non-current, and short-term loans; also, the fair value is estimated in accordance with the book value at the balance sheet date. Since such instrument is with a short expiration date, the book value is a reasonable basis used to estimate the fair value.

(2) In addition to the financial assets and liabilities referred to above, the fair value of the remaining non-derivative financial assets and liabilities is as follows:

	2014.12.31		2013.12.31	
	Book value	**Fair value**	**Book**	**Fair value**

			value	
Financial assets:				
Financial assets in available-for-sale-non current	$ 858,637	858,637	1,000,245	1,000,245
Financial liabilities:				
Long-term loans (including long-term loan due in one year)	4,475,334	4,475,334	4,539,450	4,539,450
Rent payable (current and noncurrent)	296,706	357,559	-	-

(3) The Company has the fair value of the financial assets and financial liabilities referred to above determined in accordance with the following methods:

A. If the available-for-sale financial assets are quoted with the available market price, the market price is the fair value.

B. Long-term loans: It is with an interest-bearing nature with a floating interest rate adopted; therefore, the loan amount is the fair value.

C. The fair value of the lease payable is determined in accordance with the generally accepted pricing models based on the cash flow discount analysis. The 1.78% discount rate adopted for estimating the fair value of the lease payable is based on the quoted 10-year loan interest rate swap.

(4) The fair value hierarchy

Analyze financial instruments that are measured at fair value in accordance with the following evaluation methods. The definition of each fair value category is as follows:

A. Level I: The market quoted price of the identical assets or liabilities (unadjusted);

B. Level II: In addition to the quoted prices included in Level I, the input parameters of the asset or liability can be observed directly (*i.e.* prices) or indirectly (*i.e.* derived from prices).

C. Level III: Input parameters of the asset or liability are not based on the observable market data (non-observable parameters)

	Level I	Level II	Level III	Total
December 31, 2014				
Financial assets in available-for-sale-non current	$ 858,637	-	-	858,637
December 31, 2013				
Financial assets in available-for-sale-non current	$ 1,000,245	-	-	1,000,245

(27) Financial Risk Management

1. Outline

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 individual financial statements for the quantitative disclosure in detail.

2. Risk management structure

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.

Monitor the compliance of the Company's risk management policies and procedures, and review the adequacy of the Company's related risk management framework for the risk faced. Internal auditors assist the Board of Directors to monitor. Internal auditors carry out the regular and extraordinary review of risk management controls and procedures, and report the results of review to the Board.

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 The Company controls the credit risk exposure of each financial institution, and believes that the Company's cash is free of any notable significant concentration of credit risk.

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. In addition, the financial assets valued at cost held by the Company cannot be sold quickly in the market; therefore, it could lead to a liquidity risk.

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 income 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.

The Company has conducted derivatives transactions to manage market risk with the resulting financial liabilities. All transactions are executed in compliance with the guidelines of the Board of Directors.

(1) Exchange rate risk

The Company is exposed to exchange rate risk that is arising from the sales, purchases and loans transactions denominated in non-functional currency. The Company's functional currency is the NTD. Such transactions are mainly denominated in the currencies of NTD, USD, JPY and EUR.

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 NTD.

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

Please refer to Note 6 (4) for risk of changes, in detail.

(28) 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 Company's capital stock, additional paid-in capital, retained earnings and other equities. 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:

	2014.12.31	2013.12.31
Total liabilities	$ 10,271,663	11,111,782
Less: Cash and cash equivalent	(1,460,560)	(343,226)
Net liabilities	**$ 8,811,103**	**10,768,556**
Total Equity	**$ 20,898,239**	**18,297,624**
Debt capital ratio	**42.16%**	**58.85%**

The Company buying back treasury stock is for having it transferred to the employees. The trade of treasury stock is a decision of the Board of Directors in accordance with the "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies." The Company does not have defined plans to buy back treasury stock.

As of December 31, 2014, the capital management method of the Company had not been changed.

(29) Investment and financing activities of non-cash transactions

The Company issued common stock shares on August 1, 2014 to acquire 49.05% stock shares of Sunrise Global Solar Energy Co., Ltd. Please refer to Note 6 (7) and (17) for details.

7. Related party transactions

(1) The relationship between parent company and subsidiaries

The Company's subsidiaries are as follows:

	Location of establishment	Shareholder's equity (shareholder ratio %)	
		2014.12.31	2013.12.31
Sino Silicon Technology Inc. (referred to as "SSTI" hereinafter)	British Virgin Islands	100%	100%
Globalwafers Co., Ltd.	Taiwan	94.92%	98.6%
Sunrise Global Solar Energy Co., Ltd.	Taiwan	-	50.95%
Aleo Solar GmbH (hereinafter referred to as "Aleo Solar") (Note)	Germany	100%	-
Aleo Solar Distribuzione Italia S.r.l.	Italy	100%	-
Sino-American Materials Co., Ltd.	Taiwan	90%	-
GlobalSemiconductor Inc. (hereinafter referred to as GSI)	Cayman	100%	100%
GlobalWafers Inc. (hereinafter referred to as	Cayman	100%	100%

"GWI")			
GWafers Co., Ltd. (hereinafter referred to as "GWafers")	Japan	100%	100%
Sino-America Silicone Products Inc. (hereinafter referred to as "Sino-America Silicone")	Kunshan City, Jiangsu Province	100%	100%
GlobiTech Incorporated (hereinafter referred to as "GTI")	Texas	100%	100%
GlobalWafers Japan Co., Ltd. (hereinafter referred to as "GWJ")	Japan	100%	100%

Note: Was known as "SCP Solar GmbH" and renamed as "Aleo Solar GmbH" in 2014.

(2) Parent company and ultimate controller

The Company is the ultimate controller of the Company and its subsidiaries.

(3) Major management transactions

The remuneration to main management includes:

	2014	2013
Short-term employee benefits	$ 55,685	16,279
Post-employment benefits	513	540
Share-based payment	-	14,079
	$ 56,198	**30,898**

The Company provided 4 automobiles for a total of NT$4,645 thousand and 3 automobiles for a total of NT$3,145 thousand for the use by management in 2014, and 2013, respectively as follows:

Please refer to Note 6 (18) for the share-based payment, in detail.

(4) Other related party transactions

1. Operating revenue

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

	2014	2013
Subsidiary	$ 398,712	198,737
Affiliated Enterprises	1	31,963
The major management	-	348,889
Other related parties	1,096,537	44,867
	$ 1,495,250	**624,456**

The Company had processing income from the related party for NT$215,330 thousand and NT$199,416 thousand in 2014 and 2013 that was debited to the operating cost, respectively.

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 offered a payment term of O/A 0~210 days to general customers in 2014 and 2013. The Company offered a payment term of O/A 30 days after shipment ~ O/A 120 days from the following month of the shipment made and O/A 35 days after shipment ~ O/A 60 days from the following month of the shipment made to the related party.

2. Purchase and outsourced processing

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

	2014	2013
Subsidiary	$ 15,496	75,312
Affiliated Enterprises	-	7,090
Other related parties	320,473	6,840
	$ 335,969	**89,242**

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

The Company was granted a payment term of O/A 0 day ~ O/A 120 days from the following month of the shipment receive from general suppliers in 2014 and 2013. The Company was granted a payment term of O/A 15 days from the following month of the shipment received and O/A 60 days from the related party.

3. Receivables from related parties

The Company's receivables from the related parties are as follows:

Account	Classification of related party	2014.12.31	2013.12.31
Receivables from related parties	Subsidiary	$ 121,490	93,063
Receivables from related parties	The major management	-	110,748
Receivables from related parties	Other related parties	160,005	-
		$ 281,495	**203,811**

In addition, the related party has long-term supply agreements signed with the Company gradually to secure a stable supply of raw materials for production. As of December 31, 2014, and 2013, the advances from the related party (booked in the "received in advance" and "long-term prepayment") were as follows:

	2014.12.31	2013.12.31
Subsidiary	$ -	307,053
The major management	-	1,109,038
Other related parties	1,015,786	-
	$ 1,015,786	**1,416,091**

4. Payables to related parties

The Company's payable to related parties is as follows:

Account	Classification of related party	2014.12.31	2013.12.31
Payable to related parties	Subsidiary	$ 1,302	294,422
Payable to related parties	Other related parties	77,142	4,348
		$ 78,444	**298,770**

5. Property trade

The Company's selling machinery equipment to the related party is summarized as follows:

	2014		2013	
	Sale price	Receivables - ending	Sale price	Receivables - ending
Subsidiary	**$ 30,114**	-	-	-

The Company's buying machinery equipment from the related party is summarized

as follows:

	2014		2013	
	Amount	Payables - ending (pre-payment for equipment)	Amount	Payables - ending
Subsidiary	$ 3,500	-	-	-
Other related parties	238,999	(95,623)	-	-
	$ 242,499	**(95,623)**	**-**	**-**

6. Acquisition of equity investment from Sino-Solar Corp

The Company had acquired the equity of Sino-Solar Corp from the Company's major management in August 2013 for 72,799 thousand shares for an amount NT$513,232 thousand. Please refer to Note 6 (7) for the merger of Sino-Solar Corp and the Company, in detail.

7. Management fee income

The Company collects management fee income from the related party and debits it to the management expense as follows:

	2014	2013
Subsidiary	**$ 37,546**	**87,139**

As of December 31, 2014 and 2013, the management fees receivable to be collected amounted to NT$11,367 thousand and NT$10,654 thousand and was booked in the "Accounts receivable – related party" account.

8. Technical services income

The Company collects technical service income from the related party and booked in the "Other profit or loss" account as follows:

	2014	2013
Subsidiary	$ 13,786	14,850
Affiliated Enterprises	741	2,113
	$ 14,527	**16,963**

As of December 31, 2014 and 2013, the outstanding technical service income to be collected amounted to NT$3,576 thousand and NT$3,562 thousand and was booked in the "Accounts receivable – related party" account.

