Stock Symbol: 5483

Sino-American Silicon Products Inc.

2017 Annual Report

Issue Date: August 10, 2018

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

1. Company Spokesperson:

- Spokesman
  Name: CW Lee
  Position: Vice President of Corporate Development
  Tel:+886-3-577-2233
  E-mail: CWLee@saswafer.com

- Deputy spokesperson:
  Name: Grace Hsu
  Position: Accounting Director
  Tel:+886-3-577-2233
  E-mail: Grace.Hsu@saswafer.com

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

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

- Chunan Branch and Plant
  Address: No. 6, Kejung Rd., Chunan, Miaoli County, Hsinchu Science Park, Taiwan
  Tel: +886-37-582-533
  Fax: +886-37-580-206

- Yilan Branch and Plant
  Address: No.1 Sec. 2 Ligong 1st Rd., Wujie Township, Yilan 268, Taiwan
  Tel: +886-3-990-5511
  Fax:+886-3-990-3141

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

3. 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/

4. External Auditor
   Name of Accounting Firm: KPMG Taiwan
   Name of CPAs: Chen-chien Chen, Ann-chih Cheng
   Address: 68F, No. 7, Sec. 5, Hsinyi Rd., Taipei, Taiwan
   Tel: +886-2-8101-6666
   Website: http://www.kpmg.com

5. Global Depositary Receipt (GDR) Agency
   Luxembourg Stock Exchange
   How to Query
   Website: http://www.bourse.lu

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

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I. Letter to Shareholders

Sino-American Silicon Products Inc.

Fiscal 2017 Business Report

Dear Shareholders,

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

There had been a slow season for the solar market during the first half of 2017 due to factors such as trade wars, breakthrough technologies, and changes to government subsidies. Market growth came back a little in the third quarter thanks to the deadline extension of the solar subsidy in China from June 30 to September 30 and the installation rushes from the US before the final judgment of section 201. Along with the weak demand and price decline from the fourth quarter, however, manufacturers at home again had to face severe challenges. With the efforts of all SAS staff by resource integration, product differentiation and revenue injection from SAS, the subsidiary, our revenue successfully hit another all-time high for a turnaround. In solar business, consolidated revenue for 2017 accumulated NT$59.3 billion, an 87.9% increase from the NT$31.5 billion in the previous year. Net income attributable to parent company was NT$1 billion. Earnings per share was NT$1.8.

The 2017 operating results and 2018 business plan overview are presented as follows.

A. Operation Performance in 2017

1. Operation Performance

Unit: NT$'000

Item \ Year	2017 (IFRSs)	2016 (IFRSs)	Change (%)
Operating Revenue	59,371,198	31,599,040	88
Operating Costs	47,967,962	28,164,027	70
Operating Profit from Operations	11,403,236	3,435,013	232
Operating Expenses	5,078,234	3,392,953	50
Operating Income (Loss)	6,325,002	42,060	14,938
Income before Tax (Loss)	5,125,741	(856,378)	699
Net Income (Loss)	3,518,628	(1,289,006)	373
Net Income Attributable to the parent Company	1,035,505	(1,589,225)	165

Benefitting from an installation rush of distributed and centralized power stations in China, considerable demand for raw materials was seen in 2017. This also led to a historical high for 2016 global PV installation up to 102GW, a 28% increase year over year compared with that of 79.4GW in 2016. In solar business, SAS continued to focus on cost reduction, conversion efficiency of high efficiency products as well as further integration and strategy alliance with downstream system power stations so as to enhance our operational efficiency and competitiveness. In reinvestment business, SAS' semiconductor subsidiary GWC made a satisfying contribution with impressive consolidated revenue of NT$46.2 billion, net income attributable to SAS of NT$5.2 billion and an EPS of NT$12.68.

2. Budget Implementation: No financial forecast for 2017
3. Profitability Analysis

Item		2017	2016
Financial Structure	Debt ratio (%)	51	66
	Long-term funds to fixed assets (%)	162	123
Profitability	Rate of return on assets (%)	4.57	(1.77)
	Rate of return on stock equity (%)	9.91	(4.62)
	Operating income to capital (%)	106.83	0.73
	Income before tax to capital (%)	86.57	(14.76)
	Net income to sales (%)	5.93	(4.08)
	Earnings per share (NT$)	1.8	(2.77)

4. Financial structure

2017 revenue is NT$59,371,198,000. Operating cost is NT$47,967,962,000. Operating expense is NT$5,078,234,000. Other income is NT$1,199,261,000. Net income before tax is NT$5,125,741,000. Net income after tax is NT$3,518,628,000. The financial structure is healthy.

5. Research & Development Status

1) 2017 Research & Development Expenditure

Unit: NT$'000

Item/ Year	2017	2016
Research & Development Expenses	1,671,895	976,091
Net Revenue	59,371,198	31,599,040
R&D Expenses to Net Revenue (%)	2.82	3.09

2) Research & Development Achievement in 2017

Our technology / products

(1) DW multi-crystalline solar wafer

(2) High efficiency mono-crystal solar cell

(3) Very high efficiency and low LID P-type multi-crystalline Si solar cell

3) Future Plan

(1) DW robust solar wafers

(2) Ultra efficiency P type mono-crystal solar cell

(3) Extra high efficiency and low lid P-type solar cell

(4) Extra high efficiency N type mono-crystal solar cell

B. 2018 Operation Guideline

1. Guideline
   1) Maintaining our leading advantages for the mono-Si PERC cell conversion, improving the production and quality of high efficiency multi-Si cells so as to provide customer service with vertical integration and stimulating customers' interest to change.
   2) Heating up the momentum of new market development as well as continuous development of high efficiency products of next generation with price competitiveness.
   3) Aggressively planning layouts for expending solar power plants specifically in Taiwan and southeast Asia area for investments or construction projects of ground mounted and floating power plants.
2. Sales Forecast

   With the price decline of solar modules, demands for solar power generation worldwide will continue to grow. The analyst of PVinfoLink predicted that the global solar power generation for 2018 shall achieve 95GW. New demand for PERC will continue and become one of the main trends. In addition, technology improvement has largely decreased the cost of materials and made multi-crystalline wafers of gold wire slicing and high efficiency cell the main stream. Thus SAS will strengthen the operational competitiveness so as to adjust operational strategies by maintaining its leading PERC cell efficiency and to master the market trend and industry momentum by making full usage of DW multi-crystalline solar wafer production lines.
3. Sales & Production Policy
   1) Seeking for new customers and developing collaboration with non-China area in order to enhance our adaptability to market changes.

2) Strengthening the connection with downstream customers and increasing added value by core technology capability and lower manufacturing costs for profitable opportunities.
3) Establishing long-term business of downstream system and adopting an overall vertical integration strategy to expand our product export for better operating income.

4. Future Strategy
   1) Accelerating a breakthrough on solar wafers and cells so as to release high efficiency wafer and cell products of the next generation.
   2) Maintaining our position by resource integration, cost reduction, as we as skill and product differentiation.
   3) Aggressively involving in solar power plant business and construction service to expand markets for the group at home and abroad, plus developing new investment partnership with solar system for steady income.
   4) Establishing integrated supply chain from up, middle and downstream and reducing operating risks through vertical and diversified strategy so as to become a global leading green energy provider.
5. Influences from External Competition, Regulations and Economy
   1) To survive among various competitors and oversupply, SAS has aggressively explored new customers and provided superior products and service by developing highly cost-effective new products while accelerating the integration of downstream power plants so as to expand more export markets for the group.
   2) To respond the price drop out of oversupply, SAS will improve the connection with downstream customers to increase our value by developing high efficiency niche products through our core technology.
   3) To improve confidential information management and establish global patent core strategy to enhance our capability facing international competitiveness and market changes.

The year of 2018 will still be filled with uncertainty and challenges. Despite of the anticipation by GTM Research that the PV installation for 2018 will come up to 100GW, there's no sign yet shown for a steady recovery to come. SAS will continue to strive for new innovation and cost reduction to increase its own capability and also to expand the layout regarding solar power farms to improve operation, and also become one of the sustainable green industries with increasing profitability for the goal of maximizing benefits of shareholders and continuous operation of the industry.

Chairman	M.K. Lu
President	Doris Hsu
Chief Accountant	Betty 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:

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

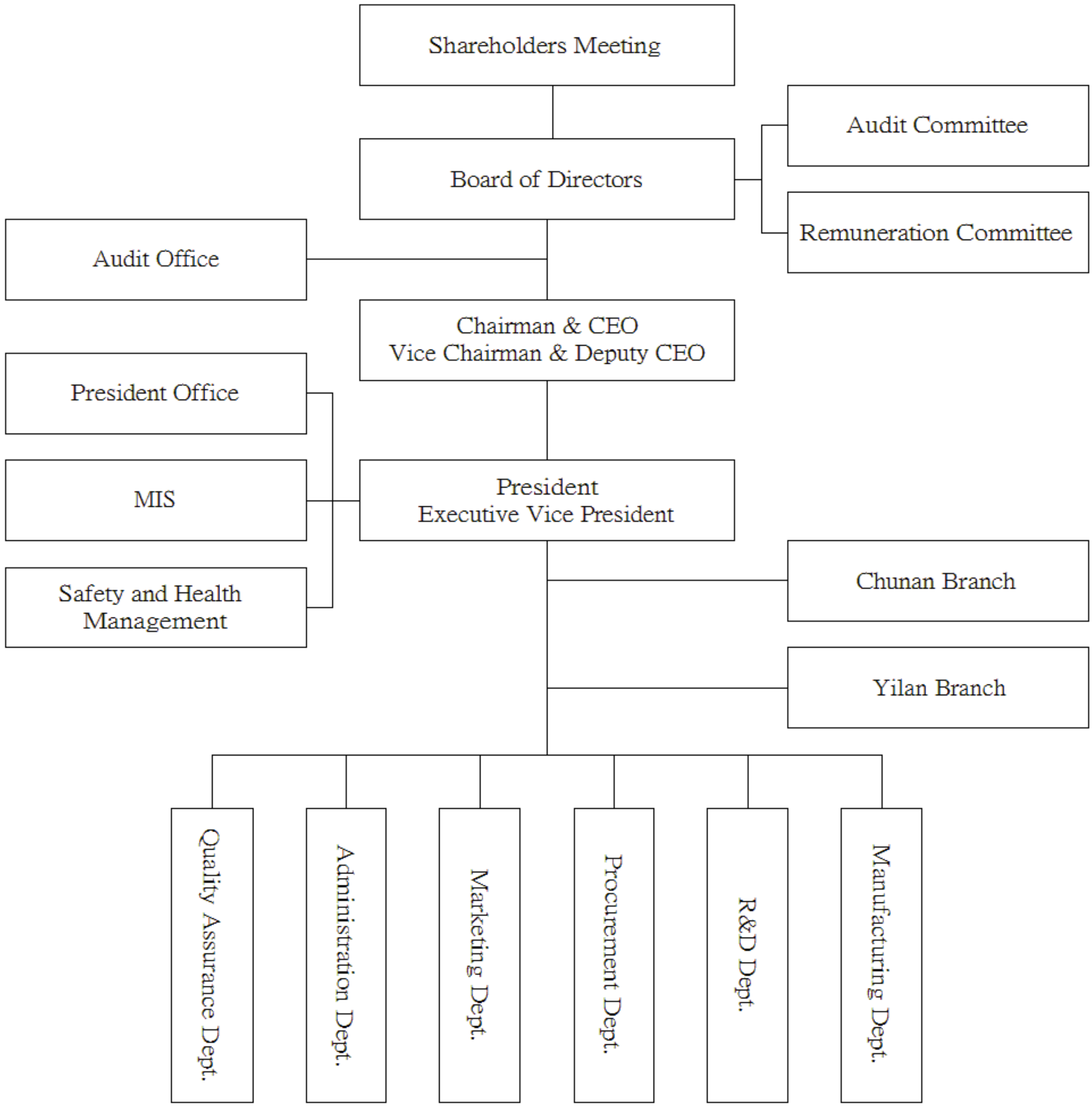
2005	The second-phase capacity expansion of Kunshan Sino Silicon completed
2006	Trial and pilot production of Solar ingot and wafer in Chunan branch succeeded and assumed to run
2006	Solar ingot and wafer in Chunan branch officially produced in mass
2006	Opening ceremony for Chunan branch
2007	Mr. M. 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
2015	OHSAS 18001 certificate granted for occupational safety and health management
2015	Won the 1st corporate governance rating "OTC companies ranked in the top five percent" performance

2015	SAS join in the solar system area, Palo plant in Philippines started construction
2016	ISO 9001:2015 certificate granted for Chunan branch
2016	ISO 14001:2015 certificate granted for Chunan branch and Yilan branch
2016	Won the 2nd corporate governance rating "OTC companies ranked in the top five percent" performance
2016	The 50MW power farm build in Wright Island, Philippines formally began operation
2016	IOCG Laudise Prize
2016	President Doris Hsu granted Outsanding CEO Award
2016	2016 Chin-Nen Award
2017	SAS Sunrise (subsidiary) granted 2017 System Integration Award
2017	The 3rd Evaluation on Corporation Governance Award granted
2017	2016 National Invention and Creation Award
2017	Partaking in the database constructoin for 2017 carbon-footprint label developed by EPA, Executive Yuan
2017	Received Gold Medal Award from 2017 TCSA (Taiwan Corporate Sustainability Awards): Electronic Information Manufacturing Category
2017	Selected by Economic Daily as a benchmarking enterprise in the "2017 CSR Yearbook"
2018	The 4thd Evaluation on Corporation Governance Award granted

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
Safety Department	-Define and modify safety and health management standards and systems -Identify and prevent accident and disaster risk -Promote staff health and safety and other related business 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 30, 2018 Unit: Share; %

Title	Nationality	Name	Gender	Date Elected	Duration	Date First Elected	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	Ming-Kuang Lu	Male	Jun. 27, 2017	3 years	Sep. 7, 1998	11,600,000	0.35	11,800,000	1.99	2,001,685	0.34	0	0	- Honorary doctorate of science, NCTU - President of Lite-On Semiconductor Corp. - President of Lite-On Power Semiconductor Corp. - Vice president of Silitek Corp	Note 1	N/A	N/A	N/A
Vice chairman	Taiwan	Tan-Liang Yao	Male	Jun. 27, 2017	3 years	Nov. 6, 1998	1,800,395	0.31	3,330,395	0.56	14,413	0	0	0	- Master of MBA program, TKU - Assistant general manager of manufacturing division, Lite-On Power Semiconductor Corp - President of the Company	Note 2	N/A	N/A	N/A
Director	Taiwan	Hsiu-Lan Hsu	Female	Jun. 27, 2017	3 years	Sep. 7, 1998	1,706,085	0.29	2,971,085	0.50	0	0	0	0	- Master of Computer Science, University of Illinois, USA - Executive vice president of the Company	Note 3	N/A	N/A	N/A
Director	Taiwan	Wen-Hui Tsai	Male	Jun. 27, 2017	3 years	Jun. 8, 2006	2,976,191	0.51	3,006,191	0.51	30,490	0	0	0	- Bachelor of accounting, NCCU - Director of Actherm Inc. - Director of Ene Technology	Note 4	N/A	N/A	N/A
Director	Taiwan	Solartech Energy Corp. Representative: Kang-Hsin Liu	Male	Jun. 27, 2017 Jun. 27, 2017	3 years	Jun. 27, 2017 Jun. 17, 2011	21,860,379 0	3.77 0	21,860,379 0	3.69 0	0 0	0 0	0 0	0 0	- National Taiwan Ocean University - Assistant general manager of Formosa Plastics Group - Director of Chemicals & Fiber Corp.	Note 5	N/A N/A	N/A N/A	N/A N/A
Director	Taiwan	Mau-young Company Representative: Rong-kang Sun	Male	Jun. 27, 2017 Jun. 27, 2017	3 years	Jun. 13, 2003 Jun. 27, 2017	3,333,639 0	0.57 0	3,333,639 0	0.56 0	0 0	0 0	0 0	0 0	- Department of Law, CCU - President of Atomcinema Company	Note 6	N/A N/A	N/A N/A	N/A N/A
Director	Taiwan	Kai-Chiang Company Representative: Hau Fang	Male	Jun. 27, 2017 Jun. 27, 2017	3 years	Jun. 26, 2014 Jun. 27, 2017	2,000,000 0	0.34 0	2,000,000 0	0.34 0	0 0	0 0	0 0	0 0	- Master of IMBA, NCCU - Bachelor of Business & Management, Arizona University, USA - Vice president of TUM Inc.	Note 7	N/A N/A	N/A N/A	N/A N/A
Director	Taiwan	Kun Chang Investment Co. Representative: Yu-Da Chang	Male	Jun. 27, 2017 Jun. 27, 2017	3 years	Jun. 17, 2011 Aug. 03, 2016	2,202,100 0	0.38 0	2,202,100 0	0.37 0	0 0	0 0	0 0	0 0	- Guaduate Institute of Finance, NTU - Vice president of Investment Dept., Wei-lien Investment Company	Note 8	N/A N/A	N/A N/A	N/A N/A
Director	Taiwan	CDIB Venture Capital Corp Representative: Jun-huei Ho	Male	Jun. 27, 2017 Jun. 27, 2017	3 years	Jun. 27, 2017 Mar. 01, 2018	4,094,562 0	0.71 0	5,708,562 0	0.96 0	0 0	0 0	0 0	0 0	- Ph. D. of Economy, University of Pittsburgh, USA - Master of Transportation Engineering, NCTU - Vice executive secretary of Executive Yuan National Development Foundation - Supervisor of TSMC - Chairman of PharmaEngine Inc. - General manager of CDIB	Note 9	N/A N/A	N/A N/A	N/A N/A
Director	Taiwan	Hong-mau Investment company Representative: Hsueh-chung Lu	Male	Jun. 27, 2017 Jun. 27, 2017	3 years	Jun. 27, 2017 Jun. 27, 2017	10,425,000 0	1.80 0	10,425,000 0	1.75 0	0 0	0 0	0 0	0 0	- Master of Electrical Engineering, UCSB, USA - Integrated Device Technology, USA - Vice president of R&D dept. of ULSI Systems Technology, USA - Vice president of R&D dept, VIA Technologies Inc.	Note 10	N/A N/A	N/A N/A	N/A N/A

Title	Nation-ality	Name	Gender	Date Elected	Duration	Date First Elected	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
Independen director	Taiwan	Ting-Ko Chen	Male	Jun. 27, 2017	3 years	Jun. 17, 2011	0	0	0	0	0	0	0	0	- Ph.D. of Business Administration, University of Michigan, USA - Chief consultant of Ruentex Group - President of Charoen Pokphand Enterprise (Taiwan) Co., Ltd., New York - Vice president of Formosa Plastics Group J-M USA - Director of Chin-hua hsin Securities - Dean & professor of Business Institute, NTU - Dean & professor of Business Dept., TKU - Dean & chair professor of Management Dept., Asia University	Note 11	N/A	N/A	N/A
Independen director	Taiwan	Hsin-Hsien Lin	Male	Jun. 27, 2017	3 years	Jun. 26, 2014	0	0	0	0	0	0	0	0	- EMBA, Tulane University, USA - Bachelor of Electrophysics, NCTU - Vice director of Lite-on Technology & Lite-on Group - CEO of Lite-On Technology - President of Silitech Technology - General manager of Instruments Incorporated Taiwan Branch	Note 12	N/A	N/A	N/A
Independen director	Taiwan	Meng-Hua Huang	Female	Jun. 27, 2017	3 years	Jun. 17, 2011	0	0	0	0	0	0	0	0	- EMBA, Tulane University, USA - President of Leotek Electronics - Manager of Instruments Incorporated Taiwan Branch - Chief Accountant of Instruments Incorporated Taiwan Branch - Vice president of Silitech Technology - Vice president of Lite-on Group - Senior vice president of Lite-on Technology	Note 13	N/A	N/A	N/A

Note : Please refer to page 12 to 13 of the Chinese annual report.

(2) Major Shareholders of Institutional Shareholders

Table 1: Major Shareholder of Institutional Shareholders

April 30, 2018

Name of Institutional Shareholders	Major Shareholders of Institutional Shareholders
Solartech Energy Corp.	Sino-American Silicon Products Inc. (7.85%), Norges Bank (3.42%), Li-mau Investment Company (3.31%), CDIB Capital Management Corp. (2.05%), Hsin-dong Investment Company (1.77%), Keysheen Industry (1.64%), CDIB Venture Capital Corp. (1.39%), Van Gaal Emerging Market Stock Index Fund Account (1.20%), CTBC custody of Solartech Energy Corp. (1.17%), Dimensional Emerging Markets Value Fund (1.16%)
CDIB Venture Capital Corp.	CDIB Capital Management Corp. (100%)
Maoyang Corporation	Chang Feng-Ming (76.66%), ThongLo Corporation (16.24%), Hsu-Hua Hsu (4.96%), Merie Co. (1.42%), Hsi-Ning Chang (0.36%), An-Shih Chang (0.36%)
Kai-chiang Company	Ling-ling Sun (83%), Kai-chang Fang (5%), Hau Fang (7%), Hua Hang(5%)
Kun Chang Investment Company	Christian Faith/Hope/Love Welfare Committee (19.90%), Cross-strait peace Taiwan Faith/Hope/Love Education Foundation (19.90%), Mercy Social Welfare Committee (19.90%), Via Technology Welfare Committee (19.90%)
Hong-mau Investment Company	Christian Faith/Hope/Love Welfare Committee (19.90%), Cross-strait peace Taiwan Faith/Hope/Love Education Foundation (19.90%), Mercy Social Welfare Committee (19.90%), Via Technology Welfare Committee (19.90%)

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

April 30, 2018

Name of Institutional Shareholders	Major Shareholders of Institutional Shareholders
CDIB Venture Capital Corp.	CDIB Capital Management Corp. (100%)
KeySheen Industry	O'Keons Investment Corporation (95.56%), Tsung-hsin Liu (2.09%), Tsung-chih Liu (1.22%), Chuen-tsuie Chou (0.40%), Bi-yu Lin (0.37%), Hsin-tsu Liu (0.09%), Tsu-kuen Liu (0.09%), Yi-hsiao Liu (0.09%), Tsu-wei Liu (0.09%)
Hsin-dong Investment Company	Christian Faith/Hope/Love Welfare Committee, Via Technology Welfare Committee
Li-mau Investment Company	Li-wei Investment Company (100%)
ThongLo Corporation	Feng-Ming Chang (88.50%), Hsu Hsu-Hua (7.12%), Maoyang Corporation (4.00%), Chang Hsi-Ning (0.19%), Chang An-Shih (0.19%)

(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
Wen-Hui Tsai			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NA
Solartech Energy Corp. Representative: Kang-Hsin Liu			✓			✓	✓			✓	✓	✓		NA
Mau-yang Company Representative: Rong-kang Sun			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		NA
Kai-Chiang Company Representative: Hau Fang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		NA
Kun-Chang Company Representative: Yu-da Chang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		NA
CDIB Venture Capital Corp Representative: Chun-huei Ho			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		N/A
Hong-mau Investment Company Representative: Hsieh-chung Lu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		N/A
Independent Directors														
Ting-Ko Chen	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Shing-Hsien Lin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Meng-Hua Huang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note 1: A "√" 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.

3.2.2 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 30, 2018 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	Ming-Kuang Lu	Apr. 2, 2007	11,800,000	1.99%	2,001,685	0.35%	0	0	- EMBA program at National Chengchi University - Vice president of LiteOn Technology	Note 1	N/A	N/A	N/A
Vice Chairman	Taiwan	Tan-Liang Yao	Oct. 1, 1998	3,330,395	0.56%	14,413	0	0	0	- MBA of Tamkang University - Assistant vice president at Lite-On GMBH. - President of the Company	Note 2	N/A	N/A	N/A
President	Taiwan	Hsiu-Lan Hsu	Feb. 1, 2008	2,971,085	0.50%	0	0	0	0	- M.S. in Computer Science, University of illinois - President of Creative Sensor Inc. - Vice president of the Company	Note 3	N/A	N/A	N/A
Executive Vice President	Taiwan	Hau-chun Shih	Sept. 2, 2014	298,000	0.05%	0	0	0	0	- Bachelor of Engineering Dept., 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	Yu-Tse Lin	Oct. 1, 2005	130,369	0.02%	0	0	0	0	- Master degree in Mineral and Metallurgical Engineering, National Cheng Kung University - Vice manager of General Semiconductor Taiwan	Note 4	N/A	N/A	N/A
Corporate Development Vice President	Taiwan	Chung-Wei Lee	March 21, 2017	60,000	0.01%	0	0	0	0	- MBA of Meiji University Japan - Executive vice president & president of Covalent Materials Taiwan - AGM of Mitsui & Co. Ltd. Taiwan	Note 5	N/A	N/A	N/A
R&D Chief	Indonesia	Budi Tjahjono	August 7, 2016	300,000	0.05%	0	0	0	0	- Doctor's degree, UNSW Australia -Technology Cihef of Sunrise Global Solar Energy.	N/A	N/A	N/A	N/A
Manufacturing Senior Manager	Taiwan	Tai-Lung Ma	Jan. 1, 2016	103,000	0.02%	0	0	0	0	- Master degree in Science and Technology, Feng-chia University - Product & Engineer Manager of Song Long Electronics Co., Ltd	N/A	N/A	N/A	N/A
QA Senior Manager	Taiwan	Chung-Wen Wu	Apr. 1, 2016	61,000	0.01%	0	0	0	0	- Master's degree in Chemical Engineering, Feng-chia University - Department of Material, Taiwan University - QA chief of Lite-On Technology Corp.	N/A	N/A	N/A	N/A
Sales & Marketin Senior Manager	Taiwan	Bei-yi Chen	Aug. 1, 2017	265,035	0.04%	0	0	0	0	- Land Economics, NCCU - Sale Chief of Sunrise Global Solar Energy	N/A	N/A	N/A	N/A
Finance Accounting Chief	Taiwan	Hsio-ling Hsu	Mar 22, 2018	0	0	0	0	0	0	- Department of Business Administration, NTPU - Chief of PwC - Accounting manager of Sunrise Global Solar Energy - Accounting manager of GlobalWafers Ltd.	N/A	N/A	N/A	N/A

Notes: Please refer to page 17 to 18 of the Chinese Annual Report.

3.2.3 Remuneration Paid to Directors, Supervisors, President and Vice Presidents

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

Date: December 31, 2017 Unit: NTD$ 1000

<table>
<tr><th rowspan="4">Title</th><th rowspan="4">Name</th><th colspan="8">Remuneration</th><th colspan="2" rowspan="2">Rario of Total Remuneration (A+B+C+D) to Net Income (%)</th><th colspan="8">Compensation Earned as Employees of SAS or of SAS Consolidated Entities</th><th colspan="2" rowspan="2">Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)</th><th rowspan="4">Compensation Paid to Directors from Nonconsolidated Affiliates</th></tr>
<tr><th colspan="2">Base Compensation (A)</th><th colspan="2">Severance Pay and Pensions(B)</th><th colspan="2">Bonus to Directors (C)</th><th colspan="2">Allowances (D)</th><th colspan="2">Base Compensation, Bonuses, and Allowances (E)</th><th colspan="2">Severance Pay and Pensions (F)</th><th colspan="4">Employee Profit Sharing (G)</th></tr>
<tr><th rowspan="2">From SAS</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From SAS</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From SAS</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From SAS</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From SAS</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From SAS</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From SAS</th><th rowspan="2">From All Consolidated Entities</th><th colspan="2">From SAS</th><th colspan="2">From All Consolidated Entities</th><th rowspan="2">From SAS</th><th rowspan="2">From All Consolidated Entities</th></tr>
<tr><th>Cash</th><th>Stock (Fair Market Value)</th><th>Cash</th><th>Stock (Fair Market Value)</th></tr>
<tr><td>Director</td><td>Ming-Kuang Lu</td><td rowspan="15">29,660</td><td rowspan="15">29,660</td><td rowspan="15">0</td><td rowspan="15">0</td><td rowspan="15">0</td><td rowspan="15">6,163</td><td rowspan="15">480</td><td rowspan="15">580</td><td rowspan="15">0.86%</td><td rowspan="15">1.03%</td><td rowspan="15">28,249</td><td rowspan="15">31,309</td><td rowspan="15">54</td><td rowspan="15">54</td><td rowspan="15">0</td><td rowspan="15">0</td><td rowspan="15">29,000</td><td rowspan="15">0</td><td rowspan="15">1.66%</td><td rowspan="15">2.75%</td><td rowspan="15">NA</td></tr>
<tr><td>Director</td><td>Tan-Liang Yao</td></tr>
<tr><td>Director</td><td>Hsiu-Lan Hsu</td></tr>
<tr><td>Director</td><td>Wen-Hui Tsai</td></tr>
<tr><td>Director</td><td>Solartech Energy Corp. Representative: Kang-Hsin Liu</td></tr>
<tr><td>Director</td><td>Kai-Chiang Company Representative: Hau Fang Chi-yao Sun *3</td></tr>
<tr><td>Director</td><td>Mao-yang Corporaton Representative: Rong-kang Sun Tieh-chih Sun *4</td></tr>
<tr><td>Director</td><td>Kun-Chan Investment Co. Representative: Yu-da Chang</td></tr>
<tr><td>Director</td><td>Hong-mau Investment Corp. Representative: Hsieh-chung Lu</td></tr>
<tr><td>Director</td><td>CDIB Capital Management Corp. Representative: Hong-cheng Wei *5</td></tr>
<tr><td>Director</td><td>Chin-lung Chang *6</td></tr>
<tr><td>Director</td><td>Kuei-chang Hsu *6</td></tr>
<tr><td>Independent Director</td><td>Ting-Ko Chen</td></tr>
<tr><td>Independent Director</td><td>Shing-Hsien Lin</td></tr>
<tr><td>Independent Director</td><td>Meng-Hua Huang</td></tr>
</table>

Remark: 1. 2017 actual retirement payment: NTD $0

1. Allowance or funding of pension obligation: NTD $54,000
2. Kai-chiang Company representative: Chih-yao Sun resigned after the re-election on June 27, 2017.
3. Mau-yang Company representative: Tieh-chih Sun resigned after the re-election on June 27, 2017.

4. The representative of CDIB Capital Management Corp. was changed to Chun-huei ho on March 1, 2018.
5. Chin-lung Chang and Kuei-chang Hsu resigned after the re-election on June 27, 2017.

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	Kang-Hsin Liu Solartech Energy Corp. Rep: Kang-Hsin Liu Kai-Chiang Company Rep: Chieh-yao Sun Kai-Chiang Company Rep: Hau Fang Mao-yang Corporaton Rep: Tie-Chih Sun Mao-yang Corporaton Rep: Rong-Kang Sun Hong-mau Investment Co. Rep: Hsieh-Chung Lu CDIB Capital Management Corp. Rep: Hong-Cheng Wei Ching-Lung Chang Kuei-Chang Hsu Ting-Ko Chen Meng-Hua Huang Shing-Hsien Lin	Kang-Hsin Liu Solartech Energy Corp. Rep: Kang-Hsin Liu Kai-Chiang Company Rep: Chieh-yao Sun Kai-Chiang Company Rep: Hau Fang Mao-yang Corporaton Rep: Tie-Chih Sun Mao-yang Corporaton Rep: Rong-Kang Sun Hong-mau Investment Co. Rep: Hsieh-Chung Lu CDIB Capital Management Corp. Rep: Hong-Cheng Wei Ching-Lung Chang Kuei-Chang Hsu Ting-Ko Chen Meng-Hua Huang Shing-Hsien Lin	Kang-Hsin Liu Solartech Energy Corp. Rep: Kang-Hsin Liu Kai-Chiang Company Rep: Chieh-yao Sun Kai-Chiang Company Rep: Hau Fang Mao-yang Corporaton Rep: Tie-Chih Sun Mao-yang Corporaton Rep: Rong-Kang Sun Hong-mau Investment Co. Rep: Hsieh-Chung Lu CDIB Capital Management Corp. Rep: Hong-Cheng Wei Ching-Lung Chang Kuei-Chang Hsu Ting-Ko Chen Meng-Hua Huang Shing-Hsien Lin	Kang-Hsin Liu Solartech Energy Corp. Rep: Kang-Hsin Liu Kai-Chiang Company Rep: Chieh-yao Sun Kai-Chiang Company Rep: Hau Fang Mao-yang Corporaton Rep: Tie-Chih Sun Mao-yang Corporaton Rep: Rong-Kang Sun Hong-mau Investment Co. Rep: Hsieh-Chung Lu CDIB Capital Management Corp. Rep: Hong-Cheng Wei Ching-Lung Chang Kuei-Chang Hsu Ting-Ko Chen Meng-Hua Huang Shing-Hsien Lin
NT$2,000,000~NT$5,000,000	Hsiu-Lan Hsu Wen-Huei Tsai Kun-Chang Investment Co. Rep: Yu-da Chang	Wen-Huei Tsai Kun-Chang Investment Co. Rep: Yu-da Chang	Kuei-Chang Hsu	Kuei-Chang Hsu

NT$5,000,000~NT$10,000,000	Ming-Kuang Lu Tan-Liang Yao	Ming-Kuang Lu Tan-Liang Yao Hsiu-Lan Hsu	-	-
NT$10,000,000~NT$15,000,000	-	-	Tan-Liang Yao Hsiu-Lan Hsu	Tan-Liang Yao
NT$15,000,000~NT$30,000,000	-	-	Ming-Kuang Lu	Ming-Kuang Lu
NT$30,000,000~NT$50,000,000	-	-	-	Hsiu-Lan Hsu
NT$50,000,000~NT$100,000,000	-	-	-	0
Over NT$100,000,000	-	-	-	0
Total	18	18	18	18

(2) Remuneration Paid to Supervisors: As the company has set up an audit committee, no remuneration was paid to supervisors.

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

Date: December 31, 2017 Unit: NT$ '000

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Profit Sharing- Employee Bonus (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation paid to the President and Vice President from an Invested Company Other Than the Company's Subsidiary
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
CEO	Ming-Kung Lu	20,213	26,192	378	378	26,076	26,525	0	0	29,500	0	1.33%	2.35%	NA
Vice CEO	Tang-Liang Yao													
President	Hsiu-Lan Hsu													
Executive Vice President	Keui-Chang Hsu *3													
Vice President	Yu-Tse Lin													
Executive Vice Manager	Hau-Chun Shih													
Vice President	Chung-Wei Lee													
R&D Chief	Budi Tjahjono													

*Note: 1. 2017 actual retirement payment: NTD $0

2. Allowance or funding of pension obligation: NTD $378,000
3. Executive vice president Kuei-Chang Hsu resigned on June 30, 2017.