9. Consolidated Tax Return System

The Company and the subsidiaries have the profit-seeking enterprise income tax return filed in accordance with the Consolidated Tax Return System since the year of 2012. As of December 31, 2014 and 2013, the estimated amount of the consolidated tax return system to be collected amounted to NT$89,025 thousand and NT$68,068 thousand and was booked in the "Accounts receivable – related party" account.

10. Loaning of Funds

The Company due to the operational needs had borrowed money from a subsidiary with an ending balance of NT$0 and NT$98,357 thousand as of December 31, 2014 and 2013, respectively, and was booked in the "Accounts payable – related party" account.

The Company's loaning of funds from the subsidiaries is based on the average loan interest rate from the financial institutions during the year; also, it is an un-guaranteed loan. Interest expense in 2014 and 2013 was NT$1,973 thousand and NT$87 thousand, respectively. As of December 31, 2014 and 2013, the interest payable-ending was NT$0 and NT$87 thousand, respectively, and was booked in the "Accounts payable – related

party" account.

11. Endorsements and Guarantees

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

	2014.12.31	2013.12.31
Subsidiary	$ 139,061	864,524

12. Advanced money

As of December 31, 2014 and 2013, the Company's accounts receivable (payable) – related party arising from the advances paid or collected for the purchase of materials, insurance, and utilities with the related party should be booked in the "Accounts receivable (payable) – related party" account as follows:

	2014.12.31	2013.12.31
Subsidiary	$ 892	74,978
Subsidiary	(488)	(89,698)
Affiliated Enterprises	9,822	9,992
Affiliated Enterprises	(41)	(41)
The major management	-	(5)
Other related parties	(3,527)	-
	$ 6,658	(4,774)

13. Other

(1) The Company had transactions conducted with the subsidiaries by trading in 2014 and 2013, then the subsidiaries were to have the finished goods after production sold back to the Company and the Company had it sold to the customers immediately. Transactions were denominated at cost plus percentage. Sales income and purchase had been written off when the financial statements were prepared and they were not treated as the Company's sales and purchases. The unrealized gains and losses arising from the indirect trading had been deferred. The labor service income generated from these transactions referred to above were NT$8,830 thousand and NT$3,253 thousand, respectively, and they were listed in the "labor service income" account.

(2) The Company's signing a lease contract with the related party is summarized as follows:

The Company has a lease contract signed with the related party for the plant located in Hsinchu Industrial Park. The related rent expenses and other payables to the related party is detailed as follows:

	2014	2013
Subsidiary	$ 816	816

The Company leased a plant from a subsidiary and the Company had rent paid in full as of December 31, 2014 and 2013.

(3) The related party has a plant lease contract signed with the Company as follows:

The Company has a lease contract signed with the related party. The related rent income and accounts receivable – related party from the related party is detailed as follows:

	2014	2013
Subsidiary	$ 2,400	2,400
Affiliated Enterprises	7,836	7,836
	$ 10,236	10,236

Account	Classification of related party	2014.12.31	2013.12.31
Receivables from related parties	Subsidiary	$ 420	420
Receivables from related parties	Affiliated Enterprises	686	686
		$ 1,106	**1,106**

8. Pledged assets

(1) The book value of the assets pledged by the Company as collateral is as follows:

Assets	Pledge or Mortgage underlying subject	2014.12.31	2013.12.31
Property, plant and equipment	Long-term debt payable	$ 622,561	2,539,801
Bank deposits (booked in the "other financial assets – noncurrent" account)	Innovation Center program performance bond	21,745	35,739
Bank deposits (booked in the "other financial assets – noncurrent" account)	Solar energy demonstration system pledge guarantee	201	201
Bank deposits (booked in the "other financial assets – noncurrent" account)	Pledged as collateral to a land lease	20,497	5,938
Bank deposits (booked in the "other financial assets – noncurrent" account)	Phase III Bond of Technology Development Program	8,400	-
		$ 673,404	**2,581,679**

9. Material contingent liability and unrecognized contractual commitments

(1) The Company's purchase amount yet to be spent in accordance with the current effective long-term purchase contract is as follows:

(Foreign currency unit: NT$ Thousand)

	2014.12.31	2013.12.31
USD	**$ 1,100,639**	**1,262,809**
EUR	**$ 22,005**	**36,354**

As of December 31, 2014, the cumulative payable for the goods yet to be collected, pre-payment and late payment interest arrearage demanded by a supplier in writing in accordance with the long-term purchase contract amounted to US$123,768 thousand (equivalent to NT$3,917,257 thousand). The Company considers that the possibility of making payment to the supplier is low and is continuing to work with the supplier for a solution. The aforementioned amount of the purchase yet to be collected, except for interest, included the amount requested by the supplier.

The pre-payment for goods to a silicone supplier by the Company in 2014 was with impairment loss of NT$444,256 thousand appropriated. As of December 31, 2014, the book value of the amount pre-paid to the silicone supplier by the Company was NT$2,418,568 thousand and it was booked in the "pre-payments and long-term pre-paid material" account.

(2) In response to the long-term purchase contract referred to above, the Company has silicone

wafer long-term sales contracts signed with the customers since the year 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 from January 1, 2006 to December 31, 2019. 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 advances from customers as compensation 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 to be made according to the existing contracts and current market conditions is as follows:

(Foreign currency unit: NT$ Thousand)

	2014.12.31	2013.12.31
USD	$ 197,859	412,016
EUR	$ 143,544	215,564
NTD	$ 3,002,132	4,312,314

(3) As of December 31, 2014 and 2013, the total amount of promissory notes deposited in the bank by the Company after obtaining bank loans was NT$9,254,800 thousand and NT$9,304,800 thousand, respectively.

(4) As of December 31, 2014 and 2013, the amount of the performance bond issued by the bank upon the request of the Company to the Directorate General of Customs, Ministry of Finance and for R&D programs was NT$45,680 thousand and NT$23,000 thousand, respectively.

(5) The Company and polycrystalline solar cell manufacturers (hereinafter referred to as "the manufacturer") have a cooperation agreement signed so that the manufacturer is to provide plant and equipment to the Company for business operations from April 1, 2015 to March 31, 2021. According to the contract, the Company shall allocate part of the operating profit arising from the plant and equipment to the manufacturer. During the contract period, after the cumulative operating profit reached a certain amount, the Company is entitled to obtain the ownership of the plant and equipment with or without any consideration paid.

10. Loss from major accidents: None.

11. Materiality after the period: None.

12. Others

Employee benefits and depreciation expenses are summarized by functions as follows:

Function / Nature	2014			2013		
	Classified as operating cost	Classification of operating expenses	Total	Classified as operating cost	Classification of operating expenses	Total
Employee benefits expense						
Salaries	607,199	173,463	780,662	388,801	137,257	526,058
Labor and health insurance	45,438	7,992	53,430	33,859	6,728	40,587
Pension expenses	20,998	4,226	25,224	15,442	3,464	18,906
Other employee benefits expense	29,058	3,114	32,172	21,786	2,575	24,361
Depreciation expense	473,368	41,903	515,271	1,013,412	30,345	1,043,757

Amortizations	1,482	-	1,482	-	-	-

The Company had 1,288 employees and 809 employees on the payroll as of December 31, 2014 and 2013, respectively.

13. Supplementary disclosure

(1) Information on major trade

The materials transactions to be disclosed by the Company in 2014 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers are as follows:

1. Loaning of Funds: Attachment I
2. Endorsement and guarantee for others: Attachment II
3. Marketable securities held at year end (Does not include investments in subsidiaries, affiliated companies and joint control): Attachment III
4. The cumulative purchase or sale of the same security for an amount over NT$300 million or 20% of the paid-in capital: Attachment IV
5. Acquisition of real estate for an amount over NT$300 million or 20% of the paid-in capital: Attachment V
6. The amount of real property disposed exceeds NT$300 million or 20% of stock capital collected: None
7. The purchase or sale amount with the related parties for an amount over NT$100 million or 20% of the paid-in capital: Attachment VI
8. Receivables from related parties for an amount over NT$100 million or 20% of the paid-in capital: Attachment VII
9. Trading of Derivative Products: None.

(2) Transfer Investment Information: Attachment VIII

(3) Information on investment in Mainland China:

1. Investments in Mainland China information: Please refer to Attachment IX (I) for details.
2. Investment limits in Mainland Chins: Please refer to Attachment IX (II) for details.

14. Segment information

Please refer to the 2014 consolidated financial statements for segment information, in detail.

Sino-American Silicon Products Inc. and its subsidiaries
Loaning of Funds
January 1 – December 31, 2014

Attachment I

Unit: NT$ Thousand

No.	Lending company	Borrower	Inter account	A related party or not	Maximum amount	Balance - ending	The actual utilization amount balance	Interest rates interval	Nature of the loans (Note 1)	Trade amount	Reasons for short-term financing	Allowance for bad debt	Collateral		Loaning of fund to individual object and the limits (Note 2 and 4)	Total loaning of fund limits (Note 3)
													Name	Value		
1	Globalwafers Co., Ltd.	Sino-American Silicon Products Inc.	Loan receivable – related party	Yes	1,200,000	1,200,000	-	1.8%	2	-	Working capital	-	-	-	1,320,081	5,280,326
1	Globalwafers Co., Ltd.	GWJ	Loan receivable – related party	Yes	1,954,260 (JPY6,600,000)	-	-	1.8%	2	-	Working capital	-	-	-	2,640,163	5,280,326
2	SSTI	Sino-American Silicon Products Inc.	Loan receivable – related party	Yes	100,551 (USD3,300)	-	-	1.09%	2	-	Working capital	-	-	-	111,372	445,489
3	Aleo Solar	Aleo Solar Distribuzione Italia S.r.l	Loan receivable – related party	Yes	13,465 (EUR350)	13,465	13,465	-	2	-	Working capital	-	-	-	50,367	201,468

Note 1: The entry method for the loaning of funds is as follows:
(1) “1” stands for those who had conducted business transactions with the company;
(2) “2” stands for where there was need for a short-term loan;

Note 2: For the loaning of funds to the business counterpart, the individual loan amount is limited to the transaction amount conducted between the two parties within the year. For the loaning of funds to the company with the need of short-term financing, the individual loan amount is limited to 10% of the net worth of the lender. For the loaning of funds between the lender and the foreign company with 100% voting rights held directly and indirectly by the lender, the individual loan amount is limited to 20% of the net worth of the lender.

Note 3: For the loaning of funds to the business counterpart, the total loan amount is limited to 40% of the net worth of the lender. For the loaning of funds to the company with the need of short-term financing, the total loan amount is limited to 10% of the net worth of the lender. For the loaning of funds between the lender and the foreign company with 100% voting rights held directly and indirectly by the lender, the total loan amount is limited to 40% of the net worth of the lender.

Sino-American Silicon Products Inc. and its subsidiaries
Endorsement and guarantee for others:
January 1 – December 31, 2014

Attachment II

Unit: NT$ Thousand

No.	Endorsing company	Endorsed company		Endorsement and guarantee amount for individual enterprise (Note 2)	Maximum Balance in current period	Balance at ending	Actual financing amount	Endorsement and guarantee with assets as collateral	Ratio of accumulated endorsement and guarantee to the net worth on the most recent financial statement	Upper limit for guarantee (note 1)	It is the parent company-to-subsidiary endorsement and guarantee	Endorsement and guarantee made to the parent company by the subsidiaries	It is the endorsement and guarantee made in Mainland China.
		Company Name	Relation										
0	Sino-American Silicon Products Inc.	GTI	Transfer investment company of Sino-American Silicon Products Inc.	2,089,824	731,280 (USD 24,000)	-	-	-	-	10,449,120	Y	N	N
0	Sino-American Silicon Products Inc.	GWJ	- Ditto -	2,089,824	155,616 (JPY 525,551)	139,061 (JPY 525,551)	-	-	0.66%	10,449,120	Y	N	N
1	Globalwafers Co., Ltd.	GWJ	- Ditto -	1,320,081	274,000 (JPY 1,000,000)	264,000 (JPY 1,000,000)	-	-	2.00%	6,600,407	Y	N	N

Note 1: The total cumulative endorsement and guarantee amount provided is limited to 50% net worth on the most recent financial statements of the endorsing company.

Note 2: The endorsement and guarantee amount provided to one single company is limited to 10% net worth on the most recent financial statements of the endorsing company.

Note 3: The total cumulative endorsement and guarantee amount and the endorsement and guarantee amount provided to one single company by the endorsing company and its subsidiaries is limited to 50% net worth on the most recent financial statements of the endorsing company.

Note 4: The endorsement and guarantee provided to the following enterprises are exempted from the three limitations referred to above:

(1) The companies with 50% voting rights directly or indirectly held by the endorsing company; and

(2) The parent company held 50% voting rights of the endorsing company directly or indirectly and the companies with 50% voting right directly or indirectly held by the parent company.

Sino-American Silicon Products Inc. and its subsidiaries
Marketable securities held at yearend (not including investments in subsidiaries, affiliates, and joint ventures)
December 31, 2014

Attachment III

Unit: NT$ Thousand / Thousand shares

Holding company	Type and title of marketable securities	Affiliation with security issuers	Account titles	Ended				The highest capital contribution in the interim	Remarks
				Number of shares	Book value	Shareholding ratio	Fair value		
Sino-American Silicon Products Inc.	Stock of Solartech Energy Corp.	Sino-American Silicon Products Inc. is the management of Solartech Energy Corp.	Financial assets in available-for-sale-non current	29,480	619,089	7.93%	619,089	9.16%	-
Sino-American Silicon Products Inc.	Stock of Actron Technology Corporation	The Chairman of such company is also the Chairman of Sino-American Silicon Products Inc.	- Ditto -	2,129	239,548	2.84%	239,548	2.84%	-
					858,637				
Sino-American Materials Co., Ltd.	Mega International Diamond money market securities investment trust fund	-	Financial assets measured at fair value through profit or loss-current	425	**5,225**	-	5,225	-	-
Sino-American Silicon Products Inc.	Stock of SONGLONG ELECTRONICS CO., LTD.	-	Financial assets measured at cost - noncurrent	221	-	13.81%	13,130	13.81%	Note 1
Sino-American Silicon Products Inc.	Stock of Giga Epitaxy Technology Corp.	-	- Ditto -	1,100	7,499	1.52%	7,876	1.52%	Note 1
Sino-American Silicon Products Inc.	Stock of 21-Century Silicon Inc.	-	- Ditto -	1,000	-	7.74%	-	7.74%	Note 2
Sino-American Silicon Products Inc.	Stock of Powertec Energy Corporation	-	- Ditto -	84,895	774,936	5.00%	396,351	11.90%	Note 1
Sino-American Silicon Products Inc.	Stock of Sunshine PV Corp.	-	- Ditto -	5,928	84,888	3.59%	28,582	3.59%	Note 1
SSTI	Stock of SILFAB SPA	-	- Ditto -	5,295	536,444	15.20%	313,934	15.20%	Note 2
SSTI	Stock of Clean Venture 21 Corporation	-	- Ditto -	10	-	7.30%	964	7.30%	Note 1
SSTI	Stock of ZE Poly Pte Ltd.	-	- Ditto -	2,808	-	19.10%	3,029	19.10%	Note 1
					1,403,767				

Note 1: Presented in the most recent financial report.

Note 2: The company's most recent report has not yet been received.

Sino-American Silicon Products Inc. and its subsidiaries

The cumulative purchase or sale of the same security for an amount over NT$300 million or 20% of the paid-in capital
January 1 – December 31, 2014

Attachment IV

Unit: NT$ Thousand / Thousand shares

Trade company	Type and title of marketable securities	Account titles	Counter party	Relation	Beginning		Bought		Sold				Ended	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Carrying cost	Disposition gain or loss	Number of shares	Amount
Sunrise Global Solar Energy Co., Ltd.	Stock of Aleo Solar	Long-term investments (Equity method)	Aleo Solar	-	-	-	-	502,879 (Note 1)	-	-	-	-	Company	502,879
Sino-American Silicon Products Inc.	Stock of Sunrise Global Solar Energy Co., Ltd.	- Ditto -	British Virgin Islands, Pan-Asia Solar and other	-	127,660	2,192,603	122,878	2,204,186 (Note 1)	250,538	4,396,789 (Note 2)	4,396,789	-	-	-
Sino-American Silicon Products Inc.	Stock of Crystalwise Technology Inc.	- Ditto -	-	-	72,166	1,475,653	12,683	417,018 (Note 1)	-	-	-	-	84,849	1,892,671
Sino-American Silicon Products Inc.	Stock of Globalwafers Co., Ltd.	- Ditto -	-	-	313,056	12,949,180	-	-	11,675	620,625	416,368 (Note 1)	153,231	301,381	12,532,812

Note 1: It includes equity investment gains and losses recognized currently and cumulative translation adjustment.
Note 2: The company was discontinued after merging with Sino-American Silicon Products Inc. on August 1, 2014.

Sino-American Silicon Products Inc. and its subsidiaries
Acquisition of real estate for an amount over NT$300 million or 20% of the paid-in capital:
January 1 – December 31, 2014

Attachment V

Real estate acquiring company	Property name	Transaction date or event date	Trade amount	Payment	Counter party	Relation	Previous transfer data for counterparties who are related parties				Price references	Purpose of acquisition and application	Other matters agreed
							Owner	Relationship with the issuer	Transfer date	Amount			
Sino-American Silicon Products Inc.	**Plant**	**August 2014**	323,351	-	Sunrise Global Solar Energy Co., Ltd.	Related Party	-	-	-	-	The merged subsidiaries are booked at book value.	For operational use	None.

Sino-American Silicon Products Inc. and its subsidiaries
The purchase or sale amount with the related parties for an amount over NT$100 million or 20% of the paid-in capital
January 1 – December 31, 2014

Attachment VI

Unit: NT$ Thousand

Buying (selling) companies	Name of the trade counterpart	Relation	Status of trade				Special terms and conditions of trade and reasons		Notes receivable (payable), accounts receivable (payable)		Remarks
			Purchase (sales)	Amount	Percentage to total purchase (sales)	Credit term	Unit price	Credit term	Balance	Total percentage of the accounts and notes receivable (payable) (%)	
Sino-American Silicon Products Inc.	Solartech Energy Corp.	Sino-American Silicon Products Inc. is the management of Solartech Energy Corp.	Purchase	300,396	4%	OA 45 days	-	-	(73,951)	(7)%	-
Solartech Energy Corp.	Sino-American Silicon Products Inc.	Sino-American Silicon Products Inc. is the management of Solartech Energy Corp.	Purchase	1,083,821	12%	OA 45 days	-	-	(126,836)	(9)%	-
Aleo Solar	Sino-American Silicon Products Inc.	Subsidiaries directly held by Sino-American Silicon Products Inc.	Purchase	355,496	5%	OA 90 days	-	-	(65,543)	(5)%	-
Globalwafers Co., Ltd.	GTI	Subsidiaries indirectly held by Sino-American Silicon Products Inc.	Purchase	783,070	9%	OA 45 days	-	-	(104,580)	(7)%	-
Globalwafers Co., Ltd.	Sino-America Silicon Products Inc.	Subsidiaries indirectly held by Sino-American Silicon Products Inc.	Purchase	1,545,941	19%	OA 45 days	-	-	(220,643)	(15)%	-
Globalwafers Co., Ltd.	GWJ	Subsidiaries indirectly held by Sino-American Silicon Products Inc.	Purchase	4,981,064	60%	OA 60 days	-	-	(1,046,634)	(69)%	-