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	Kuei-Chang Hsu	Kuei-Chang Hsu
NT$2,000,000~NT$5,000,000	Chung-Wei Lee Yu-Tse Lin	Chung-Wei Lee Yu-Tse Lin
NT$5,000,000~NT$10,000,000	Ming-Kung Lu Tang-Liang Yao Hsiu-Lan Hsu Hau-Chun Shih Budi Tjahjono	Ming-Kung Lu Tang-Liang Yao Hau-Chun Shih Budi Tjahjono
NT$10,000,000~NT$15,000,000	-	-
NT$15,000,000~NT$30,000,000	-	-
NT$30,000,000~NT$50,000,000	-	Hsiu-Lan Hsu
NT$50,000,000~NT$100,000,000	-	-
Over NT$100,000,000	-	-
Total	8	8

(4) Employee Profit Sharing Granted to Management Team

Date: December 31, 2017 Unit: NT$ ‘000

	Title	Name	Stock (Fair Market Value)	Cash	Total	Ratio of Total Amount to Net Income (%)
Management Team	Chairman	Ming-Kung Lu	0	0	0	0%
	Vice Chairman	Tang-Liang Yao				
	President	Hsiu-Lan Hsu				
	Executive Vice President	Kuei-Chang Hsu *1				
	Sales & Marketing Vice President	Yu-Tse Lin				
	Executive Vice President	Hau-Chun Shih				
	Vice president	Chung-Wei Lee				
	R&D Chief	Budij Tjahjono				
	Accounting Manager	Mei-Ying Chiu *2				

*Note: 1. Executive vice president Kuei-Chang Hsu resigned on June 30, 2017.

2. Accounting manager Mei-Ying Chiu was appointed to other unit on March 22, 2018.

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 2015 Net Income

Title	2017		2016	
	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities
Directors	0.86%	1.03%	0.26%	0.36%
President and Vice President	1.33%	2.35%	1.33%	1.79%

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

2.1. Remuneration to the directors includes earning distribution, rewards and execution fees, which are specified in the Articles of Incorporation. 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

If the Company has profit after the yearly accounting closed, 3~15% of the profit shall be appropriated for the employees’ remuneration distributed with stocks or cash decided by the board of directors. Employees entitled to bonus may include subsidiaries’ employees that meet certain criteria. The Company may appropriate 3% at the most of the above profit quota decided by the board of directors for directors’ remuneration. Distribution for employees and directors shall be reported to the shareholders’ meeting.

An offset, however, to the accumulated loss shall be reserved before making distribution to employees and directors. Also, execution fee is transportation expenses of each board of directors meeting. Remuneration to directors is based on the “Evaluation rules of the Board of Directors” as well as contribution to the operation of the company. Remuneration to the president and vice presidents are in accordance with operation performance set in forth in Year Plan. The distribution is proceeded according to Regulations Governing Remuneration Management of Managerial Staff and Regulations Governing Remuneration Distribution to Employees.

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 and managerial staff are based on market average standard as well as operating results of the company for consideration of 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 9 meetings of the board of directors were held in the previous period. Director attendance was as follows: (2017/1/1~2017/12/31)

Title	Name	Attendance in Person	By Proxy	Attendance Rate in Person (%)	Notes
Chairman	Ming-Kung Lu	9	0	100	2017.06.27 Re-elected
Vice Chairman	Tang-Liang Yao	9	0	100	2017.06.27 Re-elected
Director	Hsiu-Lan Hsu	8	1	89	2017.06.27 Re-elected
Director	Solartech Energy Corp. Rep: Kang-Hsin Liu	8	1	89	2017.06.27 Re-elected
Director	Chin-Lung Chang	2	1	67	2017.06.27 Resigned
Director	Wen-Huei Tsai	9	0	100	2017.06.27 Re-elected
Director	Kuei-Chang Hsu	2	1	67	2017.06.27 Resigned
Director	Mao-Yang Co.,Ltd Rep: Tieh-Chih Sun	3	0	100	2017.06.27 Resigned
Director	Mao-Yang Co.,Ltd Rep: Rong-Kang Sun	5	1	83	2017.06.27 – Elected
Director	Kai-Chiang Company Rep: Chieh-Yao Sun	3	0	100	2017.06.27 Resigned
Director	Kai-Chiang Company Rep: Hau Fang	5	1	83	2017.06.27 - Elected
Director	Kun-Chan Investment Co. Yu-Da Chang	8	1	89	2017.06.27 Re-elected
Director	Mau-Yang Investment Co. Hsieh-Chung Lu	5	1	83	2017.06.27 - Elected
Director	CDIB Capital Management Corp. Rep: Hong-Cheng Wei *	6	0	100	2017.06.27 – Elected
Independent Director	Ting-Ko Chen	9	0	100	2017.06.27 Re-elected
Independent Director	Shing-Hsien Lin	7	1	77.78	2017.06.27 Re-elected
Independent Director	Meng-Hua Huang	9	0	100	2017.06.27 Re-elected

Other mentionable items:

1. If any circumstances as below items occurred, the dates of meetings, sessions, content of motions, all independents' opinions and the Company's response to independent directors' opinions should be specified.
   (1)Circumstances referred to in Article 14-3 of Securities and Exchange Act:
   Not applicable. The company has set up an audit committee, adopting Article 14-5 of Securities and Exchange Act.
   (2)Resolutions of the directors' meetings objected to by Independent Directors or subject to qualified opinion and recorded or declared in writing : 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: Please refer to page 27 of the Chinese Annual Report.

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 7 meetings of the audit committee were held in the previous period. Independent director attendance was as follows: (2017/1/1~2017/12/31)

Title	Name	Attendance in Person	Attendance In Proxy	Attendance Rate in Person (%)	Notes
Independent Director	Ting-Kuo Chen	7	0	100%	2017.06.27 Re-elected
Independent Director	Shing-Hsien Lin	7	0	100%	2017.06.27 Re-elected
Independent Director	Meng-Hua Huang	7	0	100%	2017.06.27 Re-elected

Other mentionable items:

1. If any circumstances as below items occurred, the dates of meetings, sessions, content of motions of the Audit Committee and the Company's response to audit committee's opinions should be specified.
   (1)Circumstances referred to in Article 14-5 of the Securities and Exchange Act: Please refer to page 28 of the Chinese Annual Report.
   (2)Resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all directors: No abovementioned matters so far
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. Any special circumstances will be reported to the members of the board of auditors immediately. There is no such situation in 2017. The audit committee of the company is in good communication with the internal audit supervisor.
   (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. Any special circumstances will be reported to the members of the audit committee immediately. There is no such situation in 2017. The audit committee of the company is in good communication with the CPAs.
   List of communication items among independent directors, internal audit chief and CPAs: Please refer to page 30 of the Chinese Annual Report.

3.3.3 Attendance of Supervisors for Board Meetings: Not applicable as the company has been set up the audit committee.

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://mops.twse.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) Article 18 of the Corporate Governance Best-Practice Principles of the company has clearly defined the capabilities of board members as a whole. Currently the board meeting consists of 13 members including two female directors. Directors have the operation management, professional and technical, legal, financial and policy management background and expertise to implement the diversification policy of board of directors. The diversity policy of board members and the implementation of diversity by individual board members have been disclosed on the company website. The implementation of diversification by board members is shown in table 1. (2) The Audit Committee was established in 2014: Three members are all independent directors. The Remuneration Committee was established in 2011: Three members are all independent directors. The enterprise sustainable development committee was established in 2016 by the management team, and operating reports are periodically submitted to the board meeting. (3) The company has formulated the "Assessment Method of Performance of the Board of Directors" which carries out the board's internal self-assessment once a year. The assessment results are reported to the board of directors and disclosed on the company website (http://www.saswafer.com). The annual results of 2017 were reported to the board of directors on 22 March 2018. (4) The accounting department of the company shall evaluate the independence of certified public accountants once a year and has submitted the results to the audit committee and the board of directors for consideration and approval on March 22, 2017.	No significant deviation No significant deviation No significant deviation No significant deviation

			According to accounting department assessment of the company, certified public accountants Chen-chien Chen and An-chih Cheng of KPMG both meet the independent evaluation standard of our company(*1), and are qualified to be the visa accountant of our company. The visa accountant institute also issues the independent declaration letter of detachment (*2). *Note 1: Please refer to page 33 of the Chinese Annual Report. * Note 2: Please refer to page 34 of the Chinese Annual Report.	
4. Does the listed company set up a special corporate governance (and) duty units or personnel responsible for corporate governance related affairs (including but not limited to provide the required information to directors and supervisors, to carry out related matters to the meeting of the board of directors and shareholders, company registration and the change of registration in accordance with the law, and minutes for the board of directors and the shareholders' meeting, etc.)?	V		The deputy general manager of the president's office of the company serves as the highest director of corporate governance while staff of the president's office shall be responsible for corporate governance related affairs and as the secretary of the board of directors. Staff of the president's office(including staff of the Legal Affairs Section) shall assist the related issues such as providing directors with information required for business execution, assisting directors in following the laws and regulations, convening board meetings, committees and shareholders' meeting as well as relative meeting minutes etc. The implementation of year 2017 is as follows: 1. Setup and plan for relevant measures for corporate governance, and implement laws and regulations. 2. Provide the directors with information required for business and assist the directors in complying with the laws and regulations. 3. Plan for the board meeting, notify all the directors with sufficient information for the meeting less than 7 days prior to the meeting, and submit the minutes of the board meeting within 20 days after the meeting. 4. Prior registration of the date of the shareholders' meeting shall be conducted in accordance with the law. Meeting Notice, handbook, meeting minutes shall be prepared within the statutory time limit, and registration of changes shall be conducted after the amendment of the articles of association or the election of directors.	No significant deviation

			5. Conduct directors' refresher courses and purchase liability insurance for directors and key staff. 6. Maintain the relationship with investors, hold the corporate briefing, and establish diversified communication channels with investors.	
5. 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
6. 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
7. 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 disclosure, appointing spokespersons, webcasting investors conference etc.)	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 on the corporate website (www.saswafer.com).	No significant deviation No significant deviation
8. 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: Specified in MOPS/ http://mops.twse.com.tw For details please refer to page 37 of the Chinese Annual Report. (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 always maintains a stable and good relationship with customers to ensure the reliability and quality of our products and to create profits. (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).

9. Specify the improvement of corporate governance valuation results issued by the corporate governance center of TWSE and list the follow ups for the enhancement of items to be improved.

The company was continuously evaluated as the top 5% of companies by "Evaluation on Corporate Governance" from 2014 to 2017.Improved and to be improved matters are stated as follows:

(1) Matters that have been improved

1.Prepare corporate social responsibility reports and other reports revealing non-financial information of the company and obtained third-party verification.

2.Expose annual emissions of carbon dioxide or other greenhouse gases over the past two years.

(2) future improvements

1.The company website and M.O.P.S. will disclose the annual financial statements (including financial statements and notes) in English.

Table 1: Diversification Implementation of the Board members

Diversification Items / Director	Gender	Operational Judgment	Accounting and Financial Analysis Skills	Management Ability	Crisis Management	Industry Knowledge	International Market View	Leadership	Decision-making Ability	Law
Ming-kung Lu	Male	✓	✓	✓	✓	✓	✓	✓	✓	
Tan-liang Yao	Male	✓	✓	✓	✓	✓	✓	✓	✓	
Hsiu-lan Hsu	Female	✓	✓	✓	✓	✓	✓	✓	✓	
Solartech Energy Corp. Rep: Kang-hsing Liu	Male	✓	✓	✓	✓	✓	✓	✓	✓	
Hong-mau Investment Co. Rep: Hsueh-chung Lu	Male	✓	✓	✓	✓	✓	✓	✓	✓	
CDIB Venture Capital Corp. Rep: Chun-huei Ho	Male	✓	✓	✓	✓	✓	✓	✓	✓	
Mau-yang Company Rep: Rong-kang Sun	Male	✓	✓	✓	✓	✓	✓	✓	✓	✓
Wen-huei Tsai	Male	✓	✓	✓	✓	✓	✓	✓	✓	
Kun-chan Investment Co. Rep: Yu-da Chang	Male	✓	✓	✓	✓	✓	✓	✓	✓	
Kai-chiang Company Rep: Hau Fang	Male	✓	✓	✓	✓	✓	✓	✓	✓	
Ting-kuo Chen	Male	✓	✓	✓	✓	✓	✓	✓	✓	
Hsin-hsien Lin	Male	✓	✓	✓	✓	✓	✓	✓	✓	
Meng-hua Huang	Female	✓	✓	✓	✓	✓	✓	✓	✓	✓

3.3.5. Operation of Remuneration Committee

1. Member Information

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

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
   (1) The Company set up remuneration committee of 3 members.
   (2) Tenure: From June 27, 2017 to June 26, 2020. In the most recent year (2017), the remuneration committee held two meetings(A). Membership and attendance are as follows: (from Jan.1st ~Dec. 31th, 2017)

Title	Name	Attendance in Person(B)	Attendance In Proxy	Attendance Rate in Person (%) (B/A)	Remark
Committee member	Ting-Ko Chen	2	0	100%	June 27, 2017 Re-elected
Committee member	Shing-Heien Lin	2	0	100%	June 27, 2017 Re-elected
Committee member	Meng-Hua Huang	2	0	100%	June 27, 2017 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					

3.3.6 Implementation of Social Responsibilities:

Please refer to page 45 to 51 of the Chinese Annual Report.

3.3.7 Implementation and measures of adopting ethical corporate management:

Please refer to page 52 to 54 of the Chinese Annual Report.

3.3.8 Companies that have setup corporate governance rules and relevant regulations should reveal the query methods:

The Company established Corporate Governance Best-Practice Principles. Measures are based on the spirit of the code and specification. Please refer to the "Investor Relation " on the company's official website (http://www.saswafer.com)

3.3.9 The company has established the "Internal Major Information Processing Procedures" and announcement methods:

The "Internal Crucial Information Management Procedures" was approved by the board of directors of the Company dated March 2011. In addition to publicizing to the directors, the relevant procedures will be sent to the directors of the company for reference after the meeting. As for the company, the procedures and relevant matters will be released onto the Company's website after admitted by the board of directors for the company managerial members, management team, and all colleagues to follow and to avoid violation or insider trading.

3.3.10 Further education of directors:

Please refer to page 55 to 57 of the Chinese Annual Report.

3.3.11 Further studies on corporate governance of managerial staff:
Please refer to page 58 of the Chinese Annual Report.

3.3.12 Other important information regarding corporate governance is also available at the following sites:

1. M.O.P.S.: http://mops.twse.com.tw
2. SAS' website: www.saswfer.com

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 22, 2018

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 2017:

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 2017[*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 2017 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 22, 2018, with zero of the 13 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. Internal audit organization and operation

The company audit unit is subordinated to the board of directors. Appointment and removal of the internal audit chief must be approved by the board after reviewed by the audit committee, and report to Financial Supervisory Commission on the Internet by the 10th day of the next month following the approval of the board. The current allocation is one audit chief (department manager) as well as two auditors.

The Audit unit shall draw up an annual audit plan according to the results of risk assessment, including a monthly check list carried out in accordance with the annual audit plan so as to inspect the internal control system of the Company.

The company has set up an audit committee which consists of all independent directors. When submitting the annual audit plan to the audit committee for discussion in accordance with the regulations. The opinions of the independent directors have been fully considered. The audit report shall be filed with the working paper and relevant materials after each inspection, and report the defects and improvement suggestions to the management. The checking results shall be faithfully disclosed in audit report and keep updated after at least every quarter with tracking report prepared till improvements are done so as to ensure that the relevant departments have taken appropriate improvement measures in a timely manner. The audit committee members of the company have good communication with the internal audit supervisor.

The company's certified public accountants shall report the audit results of quarterly financial statements as well as other communication matters required by relevant laws and regulations at quarterly audit committee meetings. The audit committee members of the company have good communication with the certified accountants.

3. 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 (June 27, 2017)

Resolutions	Implementation Status
1. Approve cash dividend distribution from capital reserve	The record date is set on July 30, 2017 and each share will be distributed NT$1.5 cash dividend. The distribution has been completed on August 16, 2017.
2. Approve the new issuance of restricted stock awards	6,000,000 new common shares will be issued and the record date of cash capital increase is set on October 13, 2017.
3. Approve Public Offering or Private Placement for the Company's financial needs	No execution approved by the board of directors on March 22, 2018 that subject to overall consideration of funds

4. Approve the amendments to "Articles of Incorporation"	Approved on July 14, 2017 by the Hsinchu Science Park Administration and released at the official website of the Company
5. Approve the amendments to "Acquisition or Disposal of Assets Procedure"	Apply the newly amended articles after the shareholder's meeting
6. Approve the amendments to "Procedures for Lending Funds to Other Parties"	Apply the newly amended articles after the shareholder's meeting
7. Approve the amendments to "Procedures for Endorsement and Guarantee"	Apply the newly amended articles after the shareholder's meeting
8. Approve the amendments to "Policies and Procedures for Financial Derivatives Transactions"	Apply the newly amended articles after the shareholder's meeting
9. The election of the 13th board of directors	Approved on July 14, 2017 by the Hsinchu Science Park Administration and released at the official website of the Company
10. Approve to remove restrictions on non-compete agreement of new directors	Apply according to the resolution of the board meeting
11. Approve FY 2016 business report and financial reports	According to the resolution of the AGM, all materials have been uploaded to MOPS.
12. Approve FY 2016 appropriation of loss	Approved according to the resolution

2. Board of Directors Meeting

Date	Resolutions
2017/01/19	1.Audit report 2.Personnel promotion report 3.Procurement contract report 4.To act as the guarantor for the bank loans for SAS Sunrise Inc.(subsidiary), Sulu Electric Power and Light Phils Inc. and SAS Sunrise Pte. Ltd.(SG) (grandson company) 5.Comprehensive credit line and foreign exchange line provided by financial institutions 6.The 2016 CPA appointment at public fee 7.2017 Business Plan 8.Amendments to "Application for suspension and resumption of trading procedures" 9.Propose to provide Letter of Support 10.Appointment of the chairman of the reinvestment company of Sunrise PV World Co. 11.Amendments to "Procedures for Lending Funds to Other Parties" 12.Amendments to "Procedures for Endorsement and Guarantee" 13. Amendment to "Policies and Procedures for Financial Derivatives Transactions" 14. To cancel the proposed joint venture with other investors to form a new company
2017/03/23	1. Audit report

	2. The KPI Evaluation report on the board of directors 3. The KPI Evaluation report on the audit committee 4. The KPI Evaluation report on the remuneration committee 5.The assessment of the competence and independence of the CPAs 6. Report on the 2016 ethical corporate management 7. Report on the sale of 100% stake of Sunrise PV One, subsidiary of Sunrise PV World Co. 8. Supplementary description of the 2016 business plan 9. Discussion of the adjustment of CPAs 10. Joint venture with other investors to set up Cathay Sunrise Corporation for the construction and business of domestic solar power plants 11. Procurement contract report 12. Comprehensive credit line and foreign exchange line provided by financial institutions 13. The 2016 Business Report and Financial Report 14. The 2016 profit distribution 15. Remuneration distribution of directors 16. The cash dividend distribution from the capital reserve 17. The 2016 Statements of Internal Control System 18. The business rights and responsibilities of the Company's subsidiary, Sunrise PV World Co. and its subsidiaries 19. The 2016 self-evaluation on corporate governance 20. Amendments to “Articles of Incorporation” 21. Amendments to “Acquisition or Disposal of Assets Procedure” 22. The issuance of the restricted stock awards 23. The new issuance of public offering or private placement 24. The election of the 13th board of directors 25. Propose to remove restrictions on non-compete agreement of new directors 26. The 2017 AGM agenda and related matters 27. Nomination of new directors (and independent directors) 28. Discussion on the fund lending to the grandson company, Sulu Electric Power and Light Inc.
2017/05/15	1.Audit report 2.The 2017 Q1 consolidated financial statements 3.The company endorses the improvement plan of the reinvestment subsidiary Sulu Electric Power and Light Inc. 4.Report on the undertaking of derivative financial products 5.Review of the director candidates nominated by shareholders 6.To act as the joint guarantor for the bank loan of its subsidiary Sunrise PV World Co.
2017/06/27	1.The election of the new chairman 2.The election of the new vice chairman 3.The election of the convener of the second audit committee 4.The appointment of the general manager of the Yi-lan branch
2017/07/05	1.Comprehensive credit line and foreign exchange line provided by financial institutions 2.Appointment of the 3rd Remuneration Committee 3.The personnel promotion 4.Discussion on the custodian of the specified seal for the Company’s endorsement and guarantee

2017/08/10	1. Annual Audit report 2. 2017 Q2 consolidated financial statements 3. Report on the acquisition of 100% equity of Sunrise PV Five Co. Ltd. by Sunrise PV World Co. 4. Report on the undertaking of derivative financial products 5. Report on the procurement contracts 6. Comprehensive credit line and foreign exchange line provided by financial institutions 7. Amendments to the “Internal Control System” 8. Fund lending to Sunrise PV Five Co. Ltd. 9. 2017 Restricted Stock Awards
2017/10/05	1. Report on liability insurance renewal of directors and managerial members of the Company 2. Amendments to “Rules for Issuance of Restricted Stock Awards” 3. Propose to issue 6,000,000 new shares of restricted stock awards 4. Execution of the employee stock option issued by the Company in 2010 5. Amendments to “Audit Committee Charter” 6. Amendments to “Rules of Board of Directors Meetings” 7. Amendments to “Procedures for the KPI Evaluation of the Board of Directors” 8. Amendments to “Management of managerial member's remuneration” 9. Fund lending to power plants of subsidiaries 10. To act as the guarantor for the bank loan for power plant subsidiaries 11. To act as the guarantor for the bank loan for the subsidiary SAS Sunrise Inc. 12. Comprehensive credit line and foreign exchange line provided by financial institutions
2017/11/09	1. Audit report 2. 2017 Q3 consolidated financial statements 3. Procurement contract report 4. Discussion on the disposal of Chu-nan branch Fab 1 and partial equipment 5. 2018 Internal Audit Plan 6. Propose to provide Letter of Support of the Company 7. Fund lending to the subsidiary 8. Comprehensive credit line and foreign exchange line provided by financial institutions 9. Amendments to “Rules Governing the scope of Powers of Independent Directors”
2017/12/14	1. Report on the implementation of the company's enterprise sustainable development committee 2. The 2018 business plan 3. New share reduction of 2017 restricted stock awards 4. Comprehensive credit line and foreign exchange line provided by financial institutions 5. To act as the guarantor for the subsidiary Sulu Electric Power and light Phil. Inc. and SAS Sunrise Pte. Ltd. for bank loans 6. Propose to provide Letter of Support
2018/03/22	1. Audit report 2. Report on introducing No. 16 "Lease" in the IFRS gazette to the company plan 3. The assessment of the competence and independence of the CPAs

	4. The KPI evaluation report on the board of directors 5. The KPI evaluation report on audit committee 6. The KPI evaluation report on remuneration committee 7. 2017 ethical corporate management report 8. Report on the undertaking of derivative financial products 9. The 2017 evaluation of the effectiveness of the internal control system and Statements of Internal Control System 10. To act as the joint guarantor of the subsidiary Sunrise PV World Co. for the loan from financial institutions 11. The 2017 Business Overview and Financial Report 12. The 2017 loss appropriation 13. The cash dividend distribution from the capital reserve 14. Amendments to “Policies and Procedures for Financial Derivatives Transactions” 15. Amendments to “Procedures for Precautions against Insider Trading” 16. Amendments to “Trading procedures for Group Enterprises and Specific Companies and their Associates” 17. Amendments to “Rules and Procedures of the Shareholders’ Meeting” 18. Discussion on rejection on new stock issuance of private placement after expiry date 19. Propose to issue public offering or private placement for the capital needs 20. The appointment of 2017 CPAs at public expense 21. The appointment of new financial chief 22. The appointment of new deputy spokesperson 23. The appointment of new secretary of the board of directors 24. The 2017 Self-evaluation on corporate governance 25. Propose to remove the prohibition on non-compete agreement for new managerial members 26. The 2018 AGM agenda and related matters 27. Fund lending to the grandson company Sulu Electric Power and Light Inc.
2018/05/10	1. Audit report 2. 2018 Q1 consolidated financial statements 3. Progress report on introducing No. 16 "Lease" in the IFRS gazette to the company plan 4. Report on the undertaking of derivative financial products 5. Propose to issue public offering or private placement for the capital needs 6. Remuneration for new managerial members 7. Amendments to “Rules for Business Rights and Responsibilities” 8. Comprehensive credit line and foreign exchange line provided by financial institutions

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):

Job Title	Name	On-board Date	Resignation Date	Note
Financial Manager	Betty Chiu	April 27, 2010	March 22, 2018	Job Transfer

3.4 Information Regarding Audit Fees

3.4.1 Audit Fees

Accounting Firm	Name of CPA		Audit Period	Note
KPMG	Chen-chien Chen	An-chih Cheng	2017.01-2017.12	

Unit: NT$ 1000

Remuneration range \ Item		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	3,604	120	3,724
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	Chen-chien Chen An-chih Cheng	3,604	-	120	-	-	3.724	2017.01.01-2017.12.31	

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: The Company does not change accounting firm in the last two years. CPAs are changed due to KPMG's internal job rotation and restructure.

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	2017		As of April 30, 2018		Note
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged	
Chairman	Ming-Kuang Lu	77.000	0	123,000	0	CEO of the Company
Vice Chairman	Tang-Liang Yao	1,580,000	0	(50,000)	0	Vice CEO of the Company
Director	Hsiu-Lan Hsu	1,265,000	0	0	0	President of the Company
Director	Chin-Lung Chang	0	0	0	0	2017.6.27 Resigned
Director	Kuei-Chang Hsu	0	0	0	0	2017.6.27 Resigned
Director	Wen-Huei Tsai	30,000	0	0	0	2017.6.27 Re-elected
Director	Kang-Hsin Liu	0 0	0	0	0	2017.6.27 Resigned
Director	Solartech Energy Corp. Rep.: Kan-Hsin Liu	0 0	0 0	0 0	0 0	2017.6.27 Re-elected
Director	Mao-Yang Co.,Ltd Rep.: Tieh-Chih Sun	0 0	0 0	0 0	0 0	Rep.: Tieh-Chih Sun 2017.6.27 Resigned
Director	Mao-Yang Co.,Ltd Rep.: Rong Kang	0 0	0 0	0 0	0 0	Rep.: Rong-Kang Sun 2017.6.27 New
Director	Kai-Chiang Company Rep: Hau Fang	1,080,000 0	0 0	0 0	0 0	Rep.: Hau Fang 2017.06.27 New
Director	Kai-Chiang Company Rep: Chi-yao, Sun	1,080,000 0	0 0	0 0	0 0	Rep.: Chi-yao Sun 2017.06.27 Resigned
Director	Kun-Chang Investment Co. Rep: Yu-Da Chang	0 0	0 0	0 0	0 0	2017.06.27 Re-elected
Director	CBID Venture Capital Corp. Rep.: Hong-Cheng Wei	1,614,000 0	0 0	0 0	0 0	Rep.: Hong-Cheng Wei 2018.3.1 Resigned
Director	CBID Venture Capital Corp. Rep.: Chun-Huei Ho	1,614,000 0	0 0	0 0	0 0	Rep.: Chun-Huei Ho 2018.3.1 New
Director	Hong-Mau Investment Company Rep.: Hsieh-Chung Lu	0 0	0 0	0 0	0 0	2018.3.1 New
Independent Director	Ting-Kuo Chan	0	0	0	0	2017.6.27 Re-elected
Independent	Hsing-Hsien Lin	0	0	0	0	2017.6.27

Director						Re-elected
Independent Director	Mon-Hua Huang	0	0	0	0	2017.6.27 Re-elected
Manager	Hau-Chun Shih	400,000	0	(137,000)	0	
Manager	Budi Tjahjono	300,000	0	0	0	
Manager	Yu-Tze Lin	80,000	0	0	0	
Manager	CW Lee	60,000	0	0	0	2017.03.21 New
Manager	Tai -Lung Ma	100,000	0	0	0	
Manager	Chong-Wen Wu	51,000	0	0	0	
Manager	Bei-Yi Chen	265,000	0	0	0	2017.08.01 New
Accounting Chief	Hsiu-Ling Hsu	0	0	0		2018.03.23 New
Accounting Chief	Mei -Ying Chiu	30,000	0	0	0	2018.03.22 Resigned

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.

April 30, 2018

Name	Shareholding		Shareholding under spouse or underage children		Shareholding under other		Top 10 shareholders among who are related parties		Note
	Share	%	Share	%	Share	%	Name	relation	
New Employee Pension Fund	30,234,000	5.11	0	0	0	0	NA	NA	
Technology portfolio investment account	25,778,000	4.35	0	0	0	0	NA	NA	
Solartech Energy Corp.	21,860,379	3.69	0	0	0	0	NA	NA	
Solartech Energy Corp. Rep.: Kang-Hsin Liu	0	0	0	0	0	0	NA	NA	
Fidelity IT core fund investment account	18,815,000	3.18	0	0	0	0	NA	NA	
Hong-wang Investment Company	15,233,000	2.57	0	0	0	0	NA	NA	
Hong-wang Investment Company Rep.: Su-lan Chiang	0	0	0	0	0	0	NA	NA	
Labor Pension Fund of old system	14,494,000	2.45	0	0	0	0	NA	NA	
The investment account of Merrill Lynch International	12,301,200	2.08	0	0	0	0	NA	NA	
Ming-Kuang Lu	11,800,000	1.99	2,001,685	0.35%	0	0	NA	NA	
Mau-mau Investment Company	10,425,000	1.76	0	0	0	0	NA	NA	
Mau-mau Investment Company Representative: Su-lan Chiang	0	0	0	0	0	0	NA	NA	
Feng-Ming Chang	10,000,000	1.69	0	0	0	0	NA	NA	

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

2017/12/31 Unit: 1,000 shares; %

Reinvestment (No.1)	Investment by SAS		Investments directly or indirectly controlled by directors, supervisors and managers		Total investment	
	Share	%	Share	%	Share	%
Sino Silicon Technology Inc.	48,526	100	---	---	48,526	100

GlobalWafers Co., Ltd.	222,293	50.84	----	----	222,293	50.84
Crystalwise Technology	84,848	40.11			84,848	40.11
Sino-American Materials Corp.	9,000	90	---	---	9,000	90
Accusolar Power Co., Ltd.	7,452	24.70	---	---	7,452	24.70
Aleo Solar GmbH	(Note 2)	100	---	---	(Note 2)	100
Aleo Solar Distribuzione Italia S.r.l.	(Note 2)	---	(Note 2)	100	(Note 2)	100
Aleo Sunrise GmbH	---	---	(Note 2)	100	(Note 2)	100
Sunrise PV World Co.	30,000	100	---	---	30,000	100
Sunrise PV Electric Power Two	---	---	3,000	100	3,000	100
Sunrise PV Two Co., Ltd.	---	---	1,500	100	1,500	100
Sunrise PV Three Co., Ltd.	---	---	1,500	100	1,500	100
Sunrise PV Four Co., Ltd.	---	---	10,000	100	10,000	100
Sunrise PV Five Co., Ltd.	---	---	6,500	100	6,500	100
Cathay Sunrise Corporation	45,000	30	---	---	45,000	30
SAS Sunrise Inc.	24,500	100	---	---	24,500	100
SAS Sunrise Pte. Ltd.	---	---	30,934	100	30,934	100
Sulu Electric Power and Light Inc.	---	---	892,500	85	892,000	85
AMLED International Systems Inc.	---	---	---	---	---	---

Note 1: Investments adopted by equity methods
Note 2: As a Limited Corporation, no share was issued.

Reinvestment (No.1)	Investment by SAS		Investments directly or indirectly controlled by directors, supervisors and managers		Total investment	
	Share	%	Share	%	Share	%
GlobalWafers Inc.	90,000	100%	—	—	90,000	100%
GlobalSemiconductor Inc.	25,000	100%	—	—	25,000	100%
GWafers Inc. (Note 3)	(Note 2)	100%	—	—	(Note 2)	100%
GWafers Singapore Pte. Ltd.	364,000	100%	—	—	364,000	100%
Topsil GlobalWafers A/S	1,000	100%	—	—	1,000	100%
Hong-wang Investment Company	312	24.38	—	—	312	24.38
Taisil Electronic Materials Corp.	9,998	99.98	—	—	9,998	99.98
GlobiTech Incorporated.	—	—	1	100%	1	100%
GlobalWafers Japan Co., Ltd.	—	—	128	100%	128	100%
MEMC Japan Ltd.	—	—	—	100%	—	100%

Kunshan Sino Silicon	—	—	(Note 2)	100%	(Note 2)	100%
Shanghai GrowFast Semiconductor Technology Co.	—	—	(Note 2)	60%	(Note 2)	60%
Topsil Semiconductor sp z o.o.	—	—	1	100%	1	100%
SunEdison Semiconductor Limited (Note 4)	—	—	121,771	100%	121,771	100%
SunEdison Semiconductor B.V. (Note 5)	—	—	0.1	100%	0.1	100%
MEMC Electronic Materials, SpA	—	—	65,000	100%	65,000	100%
MEMC Electronic Materials France SarL	—	—	0.5	100%	0.5	100%
MEMC Electronic Materials GmbH	—	—	0.002	100%	0.002	100%
MEMC Holding B.V.	—	—	0.2	100%	0.2	100%
MEMC Korea Company	—	—	17,200	100%	17,200	100%
SunEdison Semiconductor LLC (Note 6)	—	—	1	100%	1	100%
MEMC Electronic Materials, Sdn Bhd	—	—	1,036	100%	1,036	100%
SunEdison Semiconductor Technology (Shanghai) Ltd	—	—	(Note 2)	100%	(Note 2)	100%
MEMC Ipoh Sdn Bhd	—	—	699,374	100%	699,374	100%

Note 1: Investments adopted by equity methods
Note 2: As a Limited Corporation, no share was issued.
Note 3: Merged with GlobalWafers Japan Co., Ltd. in January, 2018
Note 4: Renamed as Globalwafers Sinapore Pte.Ltd. in March, 2018
Note 5: Renamed as Globalwafers B.V. in March, 2018
Note 6: Renamed as MEMC LLC in March, 2018

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
2014/08	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 56,880,700	None	Note 41

2017/10	10	800,000,000	8,000,000,000	592,093,651	5,920,936,510	Share transfer from stock options 60,625,000 Restricted stock awards 60,000,000	None	Note 42
2018/01	10	800,000,000	8,000,000,000	592,058,651	5,920,586,510	Cancellation of new shares from restricted stock awards 350,000	None	Note 43

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 Letter No. 1030012459 from Hsinchu Science Park Administration dated May 8, 2014
Note 41: Approval Document Letter No. 1030025712 from Hsinchu Science Park Administration dated August 27, 2014
Note 42: Approval Document Letter No. 1060029808 from Hsinchu Science Park Administration dated October 27, 2017
Note 43: Approval Document Letter No. 1070000085 from Hsinchu Science Park Administration dated January 4, 2018

2. Type of Stock

Type of Stock	Authorized Capital			Remark
	Outstanding Shares	Unissued Shares	Total	
Common Stock	592,058,651 (including 5,555,000 treasury stocks)	207,941,349	800,000,000	TPEx Listed Stock

3. Shelf Registration: NA

4.1.2 Shareholder Structure

Date: April 30, 2018

Structure / Number	Government Agencies	Financial Institutions	Other Juridical Persons	Individuals	Foreign Institution & Persons	Total
Number	7	16	258	62,160	382	62,823

Ownership (Share)	52,218,450	9,179,956	114,077,065	197,040,240	219,542,940	592,058,651
Ownership (%)	8.82%	1.55%	19.27%	33.28%	37.08%	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%.