Buying (selling) companies	Name of the trade counterpart	Relation	Status of trade				Special terms and conditions of trade and reasons		Notes receivable (payable), accounts receivable (payable)		Remarks
			Purchase (sales)	Amount	Percentage to total purchase (sales)	Credit term	Unit price	Credit term	Balance	Total percentage of the accounts and notes receivable (payable) (%)	
GTI	Globalwafers Co., Ltd.	Subsidiaries indirectly held by Sino-American Silicon Products Inc.	Purchase	2,124,865	31%	OA 45 days	-	-	(249,820)	(13)%	-
Sino-America Silicon Products Inc.	Globalwafers Co., Ltd.	Subsidiaries indirectly held by Sino-American Silicon Products Inc.	Purchase	817,748	12%	OA 135 days	-	-	(556,856)	(28)%	-
GWJ	Globalwafers Co., Ltd.	Subsidiaries indirectly held by Sino-American Silicon Products Inc.	Purchase	219,382	3%	OA 60 days	-	-	(49,247)	(2)%	-
Actron Technology Corporation	Globalwafers Co., Ltd.	Subsidiaries indirectly held by Sino-American Silicon Products Inc.	Purchase	314,847	5%	OA 60 days	-	-	(82,930)	(4)%	-

Sino-American Silicon Products Inc. and its subsidiaries
Receivables from related parties for an amount over NT$100 million or 20% of the paid-in capital
December 31, 2014

Attachment VII

Unit: NT$ Thousand

Account receivable company	Name of the trade counterpart	Relation	Receivables from related parties	Turnover rate	Overdue receivables from related parties		Accounts receivable from related party Amount of post collection (Note)	Allowance for bad debt
					Amount	Process		
Globalwafers Co., Ltd.	GTI	Subsidiaries indirectly held by Sino-American Silicon Products Inc.	249,820	9.27	-	-	249,820	-
Globalwafers Co., Ltd.	Sino-America Silicon Products Inc.	Subsidiaries indirectly held by Sino-American Silicon Products Inc.	556,856	2.20	-	-	444,956	-
Sino-America Silicon Products Inc.	Globalwafers Co., Ltd.	Subsidiaries indirectly held by Sino-American Silicon Products Inc.	220,643	8.51	-	-	218,065	-
GWJ	Globalwafers Co., Ltd.	Subsidiaries indirectly held by Sino-American Silicon Products Inc.	1,046,634	5.08	-	-	929,793	-
GTI	Globalwafers Co., Ltd.	Subsidiaries indirectly held by Sino-American Silicon Products Inc.	104,580	7.45	-	-	104,580	-
Sino-American Silicon Products Inc.	Solartech Energy Corp.	The management of Sino-American Silicon Products Inc.	126,836	9.12	-	-	126,836	-

Note: The amount of post collection as of March 30, 2015

Sino-American Silicon Products Inc. and its subsidiaries
Reinvestment information (not including investments in Mainland China)
January 1 – December 31, 2014

Attachment VIII

Unit: NT$ Thousand / Thousand shares

Investment Company	Invested company name	Area	Main Business	The amount of the original investment		Ending shareholdings			Net income (loss) of the invested company	Investment gains and losses recognized in the current period	Remarks
				End of the period	The end of last year	Number of shares	Ratio	Book value			
Sino-American Silicon Products Inc.	SSTI	British Virgin Islands	The holding company of Sino-American Silicon Products Inc. for overseas investments	1,425,603 (USD45,255)	1,479,483 (USD47,024)	48,526	100.00%	1,113,723	8,634	8,634	Note 1
Sino-American Silicon Products Inc.	Globalwafers Co., Ltd.	Taiwan	Semiconductor silicon wafer materials and components manufacturing and trade	12,017,180	12,484,574	301,381	94.92%	12,532,812	2,095,432	2,041,578	-
Sino-American Silicon Products Inc.	Crystalwise Technology Inc.	Taiwan	Optical wafer and substrate manufacturing and trade	2,010,843	1,692,284	84,848	40.45%	1,892,671	30,565	(55)	Note 3
Sino-American Silicon Products Inc.	Sunrise Global Solar Energy Co., Ltd.	Taiwan	Solar cell manufacturing and sale and wholesale of electronic materials	-	2,171,598	-	-	-	249,104	130,451	Note 3,4
Sino-American Silicon Products Inc.	Sino-American Materials Co., Ltd.	Taiwan	EVA film for solar modules manufacturing and sale	90,000	-	9,000	90.00%	79,993	(11,211)	(10,007)	-
Sino-American	Accu Solar	Taiwan	Solar cell module	112,193	26,096	7,452	24.70%	112,193	1,511	-	-

Investment Company	Invested company name	Area	Main Business	The amount of the original investment		Ending shareholdings			Net income (loss) of the invested company	Investment gains and losses recognized in the current period	Remarks
				End of the period	The end of last year	Number of shares	Ratio	Book value			
Silicon Products Inc.	Corporation		manufacturing								
Sino-American Silicon Products Inc.	Aleo Solar	Prenzlau	Solar module manufacturing and sale	558,139 (EUR13,500)	-	(Note 2)	100.00%	502,879	(49,475)	(49,475)	Note 3
Aleo Solar	Aleo Solar Distribuzione Italia S.r.l	Italy	Solar module manufacturing and sale	4,078 (EUR100)	-	(Note 2)	100.00%	3,847	156	-	-
Globalwafers Co., Ltd.	GWI	Cayman	Business investments	2,241,668 (USD73,423)	2,241,668 (USD73,423)	90,000	100.00%	3,384,374	147,439	147,439	-
Globalwafers Co., Ltd.	GSI	Cayman	Business investment and triangular trade center with subsidiaries in China	756,809 (USD26,555)	756,809 (USD26,555)	25,000	100.00%	893,706	22,591	22,591	-
Globalwafers Co., Ltd.	GWafers	Japan	Business investments	5,448,015 (JPY13,827,513)	5,448,015 (JPY13,827,513)	(Note 2)	100.00%	6,798,986	1,753,712	1,753,712	-
GWI	GTI	Texas	Epitaxial silicon wafer production and trade of epitaxy foundry business	2,241,668 (USD73,423)	2,241,668 (USD73,423)	1	100.00%	3,384,374	162,608	147,439	Note 3
GWafer	GWJ	Japan	The semiconductor silicon wafer manufacturing and trade	5,484,300 (JPY13,142,798)	5,484,300 (JPY13,142,798)	128	100.00%	6,709,518	977,722	1,754,152	Note 3

Note 1: The initial investment amount does not include capitalization from earnings.
Note 2: It is a Limited Company.
Note 3: The recognition of investment gains and losses includes investment cost and the amortization amount of the net equity acquired.
Note 4: Sunrise Global Solar Energy Co., Ltd. was discontinued after being merged with Sino-American Silicon Products Inc. on August 1, 2014 and with Sino-American Silicon Products Inc., Ilan Branch set-up.

Sino-American Silicon Products Inc. and its subsidiaries
The overview of the investments in Mainland China and the limitations of the investments in Mainland China
January 1 – December 31, 2014

Attachment IX

(1) Information of investments in Mainland China

Unit: NT$ Thousand

Names of investees in Mainland China	Main Business	Paid-in Capital	Investment Method	The cumulative amount of investment remitted from Taiwan as of the period began	Current remitted or recovered amount of investment		The cumulative amount of investment remitted from Taiwan as of the period began	Net income (loss) of the invested company	The shareholding ratio of Sino-American Silicon Products Inc. in the direct or indirect investments	Investment Profit or Loss for Current Period (Note 2)	Ending investment book value	The investment income received as of the current period
					Remitted	Recovered						
Sino-America Silicon Products Inc.	Silicon rods and silicon wafer processing and trade	769,177 (Note 5)	(Note 1)	713,300 (USD21,729)	-	-	713,300 (USD21,729)	17,467	94.92%	16,580	839,981	-

(2) The limitations of the investments in Mainland China

By company	The cumulative amount of investment remitted from Taiwan to Mainland China as of the period ended	Investment amount approved by the Investment Commission MOEAIC	Investment amount approved by the Investment Commission MOEAIC
Globalwafers Co., Ltd.	713,300 (USD21,729)	818,233 (USD25,000)(Note 3)	7,920,488 (Note 4)

Note 1: Transfer investments in China through GSI
Note 2: Investment gains and losses are recognized in accordance with the audited financial statements.
Note 3: Converted in accordance with the historical exchange rates.
Note 4: It is calculated by having the 60% limit stipulated in the "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China" by the Investment Commission MOEA on August 29, 2008 multiplied by the net worth of Globalwafers Co., Ltd. on December 31, 2014.
Note 5: It included capitalization from earnings.

Sino-American Silicon Products Inc.
Cash and cash equivalents
December 31, 2014

Unit: NT$ Thousand

(Foreign currency in $ / JPY)

Items	Summary	Amount
Cash	Petty cash and cash on hand	$ 498
Bank deposits	Check deposits	4,578
	Demand deposits	253,089
	Foreign currency deposits (USD: $15,381,065.64; CHF: $40,839.87; JPY: 31,375,237; EUR:251,527.86)	506,095
	Deposit account	696,300
	Subtotal	1,460,062
	Total	**$ 1,460,560**

Note: Foreign currency exchange rates at the balance sheet date are as follows:
USD exchange rate: 31.65
CHF exchange rate: 31.975
JPY exchange rate: 0.2646
EUR exchange rate: 38.47

Sino-American Silicon Products Inc.
Statement of Notes and Accounts Receivable
December 31, 2014

Unit: NT$ Thousand

Customer Name	Amount
SUNEDISON PRODUCTS SINGAPORE PTE. LTD.	$ 234,420
E-TON Solar Co., Ltd.	133,475
AUO	130,520
LONGi	97,518
KYOCERA CORPORATION	74,378
Mosel Vitelic Inc.	68,280
Others (individual amount does not exceed 5%)	421,142
	1,159,733
Less: Allowance for bad debt	(49,358)
	$ 1,110,375

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.

Statement of Inventories

Items	Amount		Remarks
	Costs	Net realizable value	
Finished goods	$ 647,635	568,377	Please refer to Note 4 (7) to the individual financial statements for the reference of net realizable value of inventory, in detail.
Work-in-process goods	188,230	195,442	
Raw materials	611,900	586,341	
Substances	141,171	107,366	
Subtotal	1,588,936	**1,457,526**	
Less: Allowance for inventory losses	(201,159)		
Total	**$ 1,387,777**		

Sino-American Silicon Products Inc.
Statement of other current assets
December 31, 2014

Unit: NT$ Thousand

Items	Amount
Income tax refund receivable	$ 93,994
Withheld tax	46,600
Deferred debits - unrealized sales losses	16,505
Others (individual amount does not exceed 5%)	18,483
	$ 175,582

Sino-American Silicon Products Inc.
Statement of investments (Equity method)
January 1 – December 31, 2014

Unit: NT$ Thousand

Invested company name	Beginning amount		Current increase (decrease)		Current reclassification		Net equity value of the subsidiaries and affiliates under the equity method (Note 3)	Investment gains and losses	Not adjusted proportionately to the shareholding ratio	Exchange difference arising from the conversion of a foreign institution's financial statements	Recognized actuarial gains and losses adjustment of Subsidiary	Other adjustments (Note 4)	Balance - ending			Guarantee or collateral provided
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount							Number of shares	Amount	Shareholding ratio (%)	
SSTI	50,295	$ 1,093,024	(1,769)	(53,880)	-	-	-	8,634	-	65,945	-	-	48,526	1,113,723	100.00	None.
Globalwafers Co., Ltd.	313,056	12,949,180	(11,675)	(2,189,202) (Note 1)	-	-	5,970	2,041,578	-	(225,829)	(48,885)	-	301,381	12,532,812	94.92	None.
Crystalwise Technology Inc.	72,166	1,475,653	12,682	318,559	-	-	85,402	(55)	(7,433)	22,576	-	(2,031)	84,848	1,892,671	40.45	None.
Sunrise Global Solar Energy Co., Ltd.	127,660	2,192,603	(127,660)	(2,314,531) (Note 2)	-	-	-	130,451	-	(8,523)	-	-	-	-	-	None.
Aleo Solar	-	-	-	572,132	-	-	-	(49,475)	-	(21,671)	-	1,893	-	502,879	100.00	None.
Sino-American Materials Co., Ltd.	-	-	9,000	90,000	-	-	-	(10,007)	-	-	-	-	9,000	79,993	90.00	None.
Accu Solar Corporation	-	-	810	14,586	6,642	97,607	-	-	-	-	-	-	7,452	112,193	24.70	None.
Total		**$ 17,710,460**		**(3,562,336)**	**6,642**	**97,607**	**91,372**	**2,121,126**	**(7,433)**	**(167,502)**	**(48,885)**	**(138)**		**16,234,271**		

Note 1: It includes the disposal of stock for NT$467,394 thousand and cash dividend distributed for NT$1,721,808 thousand.

Note 2: It includes the decrease of NT$2,240,616 thousand due to the merger and cash dividends distributed for NT$73,915 thousand.

Note 3: It includes the remuneration cost of the subsidiary's employee stock options and stock premiums from the cash capital increase of the affiliates.

Note 4: It includes unrealized gross profit of sales, unrealized profit or loss of the affiliates' financial assets and the un-earned remuneration of the employees.

Sino-American Silicon Products Inc.
Statement of the available-for-sale financial assets - noncurrent
January 1 – December 31, 2014

Unit: NT$ Thousand

Invested company name	Balance-Beginning		Increase of the year		Available-for-sale financial assets unrealized gains and losses	Balance - ending		Guarantee or collateral provided
	Number of shares	Amount	Number of shares	Amount		Number of shares	Amount	
Solartech Energy Corp.	26,747	$ 764,956	2,733	54,674	(200,541)	29,480	619,089	None.
Actron Technology Corporation	2,129	235,289	-	-	4,259	2,129	239,548	None.
		$ 1,000,245		**54,674**	**(196,282)**		**858,637**	

Sino-American Silicon Products Inc.
Financial assets carried at cost - non-current statement
January 1 – December 31, 2014

Unit: NT$ Thousand

Invested company name	Beginning amount		Increase of the year		Decrease of the year		Balance - ending		Guarantee or collateral provided	Cumulative amount of impairment loss
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount		
SONGLONG ELECTRONICS CO., LTD.	221	$ -	-	-	-	-	221	-	None.	2,214
Giga Epitaxy Technology Corp.	1,100	7,499	-	-	-	-	1,100	7,499	None.	3,501
21-Century Silicon Inc.	1,000	-	-	-	-	-	1,000	-	None.	15,795
Accu Solar Corporation	2,308	26,096	4,334	71,511	6,642	97,607	-	-	None.	-
Powertec Energy Corporation	59,250	698,000	25,645	76,936	-	-	84,895	774,936	None.	-
Sunshine PV Corp.	6,343	63,433	2,145	21,455	2,560(Note)	-	5,928	84,888	None.	-
		$ 795,028		**169,902**		**97,607**		**867,323**		**21,510**

Note: Arrange capital reduction to cover losses with the resolution reached in the shareholders' meeting in June 2014.

Sino-American Silicon Products Inc.
Statement of property, plant and equipment

Please refer to Note 6 (8) to the individual financial statements for the information of "Property, Plant, and Equipment", in detail.

Statement of pre-payment for materials
December 31, 2014

Unit: NT$ Thousand

Supplier Name	Amount
Supplier B	$ 1,033,467
Supplier C	985,553
Supplier A	384,743
Other suppliers (Individual amount does not exceed 5%)	14,805
Less: Materials payable due in one year	(627,068)
Total	**$ 1,791,500**

Sino-American Silicon Products Inc.
Statement of Accounts payable
December 31, 2014

Unit: NT$ Thousand

Supplier Name		Amount
OCI COMPANY LTD.	$	204,731
LONGi		87,354
Huechode Technology Co., Ltd.		51,240
Others (individual amount does not exceed 5%)		630,803
Total	**$**	**974,128**

Note: 1. Accounts payable resulting from business activities.

2. Accounts payable – related party is not included in the accounts payable referred to above. Please refer to Note 7 to the financial statements for details.

Statement of short-term loans

Lending bank	Explanation	Balance - ending	Contract duration	Interest rates interval	The unutilized credit amount	Mortgage or guarantee
Chang Hwa Bank	Working capital	$ 250,000	Note 1	1.14%	250,000	None.
Land Bank	Working capital	200,000	Note 1	1.12%	200,000	None.
Taipei Fubon Bank	Working capital	300,000	Note 1	1.14%	150,000	None.
		$ 750,000				

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 those listed above, the Company has a credit line of NT$1,354,800 thousand available for use.

Sino-American Silicon Products Inc.
Statement of other current liabilities
December 31, 2014

Unit: NT$ Thousand

Items	Summary	Amount
Equipment payable		$ 99,723
Lease payable		7,977
Others (individual amount does not exceed 5%)	Utilities and labor service payable	291,537
Total		**$ 399,237**

Statement of Long-term debt payable

Please refer to Note 7 (11) to the individual financial statements for the information of "Long-term loans" in details.

Sino-American Silicon Products Inc.
Statement of advances from customers
December 31, 2014

Unit: NT$ Thousand

Customer Name	Amount
Solartech Energy Corp.	$ 1,015,786
Company B	507,888
Company G	305,269
Company H	281,943
Company F	243,701
Others (individual amount does not exceed 5%)	155,380
	2,509,967
Less: Long-term advances from customers due in one year	(784,432)
Total	**$ 1,725,535**

Operating income statement
January 1 – December 31, 2014

Items	Sales volume	Amount
Sales revenue:		
Solar energy - silicon wafer	106,758 thousand pieces	$ 3,400,513
Solar energy - rod	745 thousand kilograms	301,895
Solar energy - battery	21,829 thousand pieces	1,915,637
Sale of goods and raw materials income		3,468,362
		9,086,407
Processing revenue		80,500
Services		8,830
Net operating income		**$ 9,175,737**

Sino-American Silicon Products Inc.
Statement of Operating Cost
January 1 – December 31, 2014

Unit: NT$ Thousand

Items	Amount
Beginning merchandise inventory	$ -
Add: Current purchase	762,009
Acquired through business merger	100
Less: Ending merchandise inventory	106
Cost of goods purchased and sold	762,003
Raw material consumption	
Beginning raw materials	633,611
Add: Current incoming	8,498,411
Acquired through business merger	157,221
Work-in-process goods transferred into processing	1,354,417
Less: Ending raw materials	753,071
Expenses transferred	775,465
Current sale	3,701,572
The current consumption of raw materials	5,413,552
Direct labor	492,261
Manufacturing expenses	1,578,368
Manufacturing cost	7,484,181
Add: Beginning WIP goods	151,112
Acquired through business merger	56,332
Finished goods transferred into reworking	9,668,431
Less: Ending WIP goods	188,230
WIP goods transferred into reworking	1,354,417
Finished goods cost	15,817,409
Add: Beginning finished goods	190,168
Acquired through business merger	243,838
Less: Ending finished goods	647,529
Finished goods transferred into reworking	9,668,431
Expenses transferred	191,460
Cost of finished goods sold	5,743,995
Cost of goods sold	6,505,998
Add: Cost of raw materials sold	3,701,572
Unamortized fixed manufacturing expense	305,034
Appropriation for inventory loss in valuation	1,317
Onerous contract loss recognized	444,256
Less: processing on order	1,063,069
Total operating cost	**$ 9,895,108**

Sino-American Silicon Products Inc.
Statement of operating expense
January 1 – December 31, 2014

Unit: NT$ Thousand

Items	Marketing expense	General and administrative expenses	R&D expense
Salary expenses	$ 11,247	82,135	63,974
Freight charges	6,867	-	-
Depreciation	276	17,038	24,589
Commission expense	3,166	-	-
Other expense	-	14,365	-
Import/export expense	6,627	-	-
Indirect materials	-	-	60,510
Others (summary of individual amount not exceeding 5%)	7,346	42,239	41,370
Management fee income	-	(37,546)	-
Total	**$ 35,529**	**118,231**	**190,443**

Statement of other profit and loss

Please refer to Note 6 (22) to the individual financial statements for the information of "other profit or loss", in detail.