4.1.3 Diffusion of Ownership

1. Common Shares

Each share having a par value of NT$ 10

Date: April 30, 2018

Shareholder Ownership (Unit: Share)	Number of Shareholders	Ownership (Share)	Ownership (%)
1~999	31,451	3,213,116	0.54%
1,000~5,000	25,601	47,188,144	7.97%
5,001~10,000	2,875	21,697,548	3.66%
10,001~15,000	946	11,847,621	2.00%
15,001~20,000	499	9,104,959	1.54%
20,001~30,000	447	11,340,766	1.92%
30,001~40,000	197	6,977,778	1.18%
40,001~50,000	121	5,597,164	0.95%
50,001~100,000	265	19,329,626	3.26%
100,001~200,000	162	22,981,950	3.88%
200,001~400,000	115	31,579,234	5.33%
400,001~600,000	33	17,122,796	2.89%
600,001~800,000	19	13,033,748	2.20%
800,001~1,000,000	16	14,197,255	2.40%
Over 1,000,001	76	356,846,946	60.28%
Total	62,823	592,058,651	100.00%

4.1.4 Major Shareholders

Date: April 30, 2018

Share / Name	Ownership (Share)	Ownership (%)
New Employee Pension Fund	30,234,000	5.11%
Technology portfolio investment account	25,778,000	4.35%
Solartech Energy Corp.	21,860,379	3.69%
Fidelity IT core fund investment account	18,815,000	3.18%
Hong-wang Investment Company	15,233,000	2.57%
Labor Pension Fund of old system	14,494,000	2.45%
The investment account of Merrill Lynch International	12,301,200	2.08%
Ming-Kuang Lu	11,800,000	1.99%

Hong-mau Investment Company	10,425,000	1.76%
Fong-ming Chang	10,000,000	1.69%

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

Item \ Year			2016	2017	2018/1/1~3/31
Market Price per Share	Highest		46.1	90.70	112.00
	Lowest		28.1	33.10	75.80
	Average		35.27	59.60	97.16
Net Worth per Share	Before Distribution		36.08	45.99	47.98
	After Distribution		34.58	Note 1	NA
Earnings per Share	Weighted Average Shares (thousands)		574,476	576,525	580,539
	Earnings per Share	Before adjustment	(2.77)	1.8	1.23
		After adjustment	(2.77)	1.8	1.23
Dividends per Share	Cash Dividends		1.5	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		NA	33.11	NA
	Price/Dividend Rate		23.51	Note 1	NA
	Cash dividend Yield		4.25%	Note 1	NA

Note 1: Pending 2017 shareholders' approval

4.1.6 Dividend Policy and Execution Status

1. Dividend policy

If the company get annual profit, it should set aside 3% to 15% for the remuneration of the staff, by the board of directors will resolution to assignment of stock or cash payment, the staff who receive the remuneration should meet certain conditions of the company; If the company has more than the amount of profit, by resolution of the board of Directors will resolution to assignment to no more than three percent as directors remuneration. The remuneration of staffs and the directors should be reported to the shareholders. If the company still has accumulated losses, it should reserve in advance for the amount and proportion, and then release the aforesaid promote remuneration to staffs and directors.

If the company's annual accounts have earnings, it could set aside 10% of the after tax profit and accumulated losses as the legal reserve except the reserve has equaled the capital, the rest could be set aside according to law or to special reserve. If there is a surplus, the board intends to have a surplus distribution of the motion with the cumulative distribution; the shareholders will be drawn to the shareholders to allocate the dividend bonus. To keep on the company's sustainable development and earnings per share (EPS) stable growth, dividends to shareholders and the annual after tax earnings deduction shall be listed in special surplus of more than 50% as the principle, distribution ratio to the cash dividend is not lower than 50%

2. Dividend allocation

As of the beginning of 2017, the Company's accumulated loss is NT$1,565,753,744. Plus adjustments to the remeasurements of defined benefit plans, the accumulated loss is NT$1,353,133,091. Compensated by net income after tax of FY2017 of NT$1,035,504,164, the accumulated loss of year is NT$317,628,927, and the balance is NT$0 after being compensated by capital reserve of NT$317,628,927. Based on the aforesaid facts, no dividend will be distributed to shareholders and no remuneration will be paid to employees and directors for 2017.

The Company plans to distribute cash dividend through capital reserve of NT$1,759,510,953. 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$3 cash dividend. Upon the approval of the Annual General Meeting, the distribution record date will fall on July 29, 2018 and the dividend distribution day on August 16, 2018. The capital premium will be distributed cash rounding to dollar unit. The chairman is authorized to adjust the distribution ratio according to the total amount of the outstanding shares on the record date.

3. Expected dividend policy major changes: none.

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

<table>
<tr><th colspan="3">Item / Year</th><th>2018
(Expected)</th></tr>
<tr><td colspan="3">Beginning paid capital</td><td>NT$ 5,920,587,000</td></tr>
<tr><td rowspan="3">rationed shares and interests</td><td colspan="2">Cash dividend per share (Note 1)</td><td>NT$ 3</td></tr>
<tr><td colspan="2">Surplus to capital per share (Note 1)</td><td>0</td></tr>
<tr><td colspan="2">Capital reserve to capital per share</td><td>0</td></tr>
<tr><td rowspan="7">Revenue performance</td><td colspan="2">Revenue profit</td><td rowspan="13">NA

(Note2)</td></tr>
<tr><td colspan="2">Revenue profit increase(decrease) ratio with last year</td></tr>
<tr><td colspan="2">Net profit after tax</td></tr>
<tr><td colspan="2">Net profit after tax increase(decrease) ratio with last year</td></tr>
<tr><td colspan="2">Earnings per share</td></tr>
<tr><td colspan="2">Earnings per share increase(decrease) ratio with last year</td></tr>
<tr><td colspan="2">Yearly Return ratio on investment (The average annual earnings)</td></tr>
<tr><td rowspan="6">Preparation of earnings per share and earnings</td><td rowspan="2">If the surplus is transferred to the capital increase in cash dividends</td><td>Preparation of earnings per share</td></tr>
<tr><td>Preparation of Yearly Return ratio on investment</td></tr>
<tr><td rowspan="2">If capital reserve not transferred to the capital increase</td><td>Preparation of earnings per share</td></tr>
<tr><td>Preparation of Yearly Return ratio on investment</td></tr>
<tr><td rowspan="2">If not for the capital reserves and transfer surplus capital to cash dividend increase</td><td>Preparation of earnings per share</td></tr>
<tr><td>Preparation of Yearly Return ratio on investment</td></tr>
</table>

Note 1: According to the approval of the Annual Meeting of Shareholders in 2018

Note 2: According to Public Financial Forecast Information Rule to the Public Company, as the company did not published the completed financial forecast, there's no need to reveal the expected yearly information for 2018.

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 get annual profit, it should set aside 3% to 5% for the remuneration of the staff, by the board of directors will resolution to assignment of stock or cash payment, the staff who receive the remuneration should meet certain conditions of the company; If the company has more than the amount of profit, by resolution of the board of Directors will resolution to assignment to no more than three percent as directors remuneration. The remuneration of staffs and the directors should be reported to the shareholders. If the company still has accumulated losses, it should reserve in advance for the amount and proportion, and then release the aforesaid promote remuneration to staffs and directors.

2. Proposal to Distribute Profits

The board of directors has approved on March 22th, 2018.

(1) As of the beginning of 2017, the Company's accumulated loss is NT$1,565,753,744. Plus adjustments to the remeasurements of defined benefit plans, the accumulated loss is NT$1,353,133,091. Compensated by net income after tax of FY2017 of NT$1,035,504,164, the accumulated loss of year is NT$317,628,927, and the balance is NT$0 after being compensated by capital reserve of NT$317,628,927. Based on the aforesaid facts, no dividend will be distributed to shareholders and no remuneration will be paid to employees and directors for 2017.

(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: NA.

(4) 2017 distribution of employee bonus and directors' and supervisors' remuneration is the same with proposal of the board.

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, 2018

<table>
<tr><td colspan="3">Date of Issuance</td><td>September 8, 2011</td></tr>
<tr><td colspan="3">Issuance and Listing</td><td>Luxembourg Stock Exchange</td></tr>
<tr><td colspan="3">Total Amount</td><td>US$ 177,192,800</td></tr>
<tr><td colspan="3">Offering Price per GDS</td><td>US$ 2.9048</td></tr>
<tr><td colspan="3">Units Issued</td><td>61,000,000 Units</td></tr>
<tr><td colspan="3">Underlying Securities</td><td>Common shares of Sino-American Silicon Products Inc.</td></tr>
<tr><td colspan="3">Common Shares Represented</td><td>61,000,000 Shares</td></tr>
<tr><td colspan="3">Rights and Obligations of GDS Holders</td><td>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.</td></tr>
<tr><td colspan="3">Trustee</td><td>Not Applicable</td></tr>
<tr><td colspan="3">Depositary Bank</td><td>Citibank, N.A.</td></tr>
<tr><td colspan="3">Custodian Bank</td><td>Citibank Taiwan Ltd.</td></tr>
<tr><td colspan="3">GDSs Outstanding</td><td>850,255</td></tr>
<tr><td colspan="3">Apportionment of expenses for the issuance and maintenance</td><td>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.</td></tr>
<tr><td colspan="3">Terms and Conditions in the Deposit Agreement and Custody Agreement</td><td>-</td></tr>
<tr><td rowspan="6">Closing Price per GDS</td><td rowspan="3">2017</td><td>High</td><td>US$ 2.90</td></tr>
<tr><td>Low</td><td>US$ 1.03</td></tr>
<tr><td>Average</td><td>US$ 1.85</td></tr>
<tr><td rowspan="3">2018/01/01/ ~03/31</td><td>High</td><td>US$ 3.80</td></tr>
<tr><td>Low</td><td>US$ 2.58</td></tr>
<tr><td>Average</td><td>US$ 3.18</td></tr>
</table>

4.5 Employee Stock Options

i.Issuance of Employee Stock Options

Date: March 31, 2018

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	6,086,500
Exercised amount	295,983,900
Number of shares yet to be converted	0
Adjusted exercise price for those who have yet to exercise their rights	48.60
Unexercised shares as a percentage of total issued shares	0%
Impact on possible dilution of shareholdings	None

ii.lList of Executives Receiving Employee Stock Options and the Top 10 Employees with Acquired Stock Options

Date: March 31, 2018 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	3,290,000	0.56%	880,000	48.6	42,768,000	0.15%	0	0	0	0%
	Vice Chairman	Tan-Liang Yao										
	President	Hsiu-Lan Hsu										
	Vice President	Ching-Chang Chin										
	Vice President	Hao-Chun Shih										
	Vice President	Yu-Tse Lin										
	Assistant Vice President	Ching-Wen Chou										
	Assistant Vice President	Tai-lung Ma										
	Manager	Mei -Ying Chiu										
Employees	Employee	Yu-Hsin Lin	660,000	0.11%	24,000 566,000	56.1 48.6	1,346,400 27,507,000	0.0041% 0.0956%	0	0	0	0%
	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	Sheng-Hsiung Hung										
	Employee	Hsin-Chung Chao										
	Employee	Jung-Tsung Wang										

Note: The execution date of employees' stock option has expired on August 10, 2017.

4.6 Status of New Shares Issuance of Restricted Stocks for Employees:

Type of the Restricted Stock Award	Employee's Restricted Stock Awards for 2017
Effective date of declaration	September 21, 2017
Issuing date	October 13, 2017
Number of the new issuance of restricted stocks	6,000,000 shares
Offering Price	NT$20
Ratio of the number of new shares issued to the total number of shares issued	1.01%
Terms and conditions of the employees' restricted stocks	Employee's continuous employment with the Company through the vesting period and achievement of personal performance criterion of "A" (and above) are required to receive the vesting shares by the portion of: 1 year: 40% 2 years: 70% 3 years: 100%
Restriction on the rights associated with employees' restricted stocks	1. During the vesting period, employee may not sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of restricted award shares. 2. Restricted Stock Awards have the right to join stock dividend distribution from which the interest will not be restricted by the vesting period. The interest of the stock dividend will be appropriated in one month after the distribution date from security trust account to employee's account. 3. All rights as making a proposal, a statement, a vote and other related matters at the shareholders meeting will be conducted by custody institutions of security trust. 4. The Restricted Stock Awards shall be delivered to the trust account after issuance and it is not allowed by any reason or method to request for returning before the vesting conditions are meet.
Custody of the employees' restricted new shares	Custody institutions of security trust
Handing of employee's failure to meet the vesting conditions	(1)Resignation, dismission, layoff: The Company will redeem the issued restricted employee shares on the effective day of the resignation. (2)Retirement: All restricted employee shares will be vested to the employee on the retirement day. (3)Handicap, death out of occupational hazard or general death: A. Handicap out of occupational hazard: all restricted employee shares will be vested to the employee on the date of resignation. B. Death out of occupational hazard or general death: all restricted

	employee shares will be vested to the heir of the employee. (4)Leave without pay: A. Employees who go on leave without pay for official business will acquire all restricted employee shares after reporting back to work. B. Restricted employee share of employees who take leave without pay for private reasons will be redeemed by the Company on the effective day of the unpaid leave. (5)Job relocation: A. Employees with continuous employment with the transferred department through the vesting dates will acquire all granted shares. Handling of employee's resignation after the job relocation will be regarding as the same as Resignation. B. Granted shares of those who is not transferred due to business need will be redeemed by the Company on the day of the job relocation. (6)The issued restricted award shares redeemed by the Company shall be cancelled officially. (7)The Company shall buy back the granted shares from the employee with issue price if the employee violets Item 6 of the regulation to terminate or dissolve the proxy authorization of the Company before the vesting conditions are met.
Number of the retrieved or bought shares of the employees' restricted shares	35,000 shares
Number of new shares that have been released from restricted rights	60,000 shares
Number of new shares that have not yet been released from restricted rights	5,905,000 shares
Ratio of the number of new shares outstanding to the total number of shares issued (%)	1.0%
Effect on shareholders' equity	According to the 574,476,151 outstanding shares(deducting 5,555,000 shares of treasury stocks) vested during the 3-year period and in 2017, the annual cost of diluted EPS for 2017, 2018, 2019, 2010 were about NT$ 0.08, NT$0.08, NT$0.08 and NT$0.02 respectively, of which no significant effect will be caused to the diluted EPS nor to shareholders' equity.

May 31, 2018 Unit: NT$‘000: ‘000 shares

<table>
<tr><th rowspan="2">Job Title</th><th rowspan="2">Name</th><th rowspan="2">Number of new shares acquired</th><th rowspan="2">Ratio of new restricted shares to total number of shares issued</th><th colspan="4">Restricted Rights that have been Released</th><th colspan="4">Restricted Rights that have not been Released</th></tr>
<tr><th>Total Number</th><th>Offering Price</th><th>Issue Amount</th><th>Ratio of the number of stocks released to the total number of shares issued</th><th>Total Number</th><th>Offering Price</th><th>Issue Amount</th><th>Ratio of the number of stocks unreleased to the total number of shares issued</th></tr>
<tr><td>CEO</td><td>Ming-kung Lu</td><td rowspan="12">3,555</td><td rowspan="12">0.6%</td><td rowspan="12">30</td><td rowspan="12">20</td><td rowspan="12">600</td><td rowspan="12">0.01%</td><td rowspan="12">3,525</td><td rowspan="12">20</td><td rowspan="12">70,500</td><td rowspan="12">0.60%</td></tr>
<tr><td>Vice CEO</td><td>Tan-liang Yao</td></tr>
<tr><td>President</td><td>Hsiu-lan Hsu</td></tr>
<tr><td>President of Yi-lan branch</td><td>Han-chun Shih</td></tr>
<tr><td>CTO</td><td>BUDI TJAHJONO</td></tr>
<tr><td>Vice President</td><td>Chung-wei Lee</td></tr>
<tr><td>Vice President</td><td>Yu-ze Lin</td></tr>
<tr><td>Assistant Manager</td><td>Bei-yi Chen</td></tr>
<tr><td>Assistant Manager</td><td>Dai-long Ma</td></tr>
<tr><td>Assistant Manager</td><td>Chung-wen Wu</td></tr>
<tr><td>Director</td><td>Chien-hong Liu</td></tr>
<tr><td>Financial Manager</td><td>Mei-yin Chiu*</td></tr>
<tr><td>Employee</td><td>Cheng-hong Huang</td><td rowspan="10">570</td><td rowspan="10">0.1%</td><td rowspan="10">0</td><td rowspan="10">20</td><td rowspan="10">0</td><td rowspan="10">0%</td><td rowspan="10">570</td><td rowspan="10">20</td><td rowspan="10">203</td><td rowspan="10">0.1%</td></tr>
<tr><td>Employee</td><td>Chih-hsin Lu</td></tr>
<tr><td>Employee</td><td>Ming-duan Yang</td></tr>
<tr><td>Employee</td><td>Song-ling Hsu</td></tr>
<tr><td>Employee</td><td>Yu-chun Pong</td></tr>
<tr><td>Employee</td><td>Chi-shuen Chen</td></tr>
<tr><td>Employee</td><td>Wen-huai Yu</td></tr>
<tr><td>Employee</td><td>Chun-her Chen</td></tr>
<tr><td>Employee</td><td>Shih-long Cheng</td></tr>
<tr><td>Employee</td><td>Chung-wen Huang</td></tr>
</table>

Note: The financial manager Mei-ying Chiu was transferred to other post on March 22, 2018.

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

4.8 Financing Plans and Implementation: NA

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

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.

2. Revenue distribution

Unit: NT$1000; %

Major Divisions	Total Sales in Year 2017	(%) of total sales
Semi Wafer	45,540,327	76.7%
Solar Wafer	2,524,614	4.25%
Solar Cell	5,054,173	8.51%
Solar Module	327,950	0.56%
Solar Ingot	1,409,413	2.37%
Semi Ingot	496,690	0.84%
Others	4,018,031	6.77%
Total	59,371,198	100.00%

3. Current Products and Service
   (1) Polycrystalline black silicon wafer
   (2) High intensity solar wafer
   (3) A5+ ultra-high efficiency solar polycrystalline wafer
   (4) N type solar wafer
   (5) Ultra-thin solar wafer
   (6) DW solar polycrystalline wafer
   (7) A4+ high efficiency solar polysilicon wafer
   (8) Polycrystalline solar ingot
   (9) High efficiency monocrystalline silicon solar cell
   (10) High efficiency two-sided monocrystalline silicon solar cell

(11) High efficiency monocrystalline silicon metal penetrating back electrode solar cell

(12) High efficiency monocrystalline silicon solar cell without confluence

(13) High efficiency and low light fading P-type polycrystalline silicon solar cell

4.Future New Technology and Products

(1) DW high intensity solar wafer

(2) Ultra-high efficiency P-type monocrystalline silicon solar cell

(3) High efficiency and low light fading P-type diamond cutting polycrystalline silicon solar cell

(4) High efficiency N-type monocrystalline silicon solar cell technology Development

5.1.2 Industry Overview

1. Industrial Current Status and Future Development

(1) Solar

Please refer to page 88 to 89 of the Chinese annual report.

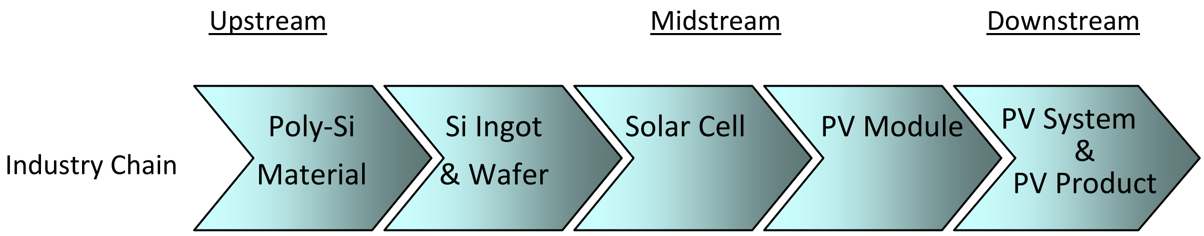
(2) Semiconductor

Please refer to the annual report of the subsidiary GlobalWafers Co. Ltd. (stock symbol: 6488)

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

(1) Solar

Solar Industry Connection Chain



Source: SAS Internal

(2) Semiconductor

Please refer to the yearly report of our subsidiary GlobalWafers Co., Ltd.(stock symbol: 6488)

3. Product Trends and Competition

(1) Solar Industry

Please refer to page 90 of the Chinese annual report.

(2) Semiconductor

Please refer to the annual report of the subsidiary GlobalWafers Co., Ltd.(stock symbol: 6488)

5.1.3 Research and Development

The company has been committed in recent years to improving its capability of ingot growth, precision processing and battery module manufacturing process of silicon wafer materials, in addition to the improvement of the productivity of polycrystalline ingot growth, the yield of ingots, the reduction of the density of crystal defects, the crystal quality, the conversion efficiency of wafers, and the efficiency of battery conversion that all have surpassed international standards. Moreover, the company has actively carried out its patent layout to protect the intellectual property rights of the company. As of the present, more than 250 patent certificates have been obtained presenting its research and development achievements that have won many international awards.

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

Unit: NTD $1000

Year	2016	2017	By 2018/3/31
Net Revenue	31,599,040	59,371,198	16,891,389
Research and Development Expenses	976,091	1,671,895	455,194
Research and Development Percentage	3.09%	2.82%	2.69%

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

Project	Content	Investment
Development technology of polycrystalline black silicon wafer	The plan is to study the wafer surface modification technology so as to reduce the reflectance of DW chips. The developed technology can improve the conversion efficiency of DW A5+ chips to more than 20% level.	NT$10 million
A5+ Ultra-high efficiency mc-si crystal growth technology	This project leads to successful growth of high quality and low defect mc-si by using hot zone design and computer simulation. Solar cell efficiency has reached 19.4%.	NT$10 million
Solar multi-crystalline wafer diamond wire slicing technology development.	The project emphasis on modification of existing slurry wire slicing machines to adopt diamond wire processes. The output outperformed current machines in the market both in terms of quality and cost.	NT$10 million
Recovery and recycle of slurry from wire saw slicing	This project has successfully recovered and recycled the slurry (D0903) from wire saw slicing by the use of water cleaning process with pressure filter separating solid and liquid and evaporation process to extract oil. Formula pack helped to reuse extracted oil, which greatly reduce material cost and environmental impact.	NT$10 million
Development of high efficiency mono-Si Celco Solar cell	Mono Celco solar cell is combined with advanced process, rear passivation, and local BSF technologies. Celco Technology is successfully implemented into 100% mass production and patent protected.	NT$150 million
Advanced Si nano-wire technology in solar wafer and solar cell for high power generation	This project developed by nano wafer、ALD technology and high efficiency cell technology to increase cell efficiency and increase power generation.	NT$90 million

5.1.4 Long-term and Short-term Development

1. Long-term Development

Please refer to page 92 of the Chinese annual report.

2. Short-term Development

(1) The company plans to launch various multi-crystal silicon products and keep improving cost control to approach margin target.

(2) The company will continue to expand the supply of Mono PERC Cell to provide customers with high-quality solar cells to maintain market competitiveness.

(3) The business of solar power plants will focus on Taiwan region and accelerate the development and construction of solar power plants in order to not just stabilize the income of the power plant but become an outlet for the company's own efficient solar products.

5.2 Market and Sales Overview

5.2.1 Market Analysis

1. Sales Region

(1)Solar

Unit: NTD $1,000

Area		2016		2017	
		Turnover	%	Turnover	%
Local		5,385,812	49	4,441,313	34
Abroad	Asia	2,321,977	21	3,174,793	24
	America	473,392	3	917,281	7
	Others	5,008,424	27	4,625,210	35
Total		13,189,605	100	13,158,597	100

(2)Semi

Please refer to the annual report of our subsidiary GlobalWafers Co., Ltd.(stock symbol: 6488)

2. Market Share (%) of Major Product

(1) Solar

A. As one of major suppliers of solar wafers in Taiwan, SAS is strategically focused on high-efficiency solar wafer development. Accumulated capacity of Chu-nan branches fab I and fab II has reached 1GW, about 3% of the global solar wafer market.

B. The capacity of high efficiency mono crystal cell of Yilan fab has expanded to 1GW, including 200MV of cell production from overseas, making SAS the leading maker of high efficiency mono crystal cells, about 3% of the global market.

(2) Semiconductor

Please refer to the annual report of our subsidiary GlobalWafers Co., Ltd.(stock symbol: 6488)

3. Future Supply And Demand in Market

(1) Solar

A. Along with the environmental protection issue and cost decline of solar components, solar energy has been accepted by the world as an alternative energy. With the cost decline of solar modules, demand for solar power energy from markets everywhere has been increasing and is expected to reach 95GW during 2018. Solar power is gradually replacing the general power generation and other convertible power generation.

B. It is expected that the global supply and demand of solar energy in 2018 will still have its advantages for highly efficient and competitive products. However, as developed countries keep lowering subsidy rates, the price of solar cells and modules keeps showing a downtrend. In recent years, for the solar supply chain the trend of industrial integration will not stop in 2018.

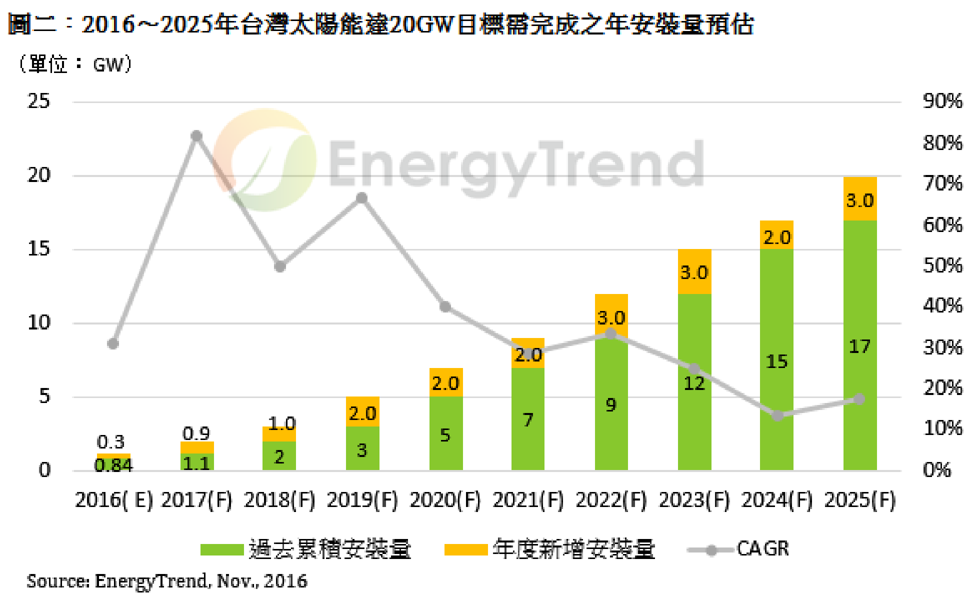
C. Currently the world is in a critical period of energy transition. The green economy will be the new driving force for economic development in the next decade. Taiwan government is committed to promoting non-nuclear homeland and aiming at achieving the target of 20% renewable energy generation by 2025 through energy generation, energy saving, energy storage and system integration so as to help the renewable energy industry create large domestic demand hoping to bring more economic growth and employment opportunities to Taiwan.

D. "Solar PV Two-Year Promotion Project" (from July 2016 to June 2018) is expected to establish a long-term and fundamental measure within two years. The target amount of 1,520MW solar PV system is set with an expected investment of about NT$ 91.2 billion and 9,120 employment opportunities. The cumulative annual power generation is expected to reach 1.9 billion degrees, equivalent to 2,580 times the Da-ann Forest Parks' annual carbon emission reduction.

☐ July 2016~June 2017 annual target at 650MW

☐ July 2017~June 2018 annual target at 870MW, Total 1,520MW in 2 years

Type	Items	~July, 2017 Target Volume (MW)	~June, 2018 Target Volume (MW)
Rooftop	Central public building Factories Agricultural facilities Other buildings (residential, commercial, county and city public roof etc.)	30 60 200 120	30 100 250 120
	Subtotal	410	500
Ground-mounted	Salt industry land Severe land subsidence areas Reservoirs, detention ponds, caltrop ponds, fish pens Landfill	100 80 50 10	130 120 100 20
	Subtotal	240	370
	Total	650	870



(2)Semiconductor

Please refer to the annual report of our subsidiary GlobalWafers Co., Ltd.(stock symbol: 6488)

4. Competition Superiority

(1) Long-term R&D investment to establish core competitive advantages
(2) Extensive cooperation with academies and administration and highly capability of product innovation
(3) The largest capacity scale in the domestic industry, with production flexibility and scale economy competitiveness
(4) Working closely with downstream customers to grasp market demand and development trend
(5) Long-term cooperation with raw material suppliers to grasp the stable supply source and cost advantage of key raw materials
(6) Thanks to the government's positive information releases, the green rooftop project for universal participation has drawn huge crowds. However, reliable and efficient solar roof system is still the foundation of a stable return on investment. To make solar modules operating outdoors for a long time and high temperature environment possible, we must adopt fire prevention, waterproof, resistance to salt injury material and lightweight and stable designs with the effective use of limited power area as to reduce the cost of electricity by degree and achieve long-term and stable power output. The company has accumulated long-term engineering experience with strict quality inspections in all aspects of module layout design, inverter, material selection and construction quality so as to ensure that the power plant can operate safely for 20 years

5. Favorable and Unfavorable Factors in the Long-range Future

A. Favorable Factors

Solar

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

quality and competitiveness

(3) Complete marketing allocation and vertical integration together with government's strategy to get green energy moving

(4) To aim at becoming a non-nuclear homeland, the government set a target of installed PV capacity of 20GW by 2025, and a two-year project of installed PV capacity of 1.52GW last year

(5) High efficiency solar products manufactured by SAS

(6) No. 1 global market share and marketing of inverter strategy allied partners

(7) Joint venture with the largest insurance company in Taiwan to build a foundation for the securitization of the long-term asset in the future

B. Semiconductor:

Please refer to the yearly report of our subsidiary GlobalWafers Co., Ltd.(stock code: 6488)

2. Unfavorable Factors and Countermeasures:

A. Solar

(1) Enormous competitors lead to a glut of capacity on the market

(2) Effects upon selling price and profit decline due to the oversupply on the market

(3) The solar trade war between China and the US has not stopped since 2012. In 2017, the adjustment of MIP(Minimum Import Price) from the European Union also affect the market supply and demand situation again. In January 2018, the United States imposed a tariff of up to 30% on imports of solar cells and modules

(4) The application process for renewable energy is complicated and lengthy. In practice, it will take at least 4 to 6 months, and even more than 10 months for large projects. The uncertainty of the period makes investors suspicious, worried and even discouraged.

(5) The ministry of economic affairs plans to target the amount of rooftop solar installations at 3GW in 2025 and 17GW on the ground. The land required is about 22,500 hectares. In the initial target plan, 10,000 hectares of land will be laid for solar energy while currently only about 7,000 hectares of land have been counted, showing a serious shortage of land.

(6) The existing feeders are seriously insufficient. At the high costs of feeders and substation, it is difficult to coordinate sources of funds, the capacity and stability of the power grid and the rebound from residents.

(7) Obstacles for financing loans

(8) Inadequate laws and regulations

Countermeasure:

(1) The company has been actively developing new customers as well as high cost-effective new products, and actively integrates with downstream system power stations and strategic alliances to consolidate business opportunities.

(2) Strengthen the link with downstream customers' R&D to develop efficient niche products with core technology capabilities and to enhance additional value by actively reducing manufacturing costs to increase profit margins.

(3) In terms of the European market, Taiwan's batteries are not within the MIP specification showing high quality in this market. In the US market, with 30% of the tariff 201, the import tax exemption for 2.5GW still provides an opportunity to export batteries to the US within certain quota. As for the AD tax rate, SAS has obtained the lowest tax rate in Taiwan of 3.56% since July 2017 making it more competitive among its peers. In December of the same year, SAS passed the second administrative review and obtained the initial tax rate of 1.07%, which is expected to be applied from July 2018.

(4) Request to the public service unit for establishing a set of an SOP application procedure, such as simplifying handling process by one single contact, removing relevant obstacles, accelerating administrative process, assisting in the settlement of application and installation problems as well as transfer services etc. The energy and carbon reduction office of the executive yuan is thus expected to assist in cross-departmental integration and management examination.
(5) Request to the government to expand the inventory of space and land specifically for salt industry land, land subsidence, and unfavorable farming areas. In addition, the floating solar system can be introduced to develop more water area.
(6) Relevant government departments and TPC are requested to formulate the renewable energy transmission and distribution construction plans at an early date, including the distribution and transmission plans, and the plan to strengthen the installation of power grids to solve the problem of insufficient feeder lines. Operators are not excluded from building their own booster stations and feeders to ensure the feasibility and timeliness of grid connection
(7) In response to green finance, the plan "encouragement to domestic banks for making loans for new and innovative key industries" is proposed to assist the green energy industry in obtaining financing and introducing insurance industry to invest in the green energy industry so as to provide diversified financing and access to capital channels.
(8) Request to relevant government departments to amend the renewable energy development ordinance to loosen restrictions on the financing of the electricity industry; To revise the regulations on the permitted use of land or change the regulations on the compilation of land, and to appropriately loosen the restrictions.

B. Semiconductor

Please refer to the annual report of our subsidiary GlobalWafers Co., Ltd.(stock symbol: 6488)

5.2.2 The Production Procedures of Main Products

1. Major Products and Their Application

Products	Main characteristics
High intensive solar wafer	Enhance 20% to 30% of wafer strength Lower 20% to 30% of the breakage rate in the cell manufacturing process
Multi-crystalline black wafer	1. Reduce the reflectance of the wafer and improve the conversion efficiency of the battery 2. The surface modification of DW polycrystalline wafer help improve efficiency by 0.2 to 0.3% compared with SW polycrystalline wafer.
N-type multi-crystalline solar wafer	The lifetime of the chip can be larger than 1 ms. With TOPCon battery manufacturing process, the conversion efficiency may be up to 22%.
A5+ ultra-high efficiency multi-crystalline solar wafer	1. For general battery manufacturing process, the average efficiency rate can reach 18.8%. 2. For PERC battery manufacturing process, the efficiency rate can reach 19.8%.
A4+ extremely-high efficiency multi-crystalline solar	1. For general battery manufacturing process, the average efficiency rate can reach 18.65%. 2. For PERC battery manufacturing process, the efficiency rate can

wafer	reach 19.65%.
Multi-crystalline solar ingot	Material of solar energy substrate that can be reprocessed into solar cells
High efficiency mono-crystalline solar cell	1. High efficiency mono-crystalline solar cell: efficiency > 21.50% 2. High efficiency bifacial mono-crystalline solar cell: conversion rate > 21.00% and bifaciality > 65% 3. The conversion efficiency of high efficiency mono-crystal silicon metal penetrating back electrode solar cell > 21.30% 4. The conversion efficiency of high efficiency mono-crystal solar cell without main buses > 21.50% 5. The solar cell module encapsulated by high efficiency mono-crystal solar cell can be packaged into 317W module (60 pieces) at present.