Sino-American Silicon Products Inc.
Statement of finance cost
January 1 – December 31, 2014

Please refer to Note 6 (23) to the individual financial statements for the information of "finance cost", in detail.

Employee benefits, depreciation, depletion, and amortization expenses summarized by function

Please refer to Note 12 to the individual financial statements for the information of "Employee benefits, depreciation, depletion, and amortization expense", in detail.

6.6 The Impact on the Company's Financial Status in Cases where the Company or its Affiliates have Financial Difficulties: None.

VII. Review of Financial Conditions, Operating Results, and Risk Management

7.1 Analysis of Financial Status

Unit: NTD $1000

Item \ Year	2014	2013	Difference	
			Amount	%
Current Assets	16,811,804	13,865,278	2,946,526	21.25
Financial assets available-for-sale	858,637	1,000,245	(141,608)	(14.16)
Financial assets carried at cost	1,403,767	1,366,818	36,949	2.70
Investment on equity method	2,004,864	1,475,653	529,211	35.86
Fixed Assets	15,243,561	16,097,846	(854,285)	(5.31)
intangible assets	694,238	656,780	37,458	5.70
Other Assets	3,870,245	5,211,022	(1,340,777)	(25.73)
Total Assets	40,887,116	39,673,642	1,213,474	3.06
Current Liabilities	9,791,759	9,107,014	684,745	7.52
Long-term Liabilities	3,808,667	4,372,783	(564,116)	(12.9)
Other Liabilities	5,703,552	5,607,954	95,598	1.70
Total Liabilities	19,303,978	19,087,751	216,227	1.13
Capital	5,800,312	5,231,191	569,121	10.88
Capital Surplus	16,995,509	14,977,502	2,018,007	13.47
Retained Earnings	772,930	380,739	382,191	103.01
Equity - Other	(2,670,512)	(2,291,808)	(378,704)	16.52
Treasury Stock	0	0	0	0.00
Non-controlling Interests	684,899	2,288,267	(1,603,368)	70.07
Total Equity	21,583,138	20,585,891	997,247	4.84

Note 1：Explain any major changes in assets, liabilities and equity totaling 20% or more or amounting to over NT$10,000,000 or more over the past two years, their effect and future countermeasures:

Explanation 1:

(1) Current Assets: Decreased over previous period mainly due to the decrease of long-term loan amount due 2012.

(2) Investments Accounted for Using Equity Method: Increased over previous period mainly due to the increase of the shareholding of Crystalwise Technology up to 42.8% after a merger of its subsidiary with Crystalwise Technology.

(3) Other Assets: Increased over the previous period mainly due to the increase of long-term loan for capital requirement.

(4) Retained Earnings: Increased over previous period mainly due to profit increase.

(5) Other Equity: Decreased over previous period mainly due to conversion loss from financial statements of overseas institutes.

Explanation 2: Their effect and future countermeasures:

The above changes will not have a significant disadvantageous effect on the Company, the Company's overall performance is normal so no countermeasures are needed at this point.

7.2 Analysis of Operating Results

7.2.1. Comparison Analysis of Business Results

Unit: NTD $1000

	2014	2013	Percent Change	
			Increase (Decrease)	（%）
Total Net Revenues	27,821,456	22,215,367	5,606,089	25.24
Cost of Revenue	24,323,580	19,775,943	4,547,637	23.00
Gross Profit	3,497,876	2,439,424	1,058,452	43.39
Operating Expense	2,051,082	1,810,410	240,672	13.29
Operating Profit	1,446,794	629,014	817,780	130.01
Non-Operating Income and Expense	478,248	(500,779)	979,027	(195.50)
Profit before Tax	1,925,042	128,235	1,796,807	1401.18
Income Tax Expense	625,775	89,302	536,473	600.74
Profit for the Period	1,299,267	339,842	959,425	282.32
Comprehensive Income for the Period	884,223	(241,159)	1,125,382	(466.66)

Analysis of changes in these ratios:

1. Total Net Revenues: due to market recovery and customer demand increase.
2. Gross Profit: due to revenue growth and appropriate operating cost control.
3. Operating Profit: due to revenue growth and appropriate operating cost and expense control.
4. Non-Operating Income and Expense: due to the loss of financial investment decrease in 2012.
5. Profit before Tax: due to revenue growth and appropriate operating cost and expense control.
6. Income Tax Expense: due to the profit earned in 2013.
7. Profit for the Period: due to revenue growth and appropriate operating cost and expense control.
8. Comprehensive Income for the Period: due to revenue growth and appropriate operating cost and expense control.

7.3 Analysis of Cash Flow

7.3.1 Liquidity Analysis for the Recent Two Years

Item	2014	2013	Change (%)
Current Ratio (%)	(12.55) %	(17.67)%	28.98%
Cash Flow Adequacy Ratio (%)	14.83%	27.07%	(45.22)%
Cash Flow Reinvestment Ratio (%)	(2.79) %	(2.77)%	(7.22)%

Analysis of changes in these ratios:

1. The cash flow ratio decreased over the previous period mainly due to more recognition of income on equity-method investees in 2014 that resulted in net outflow from operating activities.
2. The cash flow adequacy ratio decreased over the previous period mainly due to more recognition of income on equity-method investees in 2014 that resulted in net outflow from operating activities.
3. The cash flow reinvestment ratio increased over the previous period mainly due to more recognition of income on equity-method investees in 2014 that resulted in net outflow from operating activities.

7.3.2 Cash Liquidity Analysis for the Following Year

Unit: NTD $1000

Initial cash balance	Annual operating net cash flow	Annual net cash outflow	Amount of cash surplus (shortfall)	Remedial measures for Cash shortfall	
				Investment plan	Financial plan
1,460,500	5,736	94,035	1,372,261	-	Bank Loan

1.2014 cash flow analysis:

A. Operating activities: the Company expects sales and profits to maintain flat and is expected to generate a net cash inflow.

B. Investment activities: the Company plans to receive cash dividends from the investment company to pay for domestic investments, capital expense and dividend distribution of which the surplus will generate a net cash inflow.

C. Financing activities: net cash outflow mainly from long-term loans refund.

2. Remedy measures for expected capital shortfalls and liquidity analysis: Subsidiary stock dividend inflow.

7.4 Major Capital Expenditure Items influence on Financial Business

7.4.1 Major Capital Expenditure Items and Source of Capital: NA

7.4.2 Forecast possible resulting effects: NA

7.5 Recent Reinvestment Policy, Major Reasons for Profits or Losses, Improvement Plan and Investment Plan for the Following Year

1.Reinvestment policy

The Company's reinvestment policy is gradually implemented based on the Company's future operating direction. At this stage, the focus has been on strategic alliance or reinvestment of high-value section in solar industrial chain for operating synthesis.

2.Major reasons for reinvestment profits or losses, improvement plans and investment plan for the following year:

Unit: NTD $1000

Reinvested Company	2014 Profits (Losses) Recognized	Major Reasons For Profits Or Losses	Improvement Plan	Investment Plant For Following Year
Sino Silicon Technology Inc.	8,636	Interest income from certificate deposit	None	None
GlobalSemiconductor Inc.	22,591	Profit gained from booming market demands	None	None
GlobalWafers Co., Ltd.	2,041,578	Profit gained from booming market demands	None	None
GlobiTech Incoporated(GT)	147,439	Profit gained from booming market demands	None	None
GlobalWafers Inc.(GWI)	147,493	Recognition of investment income due to organizational restructuring	None	None
Kunshan Sino Silicon Technology Co., Ltd.	16,580	Profit gained from booming market demands	None	None
Crystalwise Technology	(55)	Operating loss recognized owing to disorder in market supply/demand	Explore more new customers with new process development to raise product competitiveness	None
GWwafers Inc.	1753,712	Recognition of GWJ interests by investors of GWJ	None	None
Gloalwafers Japan Co., Ltd. (GWJ)	1,754.152	Profit gained from booming market demands	None	None
Aleo Solar GmbH	(49,475)	Recognition of investment loss due to operating loss out of the decline of selling prices	Processing improvement and cost reduction	None
Aleo Solar Distribuzion Italia S.r.l.	0	Main sales	None	None
Sino-American	(10,007)	Recognition of the	Market share winning	None

Materials Corp.		investment loss for the operating loss out of sampling and authentication	for production capacity expansion, quality improvement	

1.6 Analysis of Risk Management

7.6.1 Corporate Structure For Risk Management

Board of Directors	Monitor government laws, review corporate regulations and ensure effectiveness of operation and risk management
President's office	Risk management of operation, laws, crisis evaluation and countermeasure
MIS	Risk management of Information Technology
Audit	Connection of operation goal, risk tolerance and strategy, actively assist affiliated risks of enterprise group.
Administration	Evaluate and assess interest rate, forex rate, finance, current, credit and human resources risks. Responsible for financial risks management and countermeasure.
Procurement	Carefully monitor to prevent monopoly and forcing up price, also cooperate with various suppliers for risk diversification
Sales	Assess market risks and take countermeasure; in charge of Accounts Receivables to secure orders.
Manufacturing	Manage production and quality, exception, utilization of raw materials, plant constructions and maintenances, expansion preparation and execution.
Research & Development	Risk management of product design and life cycle, and draft countermeasure.
SAS has specific system to monitor production and manufacturing risk: Responsible unit: RD analyzes rivals' patents via TIPS & APQPS while developing new product; fabricate strategy to avoid patent conflict so as to ensure rights of SAS as well as clients. Keep up with technology trend to grasp insight of product life cycle. Manufacturing unit regularly review the possibility of adopting new process and improvement of present procedure according to product functions and complaints, so as to prevent risks.	