2. Process Flow

Solar Wafer

Poly-Si → Crystal Growth → Cropping → Squaring → Grinding → Slicing → Wafer Cleaning → Inspection → Packaging

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

Product	Major Raw Material	Main Supplier	Supply Status
Ingot	Silicon	Company A, B, C	Good
Wafer	Ingot	Company B	Good

5.2.4 Major Suppliers and Clients

1. Major Suppliers Information for the Last Two Calendar Years

Unit: NT$'000

Item	2016				2017				2018 (As of March 31)			
	Name	Amount	Percent	Relation with Issuer	Name	Amount	Percent	Relation with Issuer	Name	Amount	Percent	Relation with Issuer
1	A	2,628,025	15.93	None	A	2,332,787	9.52	None	(A)	619,003	8.39	None
	Others	13,866,900	84.07	None	Others	22,160,354	90.48	None	Others	6,756,962	91.61	None
	Net Supplies	16,494,925	100.00		Net Supplies	24,493,141	100.00		Net Supplies	7,375,965	100.00	

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

2. Major Clients Information for the Last Two Calendar Years

Unit: NTD $1000

Item	2016				2017				2018(As of March 31)			
	Name	Amount	Percent	Relation with Issuer	Name	Amount	Percent	Relation with Issuer	Name	Amount	Percent	Relation with Issuer
1	B	1,962,297	6.21	None	C	6,503,622	10.95	None	A	2,199,737	13.02	None
	Others	29,636,743	93.79	None	Others	52,867,576	89.05	None	Others	14,691,652	86.98	None
	Net Sales	31,599,040	100.00		Net Sales	59,371,198	100.00		Net Sales	16,891,389	100.00	

Note : Major clients mean each commanding 10%-plus 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 Production over the Last Two Years

Unit:NT$1000

Output / Year / Major Products (or by departments)	2016			2017		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Solar Ingot ('000 kg)	6,349	4,873	3,242,611	6,349	4,245	2,521,729
Solar Silicon Wafer ('000 pce)	246,836	209,166	5,441,822	279,892	135,736	2,668,333
Semi Ingot ('000 pce)	261	27.83	576,825	2,847	2,755	1,544,592
Semi Wafer ('000 pce)	30,270	21,942	17,850,125	55,211	53,371	44,137,965
Solar Cell ('000 pce)	118,800	89,185	4,651,876	144,000	12,155	4,029,900
Total	—	—	31,763,259	—	—	54,902,519

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

5.2.6 Shipments and Sales over the Last Two Years

Unit:NT$1000

Shipments & Sales / Year / Major Products (or by departments)	2016				2017			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Solar Ingots ('000 kg)	0.47	463	283.94	257,052	317	158,826	1,415	1,250,587
Solar Silicon Wafer ('000 pce)	162,370	4,195,029	29,637	787,940	118,054	2,330,987	10,376	193,627
Semi Ingot & Wafer ('000 pce)	7,362	3,712,464	14,609	14,305,574	12,162	9,370,386	34,453	36,666,632
Solar Wafer ('000 pce)	11,814.89	716,744	40,452	2,673,767	16,299	798,092	59,809	2,930,152
Solar Module ('000 pce)	14.07	73,649	22,763	2,363,367	60	287,145	2	6,208
Other	—	903,585	—	1,609,406	—	518,863	—	4,855,693
Total	181,561	9,601,934	107,745	21,997,106	146,892	13,464,299	106,055	45,906,899

5.3 Human Resources

Year		2016	2017	By 2018/3/31
Number of Employees	Staff	409	390	379
	Manufacturing	1,158	1,212	1,163
	Total	1,567	1,602	1,542
Average Age		34.8	33.1	33.4
Average Years of Service		5.0	4.1	4.3
Education	Masters	9.1%	8.7%	8.9%
	Bachelor's Degree	53.6%	55.7%	56%
	Senior High School	33%	31.1%	30.9%
	Below Senior High School	4.3%	4.5%	4.2%

The company and the financial information transparency related personnel who obtain the relevant certification designated by the competent authorities:

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

2017 Employee Training Status

Item	Class	People	Total Hours	Total Cost
New Staff Orientation	147	665	995.5	0
Professional Training	1,334	14,272	4,114	686,084
Common Training	314	4,035	1,044.5	207,260
Total	1,795	18,972	6,154	893,344

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. 2015
      Air pollution prevention: NT$4,420,000
      Water pollution prevention: NT$1,920,000

Industrial waste disposal and maintenance: NT$35,178,700

B. 2016

Air pollution prevention NT$9,085,000

Water pollution prevention: NT$29,180,000

Industrial waste disposal and maintenance: NT$29,203,000

C.2017

Air pollution prevention: NT$81,539,000

Water pollution prevention: NT$ 142,503,000

Industrial waste disposal and maintenance: NT$81,802,000

Other environmental protection expenditure totaled: NT$1,615,000

3. Anticipated Improvement

The above investment in pollution prevention facilities can effectively respond to the amendment of environmental laws and regulations, and the environmental pollution of waste water and gas can be handled and reduced more efficiently to ensure the emission quality.

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:

No pollution event happened in 2016 and 2017.

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:

2016.02.23 A penalty of NT$100,000 for different operation parameters of air pollution control system from that in the license document

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.

5.4.6 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.

1. Employee Benefits:

A.Provide high quality salary and fair reward, promotion methods to confirm all the colleagues to the company's contribution. 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, Emergency assistance, scholarship, shuttle bus, lunch, dormitory, employee stocks and complete staff training.

B. The company allocates 0.1% of monthly turnover and 40% of leftover income to Employee welfare committee, which operates in accordance with related regulations.

2. Training and Practice:

The company offers a wide range of training courses and profession in-service and self-growth courses, including fresh staff training, pm-site training, safety and sanitary training, profession courses and other related external programs. The company aims to foster competent employees for all challenges.

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; work over 10 years and reach age 60

Mandatory retirement: reach age 65 since 2008.5.14/ 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, according to 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)

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. 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/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 & Transferring
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:

1. Regulation on work
   (1) All staff 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

2. 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 equipment limitations

5.6 Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Land lease	Science Park Administration	2005.06.01~2024.12.31	12004.74 square meter, rental paid annually, NT$ 3,841,992 in total	Object business purpose only
Land lease	Science Park Administration	2008.01.26~2027.12.31	13000 square meter, rental paid annually, NT$ 4,160,520 in total	Object business purpose only
Sales contract	Customer B B-2	2009~2020	Sales contract	None
Sales contract	Customer B B-3	2009~2020	Sales contract	None
Sales contract	Customer B B-4	2010~2021	Sales contract	None
Sales contract	Customer B B-5	2011~2022	Sales contract	None
Sales contract	Customer C C-2	2009~2021	Sales contract	None
Sales contract	Customer D D-2	2006~2020	Sales contract	None
Sales contract	Customer D D-3	2009~2020	Sales contract	None
Sales contract	Customer D D-4	2009~2020	Sales contract	None
Sales contract	Customer E E-1	2008~2020	Sales contract	None
Sales contract	Customer E E-2	2009~2019	Sales contract	None
Sales contract	Customer F F-2	2009~2021	Sales contract	None
Supplier contract	Supplier A A-2	2009~2018	Silicon contract	None
Supplier contract	Supplier A A-3	2010~2019	Silicon contract	None
Supplier contract	Supplier A A-4	2013~2020	Silicon contract	None
Supplier contract	Supplier B B-3	2010~2018	Silicon contract	None
Supplier contract	Supplier C C-1	2009~2020	Silicon contract	None
Supplier contract	Supplier C C-2	2010~2020	Silicon contract	None
Supplier contract	Supplier C C-3	2013~2021	Silicon contract	None

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1-1 Condensed Balance Sheet based o IFRS (Consolidated)

Unit: NT $'000

Item / Year		Five-Year Financial Summary(Note 1)				
		2013	2014	2015	2016	2017
Current Assets		13,865,278	16,811,804	19,281,427	30,143,619	41,006,059
Funds & Investments		3,842,716	4,267,268	4,343,435	3,031,504	3,499,458
Net Property, Plant and Equipment (Note2)		16,097,846	15,243,561	18,904,724	41,397,828	37,528,808
Intangible Assets		656,780	694,238	701,566	4,436,073	3,939,134
Other Assets		5,211,022	3,870,245	2,955,184	4,005,384	3,369,074
Total Assets		39,673,642	40,887,116	46,186,336	83,014,408	89,342,533
Current Liabilities	Before Distribution	9,107,014	9,791,759	10,070,111	31,901,665	28,236,998
	After Distribution	9,107,014	9,791,759	10,529,692	33,300,772	Note 3
Non-current Liabilities		9,980,737	9,512,219	7,546,649	23,885,656	17,328,624
Total Liabilities	Before Distribution	19,087,751	19,303,978	17,616,760	55,787,321	45,565,622
	After Distribution	19,087,751	19,303,978	18,076,341	57,186,428	Note 3
Equity attributable to the parent company		18,297,624	20,898,239	22,986,756	20,898,541	27,140,872
Capital Stock		5,231,191	5,800,312	5,800,312	5,800,312	5,920,587
Capital Surplus		14,977,502	16,995,509	18,614,691	18,821,483	24,205,831
Retained Earnings	Before Distribution	380,739	772,930	1,292,442	(740,873)	507,252
	After Distribution	380,739	772,930	832,861	(2,139,980)	Note 3
Other equity		(2,291,808)	(2,670,512)	(2,550,828)	(2,812,520)	(3,322,937)
Treasury stocks		—	—	(169,861)	(169,861)	(169,861)
Non-controlling interest		2,288,267	684,899	5,582,820	6,328,546	16,636,039
Total Shareholders' Equity	Before Distribution	20,585,891	21,583,138	28,569,576	27,227,087	43,776,911
	After Distribution	15,354,700	11,142,577	28,109,995	25,827,980	Note 3

Note 1: Financial information for the past five years was audited and certified by Certified Public Accountants.
Note 2: No asset reevaluation
Note 3: The earnings distribution of 2017 shall be determined by the resolution of AGM.

6.1.1-2 Condensed Balance Sheet based o IFRS (Standalone)

Unit: NT $'000

Item \ Year		Five-Year Financial Summary(Note 1)				
		2013	2014	2015	2016	2017
Current Assets		3,320,528	5,158,909	6,560,131	6,873,213	5,545,531
Funds & Investments		19,505,733	17,960,231	16,811,733	14,555,750	22,253,878
Net Property, Plant and Equipment (Note2)		3,882,361	5,999,176	7,282,061	7,114,781	6,333,415
Intangible Assets		—	17,785	—	—	—
Other Assets		2,700,784	2,033,801	1,615,670	1,063,399	719,375
Total Assets		29,409,406	31,169,902	32,269,595	29,607,143	34,852,199
Current Liabilities	Before Distribution	4,481,677	3,988,981	4,447,442	4,863,770	4,490,335
	After Distribution	4,481,677	3,988,981	4,907,023	5,725,484	Note 3
Non-current Liabilities		6,630,105	6,282,682	4,835,397	3,844,832	3,220,992
Total Liabilities	Before Distribution	11,111,782	10,271,663	9,282,839	8,708,602	7,711,327
	After Distribution	11,111,782	10,271,663	9,742,420	9,570,316	Note 3
Equity attributable to the parent company		18,297,624	20,898,239	22,986,756	20,898,541	27,140,872
Capital Stock		5,231,191	5,800,312	5,800,312	5,800,312	5,920,587
Capital Surplus		14,977,502	16,995,509	18,614,691	18,821,483	24,205,831
Retained Earnings	Before Distribution	380,739	772,930	1,292,442	(740,873)	507,252
	After Distribution	380,739	772,930	832,861	(1,602,587)	Note 3
Other equity		(2,291,808)	(2,670,512)	(2,550,828)	(2,812,520)	(3,322,937)
Treasury stocks		—	—	(169,861)	(169,861)	(169,861)
Non-controlling interest		—	—	—	—	—
Total Shareholders' Equity	Before Distribution	18,297,624	20,898,239	22,986,756	20,898,541	27,140,872
	After Distribution	18,297,624	20,898,239	22,527,175	20,036,827	Note 3

Note 1: Financial information for the past five years was audited and certified by Certified Public Accountants.
Note 2: No asset reevaluation
Note 3: The earnings distribution of 2017 has not been approved by the AGM.

6.1.2-1 Condensed Statement of Income (Consolidated)

Unit: NTD $'000

Item \ Year	Five-Year Financial Summary (Note 1)				
	2013	2014	2015	2016	2017
Operating Revenue	22,215,367	27,821,456	28,269,357	31,599,040	59,371,198
Gross Profit	2,439,424	3,497,876	4,271,231	3,435,013	11,403,236
Income from Operations	629,014	1,446,794	2,236,612	42,060	6,325,002
Non-Operating Income and Expenses	(500,779)	478,248	(276,431)	(898,438)	(1,199,261)
Net Income before Tax	128,235	1,925,042	1,960,181	(856,378)	5,125,741
Net income from operations of continued segments	38,933	1,299,267	1,056,402	(856,378)	5,125,741
Loss from discontinued segments	300,909	—	—	—	—
Net Income for the period	339,842	1,299,267	1,056,402	(1,289,006)	3,518,628
Other comprehensive income for the period - After tax	(581,001)	(415,044)	162,940	(328,410)	(64,089)
Total comprehensive income for the period	(241,159)	884,223	1,219,342	(1,617,416)	3,454,539
Net income attributable to parent company	295,118	1,128,445	534,837	(1,589,225)	1,035,505
Net income attributable to non-controlling interest	44,724	170,822	521,565	300,219	2,483,123
Total comprehensive profit and loss attributable to parent company	(268,728)	714,269	635,474	(1,832,339)	971,676
Total comprehensive profit and loss attributable to non-controlling interest	27,569	169,954	583,868	214,923	2,482,863
Earnings per Share	0.57	2.06	0.93	(2.77)	1.8

Note 1: Financial information for the past five years was audited and certified by Certified Public Accountants.

6.1.2-2 Condensed Statement of Income (Standalone)

Unit: NTD $’000

Item \ Year	Five-Year Financial Summary (Note 1)				
	2013	2014	2015	2016	2017
Operating Revenue	5,208,835	9,175,737	11,915,968	10,390,005	11,282,980
Gross Profit	(1,355,838)	(719,371)	(20,794)	(908,211)	(676,632)
Income from Operations	(1,623,200)	(1,063,574)	(429,255)	(1,275,282)	(1,090,541)
Non-Operating Income and Expenses	1,744,948	2,201,335	1,098,347	(317,602)	2,115,992
Net Income before Tax	121,748	1,137,761	669,092	(1,592,884)	1,025,451
Net income from operations of continued segments	295,118	1,128,445	534,837	(1,589,225)	1,025,451
Loss from discontinued segments	—	—	—	—	—
Net Income for the period	295,118	1,128,445	534,837	(1,589,225)	1,035,505
Other comprehensive income for the period - After tax	(563,846)	(414,176)	100,637	(243,114)	(63,829)
Total comprehensive income for the period	(268,728)	714,269	635,474	(1,832,339)	971,676
Net income attributable to parent company	295,118	1,128,445	534,837	(1,589,225)	1,025,451
Net income attributable to non-controlling interest	—	—	—	—	—
Total comprehensive profit and loss attributable to parent company	(268,728)	714,269	635,474	(1,832,339)	971,676
Total comprehensive profit and loss attributable to non-controlling interest	—	—	—	—	—
Earnings per Share	0.57	2.06	0.93	(2.77)	1.8

Note 1: Financial information for the past five years was audited and certified by Certified Public Accountants.

6.1.3 Auditors' Opinions for Last Five Years

Year	CPA's Name	Auditing Opinion	Note
2013	Tseng, Mei-Yu Chen, Chen-Chien	Modified unqualified opinions	Note
2014	Tseng, Mei-Yu Huang, Yong-Hua	Modified unqualified opinions	Note
2015	Tseng, Mei-Yu Huang, Yong-Hua	Modified unqualified opinions	Note
2016	Tseng, Mei-Yu Huang, Yong-Hua	Unqualified opinions	Note
2017	Chen, Chen-Chien Cheng, An-Chih	Unqualified opinions	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

6.2.1 Financial Analysis based on IFRS (Consolidated)

Item	Year	Financial Analysis In The Past Five Years				
		2013	2014	2015	2016	2017
Financial Structure (%)	Ratio Of Liabilities To Assets	48.11	47	38	67	51
	Ratio Of Long-Term Capital To Property, Plant and Equipment	189.88	204	191	123	163
Solvency (%)	Current Ratio	152.25	172	191	94	145
	Quick Ratio	90.07	110	123	61	105
	Times Interest Earned Ratio	3.92	15.33	25.92	(4.25)	11
Operating Ability	Accounts Receivable Turnover (Turns)	6.18	6.13	5.05	4.29	6.84
	Average Collection Period	59.00	59.54	72.27	85.08	53.36
	Inventory Turnover (Turns)	4.99	5.39	4.63	3.64	4.86
	Accounts Payable Turnover (Turns)	7.19	8.9	8.5	6.08	8.21
	Average Days In Sales	73.00	67.71	78.83	100.27	75.1
	Property, Plant and Equipment Turnover (Turns)	1.3	1.83	1.66	1.05	1.5
	Total Assets Turnover (Turns)	0.57	0.68	0.65	0.49	0.69
Profitability	Return On Total Assets (%)	1.18	3.5	2.57	(1.77)	4.57
	Return On Shareholders' Equity (%)	1.74	6.16	4.21	(4.62)	9.91
	Ratio of net profit to paid-in capital before tax (%)	2.45	33.19	33.79	(14.76)	86.57
	Profit Ratio (%)	1.53	4.67	3.74	(4.08)	5.93
	Earnings Per Share ($)	0.57	2.06	0.93	(2.77)	1.79
Cash Flow	Cash Flow Ratio (%)	26.99	30.2	11.52	7.82	54.43
	Cash Flow Adequacy Ratio (%)	65.18	80.77	50.55	52.47	107.54
	Cash Reinvestment Ratio (%)	1.11	(0.44)	0.15	1.78	13.88
Leverage	Operating Leverage	6.56	2.52	1.98	186.54	3.76
	Financial Leverage	1.31	1.1	1.04	(0.32)	1.09
Analysis of financial ratio change in the last two years. (The analyses can be skipped if difference is less than 20%) For other information please refer to page 114 of the Chinese Annual Report.						

Note 1: Financial information 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 Property, Plant and Equipment = (Net Shareholder's Equity + Non-current Liabilities)/ Net amount of Property, Plant and Equipment.
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) Property, Plant and Equipment Turnover = Net Sales / Net amount of Property, Plant and Equipment.
(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 adopt net value as denominator.

Note 7: If the shares of the company are of no denomination or each denomination other than NT$10, the previous relevant capital ratio shall be calculated as the ratio of the balance sheet to the equity of the owner of the parent company.

6.2.2 Financial Analysis based on IFRS (Standalone)

Item	Year	Financial Analysis In The Past Five Years				
		2013	2014	2015	2016	2017
Financial Structure (%)	Ratio Of Liabilities To Assets	37.78	32.95	28	29	22
	Ratio Of Long-Term Capital To Property, Plant and Equipment	642.07	453.08	382.06	347.77	479.39
Solvency (%)	Current Ratio	74.09	129.33	147.50	141.31	123.5
	Quick Ratio	35.05	78.82	92.76	90.1	67.73
	Times Interest Earned Ratio	2.18	12.64	11.27	(22.98)	23.25
Operating Ability	Accounts Receivable Turnover (Turns)	6.73	7.1	6.24	5.83	10.25
	Average Collection Period	54.27	51.41	58.49	62.61	35.61
	Inventory Turnover (Turns)	10.67	8.68	7.06	5.65	5.64
	Accounts Payable Turnover (Turns)	6.64	7.76	9.19	7.72	9.84
	Average Days In Sales	34.22	42.1	51.7	64.6	64.7
	Property, Plant and Equipment Turnover (Turns)	1.19	1.53	1.79	1.44	1.68
	Total Assets Turnover (Turns)	0.18	0.29	0.38	0.34	0.35
Profitability	Return On Total Assets (%)	1.31	3.99	1.86	(4.96)	3.33
	Return On Shareholders' Equity (%)	1.62	5.76	2.44	(7.24)	4.31
	Ratio of net profit to paid-in capital before tax (%)	2.34	19.62	11.54	(27.46)	17.32
	Profit Ratio (%)	5.67	12.3	4.49	(15.3)	9.18
	Earnings Per Share ($)	0.57	2.06	0.93	(2.77)	1.80
Cash Flow	Cash Flow Ratio (%)	(17.67)	(12.55)	(7.11)	16.26	2.07
	Cash Flow Adequacy Ratio (%)	27.07	14.83	(6.95)	(5.41)	(6.3)
	Cash Reinvestment Ratio (%)	(2.77)	(2.79)	(3.88)	(0.22)	(2.04)
Leverage	Operating Leverage	0.36	0.51	(1.12)	0.19	0.05
	Financial Leverage	0.94	0.92	0.87	0.95	0.96
Analysis of financial ratio change in the last two years. (The analyses can be skipped if difference is less than 20%) For other information please refer to page 116 of the Chinese Annual Report.						

Note 1: The financial information for the first quarter 2016 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 Property, Plant and Equipment = (Net Shareholder's Equity + Non-current Liabilities)/ Net Property, Plant and Equipment

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) Property, Plant and Equipment Turnover = Net Sales / Net Property, Plant and Equipment.

(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 adopt net value as denominator.

Note 7: If the shares of the company are of no denomination or each denomination other than NT$10, the previous relevant capital ratio shall be calculated as the ratio of the balance sheet to the equity of the owner of the parent company

6.3 Audit Committee's Report in the Most Recent Year:

Audit Committee Review Audit Report

The Board of Directors has prepared the Company's 2017 Business Report, Consolidated and Standalone Financial Statements and Earnings Distribution Proposal. Sino American Silicon Products Inc. Stand-alone and Consolidated Financial Statements have been audited and certified by Chen-chien Chen, CPA, and Ann-chih Cheng, 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 2018 of Sino American Silicon Products Inc.

Sino American Silicon Products Inc
Audit Committee Convener:

____
Ting-Kuo Chen
April 20, 2018

6.4 Audited Consolidated Financial Statements for Most Recent Year:

Please refer to the appendix I at the end of the annual report.

6.5 Audited Standalone Financial Statements for Most Recent Year:

Please refer to the appendix II at the end of the annual report.

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: NT$'000

Item \ Year	2017	2016	Difference	
			Amount	%
Current Assets	41,006,059	30,143,619	10,862,440	36.03
Financial assets available-for-sale	685,194	661,280	23,914	3.61
Financial assets carried till due day	281,366	281,400	(34)	(0.01)
Financial assets carried at cost	838,181	898,754	(60,573)	(6.74)
Investment on equity method	1,694,717	1,190,070	504,647	42.40
Property, Plant and Equipment	37,528,808	41,397,828	(3,869,020)	(9.34)
intangible assets	3,939,134	4,436,073	(496,939)	(11.20)
Other Assets	3,369,074	4,005,384	(636,310)	(15.88)
Total Assets	89,342,533	83,014,408	(6,328,125)	(7.62)
Current Liabilities	28,236,998	31,901,665	(3,664,667)	(11.48)
Long-term Liabilities	5,033,539	16,356,833	(11,323,294)	(69.22)
Other Liabilities	12,295,085	7,528,823	4,766,262	63.30687
Total Liabilities	45,565,622	55,787,321	(10,221,699)	(18.32)
Capital	5,920,587	5,800,312	120,275	2.07
Capital Surplus	24,205,831	18,821,483	5,384,348	28.60
Retained Earnings	507,252	(740,873)	1,248,125	(168.46)
Equity - Other	(3,322,937)	(2,812,520)	(510,417)	18.14
Treasury Stock	(169,861)	(169,861)	0	0
Non-controlling Interests	16,636,039	6,328,546	10,307,493	162.87
Total Equity	43,776,911	27,227,087	16,549,824	60.78
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: please refer to page 283 of the Chinese Annual Report.				

7.2 Analysis of Operating Results

7.2.1. Comparison Analysis of Business Results

Unit: NT$'000

	2017	2016	Percent Change	
			Increase (Decrease)	（%）
Total Net Revenues	59,371,198	31,599,040	27,772,158	87.89
Cost of Revenue	47,967,962	28,164,027	19,803,935	70.31
Gross Profit	11,403,236	3,435,013	7,968,223	231.97
Operating Expense	5,078,234	3,392,953	1,685,281	49.67
Operating Profit	6,325,002	42,060	6,282,942	14938.05
Non-Operating Income and Expense	(1,199,261)	(898,438)	(300,823)	33.48
Profit before Tax	5,125,741	(856,378)	5,982,119	(698.53)
Income Tax Expense	1,607,113	432,628	1,174,485	271.47
Profit for the Period	3,518,628	(1,289,006)	4,807,634	(372.97)
Comprehensive Income for the Period	3,454,539	(1,617,416)	5,071,955	(313.58)

Analysis of changes in these ratios:

1. Net Revenue: The booming semiconductor market accounted for the revenue increase.
2. Operating Cost: The increasing demand on the market accounted for the production and cost increases.
3. Gross Profit: Revenue increases as well as effective cost control accounted for the increase of gross marine.
4. Operating Expense: Revenue increases accounted for the operating expense increase.
5. Operating Profit: Increases in revenues from the booming semiconductor market and effective cost control accounted for the operating profit increase.
6. Non-Operating Income and Expense: Exchange rate changes accounted for the extra expenses.
7. Profit before Tax: Increases in revenues from the booming semiconductor market and effective cost control accounted for the profit increase.
8. Income Tax Expense: The pretax profit and loss increased in 2017 results in an increase in income tax expenses
9. Profit for the Period: Increases in revenues from the booming semiconductor market and effective cost control accounted for the profit increase.
10. Comprehensive Income for the Period: Increases in revenues from the booming semiconductor market and effective cost control accounted for the profit increase.

7.3 Analysis of Cash Flow

7.3.1 Liquidity Analysis for the Recent Two Years

Item	2017	2016	Change (%)
Current Ratio (%)	2.07%	16.26%	(87.27)
Cash Flow Adequacy Ratio (%)	(6.3)%	(5.41)%	16.45%
Cash Flow Reinvestment Ratio (%)	(2.04)%	(0.22)%	827.27%

Analysis of changes in these ratios:

1. The cash flow ratio decreased over the previous period mainly due to the reduced cash flow from operating activities in 2017.
2. The cash flow adequacy ratio decreased over the previous period mainly due to the reduced cash flow from operating activities in 2017.
3. The cash flow reinvestment ratio decreased over the previous period mainly due to the reduced cash flow from operating activities in 2017.

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
673,428	7,505,211	(6,195,598)	1,983,041	—	Bank Loan

1.2018 cash flow analysis:

A. Operating activities: Although the solar industry is slowing down, the semiconductor business is operating smoothly and is expected to have a net cash inflow from operating activities throughout the year.

B. Investment activities: The company is expected to receive cash dividends from the investment company and to pay domestic investment, capital expenditure and dividends.

C. Financing activities: loan repayments

2. Remedy measures for expected capital shortfalls and liquidity analysis: NA

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 based on the future operation of the company implementing step by step. At the present stage, the strategic alliance or the reinvestment shareholding in various operation links with high additional value in the solar energy supply chain are adopted to create comprehensive operation effect.

2.Major reasons for reinvestment profits or losses, improvement plans and investment plan for the following year:

Unit: NTD $'000

Reinvested Company	2017 Profits (Losses) Recognized	Major Reasons For Profits or Losses	Improvement Plan	Investment Plant For Following Year
Sino Silicon Technology Inc.	26,198	Exchange gain from certificate deposit	None	None
GlobalWafers Co., Ltd.	2,714,329	Profit gained from booming market demands	None	None
Aleo Solar GmbH	(54,502)	Loss out of the market and price decline	Accelerating the development of niche products to add additional value	None
Aleo Solar Distribuzion Italia S.r.l.	653	Loss out of the market and price decline	To develop new customers and cultivate new regions as India and Southeast Asia etc.	None
Aleo Sunrise GmbH	(41,676)	Loss out of the market and price decline	Accelerating the development of niche products to add additional value	None
Sino-American Materials Corp.	(30,890)	Loss out of the market and price decline	None	None
SAS Sunrise Inc.	(128,839)	Overseas power plant	None	None
SAS Sunrise Pte. Ltd.	(71,665)	Overseas power plant	None	None
Sulu Electric Power and Light Inc. (SPV)	(128,770)	Unconfirmed power rate of overseas power plants	Search for investment partner to join forces with and connect to local power company to set up the power rate as soon as possible.	None
Sunrise PV World Co.	7,598	The amount of domestic power plant construction is unable to cover the operating expense yet	Expand the construction of domestic power plant and enhance downstream export so as to obtain long-term stable profit and operating scale.	None
Sunrise PV Electric Power Two	(390)	Mainly established as a domestic power plant. The main reason for the loss is that the amount of power generation is not enough to cover the operating expenses.	Expand the construction of domestic power plant and enhance downstream export so as to obtain long-term stable profit and operating scale.	None
Sunrise PV Two Co., Ltd.	(15)	Mainly established as a domestic power plant. The	Expand the construction of domestic power plant and	None

		main reason for the loss is that the amount of power generation is not enough to cover the operating expenses.	enhance downstream export so as to obtain long-term stable profit and operating scale.	
Sunrise PV Three Co., Ltd.	(99)	Mainly established as a domestic power plant. The main reason for the loss is that the amount of power generation is not enough to cover the operating expenses.	Expand the construction of domestic power plant and enhance downstream export so as to obtain long-term stable profit and operating scale.	None
Sunrise PV Four Co., Ltd.	(40)	Mainly established as a domestic power plant. The main reason for the loss is that the amount of power generation is not enough to cover the operating expenses.	Expand the construction of domestic power plant and enhance downstream export so as to obtain long-term stable profit and operating scale.	None
Sunrise PV Five Co., Ltd.	683	Mainly established as a domestic power plant to strengthen our export channels for downstream products and secure long-term remuneration and steadily expand our business scale.	Expand the construction of domestic power plant and enhance downstream export so as to obtain long-term stable profit and operating scale.	None

Reinvested Company	2017 Profits (Losses) Recognized	Major Reasons For Profits or Losses	Improvement Plan	Investment Plant For Following Year
GlobalSemiconductor Inc.	131,351	Business operation is normal	None	None
GlobalWafers Inc. (Note 1)	382,690	Business operation is normal	None	None
GWafers Inc.	1,815,730	Business operation is normal	None	None
Kunshan Sino Silicon	120,249	Business operation is normal	None	None
GlobiTech Incorporated	382,689	Stable operation and profitability	None	None
GlobalWafers Japan Co., Ltd.	1,737,325	Stable operation and profitability	None	None
Topsil GlobalWafers A/S	(41,542)	Business operation is normal	None	None
GWafers Singapore Pte. Ltd.	2,232.125	Business operation is normal	None	None
Topsil Semiconductor sp z o.o.	(7,116)	Business operation is normal	None	None
SunEdison Semiconductor Limited (Note 2)	3,731,256	Stable operation and profitability	None	None
SunEdison Semiconductor BV (Note 3)	3,417,343	Business operation is normal	None	None
MEMC Japan Ltd.	275,457	Stable operation and profitability	None	None
MEMC Electronic Materials, SpA	836,999	Stable operation and profitability	None	None

MEMC Electronic Materials France SarL	638	Business operation is normal	None	None
MEMC Electronic Materials GmbH	515	Business operation is normal	None	None
MEMC Holding B.V.	474,492	Business operation is normal	None	None
MEMC Korea Company	1,183,867	Stable operation and profitability	None	None
SunEdison Semiconductor, LLC (Note 4)	(944,278)	Business operation is normal	None	None
MEMC Electronic Materials SDN BHD	79,278	Business operation is normal	None	None
SunEdison Semiconductor Holding BV (Note5)	422,307	Business operation is normal	None	None
Taisil Electronic Materials Corp.	1,281,286	Stable operation and profitability	None	None
MEMC Ipoh Sdn Bhd	23,223	Business operation is normal	None	None
SunEdison Semiconductor Technology (Shanghai) Ltd	39	Business operation is normal	None	None
Shanghai GrowFast Semiconductor Technology Co.	3,822	Business operation is normal	None	None
Hong-wang Investment Company	5,959	Business operation is normal	None	None

Note 1: Merged with GlobalWafers Japan Co., Ltd. in 2018.1.
Note 2: Renamed GlobalWafers Singapore Pte. Ltd. in 2018.3.
Note3: Renamed GlobalWafers B.V. in 2018.3.
Note4: Renamed MEMC LLC in 2018.3.
Note5: Liqudation completed in 2017.10.

7.6 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: The Research and Development unit shall lead new product development, risk assessment and control activities of derivative products. The sales unit shall be responsible for the supervision of information, collection and customer feedback after the product is released on the market. The quality assurance, manufacturing, legal affairs and intellectual property units are responsible for assisting the process. Countermeasures: The Research and Development unit, in the early stage of new product development, will begin to analyze, based on TIPS and the operation system of APQP, the patent deployment of international competitors, and to frame development strategies against patent infringement so as to ensure the rights and interests of the company and its clients. It also continued to grasp the technical trend of all over the world for the production process and product development process, so as to react to the changes of the product life cycle in advance. The manufacturing unit, based on the product function and the complaint cases from customers, shall regularly review whether it is necessary to introduce new manufacturing processes or improve the existing ones to reduce product risks.	

7.6.2 Effect of Interest Rate, Exchange Rate Changes and Inflation on Company Profit / Losses and Countermeasures:

Item	2017 (NTD:’000; %)
Net Interest Income	(11,331)
Net exchange profit and loss	(139,814)
Net interest income to net income	(0.10)%
Net interest income to net profit before tax	(1.10)%
Net exchange gains and losses to net revenue	(1.24)%
Net exchange gain and loss to net profit before tax	(13.63)%

(1) **Interest Rate**

2017 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 NT$9,312,000.

(2) **Exchange Rate**

The company takes exports/ imports in foreign currency. Owing to changes in industry, almost all foreign currencies hedged in 2017. SAS severely monitors balance, no major influence on operation.

(3) **Inflation**

As international oil prices continued to decline in these two years, low pricing for oil and materials reflected low impact on inflation level. Recovery from inflation showed in slow pace in Taiwan in 2017, so as the rebound trend of international oil prices. As few changes were found in SAS’ procurement costs, in terms of production cost, inflation causes no major influence to the company.

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:

The company does not engage in high risk or high leveraged transactions. 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 fund lending to its subsidiary for operating need amounted to NT$3,234,030,000. The Company made endorsement and guarantees to subsidiaries in the aggregate amount of NTD 3,853,770 as of the date of this Annual Report.

7.6.4 Future Research & Development Projects and Corresponding Budget

Annual project	Progress	Additional research funds	Time for Mass production	Main factor to success
A7+ multi crystalline si ingot growth technology	The rate of conversion efficiency reached 20.1%	NT$10 million	Jul. 2018	Defect control and patented innovative technology
Fine wire diamond slicing technology	Under development	NT$20 million	Nov. 2018	Fine wire quality and processing machine
Ultra-High efficiency P-type mono-crystalline Si solar cell	P-Type Mono Celco Efficiency ~ 21.50%	NT$50 million	Dec. 2018	Advanced process technology and material introduction
High efficiency dual mono crystalline silicon solar cell	P-type Mono Bifacial Celco Efficiency = 21.00%(Front) / 13.50%(Rear)	NT$20 million	Dec. 2018	Advanced process technology and material introduction
Ultra high efficiency mono crystalline silicon solar cell without confluence	P-type BB-less Celco Product Mono Efficiency= 21.50%	NT$20 millions	Dec. 2018	Advanced process technology and material introduction
Development of high efficiency N mono crystalline silicon solar cell technology	Under development	NT$320 millions	Dec. 2019	New process technology development and introduction

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 as 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 630 installation rush in China so far didn’t substantially bring about any market recovery. Demand for mono-crystal made it run out of stock while prices for multi-crystal declined due to supply glut. In terms of the uncertain condition, the management intends to keep observing and taking the following measures:

(1) Maintain the leading advantage in mono PERC cell efficiency and improve the quality of multi PERC cell efficiency so as to motivate customers' willing to change by providing further service with vertical integration.