7.6.2 Effect of Interest Rate, Exchange Rate Changes and Inflation on Company Profit / Losses and Countermeasures:

Item	2014 (NTD:1,000; %)
Net Interest Income	(92,904)
Net Forex Loss	101,325
Net Interest Income as percentage of net revenue	(1.01)%
Net Interest Income as percentage of Earnings Before Tax	(8.17)%

Net Forex Income as percentage of net revenue	1.1%
Net Forex Income as percentage of Earnings Before Tax	8.9%

(1)**Interest Rate**

2014 short/long-term loans adopt floating interest rate, market rate variation also affects effective Interest rate and future cash inflow. One hiking market rate results in cash outflow of NTD$11,397,000.

(2)**Exchange Rate**

SAS exports/ imports in foreign currency. Owing to changes in industry, almost all foreign currencies hedged in 2014. SAS severely monitors balance, no major influence on operation.

(3)**Inflation**

Influenced by oil price, international material price rises in 2014. Owing to keen competition between our suppliers, procuring cost reduces. In terms of production cost, inflation causes no major influence.

7.6.3 Risks Associated with High-risk/High-leveraged Investment; Lending, Endorsements, and Guarantees for Other Parties; and Financial Derivative Transactions, major reasons for profit and losses and countermeasures:

Our company does not engage in high risk, high leveraged transactions or derivative financial products. The Company has severe internal control and regulations upon derivative products, executing department also strictly review and monitor according to relevant governing regulations, causing no impact on operation. In response to subsidiary operating requirements, the Company does not lend any fund to other companies according to "Procedures for Endorsement and Guarantee" and "Procedures for Lending Funds to Other Parties" of the Company. The Company made endorsement and guarantees to subsidiaries in the aggregate amount of NTD $139,061,000 as of the date of this Annual Report.

7.6.4 Future Research & Development Projects and Corresponding Budget

Recent Year Plan	Current Status	Future R&D expense estimate	Mass product target date	Determinants
A^{5+} multicrystal growth technology development	Efficiency reaches 19.4%	NTD 150 million	2015.06	Grower design on structure, hot zone and heat preservation
Energy Saving multicrystal growth technology development	Electricity consumption of ingot down to 9.9 degree per kg	NTD 50 million	2015.12	G6 Grower design on structure, hot zone and heat preservation
$G6^{+}$multi-crystal grower technology development	Recharging 900kg per grower	NTD 150 million	2015.12	Grower design on structure, hot zone and heat preservation
Nano- solar wafer with high fracture strength	Flexure strength >20%(compare with nano wafer)	NTD 50 million	2015.12	Nano technology and patented innovation technology
N type mono-crystal cell development	Under development	NTD 720 million	2017 Q3	New process technology development

7.6.5 Impact of the Company's Financial Operations of Important Policies Adopted and Changes in the Local and International Legal Environment, and Countermeasures:

Besides the daily operating in compliance with relevant laws and regulations at home and abroad, the company also pays attention to the policy development trend and changes in order to grasp the market environment changes with timely feasible countermeasures. So far no significant changes have occurred at home and abroad to influence the financial status of the company.

7.6.6 Impact of Technological Change and Industry Changes upon the Financial Standing of the Company and the Countermeasures:

The operating teams of SAS and its subsidiaries, with good experiences at related industries, have good sensitivity toward each industry and accordingly are able to grasp the market trend so as to modify the operating strategy of the company. Only there has been no major technological or industrial change that affected the financial status of the company in recent years.

7.6.7 Impact of Changes in Company Image on Crisis Management and Countermeasures: None

7.6.8 Expected Benefits and Possible Risks Associated With any Merger and Acquisitions:

The company has completed a merger with Sunrise Global Solar Energy in August 1st 2014. Sunrise Global Solar Energy is one of the leading manufacturers of solar cell. The main product is the P type high efficiency solar cell with the highest conversion rate within the industry domestically and famous in the world. Through the mutual integration, SAS now not only possesses the production technology of silicon wafer and solar cells but is able to meet the demands of customer from different levels. Meantime the expansion of the operating scale brought about more resources and lower operating cost as well as technology integration from mutual sides that contributed better synergy of integration and operating performance after the merger, and eventually increased equity of shareholders.

7.6.9 Expected Benefits and Possible Risks Associated with any Plant Expansion:

Under the solar industrial adjustment, the Company makes no solar productivity expansion to avoid extravagant capital investment in 2014. Semiconductor performs no extension neither having strategic acquisition undergoing.

7.6.10 Risks Associated with any Consolidation of Sales or Purchasing Operations: None

7.6.11 Effect and Risk of Large Sale or Transfer of Shares by Directors, Supervisors or Top Ten Shareholders and Countermeasures: None

7.6.12 The Impact of Change in Management and its Potential Risks: None

7.6.13 Litigation or Non-litigation Matters

Major ongoing lawsuits, non-lawsuits or administrative lawsuit, ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors, supervisors or shareholders with over 10% shareholdings: None.

7.6.14 Other major risks and countermeasures: None

Key performance Indicator, KPI
Being an manufacturer, below KPI are crucial:

1.Finance

2014 accounts receivable rate – 7.1
2014 accounts payable rate –51
Inventory turnover rate – 8.68
Fixed asset turnover rate – 1.53
Total asset turnover rate – 0.29
Accounts receivable rate & Accounts payable rate are critical KPI for operation fund.

2.Customer structure

Customer satisfaction, complaints and after service are our crucial KPI. 2014 customer satisfaction scores 84.8.

3.Internal procedure

2014 inventory turnover rate – 8.68
SAS equips with internal procedure for severe monitoring on defect rate.
Preferred shipping date/location, SAS always achieves.

4.Learning and career advancement

2014 revenue/employee – NT$7,236,000
Training (internal/external) – 9,795 (people)
SAS advocates IT capability regularly via training classes.
Patents: 177 (domestic/abroad)
(2014.01.01～ the printing date of this annual book)