(2) Accelerate the development of new technology and new products to create core competitiveness.

(3) Aggressively develop the strategic layout for solar power system in response to government's renewable energy policy by joining the new business followed after the installation rush. Investments from the group are expected to accumulate the capability of operation after the sale of power plants so as to further the scale overseas.

7.6.7 Impact of Changes in Company Image on Crisis Management and Countermeasures:

The company insists on the business guideline of Integrity, professional, team, innovation while it was established, with the principle of good faith, with a friendly, focused, positive and professional spirit, to stimulate the creativity of individuals, to show the company's unique culture according to good team-work, technology and management innovation. The company won the 2nd corporate governance rating "OTC companies ranked in the top five percent" performance on April, 2018 again, it witness how the company strives to transparency and sustainable management of the determination. Meanwhile, the company will continue to uphold the principle of good faith to show the blueprint of corporate governance, to strengthen the company constitution in order to improve the operating performance and practice of corporate social responsibility.

7.6.8 Expected Benefits and Possible Risks Associated With any Merger and Acquisitions:

No any merger and acquisitions till the published date of this annual book.

7.6.9 Expected Benefits and Possible Risks Associated with any Plant Expansion:

In response to the growing demand for the market, the company will be cautious in expanding solar silicon wafers, cells and modules but improve technology, provide different products to shape the company's core competitive advantage, to accurate grasp of customer needs, to provide customers with a full range of products and services and win more business opportunities.

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:

In March 2015, Hemlock Semiconductor Pte. Ltd. filed a lawsuit against the New York court of the United States to claim that the company in violation of part of raw materials of silicon supply content and requested for compensation. An agreement was made afterwards in May 2016 and March 2018 that SAS would purchase a certain amount of silicon materials from Hemlock Semiconductor Pte. Ltd. and its affiliated companies. The lawsuit came to an conclusion on July 1, 2018.

7.6.14 Other major risks and countermeasures:

Key performance Indicator, KPI
Being an manufacturer, below KPI are crucial:

1.Finance

2017 accounts receivable rate – 6.84 times
Accounts payable rate –53.36 days
Inventory turnover rate – 4.86 times
Fixed asset turnover rate – 1.5 times
Total asset turnover rate – 0.69 times
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. 2017 customer satisfaction scores 91.

3.Internal procedure

2017 inventory turnover rate – 4.86 times
The company equips with internal procedure for severe monitoring on defect rate.
Preferred shipping date/location, the company always achieves.

4.Learning and career advancement

2017 revenue/employee – NT$6,999,000
Training (internal/external) – 18,972 (people)
SAS advocates IT capability regularly via training classes.
Patents: 250 (domestic/abroad)
(2017.01.01～ the printing date of this annual book)

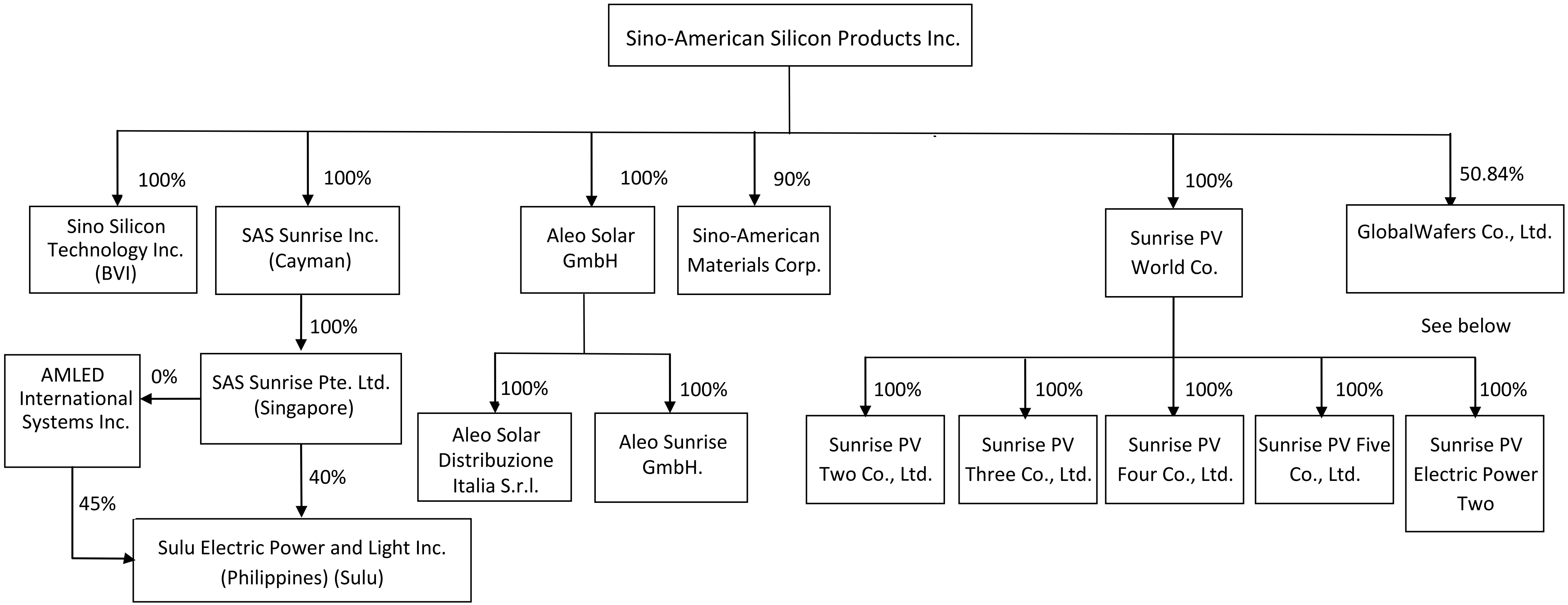
7.7 Other Major Events: None

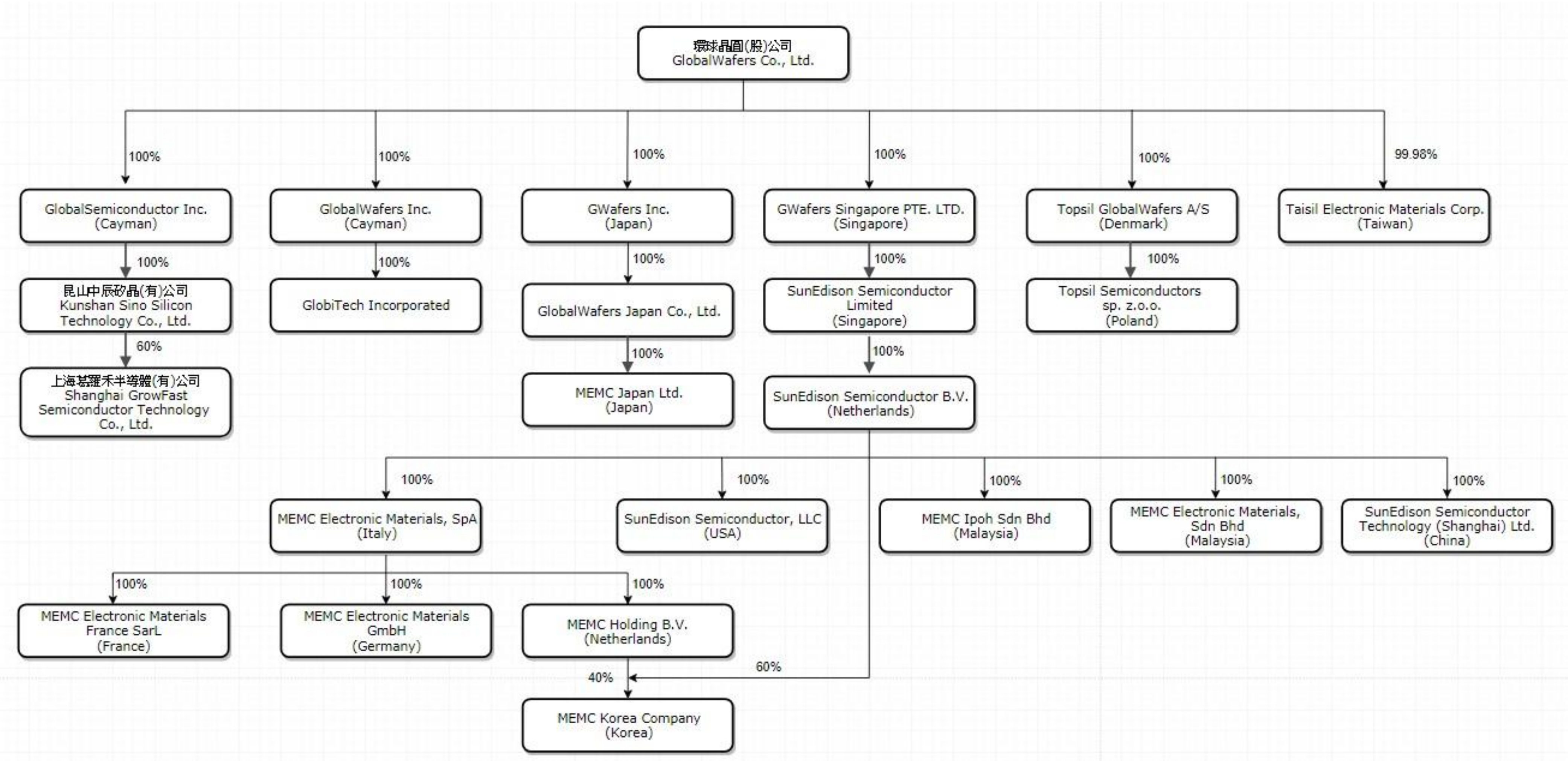
VIII. Special Disclosure

8.1 Affiliated Businesses

8.1.1 Affiliated Business Consolidated Business Report

8.1.1.1 Affiliated Company Chart




環球晶圓(股)公司
GlobalWafers Co., Ltd.
100%
100%
100%
100%
100%
99.98%
GlobalSemiconductor Inc.
(Cayman)
GlobalWafers Inc.
(Cayman)
GWafers Inc.
(Japan)
GWafers Singapore PTE. LTD.
(Singapore)
Topsil GlobalWafers A/S
(Denmark)
Taisil Electronic Materials Corp.
(Taiwan)
100%
100%
100%
100%
100%
昆山中辰矽晶(有)公司
Kunshan Sino Silicon
Technology Co., Ltd.
GlobiTech Incorporated
GlobalWafers Japan Co., Ltd.
SunEdison Semiconductor
Limited
(Singapore)
Topsil Semiconductors
sp. z.o.o.
(Poland)
60%
100%
100%
上海崧羅禾半導體(有)公司
Shanghai GrowFast
Semiconductor Technology
Co., Ltd.
MEMC Japan Ltd.
(Japan)
SunEdison Semiconductor B.V.
(Netherlands)
100%
100%
100%
100%
100%
MEMC Electronic Materials, SpA
(Italy)
SunEdison Semiconductor, LLC
(USA)
MEMC Ipoh Sdn Bhd
(Malaysia)
MEMC Electronic Materials,
Sdn Bhd
(Malaysia)
SunEdison Semiconductor
Technology (Shanghai) Ltd.
(China)
100%
100%
100%
MEMC Electronic Materials
France SarL
(France)
MEMC Electronic Materials
GmbH
(Germany)
MEMC Holding B.V.
(Netherlands)
40%
60%
MEMC Korea Company
(Korea)

8.1.1.2 Relationship with Affiliated Companies and Share Crossholdings

December 31, 2017 Unit: ‘000

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. Box 362, Road Town, Tortola British Virgin Islands	USD 48,526	Shareholding, international trading
GlobalWafers Co., Ltd.	2011/10/01	No. 8. Industrial East Road 2, Hsinchu Science Park, Taiwan	NTD 3,692,500	Silicon-based semiconductor materials and their components manufacturing, selling
Aleo Solar GmbH	2014/01/23	Marius-Eriksen-Str.1,17291 Prenzlau, Germany	EUR 13,500	Manufacturing and sales of solar modules
Aleo Solar Distribuzione Italia S.r.l	2014/05/16	Viale Trento e Trieste 12/A 31100 Treviso, Italy	EUR 100	Sales of solar modules
Aleo Sunrise GmbH	2015/08/24	Marius-Eriksen-Str.1,17291 Prenzlau, Germany	EUR 2,500	Manufacturing and sales of solar cells
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
SAS Sunrise Inc.	2015/06/04	Floor 4, Willow House, Cricket Square, P O Box 2804, Grand Cayman KY1-1112, Cayman Island	USD 24,500	Invest various business
SAS Sunrise Pte. Ltd.	2015/12/01	8 Wilkie Road #03-01 Wilkie edge Sinagpore	USD 22,000	Invest various business
Sulu Electric Power and Lights Inc.	2014/01/17	Eastwood, New National Highway, Barangay Salvacion, Municipality of Palo, Leyte, Philippines	PHP 1,050,000	Power generation business
AMLED International Systems Inc.	2015/01/09	3B Bakawan Bldg., Westmont Village, 8227 Dr. Santos Ave., Paranaque city, Philippines	PHP 3,000	Invest various business
Sunrise PV World Co.	2015/12/09	No.1 Sec. 2 Ligong 1st Rd., Chengyu village, Wujie Township, Yilan	NTD 300,000	Power generation business
Sunrise PV Two Co., Ltd.	2017/04/14	No.1 Sec. 2 Ligong 1st Rd., Chengyu village, Wujie Township, Yilan	NTD 15,000	Power generation business
Sunrise PV Three Co., Ltd.	2017/04/14	No.1 Sec. 2 Ligong 1st Rd., Chengyu village, Wujie Township, Yilan	NTD 15,000	Power generation business
Sunrise PV Four Co., Ltd.	2017/04/14	No.1 Sec. 2 Ligong 1st Rd., Chengyu village, Wujie Township, Yilan	NTD 100,000	Power generation business
Sunrise PV Five Co., Ltd.	2015/09/16	No.1 Sec. 2 Ligong 1st Rd., Chengyu village, Wujie Township, Yilan	NTD 65,000	Power generation business
Sunrise PV Electric Power Two	2017/12/13	Rm. 106, 1F, No.29, Keya W. Rd., Daya Dist., Taichung City	NTD 30,000	Power generation business

December 31, 2017

Name of affiliated company	Establishment	Address	Paid-in Capital	Major Business Items
GlobalWafers Inc.	2011/05/11	1st Floor, Windward 1, Regatta Office Park, P.O. Box 10338,Grand Cayman KY1-1003	USD 1	Investment and triangle trade center of China subsidiary
GlobalSemiconductor Inc.	2011/05/11	1st Floor, Windward 1, Regatta Office Park, P.O. Box 10338,Grand Cayman KY1-1003	USD 26,555,000	Invest various business
Gwafers Inc. (Note1)	2011/10/25	5-10-6, Nishiogikita, Suginami-ku, Tokyo, Japan	JPY 8,000,000	Invest various business
Kunshan Sino Silicon Technology Co., Ltd.	1999/08/17	No. 303 Hanpu Rd, Chengbei, Kunshan, Jiangsu, China	USD 26,555,000	Manufacturing and selling of silicon wafer and ingot
Shanghai GROWFAST Semiconductor Technology Co. Ltd.	2016/05/20	Room 2013B , Building C, No. 155, No.1 West Fute Road, China (Shanghai) Pilot Free Trade Zone	RMB 2,000,000	Sales and Marketing
GlobiTech Incorporated	1998/12/15	200 FM 1417 West/Sherman, TX 75092, U S A	USD 1	Epi wafer production and processing
GlobalWafers Japan Co.,Ltd.	1991/06/18	6-861-5 Seiro-machi Higashiko, Kitakanbara-gun, Niigata 957-0197 Japan	JPY 6,967,000,000	Manufacturing and selling of semiconductor wafer
GWafers Singapore Pte. Ltd.	2016/02/02	9 Battery Road,15-01 MYP Centre, Singapore, 049910	USD 364,000,000	Invest various business
Topsil GlobalWafers A/S	2016/07/01	Siliciumvej 1, 3600 Frederikssund, Copenhagen, Denmark	DKK 1,000,000	Manufacturing and selling of semiconductor wafer
Topsil Semiconductor sp z o.o.	2008/10/01	133 Wolczynska St., 01-919 Warsaw, Poland	PL 5,000	Manufacturing and selling of semiconductor wafer
SunEdison Semiconductor Limited (Note2)	2013/12/20	9 Battery Road,15-01 MYP Centre, Singapore, 049910	SGD 1	Investment, Marking and trading
SunEdison Semiconductor B.V. (Note3)	2013/11/26	A tower, 7 floor, Laan van Langerhuize 1, 1186 DS Amstelveen, The Netherlands	USD 100	Invest various business
MEMC Japan Ltd.	1979/12/11	11-2 Kiyohara Industrial Park, Utsunomiya City, Tochigi 3213296 Japan	JPY 100,000,000	Manufacturing and selling of semiconductor wafer
MEMC Electronic Materials, SpA	1960/01/29	Viale Gherzi, 31 28100 Novara, Italy	EUR 31,200,000	Manufacturing and selling of semiconductor wafer
SunEdison Semiconductor, LLC (Note4)	2013/08/28	501 Pearl Drive St. Peters, MO 63376, USA	USD 10	R&D, manufacturing and selling of semiconductor wafer
MEMC Electronic Materials, Sdn Bhd	1972/06/15	Sungai Way Free Industrial Zone, 47300 Petaling Jaya, Selangor Darul Ehsan, Malaysia	MYR 1,036,203	R&D, manufacturing and selling of semiconductor wafer
SunEdison Semiconductor Technology (Shanghai) Ltd	2015/04/25	Room 03B, Floor 16, Jiaqi Building, 666 Gubei Road, Changning District, Shanghai, China	RMB 1,500,000	Trading
MEMC Electronic Materials France SarL	1998/07/27	5-7 BLD EDGAR QUINET 92700 COLOMBES, France	EUR 16,000	Trading
MEMC Electronic Materials GmbH	1998/02/10	c/o Rene Schaeffler-Steinsdorfstr, 13, D-80538 Muenchen, Germany	EUR 200	Trading
MEMC Holding B.V.	2000/04/20	A tower, 7 floor, Laan van Langerhuize 1, 1186 DS	EUR 20,000	Invest various business

Name of affiliated company	Establishment	Address	Paid-in Capital	Major Business Items
		Amstelveen, The Netherlands		
Taisil Electronic Materials Corp.	1994/09/26	No. 2, Creation Road 1, HsinChu Science Park, Hsin chu, Taiwan	NTD 100,000,000	Manufacturing and selling of semiconductor wafer
MEMC Ipoh Sdn. Bhd.	2007/10/10	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No 8, Jalan Kerinchi, Kuala Lumpur	MYR 699,374,130	R&D, manufacturing and selling of semiconductor wafer
MEMC Korea Company	1990/12/18	854, Manghyang-ro, Sunggeo-eup, Cheonan-si, Chungchongnam-do, Korea	KRW 86,000,000	Manufacturing and selling of semiconductor wafer

Note 1: Merged with GlobalWafers Japan Co., Ltd. in 2018.1
Note 2: Renamed GlobalWafers Singapore Pte. Ltd. in 2018.3
Note 3: Renamed GlobalWafers B.V. in 2018.3
Note 4: Renamed MEMC LLC in 2018.3

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

2017/12/31

Name of affiliated company	Title	Name or representative	Shares held: Shares or capital contribution	Shares held: %
Sino Silicon Technology Inc.	Director	Sino-American Silicon Products Inc. Representative: Ming-Kuang Lu	48,526,237	100%
GlobalWafers Co., Ltd.	Chairwoman/ President	Hsiu-Lan Hsu	222,293,000	50.84%
	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		
Aleo Solar GmbH	No board of directors		0	100%
Aleo Solar Distribuzione Italia S.r.l	No board of directors		0	100%
Aleo Sunrise GmbH	No board of directors		0	100%
Sino-American Materials Corp.	Chairman	Sino-American Silicon Products Inc. Representative: Sheng-Cheng Tseng	9,000,000	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		
SAS Sunrise Inc.	Director/ President	Sino-American Silicon Products Inc. Representative: Cheng-Hung Huang	24,500,000	100%
	Director	Sino-American Silicon Products Inc. Representative: Ming-Kuang Lu		
	Supervisor	Sino-American Silicon Products Inc. Representative: Hsiu-Lan Hsu		
SAS Sunrise Pte. Ltd.	Director	Sino-American Silicon Products Inc. Representative: Ming-Kuang Lu	30,934,300	100%
	Director	Sino-American Silicon Products Inc. Representative: Hsiu-Lan Hsu		
	Director	Sino-American Silicon Products Inc. Representative: Tan-Liang Yao		
	Director	Sino-American Silicon Products Inc. Representative: Cheng-Hung Huang		
	Director	Sino-American Silicon Products Inc. Representative:Woo Heng Thong		
Sulu Electric Power and Lights Inc.	Chairman	Sino-American Silicon Products Inc. Representative: Cheng-Hung Huang	892,500,000	85%
	Director/ President	Ben-Hur F. Castillo		
	Director	Sino-American Silicon Products Inc. Representative: Mike da silva		
	Director	Sino-American Silicon Products Inc. Representative: Gilbert S. Castro		
	Director	Sino-American Silicon Products Inc. Representative: Dr. Arcelie T. Castillo		

AMLED international System	Director/ President	Michael Da Silva	0	0%
	Director	Gilberto Castro		
	Director	Magdalena Dela Cruz		
	Director	Alfonso Dela Cruz		
	Director	Thess Quicho		
	Director	Melekon Constructions, Inc. Representative: Ted Reyes		
Sunrise PV World Co.	Chairman	Sino-American Silicon Products Inc. Representative: Ming-Kuang Lu	30,000,000	100%
	Director/ President	Sino-American Silicon Products Inc. Representative: Cheng-Hung Huang		
	Director	Sino-American Silicon Products Inc. Representative: Hsiu-Lan Hsu		
	Supervisor	Sino-American Silicon Products Inc. Representative: Tan-Liang Yao		
Sunrise PV Two Co., Ltd.	Chairman	Sunrise PV World Co. Representative: Cheng-Hung Huang	1,500,000	100%
	Director/ President	Sunrise PV World Co. Representative: Hsiu-Lan Hsu		
	Director	Sunrise PV World Co. Representative: Tan-Liang Yao		
	Supervisor	Sunrise PV World Co. Representative: Kuei-Chang Hsu (Note 1)		
Sunrise PV Three Co., Ltd.	Chairman	Sunrise PV World Co. Representative: Cheng-Hung Huang	1,500,000	100%
	Director/ President	Sunrise PV World Co. Representative: Hsiu-Lan Hsu		
	Director	Sunrise PV World Co. Representative: Tan-Liang Yao		
	Supervisor	Sunrise PV World Co. Representative: Kuei-Chang Hsu		
Sunrise PV Four Co., Ltd. (SPV1)	Chairman	Sunrise PV World Co. Representative: Cheng-Hung Huang	10,000,000	100%
	Director/ President	Sunrise PV World Co. Representative: Hsiu-Lan Hsu		
	Director	Sunrise PV World Co. Representative: Tan-Liang Yao		
	Supervisor	Sunrise PV World Co. Representative: Kuei-Chang Hsu		
Sunrise PV Five Co., Ltd.	Chairman	Sunrise PV World Co. Representative: Tan-Liang Yao	6,500,000	100%
	Director/ President	Sunrise PV World Co. Representative: Hsiu-Lan Hsu		
	Director	Sunrise PV World Co. Representative: Cheng-Hung Huang		
	Supervisor	Sunrise PV World Co. Representative: Yu-Ze Lin		
Sunrise PV Electric Power Two	Chairman	Sunrise PV World Co. Representative: Cheng-Hung Huang	3,000,000	100%
	Director/ President	Sunrise PV World Co. Representative: Hsiu-Lan Hsu		
	Director	Sunrise PV World Co. Representative: Tan-Liang Yao		
	Supervisor	Sunrise PV World Co. Representative: Chung-Wei Lee		

Name of affiliated company	Title	Name or representative	Shares held	
			Shares or capital contribution	%
GlobalWafers Inc.	Director	Hsiu-Lan Hsu	90,000,000	100%
GlobalSemiconductor Inc.	Director	Hsiu-Lan Hsu	25,000,000	100.%
GWafers Inc. (Note 2)	Director	Hsiu-Lan Hsu	0	100%
	Director	Einoshin Endo		
Kushan Sino Silicon Technology Company	Chairman	GlobalWafers Co., Ltd. Representative: Tan-Liang Yao	0	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		
Shanghai Growfast Semiconductor Technology Corp.	Chairman	Ching-chang Chin	0	60%
	Director	Hsiu-lan Hsu		
	Director	Hsien-han Her		
	President	Sheng-hsiung hong		
	Supervisor	Wen-wen Chen		
	Supervisor	Takanori Suzuki		
GlobiTech Incorporated	Chairman/CEO	GlobalWafers Co., Ltd. Representative: Hsiu-Lan Hsu	1,000	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	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: Toru Masaoka		
	Supervisor	GlobalWafers Co., Ltd. Representative: Chung Wei Lee		
GWafers Singapore Pte. Ltd.	Chairman	Hsiu-Lan Hsu	364,000,028	100%
	Director	Tan-Liang Yao		
	Director	Ming-Kuang Lu		
	Director	Chen Ye Huang		
Topsil GlobalWafers A/S	Director	Hsiu-Lan Hsu	1,000,000	100%
	Director	Wei-Wen Chen		
	Director	Hans Peder Mikkelsen		
Topsil Semiconductor sp z o.o.	Director	Hans Peder Mikkelsen	100	100%
SunEdison Semiconductor Limited (Note 3)	Director	Hsiu-Lan Hsu	121,771,495	100%
	Director	Mark Lynn England		

	Director	Chen Ye Huang		
SunEdison Semiconductor B.V. (Note 4)	Director	Hsiu-Lan Hsu	100	100%
	Director	John Peter van Leeuwen		
MEMC Japan Ltd.	Director & Chairman	Hsiu-Lan Hsu	0	100%
	Director & President	Takashi Araki		
	Director	Chung-Wei Lee		
	Director	Toru Kobayashi		
	Director	Kotari Katsuaki		
	Supervisor	Masashi Sugahara		
MEMC Electronic Materials, SpA	Chairman	Mauro Pedrotti	65,000,000	100%
	Director	Ming-Huei Chien		
	Director	Chih-Hsing Lu		
	Director	Prof. Gianluigi Tosato		
	Supervisor	Richard Murphy		
	Supervisor	PierMario Barzaghi		
	Supervisor	Eleonora Guerriero		
SunEdison Semiconductor, LLC (Note 5)	President	Mark England	1,000	100%
	Vice President	Rick Boston		
MEMC Electronic Materials, Sdn Bhd	Director	Ching-Chang Chin	1,036,203	100%
	Director	Tony Wang		
	Director	Joanne Leung		
SunEdison Semiconductor Technology (Shanghai) Ltd	Director & President	Sheng-hsiung Hong	0	100%
MEMC Electronic Materials France SarL	Director	Marco Maffr	500	100%
MEMC Electronic Materials GmbH	Director	Marco Sciamanna	2	100%
MEMC Holding B.V.	Director	Ming-Huei Chien	200	100%
	Director	John Peter van Leeuwen		
Taisil Electronic Materials Corp.	Chairman	Hsiu-Lan Hsu	9,998,000	99.98%
	Director	Ying-Sheng Hsueh		
	Director	Mark England		
	Supervisor	Ming-Huei Chien		
MEMC Ipoh Sdn. Bhd.	Director	Ching-Chang Chin	699,374,130	100%
	Director	Tony Wang		
	Director	Joanne Leung		
MEMC Korea Company	Chairman	Charlie Cho	17,200,000	100%
	Director	Hsiu-Lan Hsu		
	Director	Mark England		
	Suipervisor	Chih-Hsing Lu		

Note 1: The representative was changed to Ming-Huei Chien in 2018.4.

Note 2: Merged with GlobalWafers Japan Co., Ltd. in 2018.1.

Note 3: Renamed GlobalWafers Singapore Pte. Ltd. in 2018.3.

Note 4: Renamed GlobalWafers B.V. in 2018.3.

Note 5: Renamed MEMC LLC in 2018.3.

8.1.1.6 Operation Highlights of Affiliated Companies

Financial status and operation of affiliated companies

2017/12/31 Unit: NTD $'000

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	1,077,312	19,170	1,058142	0	(3,366,483)	26,197,922	0
GlobalWafers Co.,Ltd	4,372,500	70,232,337	36,177,931	34,054,406	46,212,601	7,413,542	5,278,207	12.68
Aleo Solar GmbH	558,139	1,142,381	786,168	356,213	1,806,424	130,096	(7,325)	0
Aleo Solar Distribuzione Italia S.r.l	4,078	98,499	93,831	4,668	428,955	2,028	1,756	0
Sino-American Material Corp.	100,000	5,509	0	5,509	5,561	(17,161)	(34,322)	0
SAS Sunrise Inc.	794,373	2,710,478	2,182,004	528,474	0	(11,270)	21,062	0
Sulu Electric Power and Light Inc.	737,896	2,744,198	2,201,920	542,278	106,286	(48,780)	(125,927)	0
AMLED International Systems Inc.	0	0	0	0	0	0	0	0
Aleo Sunrise GmbH	91,250	328,728	425,831	(97,103)	390,546	(79,983)	(48,933)	0
SAS Sunrise Pte. Ltd.	719,292	624,394	0	624,394	0	(108)	(72,645)	0
Sunrise PV WorldCo. (SPW)	300,000	490,095	187,746	302,349	599	(7)	9,003	0
Sunrise PV Two Co.,Ltd.	15,000	15,005	20	14,985	0	0	(15)	0
Sunrise PV Three Co.,Ltd.	15,000	20,004	5,103	14,901	0	(90)	(98,511)	0
Sunrise PV Four Co.,Ltd.	100,000	99,992	32	99,960	0	(68)	(40)	0
Sunrise PV Five Co.,Ltd.	65,000	275,785	209,539	66,246	7	2,419	1,414	0
Sunrise PV Electric Power Two	30,000	31,103	1,493	29,610	0	(398)	(390)	0

Name Of Affiliated Company	Capital	Assets	Liabilities	Net Worth	Operating Income	Operating Profit	Income (After Tax)	EPS (After Tax)
GlobalWafers Inc.	1	3,640,560		3,640,560	0	0	382,690	0
GlobalSemiconductor Inc.	756,809	1,063,839	3,091	1,060,748	32,459	11,074	131,351	0
Gwafers Inc. (Note 1)	2,713	10,844,460	320	10,844,140	0	(8)	1,815,730	0
Kunshan Sino Silicon	769,177	1,471,132	452,573	1,018,559	2,315,560	160,864	120,249	0

Shanghai Growfast Semiconductor Technology Co.	9,756	93,977	79,167	14,810	101,395	7,065	6,370	0
GlobiTech Incorporated	1	4,525,386	884,826	3,640,560	5,132,832	469,040	382,689	0
GlobalWafers Japan Co., Ltd.	2,750,510	14,825,313	4,065,222	10,760,091	11,161,438	2,272,621	1,737,325	0
GWafers Singapore Pte. Ltd.	11,966,930	22,015,936	7,919,150	14,096,786	0	(2,956)	2,232,125	0
Topsil GlobalWafers A/S	4,832	1,989,001	227,927	1,761,074	965,561	(51,560)	(41,542)	0
Topsil Semiconductor sp z o.o.	41	200,623	254,127	(53,504)	322,717	(41,778)	(7,116)	0
SunEdison Semiconductor Limited (Note 2)	-	26,338,775	10,772,948	15,565,827	18,167,872	914,795	3,731,256	0
SunEdison Semiconductor B.V. (Note 3)	3	19,103,588	1,884	19,101,704	0	(39,188)	3,417,343	0
MEMC Japan Ltd.	28,020	2,959,712	1,409,032	1,550,680	4,776,757	445,224	275,457	0
MEMC Electronic Materials, SpA	1,061,244	12,042,298	2,306,241	9,736,057	8,096,935	302,522	836,999	0
SunEdison Semiconductor, LLC (Note 4)	-	4,935,064	1,163,616	3,771,448	2,803,858	(1,339,074)	(944,278)	0
SunEdison Semiconductor Holdings B.V. (Note 5)	-	-	-	-	-	(19,624)	422,307	0
MEMC Electronic Materials, Sdn Bhd	7,452	1,077,237	285,265	791,972	1,911,880	103,564	79,278	0
SunEdison Semiconductor Technology (Shanghai) Ltd	7,527	10,742	1,360	9,382	0	(0.26)	39	0
MEMC Electronic Materials France SarL	544	4,264	4,873	(609)	0	1,136	638	0
MEMC Electronic Materials GmbH	7	6,331	1,129	5,202	0	790	515	0
MEMC Holding B.V.	680	2,772,659	27	2,772,632	0	1,149	474,492	0
Taisil Electronic Materials Corp.	100,000	17,308,643	2,484,721	14,823,922	9,490,589	1,321,132	1,308,487	0
MEMC Ipoh Sdn Bhd	5,029,535	282,258	34,975	247,283	134	168,488	23,223	0
MEMC Korea Company	2,343	10,565,366	3,640,234	6,925,132	5,814,557	1,092,013	1,183,867	0

Foreign exchange rate as of 2017/12/31 USD:NTD=29.76:1 JPY:NTD=0.2756:1 EUR:NTD=35.57:1

Note 1: Merged with GlobalWafers Japan Co., Ltd. in 2018.1.

Note 2: Renamed GlobalWafers Singapore Pte. Ltd. in 2018.3.

Note 3: Renamed GlobalWafers B.V. in 2018.3.

Note 4: Renamed MEMC LLC in 2018.3.

Note5: Liqudation completed in 2017.10.

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, Reports on Affiliations", and 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 from January 1 to December 31, 2016. No further consolidated financial reports on affiliated enterprises shall be printed.

Sino-American Silicon Products Inc.

Chairman Ming-Kuang Lu

March 23, 2018

8.1.3 Consolidated Financial Statements of Affiliated Enterprises

Please refer to 6.4 of the audited consolidated financial statements of 2017.

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)

Appendix I

Stock Code:5483

Sino-American Silicon Products Inc.
and its Subsidiaries
Consolidated Financial Statements

December 31, 2017 and 2016
(With Independent Auditors' Report Thereon)

Representation Letter

The entities that are required to be included in the combined financial statements of Sino-American Silicon Products Inc. as of and for the year ended December 31, 2017 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Sino-American Silicon Products Inc. and its Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Sino-American Silicon Products Inc.
Chairman:
Date: March 22, 2018

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Sino-American Silicon Products Inc. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2017 and 2016, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2017 and 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2017 and 2016 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained and based on the other auditor's opinion is sufficient and appropriate to provide a basis of our opinion.