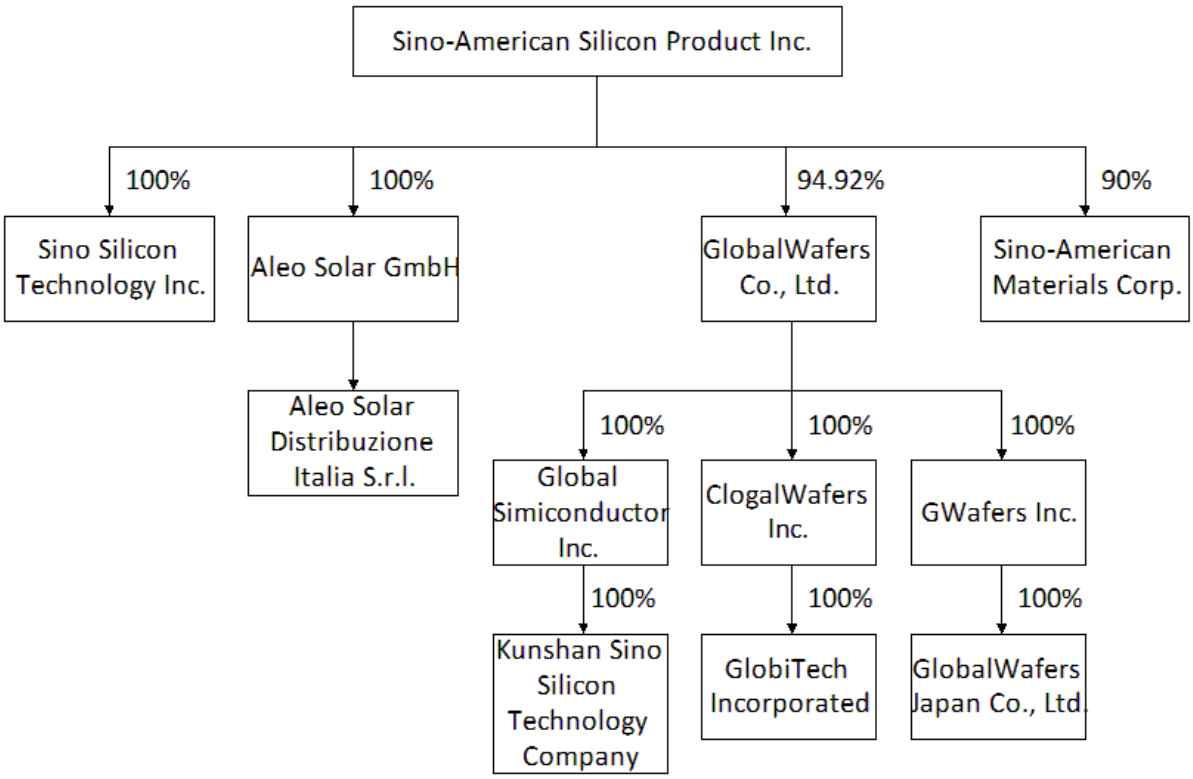
7.7 Other Major Events: None

VIII. Special Disclosure

8.1 Affiliated Businesses

8.1.1 Affiliated Business Consolidated Business Report

8.1.1.1 Affiliated Company Chart



8.1.1.2 Relationship with Affiliated Companies and Share Crossholdings

Unit: US $1000

Name of affiliated company	Establishment	Address	Paid-in Capital	Major Business Items
Sino Silicon Technology Inc.	1999.08.05	3rd Floor, Omar Hodge building, Wickhams Cay 1, P.O. Box362, Road Town, Tortola British Virgin Islands	USD 48,526	Shareholding, international trading
GlobalWafers Co., Ltd.	100.10.01	No. 8. Industrial East Road 2, Hsinchu Science Park, Taiwan	NTD 3,175,000	Silicon-based semiconductor materials and their components manufacturing, selling
GlobalWafers Inc.	2012.05.11	1st Floor, Windward 1, Regatta Office Park, P.O. Box 10338, Grand Cayman KY1-1003	USD 1	Invest various business
GlobalSemiconductor Inc.	2012.05.11	1st Floor, Windward 1, Regatta Office Park, P.O. Box 10338, Grand Cayman KY1-1003	USD 26,555	Invest various business and trilateral trade center with its subsidiary in China
GWafers Inc.	2012.10.25	6-861-5, Seiro-machi Higashiko, Kitakanbara-gun, Niigata Prefecture 957-0197, Japan	JPY 8,000	Invest various business
Kushan Sino Silicon Technology Company	1999.08.01	Kushan industrial park, Kushan City, Jiangsu Province, China	USD 26,555	Processing trades of silicon ingot etc.
GlobiTech Incorporated	1998.12.15	200 FM 1417 West/Sherman, TX 75092, U S A	USD 1	Epitaxial wafer and EPI foundry trade
GlobalWafers Japan Co., Ltd.	2011.04.01	6-861-5, Seiro-machi Higashiko, Kitakanbara-gun, Niigata Prefecture 957-0197, Japan	NTD 6,967,000	Semiconductor wafer manufacturing, selling
Aleo Solar GmbH	2014.01.23	Marius Eriksen-Str. 1, 17291, Prenzlau, Germany	EUR 13,500	Solar module manufacturing and sales
Aleo Solar Distribuzione Italia S.r.l	2014.05.16	Value Trento e Trieste 12/A 31100 Treviso, Italy	EUR 100	Solar module sales
Sino-American Materials Corp.	2014.05.30	No.16, Kuang-Fu North Rd., Hu-kou Township, Hsinchu County	NTD 100,000	Renewable energy source and green building material equipment and system development, manufacturing and sales

8.1.1.3 Common Shareholders of SAS and Its Subsidiaries or Its Affiliates with Actual of Deemed Control: None

8.1.1.4 Business Scope and the Affiliated Companies

The Company and its affiliated enterprises engage in below business:

A. Research and development, design, manufacture and sell the following products:
(a) Silicon-based semiconductor materials and their components
(b) Varistor
(c) Photovoltaic and communication materials
(d) Sapphire wafer and patterned substrate
B. The technology, management and advisory business related to the products listed above.
C. Photovoltaic system integration and installation services.
D. Import-export activities related to the above mentioned business.

8.1.1.5 List of Directors, Supervisors and Presidents of Affiliated Companies

2014/12/31; Unit: USD $1000

Name of affiliated company	Title	Name or representative	Shares held	
			Shares or capital contribution	%
Sino Silicon Technology Inc.	Director	Sino-American Silicon Products Inc. Representative: Ming-Kuang Lu	48,526,237 Shares	100%
GlobalWafers Co., Ltd.	Chairwoman/ President	Hsiu-Lan Hsu	301,381,000 Shares	94.92%
	Director	Sino-American Silicon Products Inc. Representative: Ming-Kuang Lu		
	Director	Sino-American Silicon Products Inc. Representative: Tan-Liang Yao		
	Director	Kuo-Chou Chen		
	Independent Director	Chieh-Hsiun Cheng		
	Independent Director	Chun-Yen Chang		
	Independent Director	Ming-Chang Chen		
GlobalWafers Inc.	Director	Hsiu-Lan Hsu	90,000,000 Shares	100%
	Director	Einoshin Endo		
GlobalSemiconductor Inc.	Director	Hsiu-Lan Hsu	25,000,000 Shares	100.%
GWafers Inc.	Director	Hsiu-Lan Hsu	0 Share	100%
	Director	Einoshin Endo		
Kushan Sino Silicon Technology Company	Chairman	GlobalWafers Co., Ltd. Representative: Tan-Liang Yao	0 Share	100%
	Vice Chairwoman	GlobalWafers Co., Ltd. Representative: Hsiu-Lan Hsu		
	Director/ President	GlobalWafers Co., Ltd. Representative: Ching-Chang Chin		
	Director	GlobalWafers Co., Ltd. Representative: Sheng-Hsiung Hong		
	Director	GlobalWafers Co., Ltd. Representative: Ming-Huei Chien		
	Supervisor	GlobalWafers Co., Ltd. Representative: Wei-Wen Chen		
GlobiTech Incorporated	Chairman/CEO	GlobalWafers Co., Ltd. Representative: Hsiu-Lan Hsu	1 Share	100%
	Director	GlobalWafers Co., Ltd. Representative: Ming-Kuang Lu		
	Director	GlobalWafers Co., Ltd.		

		Representative: Tan-Liang Yao		
	Director/ President	GlobalWafers Co., Ltd. Representative: Mark England		
	Director	GlobalWafers Co., Ltd. Representative: Curtis Hall		
GlobalWafers Japan Co., Ltd.	Chairman	GlobalWafers Co., Ltd. Representative: Hsiu-Lan Hsu	128,002 Shares	100%
	Director	GlobalWafers Co., Ltd. Representative: Ming-Kuang Lu		
	Director	GlobalWafers Co., Ltd. Representative: Tan-Liang Yao		
	Director	GlobalWafers Co., Ltd. Representative: Takeshi Araki		
	Director	GlobalWafers Co., Ltd. Representative: Einoshin Endo		
	Supervisor	GlobalWafers Co., Ltd. Representative: Chung Wei Lee		
Aleo Solar GmbH	No board of directors		0	100%
Aleo Solar Distribuzione Italia S.r.l	No board of directors		0	100%
Sino-American Materials Corp.	Chairman	Sino-American Silicon Products Inc. Representative: Sheng-Cheng Tseng	9,000,000 shares	90%
	Director	Sino-American Silicon Products Inc. Representative: Hsiu-Lan Hsu		
	Director	Sino-American Silicon Products Inc. Representative: Ching-Lung Chang		
	Director	Tang-Liang Yao		

8.1.1.6 Operation Highlights of Affiliated Companies

Financial status and operation of affiliated companies

2014/12/31 Unit: NTD $1000

Name Of Affiliated Company	Capital	Assets	Liabilities	Net Worth	Operating Income	Operating Profit	Income (After Tax)	EPS (After Tax)
Sino Silicon Technology Inc.	1,425,603	1,117,087	3,364	1,113,723	0	0	8,634	0.00
GlobalWafers Co., Ltd.	3,175,000	16,516,716	3,315,902	13,200,814	6,831,717	350,073	2,095,432	6.50
GlobalWafers Inc.	1	3,384,374	0	3,384,374	0	0	162,608	0.00
GlobalSemiconductor Inc.	756,809	893,705	0	893,705	21,795	5,604	22,951	0.00
GWafers Inc.	2,713	6,799,307	320	6,798,987	0	-94	1,753,712	0.00
Kushan Sino Silicon Technology Company	769,177	2,049,405	1,164,469	884,936	1,927,896	14,978	17,467	0.00
GlobiTech Incorporated	1	3,643,133	1,142,366	2,500,767	3,623,035	200,705	162,608	0.00
GlobalWafers Japan Co., Ltd.	2,750,510	11,838,863	3,329,308	8,509,555	10,918,060	1,296,679	977,722	0.00
Aleo Solar GmbH	558,139	1,462,147	960,684	501,463	502,183	-31,993	-49,475	0.00
Aleo Solar Distribuzione Italia S.r.l	4,078	64,110	58,606	6,050	248,596	-21,865	156	0.00
Sino-American Materials Corp.	100,000	93,875	5,085	88,790	2,133	-11,553	-11,211	0.00

Foreign exchange rate as of 2014/12/31 USD:NTD=1:31.65 JPY:NTD=0.2646:1 EUR:NTD=38.47:1

Note1：All affiliated enterprises shall be disclosed regardless of operation scale

Note2：If an affiliated enterprise is foreign, related figures shall be exchanged to NTD as of the report date.

8.1.2 Consolidated Financial Statements of Affiliated Enterprises

Statement

Pursuant to the "Regulations Governing Preparation of Consolidated Business Reports Covering Affiliated Enterprises, Consolidated Financial Statements Covering Affiliated Enterprises, and Reports on Affiliations" and to “No . 07, Consolidated Financial Statements, of Statements of Financial Accounting Standards”, SAS shall prepare the affiliates' consolidated financial statements and issue the declaration, which has been issued and placed in the affiliates' financial statement.

Sino-American Silicon Products Inc.

Chairman Ming-Kuang Lu

8.1.3 Consolidated Financial Statements of Affiliated Enterprises
Please refer to the audited consolidated financial statements of 2014.

8.1.4 Affiliation Reports: Not applicable.

8.2 Private Placement Securities in the Most Recent Years: NA

8.3 The Shares in the Company Held or Disposed of By Subsidiaries in the Most Recent Years: NA

8.4 Other Necessary Supplement: NA

8.5 Any Events And as of the Date of this Annual Report that Had Significant Impacts on Shareholders' Rights or Security Prices as Stated in Item 2 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: NA

(END)