Other Matter

Among the inclusion of the Company's investment accounted for using the equity method, audit on the financial report of Crystalwise Technology Inc. was not conducted by us but by other accountants. Therefore, the opinion we provided for the consolidated financial report about the recognition amount from Crystalwise Technology's financial report was based on the audit report of other accountant. The investment amounts using equity method by Crystalwise Technlogy Inc. as at December 31, 2017 and 2016 respectively were both 1% of the total asset. The loss of affiliated enterprises using equity method from January 1 to December 31, 2017 and 2016 was (5)% of loss before tax and 40% of profit before tax respectively.

Sino-American Silicon Products Inc. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2017 and 2016, on which we have issued an unqualified opinion.

Key Audit Matters

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

1. Revenue recognition

Please refer to note 4(16) “Revenue recognition” for accounting policy and note 6(25) “Revenue” of the consolidated financial statements.

Description of key audit matter:

The Group’s revenues of semiconductor division are derived from the sales of semiconductor materials and components. Revenue recognition is also dependent on whether the specified sales terms in each individual contract are met. In consideration of the high volume of sales transactions generated from world-wide operations, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

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

2. Inventory valuation

Please refer to note 4(8) “Inventories”, note 5(1) “Inventory valuation” and note 6(4) “Inventories” of the consolidated financial statements.

Description of key audit matter:

The Group’s Solar Energy Division is engaged mainly in the manufacturing and sales of solar wafers, cells, and power generation businesses, the fluctuation in demand and sales prices of related products was due to government electricity price subsidy policy and the impact of international anti-dumping duties, resulting in the cost of inventory cost exceeding the value of its realizable value. And the Group’s semiconductor division is engaged mainly in the manufacturing and sales of semiconductor ingots, wafers, and related products that can be used in a wide variety of applications. However, the Group may still suffer from the risk of change in technology, as well as the risk of obsolescence and slow-moving inventories. Inventory is one of the Group’s most important assets. Therefore, we have considered inventory valuation as one of the key areas of our audit emphasis.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included understanding of inventory valuation policies and assessing whether those policies are applied consistently to inventory valuation; testing the accuracy of inventory aging report; analyzing the change of inventory items aged over two years; and selecting samples for testing and inspecting the source of inventory net realizable value information used in valuation purposely to assess for reasonableness.

3. Property, plant and equipment

Please refer to the note 4(13) “Non-financial asset impairment” for accounting policy, note 5(2) “Impairment of Property, plant and equipment” for fair value determination of identifiable assets.

Description of key audit matter:

The Group’s Solar Energy Division is in fierce competition market, and vulnerable to market and government energy policies and other reasons, causing product prices continue to decline. Therefore, impairment assessment of property, plant and equipment is important. The assets impairment evaluation is complex, which includes identification of cash-generating units, valuation models, selection of key assumptions and calculations of recoverable cash inflows, depend on the management’s subjective judgment. Therefore, we have considered inventory valuation as one of the key areas of our audit emphasis.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included: assessing whether there is any indication that a cash-generating unit and related assets may be impaired; assessing the critical assumptions such as the assessment model used and future cash flow projections, useful lives, and weighted average cost of funds, including expected revenues, costs and expenses, etc., and assessment of the accuracy of past forecasts. And use inquiry and other related procedures to identify whether there are any events that may affect the impairment test results after the financial reporting date.

4. Impairment of goodwill

   Please refer to the note 4(12) “Intangible assets” for accounting policy, note 5(3) “Impairment of goodwill” for fair value determination of identifiable assets and liabilities, and note 6(14) for further details.

   Description of key audit matter:

   The Group is in a highly capitalized industry with goodwill arising from business combination. Moreover, the Group operates in an industry in which the operations are easily influenced by various external factors, such as supply and demand of the market. Therefore, the assessment of impairment of goodwill is one of the key areas in our audit. The aforementioned mentioned assessment procedures, including identification of cash-generating units, valuation models, selection of key assumptions and calculations of recoverable cash inflows, depend on the management’s subjective judgments, which contained uncertainly in accounting estimations. Consequently, this is one of the key areas in our audit. Therefore, we have considered the evaluation of goodwill impairment as one of the key areas of our audit emphasis.

   How the matter was addressed in our audit:

   In relation to the key audit matter above, we have performed certain key audit procedures that included : assessing whether there is any indication that a cash-generating unit may be impaired ; assessing whether the assumptions used for evaluating the recoverable amount are reasonable ; verifying the accuracy of the forecast ; inspecting the balance of recoverable amount to ensure it is the same as the final computation ; assessing the assumption used for recoverable cash amount and forecast on cash flows, then performing the sensitivity analysis for the important assumption ; assessing whether the policy of impairment of goodwill and other relevant information have been appropriately disclose.

Other Matter

GlobalWafers Co., Ltd. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2017 and 2016, on which we have issued an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

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

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
March 22, 2018

Sino-American Silicon Products Inc. and its subsidiaries

Consolidated Balance Sheets

December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2017		December 31, 2016	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(1))	$ 20,342,780	23	9,269,460	11
1110	Financial assets measured at fair value through profit or loss (note 6(2))	21,546	-	2,442	-
1170	Accounts receivable, net (notes 6(3))	8,715,836	10	8,329,710	10
1180	Accounts receivable from related parties, net (note 7)	113,707	-	230,137	-
130X	Inventories (note 6(4))	10,047,905	11	9,708,321	12
1470	Other current assets	1,589,902	2	2,074,722	2
1476	Other current financial assets (note 8)	174,383	-	528,827	1
		41,006,059	46	30,143,619	36
	Non-current assets:				
1523	Available-for-sale financial assets, non-current (note 6(5))	685,194	1	661,280	1
1527	Held-to-maturity financial assets (note 6(6))	281,366	-	281,400	-
1544	Non-current financial assets measured at cost (note 6(7))	838,181	1	898,754	1
1550	Investments accounted for using equity method, net (note 6(8))	1,694,717	3	1,190,070	2
1600	Property, plant and equipment (notes 6(13), 7 and 8)	37,528,808	42	41,397,828	50
1780	Intangible assets (notes 6(14))	3,939,134	4	4,436,073	5
1840	Deferred tax assets (note 6(21))	2,014,732	2	2,011,777	2
1900	Other non-current assets (notes 6(19))	951,264	1	1,568,676	2
1980	Other non-current financial assets (note 8)	403,078	-	424,931	1
		48,336,474	54	52,870,789	64
	Total assets	**$ 89,342,533**	**100**	**83,014,408**	**100**

		December 31, 2017		December 31, 2016	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(15))	$ 13,753,204	15	16,465,410	20
2120	Financial liabilities measured at fair value through profit or loss (note 6(2))	5,152	-	23,631	-
2170	Notes and accounts payable	5,342,167	6	6,323,165	8
2180	Accounts payable to related parties (note 7)	9,708	-	4,370	-
2201	Payroll and bonus payable	1,990,597	2	1,300,219	1
2300	Other current liabilities (notes 6(17), (18) and (19))	4,026,005	5	6,127,025	7
2311	Sales revenue received in advanced-current (notes 7 and 9)	2,496,832	3	418,855	1
2322	Current portion of long-term loans payable (note 6(16))	613,333	1	1,238,990	1
		28,236,998	32	31,901,665	38
	Non-Current liabilities:				
2540	Long-term loans payable (note 6(16))	5,033,539	5	16,356,833	20
2570	Deferred tax liabilities (note 6(21))	2,066,271	2	1,622,629	2
2660	Other non-current liabilities (notes 6(17), (18) and (20))	4,134,193	5	4,500,870	5
2670	Sales revenue received in advance (notes 7 and 9)	6,094,621	7	1,405,324	1
		17,328,624	19	23,885,656	28
	Total liabilities	45,565,622	51	55,787,321	66
	Equity				
	Equity attributable to owners of parent. (notes 6(6), (18) and (19))				
3110	Common stock	5,920,587	7	5,800,312	7
3200	Capital surplus	24,205,831	27	18,821,483	23
	Retained earnings:				
3310	Legal reserve	311,579	-	311,579	-
3320	Special reserve	513,302	1	513,302	1
3350	Unappropriated retained earnings	(317,629)	-	(1,565,754)	(2)
		507,252	1	(740,873)	(1)
3400	Other equity interest	(3,322,937)	(4)	(2,812,520)	(3)
3400	Treasury stock	(169,861)	-	(169,861)	-
	Total equity attributable to owners of parent	27,140,872	31	20,898,541	26
36XX	Non-controlling interests	16,636,039	18	6,328,546	8
	Total equity	43,776,911	49	27,227,087	34
	Total liabilities and equity	**$ 89,342,533**	**100**	**83,014,408**	**100**

See accompanying notes to consolidated financial statements.

Sino-American Silicon Products Inc. and its subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2017		2016	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue** (notes 6 (25) and 7)	$ 59,371,198	100	31,599,040	100
5000	**Cost of sales** (notes 6(4), (19) , (20) and 7)	47,967,962	81	28,164,027	89
	Gross profit	11,403,236	19	3,435,013	11
	Operating expenses:(notes 6(9), (19) , (20) and 7)				
6100	Selling and marketing	1,379,950	2	631,529	2
6200	General and administrative	2,026,389	3	1,785,3333	6
6300	Research and development	1,671,895	3	976,091	3
	Total operating expenses	5,078,234	8	3,392,953	11
		6,325,002	11	42,060	-
	Non-operating income and expenses:				
7010	Other Income (note 6(27))	146,938	-	36,156	-
7020	Other gains and losses, net (notes 6(28) and 7)	(586,987)	(1)	(379,513)	(1)
7050	Finance costs (note 6(29))	(506,347)	(1)	(172,816)	(1)
7070	Share of profit or loss of associates and joint ventures (note 6(8))	(252,865)	-	(382,265)	(1)
		(1,199,261)	(2)	(898,438)	(3)
7900	**Profit before income tax**	5,125,741	9	(856,378)	(3)
7950	**Income tax expenses** (note 6(21))	1,607,113	3	432,628	1
	Net income	3,518,628	6	(1,289,006)	(4)
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains on remeasurements of defined benefit plans	506,710	1	34,914	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(88,347)	-	(6,599)	-
		418,363	1	28,315	-
8360	**Other components of other comprehensive income that will not be reclassified to profit or loss**				
8361	Exchange differences on translation	(722,292)	(1)	(314,499)	(1)
8362	Unrealised gains on valuation of available-for-sale financial assets	23,914	-	(2,978)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method (note 6(7))	105,196	-	(31,979)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(17))	110,730	-	(7,269)	-
	Components of other comprehensive income that will be reclassified to profit or loss	(482,452)	(1)	(356,725)	(1)
8300	**Other comprehensive income, net**	(64,089)	-	(328,410)	(1)
	Total comprehensive income	**$ 3,454,539**	**6**	**(1,617,416)**	**(5)**
	Net income, attributable to:				
	Shareholders of owners of parent	$ 1,035,505	2	(1,589,225)	(5)
	Non-controlling interests	2,483,123	4	300,219	1
		$ 3,518,628	**6**	**(1,289,006)**	**(4)**
	Total comprehensive income attributable to:				
	Shareholders of owners of parent.	$ 971,676	2	(1,832,339)	(6)
	Non-controlling interests	2,482,863	4	214.923	1
		$ 3,454,539	**6**	**(1,617,416)**	**(5)**
	Basic earnings per share (note 6(20))				
9750	Basic earnings per share	**$**	**1.80**		**(2.77)**
9850	Diluted earnings per share	**$**	**1.79**		

See accompanying notes to consolidated financial statements.

Sino-American Silicon Products Inc. its subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings												
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappro-priated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Unearned Stock-Based Employee Compensation	Others	Total other equity interest	Treasury Stock	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2016	$ 5,800,312	18,614,691	259,628	513,302	519,512	1,292,442	(1,460,070)	(1,087,491)	-	(3,267)	(2,550,828)	(169,861)	22,986,756	5,582,820	28,569,576
Profit (loss)	-	-	-	-	(1,589,225)	(1,589,225)	-	-	-	-	-		(1,589,225)	300,219	(1,289,006)
Other comprehensive income	-	-	-	-	15,491	15,491	(157,442)	(101,163)	-	-	(258,605)	-	(243,114)	(85,296)	(328,410)
Total comprehensive income	-	-	-	-	(1,573,734)	(1,573,734)	(157,442)	(101,163)	-	-	(258,605)	-	(1,832,339)	219.423	(1,617,416)
Appropriation and distribution of retained earnings:															
Legal reserve appropriated	-	-	51,951	-	(51,951)	-	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(459,581)	(459,581)	-	-	-	-	-	-	(459,581)	-	(459,581)
Compensation cost arising from employee stock option	-	4,382	-	-	-	-	-	-	-	-	-	-	4,382	-	4,382
Capital surplus dividends distributed	-	(402,133)	-	-	-	-	-	-	-	-	-	-	(402,133)	-	(402,133)
Adjustments to share of changes in equities of associates	-	1,323	-	-	-	-	-	-	-	(3,087)	(3,087)	-	(1,764)	392	(1,372)
Disposal of shares in subsidiaries to non-controlling interests	-	603,220	-	-	-	-	-	-	-	-	-	-	603,220	1,101,349	1,704,569
dividends distributed -subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(614,785)	(614,785)
Increase in non-controlling interests	-		-	-	-	-	-	-	-	-	-	-	-	43,847	43,847
Balance at December 31, 2016	5,800,312	18,821,483	311,579	513,302	(1,565,754)	(740,873)	(1,617,512)	(1,188,654)	-	(6,354)	(2,812,520)	(169,861)	20,898,541	6,328,546	27,227,087
Profit	-	-	-	-	1,035,505	1,035,505	-	-	-	-	-	-	1,035,505	2,483,123	3,518,628
Other comprehensive income	-	-	-	-	212,620	212,620	(355,822)	79,373			(276,449)	-	(63,829)	(260)	(64,089)
Total comprehensive income	-	-	-	-	1,248,125	1,248,125	(355,822)	79,373			(276,449)	-	971,676	2,482,863	3,454,539
Appropriation and distribution of retained earnings:															
Capital surplus dividends distributed	-	(861,714)	-	-	-	-	-	-	-				(861,714)		(861,714)
Issuing new shares – Employee stock options	60,625	234,013	-	-	-	-	-	-	-				294,638		294,638
Adjustments to share of changes in equities of associates	-	5,670,627	-	-	-	-	-	-	-	2,052	2,052		5,672,679	8,362,023	14,034,702
Issuing employee restrict stock	60,000	343,200	-	-	-	-	-	-	(283,200)		(283,200)	-	120,000		120,000
Compensation cost arising from employee restrict stock		-	-	-	-	-	-	-	45,752		45,752		45,752		45,752
Write-off employee restrict stock	(350)	(1,778)		-	-				1,428		1,428		(700)		(700)
dividends distributed-Subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(537,393)	(537,393)
Balance at December 31, 2017	**$ 5,920,587**	**24,205,831**	**311,579**	**513,302**	**(317,629)**	**507,252**	**(1,973,334)**	**(1,109,281)**	**(236,020)**	**(4,302)**	**(3,322,937)**	**(169,861)**	**27,140,872**	**16,636,039**	**43,776,911**

See accompanying notes to consolidated financial statements.

Sino-American Silicon Products Inc. and its subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

		2017	2016
Cash flows from (used in) operating activities:			
Profit before tax	$	5,125,741	(856,378)
Adjustments:			
Adjustments to reconcile profit:			
Depreciation expense		5,889,914	2,741,881
Amortization expense		351,116	15,768
Provision for reversal of allowance for doubtful accounts		19,581	19,284
Interest expense		506,347	172,816
Interest revenue		(131,992)	(22,315)
Dividend income		(14,946)	(13,841)
Compensation cost of employee stock options & restrict stock		45,752	5,563
Net gains of financial assets(liabilities) measured at fair value through profit or loss		(37,583)	(39,237)
Share of profit of associates and joint ventures accounted for using equity method		252,865	382,265
Loss (gain) on disposal of property, plant and equipment		(2,303)	17,413
Remeasurement gains on disposal of available-for-sale financial assets		-	(81,131)
Impairment loss on financial assets		69,501	452,661
Provision for (reversal of) inventory valuation		(401,724)	218,213
Other loss(gain) without affecting cash flow		(33,993)	127,008
Total adjustments to reconcile profit		6,512,535	3,996,348
Changes in operating assets and liabilities:			
Note and accounts receivable (including related parties)		(289,277)	875,715
Inventories		62,440	(64,377)
Prepayments for purchase of materials		660,001	541,541
Other operating assets		458,718	242,590
Total changes in operating assets		891,882	1,595,469
Notes and accounts payable (including related parties)		(996,186)	(172,362)
Provisions		(460,680)	(358,680)
Sales revenue received in advance		6,767,274	2,887
Net defined benefit liability		(27,949)	(22,861)
Other operating liabilities		(1,241,697)	(462,085)
Total changes in operating liabilities		4,040,762	(1,013,101)
Total changes in operating assets and liabilities		4,932,644	582,368
Total adjustments		11,445,179	4,578,716
Cash inflow generated from operations		16,570,920	3,722,338
Interest received		128,302	20,238
Dividend received		14,946	13,841
Interest paid		(509,916)	(160,818)
Income taxes paid		(834,955)	(1,099,479)
Net cash flows from operating activities		15,369,297	2,496,120

(Continued)

Sino-American Silicon Products Inc. and its subsidiaries

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	2017	2016
Cash flows from (used in) investing activities:		
Acquisition of held-to-maturity financial assets	-	(280,000)
Acquisition of financial assets measured at cost	(49,896)	(9,000)
Acquisition of investments accounted for using equity method	(649,000)	-
Acquisition of property, plant and equipment	(3,347,558)	(4,001,213)
Proceeds from disposal of property, plant and equipment	659,779	56,160
Acquisition of intangible assets	(2,530)	-
Acquisition of subsidiaries, net of cash acquired	(3,254)	(16,968,015)
Decrease in refundable deposits	(15,343)	2,727
Refund from reducing capital of financial assets measured at cost	-	10,568
Decrease (increase) in restricted deposit	362,227	(250,448)
Net cash flows from (used in) investing activities	(3,045,575)	(21,439,221)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	(2,723,221)	13,555,429
Proceeds from long-term debt	7,993,539	15,607,812
Repayments of long-term debt	(19,944,479)	(6,950,935)
Cash dividends paid	(861,714)	(861,714)
Increase(decrease) in non-controlling interests	14,032,548	3,876
Disposal of shares in subsidiaries to non-controlling interests	-	1,704,569
Exercising employee stock options	294,638	-
Cash dividends paid to non-controlling interests	(537,393)	(614,785)
Issuing employee restrict stock	120,000	-
Write-off employee restrict stock	(700)	-
Net cash flows from (used in) financing activities	(1,626,782)	22,444,252
Effect of exchange rate changes on cash and cash equivalents	376,380	(133,658)
Net increase in cash and cash equivalents	11,073,320	3,367,493
Cash and cash equivalents at beginning of period	9,269,460	5,901,967
Cash and cash equivalents at end of period	$ 20,342,780	9,269,460
The following table summarized the fair value of the assets acquires and liabilities assumed at acquisition date:		
Cash and cash equivalents	$ 1,064	1,656,544
Financial asset measured at fair value through profit or loss	-	7,857
Notes and accounts receivables, net	-	3,250,963
Inventories	300	4,113,279
Other current assets	1,823	844,522
Property, plant and equipment	32,672	22,084,055
Intangible assets	-	1,851,198
Other non-current assets	-	1,884,078
Goodwill	-	1,899,032
Short-term borrowings	(11,015)	(299,900)
Financial liability measured at fair value through profit or loss	-	(68,283)
Notes and accounts payable	(20,526)	(3,567,868)
Other current liabilities	-	(4,534,826)
Current portion of long-term loans payable	-	(4,966,615)
Long-term loans payable	-	(1,359,733)
Other non-current liabilities	-	(3,339,030)
Non-controlling interests	-	(39,971)
The fair value of the subsidiary on the date of acquisition	4,318	19,415,302
Deduct: fair value of previously held equity shares of the acquiree	-	(790,743)
cash acquired on acquisition	(1,064)	(1,656,544)
Net fair value of assets and liabilities acquired (excluding cash acquired)	$ 3,254	16,968,015

See accompanying notes to consolidated financial statements.

Sino-American Silicon Products Inc. and its subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history

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

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

For the purpose of reorganization and professional division of work and enhancing competitiveness and business performance, a resolution was reached at the shareholders’ meeting on June 17, 2011 to have the semiconductor business and sapphire business (including the related assets, liabilities and business operations), by the way of incorporation and partition, transferred to the Company’s 100% owned subsidiaries, Globalwafers Co., Ltd. (hereinafter referred to as “Globalwafers”) and Sino Sapphire CO., LTD (hereinafter referred to as “Sino Sapphire”) with the base date of partition scheduled on October 1, 2011. The Company based on the net book value of the semi-conductor business shall pay a price of NT$38.50 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.

Globalwafers Co., Ltd.’s common shares have been listed on Taipei Exchange (“TPEx”) since September 25, 2015, and were delisted from the Emerging Market at the same date.

The Group acquired ownership of 100% outstanding shares of SunEdison Semiconductor Limited on December 2, 2016. SunEdison is a semiconductor wafer fabrication and supplier, and has been leading silicon wafer designs since its inception. SunEdison's R&D strongholds spread over United States, Europe and Asia, and also dedicated to develop the next generation High-performance semiconductor wafers. The Group expand its sales network and upgrade its research and development capability through this acquisition.

2. Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issuance by the board of directors on March 22, 2018.

3. New standards, amendments and interpretations adopted:

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2017:

Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 " Presentation of Financial Statements-Disclosure Initiative	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendments to IAS 36 " Impairment of Non-Financial assets- Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
Amendments to IAS 39 " Financial Instruments-Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016
IFRIC 21 "Levies"	January 1, 2014

The Group assessed that the initial application of the above IFRSs would not have any material impact on the consolidated financial statements.

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018 in accordance with Ruling No. 1060025773 issued by the FSC on July 14, 2017.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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

(A) IFRS 9 “Financial Instruments”

IFRS 9 replaces IAS 39 “Financial Instruments: Recognition and Measurement” which contains classification and measurement of financial instruments, impairment and hedge accounting.

(i) Classification and measurement - Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial assets in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. In addition, IAS 39 has an exception to the measurement requirements for investments in unquoted equity instruments that do not have a quoted market price in an active market (and derivatives on such an instrument) and for which fair value cannot therefore be measured reliably. Such financial instruments are measured at cost. IFRS 9 removes this exception, requiring all equity investments (and derivatives on them) to be measured at fair value.

Based on its assessment, the Company does not believe that the new classification requirements will have a material impact on its accounting for trade receivables, loans, investments in debt securities and investments in equity securities that are managed on a fair value basis. At December 31, 2017, the Company had equity investment classified as available-for-sale financial assets at cost of $685,194 thousand, held-to-maturity financial assets at cost of $281,366 thousand, and financial assets measured at cost of $838,181 thousand are held for long-term strategic purposes. At initial application of IFRS9, the Company has designated these investments as measured at FVOCI. Consequently, all fair value gains and losses will be reported in other comprehensive income, no impairment losses would be recognized in profit or loss and no gains or losses will be reclassified to profit or loss on disposal. The Company assessed the application of IFRS 9's classification and measurement requirements will increase total assets, other interests and retained earnings by $324,183 thousand, ($1,380,898) thousands and $1,705,081 thousands respectively.

(ii) Impairment - Financial assets and contact assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with a forward-looking ‘expected credit loss’ (ECL) model. This will require considerable judgment as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets.Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and

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

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset’s credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.

The Group's assessment indicated that the application of IFRS 9’s impairment requirements on January 1, 2018, won't have material impact on its consolidated financial statements.

(iii) Disclosures

IFRS 9 will require extensive new disclosures, in particular about credit risk and expected credit losses. The Group’s assessment included an analysis to identify data gaps against current processes and the Group plans to implement the system and controls changes that it believes will be necessary to capture the required data.

(iv) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

The Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 generally will be recognized in retained earnings and reserves as at January 1, 2018.

The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application:

- The determination of the business model within which a financial asset is held.

- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

- The designation of certain investments in equity instruments not held for trading as measured at FVOCI.

(B) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 “Revenue” and IAS 11 “Construction Contracts”.

(i) Sales of goods

Revenue is currently recognized depending on the individual terms of the sales agreement. The related risks and rewards of ownership have to be transferred prior to the recognition of revenue. Revenue is recognized at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under IFRS 15, revenue will be recognized when a customer obtains control of the goods. The Group performed a preliminary assessment and considered that the timing of the related risks and rewards of ownership transferred is similar to the timing when control is transferred and the Group does not expect that there will be a significant impact on its consolidated financial statements.

(ii) Transition

The Group plans to adopt IFRS 15 using the cumulative effect method. Therefore, the comparative information will not be restated. The cumulative effect of initially applying IFRS 15 will be recognized as an adjustment to the opening balance of retained earnings at 1 January 2018.

The Group assessed the adoption of IFRS 15 would not have any material impact on its consolidated financial statements.

(C) Amendments to IAS 7 “Disclosure Initiative”

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

To satisfy the new disclosure requirements, the Group intends to present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities.

(D) Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Loss”

The amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.

The Group assessed the application of the amendments would not have any material impact on its consolidated financial statements.

The actual impacts of adopting the standards may change depending on the economic conditions and events which may occur in the future.

(3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 16 "Leases"	January 1, 2019
IFRS 17 "Insurance Contracts"	January 1, 2021
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019

Those which may be relevant to the Group are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: • For a contract that is, or contains, a lease, the lessee shall recognize a right-of-use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right-of-use asset during the lease term. • A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.

Issuance / Release Dates	Standards or Interpretations	Content of amendment
October 12, 2017	Amendments to IAS 28 "Long-term interests in associates and joint ventures"	The amendment to IAS 28, which addresses equity-accounted loss absorption by long-term interests, will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or ‘LTI’). It also involves the dual application of IAS 28 and IFRS 9 Financial Instruments.

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

4. Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for note 3, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, R.O.C (hereinafter referred to as the IFRSs endorsed by the FSC).

(2) Basis of preparation

A. Basis of measurement

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

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

(b) Available-for-sale financial assets measured at fair value through profit or loss are measured at fair value;

(c) Defined benefit liabilities are measured in accordance with the net amount of the pension fund assets minus the present value of the defined benefit obligations and the impact of the maximum amount referred to in Note 4 (17).

B. Functional and presentation currency

The functional currency of each individual consolidated entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars (NT$), which is the Company’s functional currency. All financial information presented in NT$ has been rounded to the nearest thousand.

(3) Basis of consolidation

A. Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and the entities controlled by the Company (its subsidiaries). The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interests to have a deficit balance.

Subsidiaries’ financial statements are adjusted to align the accounting policies with those of the Company.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

B. List of subsidiaries in the consolidated financial statements

			Percentage of Ownership at	
Name of Investor	**Name of Subsidiary**	**Business**	**December 31, 2017**	**December 31, 2016**
the Company	Sino Silicon Technology Inc. (SSTI)	The holding company of Sino-American Silicon Products Inc. for overseas investments	100%	100%
the Company	Globalwafers Co., Ltd. (GWC)	Semiconductor silicon wafer materials and components manufacturing and trade	50.84%	66.70%
the Company	Sino-American Materials Co., Ltd.	EVA film for solar modules manufacturing and sale	90%	90%

the Company	Aleo Solar GmbH (Aleo Solar)	Solar cell module manufacturing	100%	100%
the Company	SAS Sunrise Inc.	Investment activities	100%	100%
the Company	Sunrise PV World Co. (SPW)	Power generating business	100%	100%
SAS Sunrise Inc.	SAS Sunrise Pte. Ltd.	Investment activities	100%	100%
SAS Sunrise Pte. Ltd.	Sulu Electric Power and Light Inc. (SULU) (Note 1.)	Power generating business	40%	40%
SAS Sunrise Pte. Ltd.	AMLED International Systems Inc. (AMLED) (Note 2.)	Investment activities	-	-
AMLED	Sulu	Power generating business	45%	45%
Aleo Solar	Aleo Solar Distribuzione Italia S.r.l.	Solar cell manufacturing and sale and wholesale of electronic	100%	100%
Aleo Solar	Aleo Sunrise GmbH (Aleo Sunrise)	Solar cell manufacturing and sale and wholesale of electronic	100%	100%
SPW	Sunrise PV One Co., Ltd.	Power generating business	-	100%
SPW	Sunrise PV Two Co., Ltd.	Power generating business	100%	-
SPW	Sunrise PV Electric Power Two Co., Ltd.	Power generating business	100%	-
SPW	Sunrise PV Three Co., Ltd.	Power generating business	100%	-
SPW	Sunrise PV Four Co., Ltd.	Power generating business	100%	-
SPW	Sunrise PV Five Co., Ltd.	Power generating business	100%	-
GWC	GlobalSemiconductor Inc. (GSI)	Investment activities	100%	100%
GWC	GlobalWafers Inc. (GWI)	Investment activities	100%	100%
GWC	GWafers Japan (GWafers)	Investment activities	100%	100%
GWC	GWafers Singapore Pte. Ltd. (GWafers Singapore)	Investment activities	100%	100%
GWC	Topsil GlobalWafers A/S (Topsil A/S)	Manufacturing and trading of silicon wafers	100%	100%
GWC	Taisil Electronic Materials Corp.	Manufacturing and trading of silicon wafers	99.98% (Note 3)	-
GSI	Kunshan Sino Silicon Technology Co., Ltd. (SST)	Processing and trading of ingots and wafers	100%	100%
GWI	GlobiTech Incorporated (GTI)	Manufacturing of epitaxial wafers and silicon wafers	100%	100%

GWafers	GlobalWafers Japan Co., Ltd. (GWJ)	Manufacturing and trading of silicon wafers	100%	100%
GWJ	MEMC Japan Ltd. (MEMC Japan)	Manufacturing and trading of silicon wafers	100% (Note 3)	-
SST	Shanghai GrowFast Semiconductor Technology Co., Ltd.	Sale and marketing	60%	60%
Topsil A/S	Topsil Semiconductor sp z o.o. (Topsil PL)	Manufacturing and trading of silicon wafers	100%	100%
Gwafers Singapore	SunEdison Semiconductor Limited (SSL)	Investment, marketing and trading activities	100%	100%
SSL	SunEdison Semiconductor B.V. (SSBV)	Investment activities	100%	100%
SSL	SunEdison Semiconductor Technology Pte. Ltd. (SSTPL)	Investment activities	100%	100%
SSBV	MEMC Japan Ltd. (MEMC Japan)	Manufacturing and trading of silicon wafers	- (Note 3)	100%
SSBV	MEMC Electronic Materials, SpA(MEMC SpA)	Manufacturing and trading of silicon wafers	100%	100%
MEMC SpA	MEMC Electronic Materials France SarL(MEMC SarL)	Trading	100%	100%
MEMC SpA	MEMC Electronic Materials GmbH (MEMC GmbH)	Trading	100%	100%
MEMC SpA	MEMC Holding B.V. (MEMC BV)	Investment activities	100%	100%
SSBV、MEMC BV	MEMC Korea Company (MEMC Korea)	Manufacturing and trading of silicon wafers	100%	100%
SSBV	SunEdison Semiconductor LLC(SunEdison LLC)	Research and development, manufacturing and trading of silicon wafers	100%	100%
SSBV	MEMC Electronic Materials, Sdn Bhd(MEMC Sdn Bhd)	Research and development, manufacturing and trading of silicon wafers	100%	100%

SSBV	SunEdison Semiconductor Technology (Shanghai) Ltd. (SunEdison Shanghai)	Trading	100%	100%
SSBV	SunEdison Semiconductor Holdings B.V.(SSHBV)	Investment activities	100%	100%
SSBV, SSHBV	Taisil Electronic Materials Corp. (Taisil)	Manufacturing and trading of silicon wafers	- (Note 3)	99.96%

Note 1: Even if the merged company has no more than 50 percent voting shares in SPV, it may control the finance and strategy of the SPV through valid agreements with other investors of SPV. As a consequence the SPV is deemed as a subsidiary of the Company.

Note 2: Even if the merged company does not hold any equity interest in AMLED, it may control the finance and strategy of this company and obtain all interests derived from its operations and net assets. As a consequence AMLED is deemed as a subsidiary of the Company.

Note 3:With the Group's organizational restructuring, ownership of Taisil was transferred from SSBV and SSHBV to the Company in October 2017; and ownership of MEMC Japan was transferred from SSBV to GWJ in October 2017.

To cope with the fast growing demand of the market and avoid interference of trade war, as resolved by the board of directors the parent company has set up a solar cell plan in Germany Aleo Sunrise on August 10, 2015 to expand the production capacity of solar cells that are highly effective in conversion of the solar energy. This is to increase the service quality and develop the potential European market nearby. The investment amounted to Euro 25 thousand, and increase the investment amount to EUR 2,475 thousand in the 27th Jan,2016.

For the vertical integration of the solar business, the Company set up Sunrise PV World Co. (SPW) and plant to engage in the generating of electric power. The Company has invested NT$ 5,000 thousand and hold 100% of SPW, and had capital increase of NT$ 295,000 thousand in November 2016.

SPW has set up its’ 100% subsidiary Sunrise PV One Co., Ltd.(SPV1) to engage in solar power generation business. SPV1 was resolved to sold out to Cathy Sunrise Corporation.(CSR) by the board of directors on March 23, 2017.

In order to expand power generation business, the Company has set up Sunrise PV Two Co., Ltd.(SPV2), Sunrise PV Three Co., Ltd.(SPV3), Sunrise PV Four Co., Ltd.(SPV4), and Sunrise PV Electric Power Two Co., Ltd.(SPVE2) in April and December, 2017, respectively. SPV4 had capital increased by cash of NT$ 85,000 thousand in June 2017.

In order to cope with the industry and accelerate expansion market share, SPW bought 100% shares of the Sunrise PV Five Co., Ltd..

In February 2016, the Group set up a new 100% owned subsidiary, GWafers Singapore, purposely to enhance the Group’s overall operational efficiency.

In June 2016, SST set up a new 60% owned subsidiary, Shanghai GorwFast Semiconductor Technology Co., Ltd., with Shanghai Shenhe Thermo-Magnetics Electronics Co., Ltd. for the purpose of expanding the market in China. The said subsidiary was included in its consolidated financial statements starting from the investment date.

On July 1, 2016, the Group acquired the silicon business from Topsil Semiconductor Materials A/S, a Danish listed company for the purpose of expanding businesses in Europe. Entities of Topsil A/S and Topsil PL (collectively "Topsil") were thus included in the Group's consolidated financial statements.

Based on a resolution approved by the board of directors on August 18, 2016, the Group acquired all outstanding equity shares of SunEdison Semiconductor Limited (SSL) in cash through the Group’s 100% owned subsidiary, GWafers Singapore. Those equity shares had a trading price of US$12 per share. Commencing from December 2, 2016, SunEdison Semiconductor Limited and its subsidiaries (SunEdison) were officially consolidated to the Group. The acquisition of those shares is intended primarily to increase the Group’s global market share, diversify customer portfolio, and strengthen silicon research and development technique and production capacity.

In order to achieve flattening of the organization and enhance management efficiency, the Group passed an organizational restructuring plan under the resolution of the board of directors on September 28, 2017, including the reorganization of shareholding structure among the subsidiaries and restructuring of certain subsidiaries through an increase or decrease in capitals. As the reorganization occurs within the group, there is no impact on the consolidated profit or loss of the Group.

C. Subsidiaries excluded from the consolidated financial statements: None.

(4) Foreign currencies

A. Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the last date of reporting period (hereinafter referred as “the reporting date”) are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period adjusted for the effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

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

Foreign currency differences arising on retranslation are recognized in profit or loss except for the differences of available-for-sale financial assets, which are recognized in other comprehensive income.

B. Foreign operations

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

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency differences are considered parts of investments in foreign operations and are recognized in other comprehensive income.

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

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

A. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is expected to be realized within twelve months after the reporting period; or

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

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

A. It is expected to be settled in the normal operating cycle;

B. It is held primarily for the purpose of trading;

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

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

(6) Cash and cash equivalents

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

(7) Financial instruments

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

A. Financial assets

The Group classifies financial assets into the following categories: financial assets measured at fair value through profit or loss, financial assets at cost and receivables.

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

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

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

(b) Available-for-sale financial assets

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

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 reported at "financial assets carried at cost" account.

Dividend income from equity investment is recognized on the date (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.

(c) Financial assets at cost

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

(d) Receivables

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

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

(e) Impairment of financial assets

Except for financial assets measured at fair value through profit and loss, financial assets are assessed for impairment at each reporting date. A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes the severe financial difficulties, default or delinquency by debtor (such as interest and payment are delay or unpaid), indications that a debtor or issuer will enter bankruptcy, possibility of restructuring increase and economic conditions that correlate with defaults of issuers and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment.

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

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

An impairment loss in respect of a financial asset is deducted from the carrying amount except for accounts receivable, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of receivable written off is recorded in the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

Impairment losses and recoveries of accounts receivables are recognized in operating expenses. Impairment loss and recoveries of financial assets excluding accounts receivable are recognized in non-operating income and expenses.

) recognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the asset are terminated, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

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

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

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

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

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

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

Interest related to the financial liability is recognized in profit or loss, and included in non-operating income and expenses.

(b) Financial liabilities at fair value through profit or loss

A financial liability is a liability held for trading or measured at fair value through profit or loss.

(c) Other financial liabilities

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

Interest expense not capitalized as capitalized cost is recognized in profit or loss, under non-operating income and expenses.

(d) Derecognition of financial liabilities

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

(e) Offsetting of financial assets and liabilities

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

C. Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency exposures. Derivatives are recognized initially at fair value, and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss and included in other gains and losses. When the fair value of a derivative instrument is positive, it is classified as a financial asset, and when the fair value is negative, it is classified as a financial liability.

(8) Inventories

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

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

(9) Investment in associates

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

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

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

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

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

The Group shall discontinue the use of the equity method from the date when its investment ceases to be an associate or a joint venture. The Group shall measure the retained interest at fair value. The difference between the fair value of retained interest and proceeds from disposal, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group shall account for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the entity shall reclassify the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued. If an entity's ownership interest in an associate or a joint venture is reduced while the entity continues to apply the equity method, the entity shall reclassify the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

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

(10) Property, plant and equipment

A. Recognition and measurement

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and is charged to profit or loss, under non-operating income and expenses.

B. Subsequent cost

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

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful life of each component of an item of property, plant and equipment. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period is recognized in profit or loss.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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

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

(a) Buildings: 2 to 50 years

(b) Machinery and equipment: 2 to 25 years

(c) Other equipment and leased assets: 2 to 25 years

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

Depreciation methods, useful lives, and residual values are reviewed at each annual reporting date. If expectations differ from the previous estimates, the changes are accounted for as changes in an accounting estimate.

(11) Lessee

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

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

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

Payments made under an operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease.

Expenditures for obtaining land use rights are recognized as acquisition cost. Based on the shorter of the contract period or the estimated useful life, the cost of land use rights is amortized over 50 years and 99 years, respectively.

(12) Intangible assets

A. Goodwill

(a) Initial recognition

Goodwill arising from the acquisition of subsidiaries is included in intangible assets.

(b) Subsequent measurement

Goodwill is measured at its cost, less accumulated impairment losses. Impairment loss on equity investment in investees accounted for under the equity method is not allocated to any asset, including goodwill that forms parts of the carrying amount of such investment.

B. Research & development

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

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

(a) The technical feasibility of completing the intangible asset so that it will be available for use or sale.

(b) The intention to complete the intangible asset and use or sell it.

(c) The ability to use or sell the intangible asset.

(d) How the intangible asset will generate probable future economic benefits.

(e) The availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset.

(f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

C. Other intangible assets

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

D. Subsequent expenditure

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

E. Amortization

The amortizable amount is the cost of an asset less its residual value.

Except for goodwill, amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives from the date that they are available for use.

(a) Patents and trademarks: 2 to 6 years

(b) Development costs: 10 years

The residual value, amortization period, and amortization method of intangible assets reviewed at least annually at each fiscal year-end. Any change shall be accounted for as a changes in accounting estimates.

(13) Impairment of non-financial assets

The Group measures whether impairment has occurred in non-financial assets (except for inventories and deferred income tax assets) on every reporting date, and when there is an indication of impairment exist, the Group estimates its recoverable amount. If it is not possible to determine the recoverable amount of an individual asset, then the Group will have to determine the recoverable amount of the cash-generating unit (“CGU”) to which the asset has been allocated to.

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

Recoverability of goodwill is required to be tested annually. Impairment loss is recognized if the recoverable amount is less than the carrying amount.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the acquirer's cash-generating units, or groups of CGUs, that are expected to benefit from the synergies of the combination. If the carrying amount of the CGUs exceeds the recoverable amount of the unit, impairment loss is recognized. The impairment loss is allocated to reduce the carrying amount of the goodwill of such cash-generating unit first and then to the carrying amount of each asset in the unit. Reversal of an impairment loss for goodwill is prohibited.

At the end of each reporting period, an assessment is made whether there is any indication that an impairment loss recognized in prior periods for an asset, other than goodwill, may no longer exist or have decreased. If any such indication exists, the recoverable amount of that asset is estimated.

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

(14) Provisions

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

A. Site restoration

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land and the related expense are recognized when the land is contaminated. A provision for site restoration of lease land and the related expense are recognized over the term of the lease.

B. Onerous contracts

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

(15) Treasure 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 debited to the equity. If the disposal price of the treasury stock is higher than the carrying amount, the difference is classified as “Capital surplus – Treasury stock;” if the disposal price is lower than the carrying amount, the difference is applied to write off the capital surplus - treasury stock in the same category or debited to retained earnings, if there is an insufficient amount. The carrying amount of treasury stock is calculated in accordance with the weighted average method and is calculated separately in accordance with the reason for repurchase.

When the treasury stock is cancelled, the “Capital surplus – Treasury stock” is debited proportionately to the equity shares, the difference is applied to write off the capital surplus - treasury stock in the same category or debited to retained earnings, if there is an insufficient amount. If the carrying amount is lower than the sum of par value and the premium from issuing stocks, it shall be debited to the additional paid in capital from transactions of the treasury stock in the same category.

(16) Revenue recognition

A. Goods sold

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

The timing of the transfers of risks and rewards of ownership varies depending on the individual terms of the sales agreement. For international shipments, transfer occurs upon loading the goods onto the relevant carrier. Generally for such products, the customer has no right of return. For domestic shipments, risks and rewards of ownership normally transferred when goods are delivered and accepted by customers at the client's designated location.

B. Services

The Group provides services to its customers. Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

C. Government grants

Income from government grants for research and development is recognized as revenue under non-operating income and expenses, based on actual costs incurred as a percentage of the expected total costs. Income from government grants for equipment spending is recognized as the deduction of the equipment’ s carrying amount, which is also allocated on a straight-line basis over the useful life of the equipment as a reduction of depreciation expense.

(17) Employee benefits

A. Defined contribution plans

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

B. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group’s net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any fair value of any plan asset is deducted. The discount rate used in calculating the present value is the market yield at the reporting date of government bonds that have maturity dates approximating the terms of the Group’s obligations and that are denominated in the same currency in which the benefits are expected to be paid.

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

If the benefit of plan is improved, the pension cost incurred from the portion of the increased benefit relating to the past services by the employees, is recognized immediately in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses (2) the return on plan assets (excluding interest) and (3) the effect of asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income; wherein the Group recognized them under retained earnings.

Gains or losses on the curtailment or settlement of the defined benefit plan are recognized when the curtailment or settlement occurs. The gain or loss on curtailment arises from any change in the fair value of plan assets and any change in the present value of the defined benefit obligation.

C. Short-term employee benefits

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

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

(18) Share-based payment

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

(19) Income tax

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

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

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

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

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

C. Initial recognition of goodwill.

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

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

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

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

(a) levied by the same taxing authority; or

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

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

(20) Business combination

Goodwill is measured as the aggregation of the consideration transferred at the acquisition date and the amount of any non-controlling interest in acquiree less the amounts of the identifiable assets acquired and liabilities assumed (generally at fair value) at the acquisition date. If the residual balance is negative, the Group re assesses whether it has correctly identified all of the assets acquired and liabilities assumed and recognize a gain on the bargain purchase thereafter.

Acquisition-related cost are expensed as incurred, except that the costs are related to the issuance of debt or equity securities.

The acquirer shall measure at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by IFRSs.

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

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

(21) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee bonus and employee compensation.

(22) Operating segment

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

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

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the

FSC requires management to make judgments, estimations and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

There is no critical judgment made in applying accounting policies.

The accounting policies that involved the estimation and assumption uncertainty that may cause adjustments in the subsequent period are as below:

(1) Inventory valuation

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to the note 6(4) for further information on inventory valuation.

(2) Impairment of goodwill

The assessment of the impairment of goodwill relies on the judgment of the Group, which includes identifying cash-generating units and allocating goodwill to the cash-generating units. For determining the recoverable amounts of the relevant cash-generating units. Please refer to the note 6(14) for further information on impairment of goodwill.

The Group strives to use the observable market inputs in determining the fair value of assets and liabilities. The hierarchy of the fair value categorized by the valuation techniques used is as follows:

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

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

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

For any transfer within the fair value hierarchy, the Group recognizes the transfer on the reporting date. For the assumption used in fair value measurement, please refer to note 6(31) of the financial instruments.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

		December 31, 2017	December 31, 2016
Cash on hand	$	43,721	1,248
Demand deposits		10,510,542	8,664,257
Time deposits		9,788,517	603,955
	$	20,342,780	9,269,460

Refer to note 6(31) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

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

	December 31, 2017	December 31, 2016
Financial asset measured at fair value through profit or loss:		
Forward exchange contracts	$ 21,546	2,442
Financial liabilities measured at fair value through profit or loss		
Forward exchange contracts	$ 5,152	23,631

The Group uses derivative instruments to hedge certain currency risk, arising from the Group's operating activities. The Group held the following derivative instruments not qualified for hedge accounting and accounted them as held-for-trading financial assets and liabilities as of December 31, 2016 and 2017:

	December 31, 2017			
	Contract amount (in thousands)		Currency	Maturity date
Forward exchange contracts sold	USD	20,700	USD to EUR	January 23,2018~ February 22,2018
Forward exchange contracts sold	NTD	794,900	NTD to JPY	January 26,2018~ March 28,2018
Forward exchange contracts sold	KRW	74,506,300	KRW to USD	January 24, 2018
Forward exchange contracts purchased	JPY	50,000	JPY to EUR	February 18, 2018

	December 31, 2016			
	Contract amount (in thousands)		Currency	Maturity date
Forward exchange contracts sold	USD	6,096	USD to JPY	January 10, 2017~ February 20,2017
Forward exchange contracts sold	USD	14,600	USD to EUR	January 24, 2017~ February 23, 2017
Forward exchange contracts sold	USD	5,746	USD to KRW	January 25, 2017
Forward exchange contracts purchased	NTD	25,559	NTD to USD	January 19, 2017
Forward exchange contracts purchased	JPY	775	JPY to EUR	January 18, 2017
Forward exchange contracts purchased	JPY	1,539	JPY to KRW	January 25, 2017

(3) Notes and accounts receivable, net

	December 31, 2017	December 31, 2016
Notes receivable	$ 145,568	119,368
Accounts receivable	8,687,046	8,308,532
Less: Allowance for doubtful accounts	(99,852)	(80,271)
Allowance for sales discounts and returns	(16,926)	(17,919)
	$ 8,715,836	8,329,710

The movements in the allowance for doubtful accounts were as follows:

	2017	2016
Balance at January 1	$ 80,271	60,987
Impairment loss recognized	19,581	19,284
Balance at December 31	$ 99,852	80,271
Individual assessment of impairments	$ 48,679	48,679
Collective assessment of impairments	51,173	31,592
	$ 99,852	80,271

Aging analysis of notes and accounts receivable (including related parties), which were overdue but not impaired, as of the reporting date was as follows:

	December 31, 2017	December 31, 2016
Overdue 1~30 days	$ 655,295	590,782
Overdue 31~60 days	27,814	86,305
Overdue 61~90 days	6,894	2,888
Overdue 91~120 days	27	225
Overdue 121~150 days	350	2,222
Overdue 151~180 days	-	491
Overdue 181~365 days	334	500
	$ 690,714	683,413

The Group has accounts payable amounting as of $0 and $83,108 (US$2,577 thousand) to credit overdue receivables included in the above table as of December 31, 2017 and December 31, 2016. For the remaining overdue receivables, the Group has concluded that they are not impaired based on its assessment of credit risks. The Group has not obtained collaterals for those overdue receivables.

The Group factored its accounts receivable to manage credit risks as of each reporting date as follows:

The Group entered into an agreement with banks to factor certain of its accounts receivable without recourse. According to the agreement, within the factoring line, the Group does not have to ensure the ability of debtors to pay when transferring the rights and obligations.

As of the reporting dates, details of accounts receivable factoring were as follows:

(Unit: Foreign currency/JPY in thousands)

December 31, 2017					
Purchaser	**Assignment Facility**	**Factoring Line**	**Advanced Amount**	**Range of Interest Rate**	**Collateral**
Mitsubishi UFJ, etc.	$ 4,269,636	-	4,269,636	1.175%~ 1.475%	None

December 31, 2016					
Purchaser	**Assignment Facility**	**Factoring Line**	**Advanced Amount**	**Range of Interest Rate**	**Collateral**
Mitsubishi UFJ, etc.	$ 1,066,019	1,066,019	1,066,099	1.175%~ 1.475%	None

The factoring agreements above include a factoring line that is intended for revolving use.

The Group entered into a trade receivable factoring agreement with a financial institution. According to the agreement, the Group provides guarantees for all the receivables that cannot be collected within certain period (including delayed payments and breach of contract) and retain almost all the risks and rewards of the receivables. Therefore, the receivable does not meet the criteria of derecognition of financial assets. On report day, trade receivables which were not derecognized were as follows:

(Unit: Foreign currency/JPY in thousands)

December 31, 2016					
Purchaser	**Assignment Facility**	**Factoring Line**	**Advanced Amount**	**Range of Interest Rate**	**Collateral**
DAISHI BANK	$ 634,156	4,000,000	634,156	0.3573%~ 0.3737%	None

The Group’s notes and accounts receivable were not pledged as collaterals in December 31, 2017.

The Group’s accounts receivable were pledged as collaterals for short-term borrowings as of December 31, 2016. Please refer to note 8 for further information.

(4) Inventories

		December 31, 2017	December 31, 2016
Finished goods	$	2,695,705	3,255,350
Work in progress		2,249,776	2,531,439
Raw materials		4,825,508	3,708,657
Supplies		276,916	212,875
	$	10,047,905	9,708,321

Components of operating cost were as follows:

		2017	2016
Cost of sales	$	47,958,714	27,575,750
Provision for (reversal of) inventory valuation		(401,724)	218,213
Unamortized fixed manufacturing expense		410,972	244,548
Loss on purchase agreement		-	125,516
	$	**47,967,962**	**28,164,027**

As of December 31, 2017 and 2016, the Group's inventories were not pledged as collaterals.

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

		2017.12.31	2016.12.31
Stock of listed company - Solartech	$	439,258	445,155
OTC Stocks – Actron Technology Corporation		245,936	216,125
	$	**685,194**	**661,280**

On October 16, 2017, NSP's board of directors approved to sign merger intent letter with Gintech Energy Corporation and Solartech Energy Corporation, as soon as possible after the effective date of the merger in order to reflect the equality and common objective of the merged companies which is to pursue progress of the merged company.

On January 29, 2018, Solartech Energy Corporation, Gintech Energy Corporation(GES), and New Solar Power Corporation(NSP) approved to sign the merger agreement, with NSP as the surviving company after the merger, and will be renamed United Renewable Energy Co., Ltd.. The tentative date of the merger currently is dated on October 1, 2018. In connection with the combined contract, Solartech Energy Corp. is entitled to convert outstanding common shares, including private equity and restricted employee share options, through a share swap at 1:1.17 ratio ("sum of the consideration").

As of December 31, 2017 and 2016, 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 comprehensive income:

Securities price on the reporting date		2017	2016
Up 10%	$	68,519	66,128
Down 10%	$	(68,519)	(66,128)

(6) Held-to-maturity investment

		2017.12.31	2016.12.31
Corporate bonds of CWT	$	281,366	281,400

The Company bought the 5-year privately placed corporate bond issued by its affiliate Crystalwise Technology Inc. at the face value of 280,000 in October 2016 with the intention to sell before the maturity. The interest of the bond is calculated half-yearly with the coupon rate and effective yield both at 2%.

As of 31 December 2017, there's no pledge of the held-to-maturity investments of the Company.

(7) Financial valued at the cost - noncurrent

		2017.12.31	2016.12.31
Equity investment	$	2,543,262	2,626,670
The cumulative amount of impairment loss recognized		(1,705,081)	(1,727,916)
	$	838,181	898,754

Cumulative impairments changes are as follows:		2017	2016
Cumulative impairments - beginning	$	1,727,916	1,296,578
Provided this period		69,501	452,661
Effect of changes in exchange rates		(92,336)	(21,323)
Cumulative impairments - ending	$	1,705,081	1,727,916

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

Powertec Energy Corp. (hereafter referred to as "Powertec) has executed the capital increase plan at the third quarter of 2016 for the purpose of increasing the capital and future operation development fund demand. The company makes a discount investment lower than the share par value for an amount 9,000 thousand dollars, and it is estimated that the account value of Powertec listed under impairment loss is calculated to be 489,754 thousand dollars.

As of December 31, 2017 and 2016, the Company's financial assets referred to above had not been provided as collateral.

(8) Investments accounted for using equity method

Investments accounted for using the equity method at the end of the financial reporting period are as follows:

	2017.12.31	2016.12.31
Associate:		
Crystalwise Technology Inc. (CWT)	$ 849,211	1,112,819
Accu Solar Corporation	73,176	77,251
Cathy Sunrise Corporation	453,708	-
HONG-WANG Investment Ltd.	318,622	-
	$ 1,694,717	1,190,070

Names of affiliated companies	Relationship with the Company	Main location/ country registered in	Percentage of equity ownership and voting rights 2017.12.31	2016.12.31
Crystalwise Technology Inc (referred as Crystalwise)	Mainly engages in the manufacturing and trading of optoelectronic wafers and substrate material.	Taiwan	40.11%	40.07%
Accu Solar Corporation	Solar cell module manufacturing	Taiwan	24.70%	24.70%
Cathy Sunrise Corporation	Power generation, transmission, distribution machinery manufacturing	Taiwan	30.00%	30.00%
HONG-WANG Investment Ltd.	Investment activities	Taiwan	24.00%	-

A. The fair values of affiliated companies that are significant to the Company and listed in the ESM are as follows:

	2017.12.31	2016.12.31
Crystalwise Technology Inc.	$ 1,179,391	684,725

Company, with adjustments made to include amounts reported by the affiliated companies in their individual financial reports prepared in a way pursuant to IFRSs so as to reflect adjustment on the fair value when acquiring shares of the affiliated companies and the adjustment of difference in accounting policy.

Financial Summary of Crystalwise

		2017.12.31	2016.12.31
Current Assets	$	1,370,465	1,781,023
Non-Current Assets		2,627,539	3,044,566
Current Liabilities		(1,392,433)	(1,450,579)
Non-Current Liabilities		(1,013,279)	(1,147,528)
Net Assets		**1,592,292**	**2,227,482**
Net assets attributed to non-controlling equities	$	-	-
Net assets attributed to owner of the investee company	$	1,592,292	2,227,482

		2017	2016
Revenues	$	1,496,642	1,583,288
Operating profit (loss) from continuing operations		(527,910)	(707,929)
Income and loss from discontinued operations		(93,711)	(17,750)
Other comprehensive income		(19,047)	(79,649)
Total comprehensive income	$	(640,668)	(805,328)
Total comprehensive income attributed to non-controlling equities	$	-	-
Total comprehensive income attributed to owner of the investee company	$	(640,668)	(805,328)

		2017		2016
The Company's shares of net assets of the affiliated company at beginning of period	$	1,112,819	$	1,487,561
New investment in this period and changes of net equity for affiliated companies under the equity method		102		(2,553)
Total revenues attributed to the Company this period		(258,295)		(340,210)
Total Comprehensive Income attributed to the Company this period		(5,415)		(31,979)
Dividends received from affiliated companies in this period		-		-
The Company's shares of net assets of the affiliated companies at end of period	**$**	**849,211**		**1,112,819**

B. The associates of the Group accounted for using the equity method are individually insignificant and their summarized financial information is as follows. The information represents the amounts included in the summarized financial statements of the Group:

		2017.12.31	2016.12.31
The book value of the individually insignificant associates	$	845,506	77,251
Attributable to the Group:			
Net income	$	5,592	(42,055)
Other comprehensive income		57,278	-
Total	$	62,870	(42,055)

The Group's investments accounted for using equity method were not pledged as collateral as of December 31, 2017 and 2016.

(9) Business combination

On July 1, 2016, the Group obtained control of Topsil for silicon business by acquiring 100% of its shares. Topsil has been an industry leader in developing and manufacturing of Float Zone silicon and has been the world’s leading supplier of ultra-pure silicon. Through the acquisition of the Topsil, the Group is able to expand its business scale, penetrate its market in Europe, and integrate Topsil’s worldwide distribution channels to strengthen the Group’s competiveness.

Acquisition-related costs, arising from legal fees and due diligence service fees, amounted to $130. These costs were included in general and administrative expenses in the statement of comprehensive income.

The Group acquired 100% of the equity shares of Topsil for DKK 407,600 thousand (NT$1,964,069) in cash. At acquisition date, the fair values of the assets acquired and liabilities assumed from the acquisition of Topsil were as follows:

Cash and cash equivalents	$	5,943
Accounts and notes receivables, net		153,566
Inventories		669,483
Other current assets		57,622
Property, plant and equipment		960,851
Intangible assets		161,357
Other non-current assets		77,438
Notes and accounts payable		(206,570)
Other current liabilities		(203,272)
Other non-current liabilities		(94,321)
	$	1,582,097

Goodwill arising from the business acquisition was determined as follows.

Consideration transferred	$	1,964,069
Less: fair value of the identifiable net assets		(1,582,097)
Goodwill	$	381,972

On December 2, 2016, the Group obtained control of SSL by acquiring 100% of its shares.SSL is a global leader in the manufacture and sale of silicon wafers in the semiconductor industry. Since it was established, SSL has been a leader in the design and development of silicon wafer technologies. With research and development centers and manufacturing facilities located in the U.S., Europe, and Asia, SunEdison has been devoted to develop the next generation of semiconductor devices with high performance. Through the acquisition of SSL, the Group is able to increase its global market share, customers, silicon technologies, production capacity and operating scales.

The Group incurred business acquisition-related costs of $304,579 for due diligence service fees and professional consultation expenses. These costs were included under the general and administrative expenses of the statement of comprehensive income.

The Group acquired 100% of the equity shares of SunEdison for US$546,975 thousand (NT$ 17,451,233) in cash. The consideration transferred to obtain control of SSL included the following:

Items		Amount
Cash(US$484,272)	$	15,450,709
Settlement of share-based payment (note)		1,209,781
Fair value of previously held equity shares of the acquiree		790,743
Consideration transferred	$	17,451,233

Note: On the acquisition date, the Group settled the unvested restricted shares and unexercised employee stock options in cash.

The Group recognized a realized gain of $81,131 under other gains and losses in the statement of comprehensive income from the remeasurement of previously held equity interest in SSL, which was treated as available-for-sale financial assets – non-current, at fair value on the acquisition date.

At acquisition date, the fair values of the assets acquired and liabilities assumed from the acquisition of SunEdison were as follows:

Cash and cash equivalents	$	1,650,601
Financial asset at fair value through profit or loss		7,857
Accounts and notes receivables, net		3,097,397
Inventories		3,443,796
Other current assets		786,900
Property, plant and equipment		21,123,204
Intangible assets		1,689,841
Other non-current assets		1,806,640
Short-term borrowings		(299,900)

Financial liability at fair value through profit or loss		(68,283)
Notes and accounts payable		(3,361,298)
Other current liabilities		(4,331,554)
Current portion of long-term loans payable		(4,966,615)
Long term loans payable		(1,359,733)
Other non-current liabilities		(3,244,709)
Non-controlling interests		(39,971)
	$	**15,934,173**

Goodwill arising from the business acquisition was determined as follows.

Consideration transferred	$	17,451,233
Less: fair value of the identifiable net assets		(15,934,173)
Goodwill	**$**	**1,517,060**

Goodwill acquired in business combinations can be derived from the synergies of benefits of profitability from a wild-range of product lines, market shares, and integrated business operations. No tax impact is expected from the recognition of goodwill.

From the business acquisition dates through December 31, 2016, Topsil and SSL contributed to the Group a revenue and a net loss before tax of $2,932,436 and $90,889, respectively.

If the business acquisition occurred on January 1, 2016, the management estimated that the Group’s revenue would be $41,352,782 and net loss before tax would be $4,827,596 for the year of 2016, by assuming the difference between the fair value and the carrying amount on acquisition date would be the same.

On July 1, 2016, the Group obtained control of Topsil for silicon business by acquiring 100% of its shares. Topsil has been an industry leader in developing and manufacturing of Float Zone silicon and has been the world’s leading supplier of ultra-pure silicon. Through the acquisition of the Topsil, the Group is able to expand its business scale, penetrate its market in Europe, and integrate Topsil’s worldwide distribution channels to strengthen the Group’s competiveness.

Acquisition-related costs, arising from legal fees and due diligence service fees, amounted to $130. These costs were included in general and administrative expenses in the statement of comprehensive income.

The Group acquired 100% of the equity shares of Sunrise PV Five Co., Ltd. for NT$4,318 thousand. Sunrise PV Five Co., Ltd. is Ground-based solar power plant, and at acquisition date, the fair values of the assets acquired and liabilities assumed from the acquisition of Sunrise PV Five Co., Ltd. were as follows:

Cash and cash equivalents	$	1,064
Inventories		300
Other current assets		1,823
Property, plant and equipment		32,672
Short-term borrowings		(11,015)
Notes and accounts payable		(20,526)
	$	**4,318**

(10) Changes of equities in the subsidiaries

Disposing part of the subsidiary's equity without losing control

The Company has disposed 6.05%, shares of Globalwafers Co., Ltd in October,2016 for NT$1,704,569 thousand.

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

		2016
The consideration received from the non-controlling equity	$	1,704,569
The carrying amount of the non-controlling equity disposed of GWC		(1,101,349)
Capital surplus - the spread between the equity buying/selling price and carrying amount	**$**	**603,220**

Non-controlling equity had decuting the under writing fee.

2. The Company did not subscribe in proportion to the shares issued by the capital increase of the subsidiaries. However, this did not result in its losing of control.

The subsidiary of the Company Globalwafers Co., Ltd. had its capital increased in Apr.2017 by issuing Overseas Depositary Receipts, and all shares were subscribed by the non-controlling interests for NT$14,035,424 thousand. The Company did not subscribed the shares in proportionate to its shareholdings. The change of the Company's equity investment in Globalwafers Co., Ltd. has the following impact on the equity interests attributed to the parent company:

		2017
The increase in equity the Company is entitled to after the issuance of new shares by the subsidiary.	**$**	**5,670,467**
Capital surplus - From share of changes in equities of subsidiaries	**$**	**5,670,467**

(11) Subsidiaries with significant non-controlling interest

Non-Controlling interests in the subsidiary that are significant to the parent company:

Name of subsidiary	Main business venue/ Countries which parent company registered	% of ownership interests under non-controlling interests as well as the voting rights 2017.12.31	2016.12.31
Globalwafers	Taiwan	49.16%	39.80%

Financial information of Globalwafers is summarized as follows. The financial information has been adjusted with amount included in the individual financial reports of affiliated prepared in accordance with IFRSs to reflect the difference between the adjustment made by the Company on the fair value upon obtaining the shares of the affiliated companies and the accounting policy. The amount presented in the financial information is before the elimination of the transactions between the Companies.

	2017.12.31	2016.12.31
Current assets	$ 35,110,873	22,212,281
Non-current assets	35,121,464	38,347,956
Current liabilities	(22,251,273)	(24,890,930)
Non-current liabilities	(13,926,658)	(19,850,805)
Net assets	$ 34,054,406	15,818,502
Net assets attributed to non-Controlling interests	$ 8,478	43,798
Net assets attributed to Controlling interests	$ 34,045,928	15,774,704
Carrying amount of non-controlling interest at end of period	$ 16,736,975	6,278,283

	2017	2016
Operating Revenue	$ 46,212,601	18,426,950
Net profit	$ 5,278,207	939,171
Other comprehensive income	$ 18,274	(44,044)
Total comprehensive income	$ 5,296,481	895,127

	2017	2016
Total comprehensive income of subsidiaries attributable to non-controlling interests	$ (32,329)	(49)
Total comprehensive income of subsidiaries attributable to the shareholders of the parent	$ 5,328,810	895,176
Cash flows from operating activities	16,142,210	2,677,763
Cash flows from investing activities	(2,516,858)	(18,731,563)
Cash flows from financing activities	(754,734)	18,184,487

Effect of changes in exchange rates		295,765	(164,636)
Increase in Cash and cash equivalents	$	**13,166,383**	**1,966,051**

(12) Lose control of a subsidiary

The Company has disposed 100% shares of Sunrise PV One Co., Ltd. in October, 2016 for NT$2,000 thousand. The disposal gain NT$1,119 thousand has listed on the Other Comprehensive Income Statement

The book values of the assets and liabilities on February 28, 2017		
Cash and cash equivalents	$	330
Current assets		14,853
Property, plant and equipment		295,821
Non-current assets		5,494
Current liabilities		(313,783)
Non-current liabilities		(1,294)
Net assets	**$**	**881**

(13) Property, plant and equipment

A. The movements of cost and depreciation of the property, plant and equipment of the Group were as follows:

		Land	**Buildings**	**Machinery and equipment**	**Other equipment**	**Construction in progress and equipment awaiting inspection**	**Total**
Cost:							
Balance at January 1, 2017	$	3,619,236	18,686,141	58,620,449	3,551,350	2,076,313	86,553,489,
From acquisition of subsidiary		-	-	13,123	-	19,549	32,672
Additions		-	24,326	200,934	170,023	3,381,118	3,776,401
Disposals		-	(64,220)	(3,105,205)	(179,294)	(90,209)	(3,438,928)
Reclassification		-	114,902	1,994,590	672,797	(2,919,297)	(133,978)
Effect of changes in exchange rates		(213,475)	(865,052)	(963,033)	65,837	80,775	(1,894,948)
Balance at December 31, 2017	**$**	**3,408,791**	**17,896,097**	**56,760,858**	**4,280,713**	**2,548,249**	**84,894,708**
Balance at January 1, 2016	$	770,267	13,338,408	40,610,309	3,165,514	4,242,681	62,127,179
From acquisition of subsidiary		2,283,872	5,018,381	12,567,026	311,464	1,903,312	22,084,055
Additions		108,034	39,665	748,095	235,503	2,134,820	3,266,117
Disposals		-	(10,596)	(1,001,463)	(69,115)	(11,963)	(1,093,137)
Reclassification		429,562	255,184	5,542,887	(16,445)	(6,081,182)	130,006
Effect of changes in exchange rates		27,501	45,099	153,595	(75,571)	(111,355)	39,269

Balance at December 31, 2016	**$ 3,619,236**	**18,686,141**	**58,620,449**	**3,551,350**	**2,076,313**	**86,553,489**
Depreciation :						
Balance at January 1, 2017	$ -	7,580,754	35,622,817	1,952,090	-	45,155,661
Depreciation for the year	-	791,488	4,590,816	507,610	-	5,889,914
Disposals	-	(46,108)	(2,637,444)	(97,899)	-	(2,781,451)
Reclassification	-	-	(2,114)	2114	-	-
Effect of changes in exchange rates	-	(299,755)	(492,334)	(106,135)	-	(898,224)
Balance at December 31, 2017	**$ -**	**8,026,379**	**37,081,741**	**2,257,780**	**-**	**47,365,900**
Balance at January 1, 2016	$ -	7,088,486	34,406,817	1,727,152	-	43,222,455
Depreciation for the year	-	482,041	1,990,141	269,699	-	2,741,881
Disposals	-	(7,114)	(955,655)	(56,795)	-	(1,019,564)
Reclassification	-	-	4,462	43,752	-	48,214
Effect of changes in exchange rates	-	17,341	177,052	(31,718)	-	162,675
Balance at December 31, 2016	**$ -**	**7,580,754**	**35,622,817**	**1,952,090**	**-**	**45,155,661**
Carrying amounts:						
Balance at December 31, 2017	**$ 3,408,791**	**9,869,718**	**19,679,117**	**2,022,933**	**2,548,249**	**37,528,808**
Balance at January 1, 2016	**$ 770,267**	**6,249,922**	**6,203,492**	**1,438,362**	**4,242,681**	**18,904,724**
Balance at December 31, 2016	**$ 3,619,236**	**11,105,387**	**22,997,632**	**1,599,260**	**2,076,313**	**41,397,828**

B. Collateral

Property, plant and equipment was pledged as collaterals for short-term borrowings and credit lines. (Please refer to note 8.)

(14) Intangible assets

	Goodwill	Patents and trademarks	Development costs	Total
Cost:				
Balance as of January 1, 2017	$ 2,585,621	1,708,113	153,291	4,447,025
Additions	-	-	2,530	2,530
Effect of changes in exchange rates	(156,595)	(5,888)	8,651	(153,832)
Balance as of December 31, 2017	**$ 2,429,026**	**1,702,225**	**164,472**	**4,295,723**
Balance as of January 1, 2016	$ 701,566	-	-	701,566
From acquisition of subsidiary	1,899,032	1,689,841	161,357	3,750,230
Effect of changes in exchange rates	(14,977)	18,272	(8,066)	(4,771)
Balance as of December 31, 2016	**$ 2,585,621**	**1,708,113**	**153,291**	**4,447,025**
Amortization and impairment loss:				
Balance as of January 1, 2017	$ -	2,286	8,666	10,952
Amortization for the period	-	331,893	11,411	343,304
Effect of changes in exchange rates	-	(485)	2,818	2,333

Balance as of December 31, 2017	$ -	333,694	22,895	356,589
Balance as of January 1, 2016	$ -	-	-	-
Amortization for the period	-	2,287	8,838	11,125
Effect of changes in exchange rates	-	(1)	(172)	(173)
Balance as of December 31, 2016	$ -	2,286	8,666	10,952
Carrying amounts:				
Balance as of December 31, 2017	$ 2,429,026	1,368,531	141,577	3,939,134
Balance as of January 1, 2016	$ 701,566	-	-	701,566
Balance as of December 31, 2016	$ 2,585,621	1,705,827	144,625	4,436,073

As of December 31, 2017 and 2016, the amortization expense of intangibles recognized under operating expenses in the statement of comprehensive income amounted to $343,304, and $11,125 respectively.

For the purpose of impairment testing, goodwill was allocated to the semiconductor business. The Group's goodwill has been tested for impairment at least once at the end of each annual reporting period and the recoverable amount is determined based on discounted cash flow forecast.

Based on the result of the Group's assessment, there is no indication of goodwill impairment.

The Group's intangible assets were not pledged as collaterals as of December 31, 2017 and 2016.

(15) Short-term borrowings

	December 31, 2017	December 31, 2016
Unsecured borrowings	$ 13,753,204	16,152,837
Secured borrowings	-	312,573
	$ 13,753,204	16,465,410
Unused credit lines	$ 13,014,095	8,065,009
Range of annual interest rates at year end	**0.83%~3.42%**	**0.33%~2.91%**

For assets pledged as collaterals for borrowings, please refer to note 8.

(16) Long-term borrowings

The details were as follows:

	December 31, 2017			
	Currency	**Rate**	**Maturity**	**Amount**
Unsecured bank loans	NTD	1.10%~1.17%	June 2019~October 2020	$ 3,976,333
Secured bank loans	NTD	1.28%~2.98%	November 2021~January 2032	1,200,000
Total				5,646,872
Less: current portion				(613,333)
Total				$ 5,033,539
The unutilized credit amount				$ 2,527,000

	December 31, 2016			
	Currency	**Rate**	**Maturity**	**Amount**
Unsecured bank loans	NTD	1.15%~2.67%	July 2015~December 2021	$ 16,997,812
Secured bank loans	NTD	1.68%	May 2013~May 2018	598,011
Total				17,595,823
Less: current portion				(1,238,990)
Total				**$ 16,356,833**
The unutilized credit amount				**$ 1,370,000**

A. Loan agreements with Mega International Commercial Bank

GlobalWafers Co., Ltd. and its subsidiaries entered into the loan agreements with Mega International Commercial Bank and four other banks on November 29 and December 2, 2016 and was able to obtain a syndicated financing loan of US$400,000 thousand.

According to the loan agreements:

(a). Six months after the initial drawdown date, GlobalWafers Co., Ltd. and its subsidiaries shall maintain specific current ratio, interest coverage ratio, and leverage ratio based on its annual consolidated financial statements audited by independent auditors and semi-annual consolidated financial statements reviewed by independent auditors.

(b). The loan shall be used only for purposes of financing the acquisition of SunEdison and the repayment of SSL’ s previous secured bank loans.

(c). GlobalWafers Co., Ltd. and its subsidiaries shall maintain, directly or indirectly, ownership of not less than 51% of the equity capital and effective management control over SSL and its subsidiaries.

(d). GlobalWafers Co., Ltd. and its subsidiaries shall not pay any cash dividend, or make interest payment, loan or other cash distribution to any shareholder or another debtor if the terms abovementioned have been breached.

According to the loan agreements, if GlobalWafers Co., Ltd. and its subsidiaries drawdown amounts are less than 80% of the credit lines one month after the agreement sign-off date, GlobalWafers Co., Ltd. and its subsidiaries shall pay 0.1% of the amount less than 80% of the financing amount as one-time commitment fee to Mega International Commercial Bank. As of December 31, 2017, and December 31, 2016, the commitment fee GlobalWafers Co., Ltd. and its subsidiaries needed to pay amounted to US$0 and US$80 thousand, which was recognized under other current liabilities.

B. Loan agreements with Cooperative Bank

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.

The Company’s 2016 consolidated financial report is in compliance with the financial ratio limits. Part of the financial covenants breached as per the 2016 consolidated financial reports of the

Company. The breach of financial covenants is deemed as breach of loan contract and the loan will be reclassified as long-term debt due in one year. Nevertheless, the Company has repaid the full amount of the loan in Apr. 2017 and cancelled the relevant collateral for the bank's borrowings with asset set.

(17) Finance lease liabilities

The Group acquired portion of its property, plant and equipment through finance lease. Related finance lease liabilities were recognized as other current liabilities and non-current liabilities as follows:

	December 31, 2017			December 31, 2016		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	$ 12,666	(1,735)	10,931	81,570	(2,925)	78,645
Between one and five years	31,455	(2,737)	28,718	3,682	(47)	3,635
	$ 44,121	(4,472)	39,649	85,252	(2,972)	82,280

The Company consolidated the financial lease liability undertaken by Sunrise Global on August 1, 2014. which is a contract signed with the Industry Bureau of MOEA in October 2007 to lease its land in the industrial section in Li-Ze Industrial zone. It is agreed that upon the expiry of the lease contract he parent company may purchase the land at the market price when signing the contract and the lease payments paid during the lease terms can be converted as the consideration for purchase the land.

In response to the needs of the future development, the Company applied to the Industry Bureau of MOEA to purchase part of the land a resolution of the board of directors, with a total amount of NT$403,510 thousand, refer to note 6 (13).

(18) Provisions

	Site restoration	Onerous contracts	Total
Balance at January 1, 2017	$ 142,962	911,639	1,054,601
Provisions made (reversed) during the year	5,401	-	5,401
Provisions used during the year	(77,701)	(388,380)	(466,081)
Effect of changes in exchange rates	(7,767)	(9,883)	(17,650)
Balance at January 1, 2017	$ 62,895	513,377	576,272
Current	$ 9,984	60,880	70,864
Non-current	52,911	452,497	505,408
Total	$ 62,895	513,377	576,272
Balance at January 1, 2016	$ 29,094	1,304,310	1,333,404
From acquisition of subsidiary	38,411	-	38,411

Provisions made (reversed) during the year		74,827	(433,507)	(358,680)
Effect of changes in exchange rates		630	40,836	41,466
Balance at January 1, 2016	**$**	**142,962**	**911,639**	**1,054,601**
Current	$	9,690	408,703	418,393
Non-current		133,272	502,936	636,208
Total	**$**	**142,962**	**911,639**	**1,054,601**

A. Site restoration

Under the lease contract, if the Group does not intend to extend its leasehold, the Group needs to restore the plants. The Group estimates the provision based on the lease terms and in accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of environmental cleanup costs.

B. Onerous contracts

The Group entered into several non-cancellable long-term material supply agreements with the suppliers of silicon materials. 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.

(19) Operating Lease

A. Lessee

Non-cancellable operating lease rentals payable were as follows:

		December 31, 2017	December 31, 2016
Less than one year	$	191,541	380,623
Between one and five years		528,324	837,323
More than five years		649,522	223,786
	$	**1,369,387**	**1,441,732**

For the years 2017 and 2016, rental costs from operating leases of NT$331,649 and $219,343 thousand respectively, were recognized as expenses in profit or loss in respect of the operating leases.

The Group entered into operating lease agreements with Covalent Materials Corporation for the rental of land, buildings, and other equipment in Oguni, Taino and Tokuyama. All the lease agreements covered the period from November 30, 2011 to March 31, 2035. The aggregate future rental payment is $30,155 each year.

The Group entered into a land lease agreement with the Hsinchu Science Park Administration for the plant located in the Hsinchu Science Park. The land lease agreement has a lease term covering a period from October 1, 2000 to December 31, 2034. According to the lease agreement, rent is subject to adjustment based on the current land value which is announced by the government. The annual rental is approximate NT$31,355 thousand.

The Group entered into a land lease agreement with the Hsinchu Science Park Administration for the plant located in the Chunan Science Park. The land lease agreement has a lease term covering a period from March 17, 2005 to December 31, 2027. According to the lease agreement, rent is subject to adjustment based on the current land value which is announced by the government. The annual rental is approximate NT$7,750 thousand.

The Group entered into a land and buildings lease agreement with Ming Yang Co., Ltd. for expansion production capacity from July 2015 to July 2025. According to the lease agreement, which should be reviewed once every two years. The monthly rental is approximate NT$1,890

In order to set up solar power plants, the Company rent the roof of buildings and land to set up solar energy equipment from December 2016 to June 2038. Part of the rental is based on the ratio of electricity generation, the adopted fixed amount is approximate NT$4,749 thousand.

B. Long-term rental prepayment

The Group entered into operating lease agreements for land use right. The lease terms are 50 years and 99 years, respectively, and the rental amounts were fully paid in advance. In 2017 and 2016, rental expenses recognized in profit and loss were $448 and $263, respectively. One of the subsidiaries' land use right is classified as held-for-sale asset under other current assets along with held-for-sale property, plant and equipment in the fourth quarter of 2017. As of December 31, 2017 and 2016, the unamortized amounts of prepayment were $7,918 and $44,555, respectively.

(20) Employee benefits

A. Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value was as follows:

	December 31, 2017	December 31, 2016
Total present value of obligations	$ (8,176,190)	(8,854,222)
Fair value of plan assets	5,277,655	5,343,497
Recognized liabilities for defined benefit obligations	**$ (2,898,535)**	**(3,510,725)**

The plans entitle a retired employee to receive a pension benefit based on years of service prior to retirement.

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

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

		2017	2016
Defined benefit obligation at January 1	$	8,854,222	1,159,079
The effects of business combinations		-	7,520,330
Current service costs and interest cost		472,758	147,349
Re-measurements for defined benefit obligations			
—Actuarial gains and losses arising from experience adjustments		13,588	5,200
—Actuarial gains and losses resulting from changes in demographic assumptions		32,980	3,387
—Actuarial gains and losses resulting from changes in financial assumptions		(181,635)	2,338
Employer raises		5,621	-
Benefits paid		(504,133)	(39,093)
Effect of changes in exchange rates		(518,211)	55,632
Defined benefit obligation at December 31	$	8,176,190	8,854,222

(b) Movements in present value of defined benefit plan assets

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

		2017	2016
Fair value of plan assets at January 1	$	5,343,497	30,469
The effects of business combinations		-	5,088,643
Interest income		140,457	15,041
Re-measurements for defined benefit obligations			
—Return on plan asset (excluding interest income)		372,643	45,839
Contributions made		259,988	120,123
Benefits paid		(4772,838)	(4,037)
Effects of changes in exchange rates		(366,092)	47,419
Fair value of plan assets at December 31	$	5,277,655	5,343,497

Composition of plan assets:

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum returns of assets shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The labor pension reserve account balance with the Bank of Taiwan amounted to $223,669 thousand as of December 31, 2017. For more information of the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

Under the employee defined benefit plans of a subsidiary in Korea, plan assets comprised of time deposits bearing annual interest rates ranging from 1.74% to 2.20%.

In Italy, the Group’ s subsidiary contributes an amount to the National Social Security Pension Fund (INPS) for the employee defined benefit plan.

Under the employee defined benefit plans of the entities located in the United States, plan assets are comprised of trust funds with different grades of risks and returns. Plan asset portfolio consists of a variety of financial instruments including cash, equity securities, and income funds.

(c) Change of limit on a defined benefit assets

The Company has no change of limit on a defined benefit plan in 2017 and 2016

(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	For the years ended December 31,	
	2017	**2016**
Current service costs	$ 457,247	124,319
Net interest of net liabilities for defined benefit obligation	(124,946)	7,989
	$ 332,301	**132,308**
Operating cost	$ 274,294	104,057
Selling expenses	38,021	6,689
Administration expenses	11,305	13,193
Research and development expenses	8,681	8,369
	$ 332,301	**132,308**

(e) Re-measurement of net defined benefit liability recognized in other comprehensive income

The Group's re-measurement of the net defined benefit liability recognized in other comprehensive income was as follows:

		2017	2016
Accumulated amount at January 1	$	(126,978)	(161,474)
Recognized during the period		506,710	34,914
Effect of changes in exchange rates		(11,715)	(418)
Accumulated amount at December 31	$	368,017	(126,978)

(e) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2017	December 31, 2016
Discount rate	0.20%~3.73%	0.20%~3.75%
Future salary increase rate	1.37%~6.56%	0%~4.91%

The estimated amount of contribution to be made by the Group to the defined benefit plans for the one-year period after the reporting date is NT$498,941 thousand.

The weighted-average duration of the defined benefit obligation is 9.2 years to 19.4 years.

(f) Sensitivity analysis

When the actuarial assumptions had changed 0.25% as of the December 31, 2017 and 2016, the impact on the present value of the defined benefit obligation shall be as follows:

		Influences to defined benefit obligations	
		Increased 0.25%	**Decreased 0.25%**
December 31, 2017			
Discount rate	**$**	**(203,390)**	**214,907**
Future salary increase rate	**$**	**81,832**	**(75,637)**
December 31, 2016			
Discount rate	**$**	**(228,008)**	**235,557**
Future salary increase rate	**$**	**84,164**	**(112,844)**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in previous periods. There was no change in the method and assumptions used in the preparation of sensitivity analysis for 2017 and 2016.

B. Defined contribution plans

The Company contributes at the rate of 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company's contribution to the Bureau of Labor Insurance requires no additional legal or constructive obligations thereafter.

The total periodic pension costs of other subsidiaries were recognized as current expenses in accordance with the local regulations of their respective jurisdiction where they are domiciled.

The Company's pension costs incurred from contributions to the defined contribution plan were NT$91,988 and NT$56,890 thousand for the years 2017 and 2016, respectively. Such contributions were made to the Bureau of the Labor Insurance.

The Group's foreign subsidiaries recognized pension costs of NT$76,029 and NT$62,352 thousand for the years 2017 and 2016, respectively.

(21) Income tax

A. Tax expense

The components of tax expenses in 2017 and 2016 were as follows:

	For the years ended December 31,	
	2017	**2016**
Current tax expense	$ 1,066,239	537,262
Deferred tax expense	540,874	(104,634)
	$ 1,607,113	**432,628**

The components of income tax recognized in other comprehensive income in 2017 and 2016 were as follows:

	For the years ended December 31,	
	2017	**2016**
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit obligations	$ 88,347	6,599
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	(110,730)	(52,527)
Unrealized gains (losses) on available for sale financial assets	-	59,796
	$ (110,730)	**7,269**

The income tax calculated on income before income tax at domestic tax rate was reconciled with income tax expense for the years 2017 and 2016 as follows:

	For the years ended December 31, 2017	For the years ended December 31, 2016
Income before income tax	$ 5,125,741	(856,378)
Income tax at the Company's domestic tax rate	871,376	(145,584)
Effect of tax rates in foreign jurisdiction	998,964	102,996
Adjustments for permanent differences	(631,540)	152,971
Investment deduction	445,124	342,994
10% surtax on undistributed earnings	-	207
Change in provision in prior periods and unrecognized temporary differences	(76,811)	(20,956)
	$ 1,607,113	**432,628**

A. Deferred tax assets and liabilities

(a) Unrecognized deferred tax liabilities:

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as at December 31, 2017 and 2016. Also, the management considers it is probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences were not recognized as deferred tax liabilities.

	December 31, 2017	**December 31, 2016**
Aggregate amount of temporary differences related to investments in subsidiaries	**$ (128,340)**	**(56,003)**

(b) Unrecognized deferred tax assets:

	December 31, 2017	**December 31, 2016**
Deductible temporary differences	$ 2,619,897	1,089,947
Loss carryforwards	320,062	208,219
	$ 2,939,959	**1,298,166**

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. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2017, 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	$ 899,695	2022Year
2017	983,023	2027Year
	$ 1,882,718	

(c) Recognized deferred tax assets and liabilities

	December 31, 2016	Recognized in profit or loss	Recognized in other compre-hensive income	Effect of changes in exchange rates	December 31, 2017
Assets:					
Inventories	$ 188,462	(3,081)	-	(7,360)	178,021
Loss carryforwards	556,473	(173,588)	-	25,824	408,709
Net liabilities for defined benefit obligation	255,217	35,092	3,260	869	294,438
Exchange differences on translation of foreign financial statements	284,644	-	110,730	-	395,374
Investment in equity method	140,639	(118,622)	9,874	-	31,891
Depreciation lives differences of property, plant and equipment	93,339	131,903	-	(1,441)	223,801
Others	493,003	(14,062)	-	3,557	482,498
	$ 2,011,777	(142,358)	123,864	21,449	2,014,732
Liabilities:					
Investment in equity method	$ (526,017)	(445,553)	(101,481)	-	(1,073,051)
Depreciation lives differences of property, plant and equipment	(476,819)	(82,794)	-	12,076	(547,537)
Fair value adjustment for the net assets acquired in business combinations	(491,461)	17,274	-	37,562	(436,625)
Others	(128,332)	112,557	-	6,717	(9,058)
	$ (1,622,629)	(398,516)	(101,481)	56,355	(2,066,271)

	January 1, 2016	Acquisition of Subsidiary	Recognized in profit or loss	Recognized in other compre-hensive income	Effect of changes in exchange rates	December 31, 2016
Assets:						
Inventories	$ 44,663	126,251	16,179	-	1,369	188,462
Loss carryforwards	69,196	398,077	84,923	-	4,277	556,473
Net liabilities for defined benefit obligation	-	227,193	23,491	1,628	2,455	255,217
Exchange differences on translation of foreign financial statements	232,117	-	-	52,527	-	284,644
Unrealized losses on available for sale financial assets	59,796	-	-	(59,796)	-	-
Investment in equity method	-	-	150,514	(9,875)	-	140,639
Depreciation lives differences of property, plant and equipment	-	101,212	(8,971)	-	1,098	93,339
Others	133,828	330,008	31,236	-	(2,069)	493,003
	$ 539,600	1,182,741	297,822	(15,516)	7,130	2,011,777
Liabilities:						
Investment in equity method	$ (446,867)	-	(80,798)	1,648	-	(526,017)
Depreciation lives differences of property, plant and equipment	(285,611)	(109,748)	(87,223)	-	5,763	(476,819)
Fair value adjustment for the net assets acquired in business combination	-	(488,837)	2,663	-	(5,287)	(491,461)
Others	(2,387)	(97,065)	(27,830)	-	(1,050)	(128,332)
	$ (734,865)	(695,650)	(193,188)	1,648	(574)	(1,622,629)

C. Examination and approval

As of December 31, 2017, income tax returns of the Company for years through 2015 were examined and approved by the tax authority.

D. Information related to the ICA was as follows:

	December 31, 2017	December 31, 2016
Unappropriated earnings of 1998 and after	(Note)	(1,565,754)
Balance of imputation credit account	(Note)	78,487

	2017 (estimated)	2016 (actual)
Creditable ratio for earnings distribution to ROC residents	(Note)	-

The unappropriated retained earnings and creditable ratio shown above were prepared in accordance with ruling letter No. 10204562810 issued by the Ministry of Finance, R.O.C., on October 17, 2013.

Note: According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, effective January 1, 2018, companies will no longer be required to establish, record, calculate, and distribute their ICA due to the abolishment of the imputation tax system.

(22) Capital and other equity

As of December 31, 2017 and 2016, the authorized shares of common stock of the Company amounted to $8,000,000, divided into 800,000 thousand shares with a par value of $10 per share, of which $200,000 was reserved for employee stock options, convertible preferred stock, and convertible corporate bonds. The issued and outstanding shares of common stock amounted to $5,920,587 and $5,800,312, as of December 31, 2017 and 2016, respectively.

The Company's outstanding stock shares in 2017 and 2016 were adjusted as follows (expressed in thousand shares):

	Common stock	
	2017	2016
Beginning outstanding shares – 1/1	574,476	574,476
Employees exercising stock options	6,063	-
Ending outstanding shares – 12/31	580,539	574,476

A. 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 this 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 "Capital surplus" account.

The Company issued 6,000 shares of Employee Restricted Stock authorized through annual general meeting on Jun. 07, 2017, and the base date of capital increase on Oct. 13, 2017.

B. Capital surplus

The components of capital surplus were as follows:

	December 31, 2017	December 31, 2016
Additional paid-in capital	$ 1,3970,742	14,832,456
Difference between the disposal price and book value of the subsidiary's equity	2,492,997	2,492,997
Capital surplus of long-term equity investment is recognized under the equity method	6,762,869	1,092,242
Treasury stock transactions	31,765	31,765
Employee restrict stock	341,422	
Employee stock options, etc.	606,036	372,023
	$ 24,205,831	**18,821,483**

According to the R.O.C. Company Act revised on January 1, 2012, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus arising from premium on issuance of capital stock and the fair value of donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

Based on resolutions approved by the stockholders during their annual stockholders' meetings June 28, 2016 and on June 27, 2017, cash dividends of $402,133 ($0.7 per share) and $861,714 ($1.5 per share), respectively, were distributed out of capital surplus. Relevant information is available on the Market Observation Post System website.

C. Legal reserve

According to the amended R.O.C. Company Act announced in January 2012, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of the total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

D. 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, 2017 and 2016, 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.

E. Earnings distribution

According to the regulations of the amended Article of Association of the Company, if there is a surplus at the year-end settlement, after tax payment according to the law and the compensation of accumulated losses, a further 10% thereof shall be appropriated as the legal reserve; however, when the legal reserve has reached the paid-in capital of the Company, no further appropriation shall be made, and the remains shall be listed or reserved for special reserve according to the law; if there is still further remains, for such remains along with the undistributed accumulated surplus, the Bored of Directors shall prepare the surplus distribution proposal and shall submit such proposal to the shareholders' meeting for resolution on the distribution of shareholders' dividends and bonuses.

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

The distributions of dividends per share, employee bonuses, and directors' and supervisors' remuneration for the years 2016 and 2015 which were approved by the stockholders during their meetings on June 27, 2017 and June 28, 2016, respectively, were as follows:

	2016	**2015**
Dividends distributed to ordinary shareholders:		
Cash (dividends per share were $1.7587 and $4.9266, respectively)	$ -	459,581

The above mentioned earnings distribution is consistent with the resolution approved by the board of directors. The board of directors plan the 2017 annual surplus distribution on March 20, 2018. The distribution of cash dividends per share of $10 , the above situation will be resolved by board of directors. The information is available on the Market Observation Post System website.

F. 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

	2017			
Reasons for buy back	**Beginning shareholdings**	**Increase of the year**	**Decrease of the year**	**Ending shareholdings**
Transferred to employee	5,555	-	-	5,555

	2016			
Reasons for buy back	**Beginning shareholdings**	**Increase of the year**	**Decrease of the year**	**Ending shareholdings**
Transferred to employee	5,555	-	-	5,555

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 Capital surplus. 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.

Sino-American Silicon Products Inc. and its subsidiaries

Notes to the Consolidated Financial Statement

G. Other equity

	Exchange difference arising from the conversion of a foreign institution's financial statements	Investments available-for- sale	Unearned Stock-Based Employee Compensation	Other	Total
Balance – 1/1/2017	$ (1,617,512)	(1,188,654)	-	(6,354)	(2,812,520)
Exchange difference arising from the conversion of a foreign institution's net assets	(63,531)	-	-	-	(63,531)
Exchange difference of the subsidiaries and affiliated companies under the equity method	(292,291)	-	-	-	(292,291)
Available-for-sale financial assets unrealized gains and losses	-	23,914	-	-	23,914
The unrealized profit or loss of the available-for-sale financial assets of the affiliated companies under the equity method	-	55,459	-	-	55,459
The un-earned remuneration of the employees of the affiliated companies under the equity method	-	-	-	2,052	2,052
Issuing employee restrict stock			(283,200)		(283,200)
Compensation cost of employee stock options & restrict stock			45,752		45,752
Write-off employee restrict stock	-	-	1,428	-	1,428
Balance – 12/31/2016	**$ (1,973,334)**	**(1,109,281)**	**(236,020)**	**(4,302)**	**(3,322,937)**
Balance – 1/1/2016	$ (1,460,070)	(1,087,491)		(3,267)	(2,550,828)
Exchange difference arising from the conversion of a foreign institution's net assets	(63,855)	-		-	(63,855)
Exchange difference of the subsidiaries and affiliated companies under the equity method	(93,587)	-		-	(93,587)

Available-for-sale financial assets unrealized gains and losses	-	(178,850)		-	(178,850)
The unrealized profit or loss of the available-for-sale financial assets of the affiliated companies under the equity method	-	77,687		-	77,687
The un-earned remuneration of the employees of the affiliated companies under the equity method	-	-		(3,087)	(3,087)
Balance – 12/31/2016	$ (1,617,512)	(1,188,654)	-	(6,354)	(2,812,520)

(23) Share-based payment

A. Employee restricted stock awards

In the annual general meeting on June 27, 2017, the shareholders approved a restricted stock plan for qualified employees who had served for more than one year and have special contribution on the grant date, at a total of 6,000 shares. On October 5, 2017, the Company’s board of directors passed a resolution to issue all the shares. The issuance process was granted effective registration by the Financial Supervisory Commission and issued on October 5, 2017, the faire value of the grant date is NT$67.2.

Employee could subscribe the common shares by NT$20 per share. Restriction on the rights and vesting conditions of restricted stocks for employees is that Employee's continuous employment with the Company through the vesting dates, and achievement of both personal performance criterion and the Company’ s operation objectives during the vesting period are eligible to receive the vested shares. The portions of the vesting shares of each year are as follows:

(1) Continuous employment for 1 year:40%.

(2) Continuous employment for 2 year:70%.

(3) Continuous employment for 3 year:100%.

During the vesting period, employees may not sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, restricted employee shares, excluding inheritance. During the vesting period, the rights of attending shareholders’ meeting, proposal, speech, resolution and voting right, etc., and other rights of restricted stock plan for employees, including but not limited to, dividends, bonuses, the distribution rights of legal reserve and capital surplus, the right to subscription of new shares, etc. are as the same as the common shares issued by the Company. The restricted stock for employees issued by Company may be deposited in a security trust account .If an employee fails to meet the vesting conditions, the Company will recall or buy back and cancel the restricted shares.

The Employee restricted stock awards is disclosed as follows:

	2017
January 1, 2017	-
Granted (thousand shares)	6,000
Cancelled (thousand shares)	(35)
December 31, 2017	$ 5,965

The Company issued employee restricted stock at a total of 6,000 thousand shares in 2017, total premium amounting to NT$343,200 thousand was recognized on capital surplus. The unearned stock-based employee compensation isn't$236,020 thousand.

B. Employee stock warrants

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

As of December 31, 2017, the key terms and conditions of outstanding employee stock option plan were as follows:

Item	Authorization date	Grant date	Vesting period	Grant units in thousands	Exercise price per share ($)	Fair value per share on grant date ($)	Adjusted exercise price per share ($)
2010 First Employee Stock Option Plan	November 12, 2010	August 10, 2011	Service periods between two and four years	10,000	60.50	60.50	50.20

For options granted, the Company recognized compensation costs of $0 and $5,563, respectively, in 2017 and 2016. The fair value of the options granted on August 10, 2011 was estimated at the date of grant by using the Black-Scholes option pricing model with the following weighted-average assumptions:

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

As of December 31, 2017 and 2016, certain details of the Company's outstanding employee stock option plan were as follows:

Employee stock options	2017 Options (thousands)	2017 Weighted-average exercise price (dollars)	2016 Options (thousands)	2016 Weighted-average exercise price (dollars)
Outstanding at beginning of year	8,338	$ 50.20	8,616	52.40
Exercised	(6,063)	48.60	-	-
Forfeited	(2,275)	48.60	(278)	50.20
Outstanding at end of year	-	-	8,338	50.20
Options exercisable at end of year	-	-	8,338	50.20
Weighted-average fair value per employee stock options (dollars)	$ 23.36		23.36	

(24) Earnings per Share (“EPS”)

A. Basic earnings per share

	2017	2016
Net income attributable to the shareholders of the Company	$ 1,035,505	(1,589,225)
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)	576,525	574,476
Basic earnings per share (dollar)	$ 1.80	(2.77)

B. Diluted earnings per share

	2017
Net income attributable to the shareholders of the Company	$ 1,035,505
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)	576,525
Effect on employee remuneration (in thousands of shares)	3,113
	579,638
Diluted earnings per share (dollar)	$ 1.79

The 2016 employee stock options had no diluting effect; therefore, the diluted earnings per share would not be disclosed.

(25) Revenue

	2017	2016
Sale of goods	$ 59,148,158	31,486,058
Electricity revenue	208,428	109,973
Processing revenue	14,612	6,009
	$ 59,371,198	31,599,040

(26) Remuneration to employees and directors

Pursuant to the article of corporation of the Company approved by the directors of the board but yet to be resolved at the shareholders' meeting, for any earnings of the year, no more than 3% to 15% shall be appropriated as remuneration to the employee and distributed in cash or stocks as proposed by the board of directors. The employees of the Company's subsidiary who have met the specific conditions are entitled to such distribution; the Company may appropriate no more than 3% of the earnings mentioned above as remuneration to the directors as resolved by the directors of the board. The distribution of remuneration of employees and directors should be submitted and reported to the shareholders' meeting. In case the Company has cumulative losses, it should reserve amount to make up losses before distributing remuneration to the employees and directors in pursuant to the percentage mentioned in the preceding paragraph.

The Company still has cumulative losses after making up the loss, and the 2016 operating loss was not estimated to be paid by employees and directors. The relevant information was available to the public information station.

(27) Other income

	2017	2016
Interest income	$ 131,992	22,315
Dividend income	14,946	13,841
	$ 146,938	36,156

(28) Other gains and losses

	2017	2016
Impairment loss	$ (69,501)	(452,661)
Early repayment charges for bank loans	-	(189,746)
Remeasurement gains on disposal of available-for-sale financial assets	-	81,131
Profit through financial asset(liability) measured at fair value	117,706	61,893
Foreign exchange gains (losses)	(597,363)	18,543
Government grants	21,242	11,296
Others	(59,071)	90,031
	$ (586,987)	(379,513)

(29) Financial costs

		2017	2016
Interest expenses			
Bank loans	$	506,347	162,485
Lease payable		-	10,331
	$	506,347	172,816

(30) Other comprehensive income for subsidiaries and affiliates under equity method

Other comprehensive income for subsidiaries and affiliates of the Company under equity method of 2017 and 2016 are detailed as follows:

		2017	2016
Interest expenses			
Exchange difference arising from the conversion of a foreign institution's financial statements	$	(5,647)	(29,547)
Unrealized gains or losses on valuation of financial assets available for sales		110,843	(2,432)
	$	105,196	(31,979)

(31) Financial instruments

A. Credit risk

(a) Credit risk exposure

The Group' s maximum exposure to credit risk is equal to the carrying amount of financial assets.

(b) Concentration of credit risk

The main customers of the Group are from the silicon wafer and related industries. The Group generally sets credit limits to its customers according to their credit evaluations. Therefore, the credit risk of the Group is mainly influenced by the silicon wafer industry. As of December 31, 2016 and 2017, 38% and 42%, respectively, of the Group' s accounts receivable (including related parties) were from the top 10 customers. Although there is a potential for concentration of credit risk, the Group routinely assesses the collectability of the accounts receivable and makes a corresponding allowance for doubtful accounts.

B. Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1-2 years	2-5 years	
December 31, 2017							
Non-derivative financial liabilities							
Short-term borrowings	$ 13,753,204	(13,830,599)	(11,921,615)	(1,908,984)	-	-	-
Notes and accounts payable (including related parties)	5,351,875	(5,351,875)	(5,351,875)	-	-	-	-
Long-term	5,646,872	(6,059,264)	(329,375)	(361,732)	(2,006,004)	(2,839,763)	(522,390)
Finance lease	39,649	(44,121)	(7,118)	(5,548)	(9,203)	(22,252)	
Forward exchange contracts	-	-	-	-	-	-	-
Outflows	-	(3,479,287)	(3,479,287)	-	-	-	-
Inflows	16,394	3,498,202	3,498,202	-	-	-	-
	$ 24,807,994	(25,266,944)	(17,591,068)	(2,276,264)	(2,015,207)	(2,862,015)	(523,390)
December 31, 2016							
Non-derivative financial liabilities							-
Short-term borrowings	$ 16,465,410	(16,644,348)	(7,244,628)	(9,399,720)	-	-	-
Notes and accounts payable (including related parties)	6,327,535	(6,327,535)	(6,327,535)	-	-	-	-
Long-term borrowings	17,595,823	(19,917,254)	(766,656)	(660,191,)	(3,819,103)	(14,671,304)	-
Finance lease	82,280	(85,252)	(40,297)	(41,273)	(3,682)		-
Forward exchange contracts	-	-	-	-	-	-	-
Outflows	23,631	(1,568,165)	(1,568,165)	-	-	-	-
Inflows	-	1,528,727	1,528,727	-	-	-	-
	$ 40,494,679	(43,013,827)	(14,418,554)	(10,101,184)	(3,822,785)	(14,671,304)	-

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

C. Currency risk

(a) Exposure to currency risk

The Group' s significant exposure to foreign currency risk was as follows:

	December 31, 2017		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary Items			
USD	$ 569,871	29.76	16,959,361

JPY	342,244	0.2642	90,421
SGD	65,749	21.71	1,427,411
EUR	6,707	35.57	238,568
CNY	24,481	4.565	111,756
Non-Monetary Items			
USD	20,700	29.76	Note
KRW	74,506,300	0.0281	Note
Financial liabilities			
Monetary Items			
USD	37,989	29.76	1,130,553
JPY	966,843	0.2642	255,440
EUR	2,305	35.57	81,989
Non-Monetary Items			
JPY	50,000	0.2642	Note

	December 31, 2016		
	Foreign currency	**Exchange rate**	**NTD**
Financial assets			
Monetary Items			
USD	$ 233,727	32.25	7,537,696
JPY	705,307	0.2756	194,383
EUR	37,510	33.90	1,271,589
CNY	29,209	4.617	134,858
Non-Monetary Items			
USD	6,000	32.25	Note
Financial liabilities			
Monetary Items			
USD	38,599	32.25	1,244,818
JPY	95,226	0.2756	26,255
EUR	1,319	33.90	44,714
Non-Monetary Items			
USD	20,442	32.25	Note
JPY	2,314	0.2756	Note

Note: The fair value of forward exchange contracts was measured at December 31, 2017. For related information, please refer to note 6(2).

(b) Sensitivity analysis

The Group’ s exposure to foreign currency risk arises from the negative fluctuations in the foreign currency exchange rates particularly on cash and cash equivalents, accounts receivable, available-for-sale financial assets, sort-term borrowings and accounts payable that are denominated in foreign currency. A depreciation or appreciation of 1% of the NTD against the USD, JPY, SGD, EUR and CNY at December 31, 2017 and 2016 would have increased or decreased the net income before tax by $867,977 and $391,137, respectively. The analysis is performed on the same basis for the years of 2017 and 2016.

(c) Exchange gains and losses of functional currency

Since the Group has different functional currencies, the information on foreign exchange gain (loss) on monetary items is disclosed in aggregate amount. For the years ended December 31, 2017 and 2016, the foreign exchange losses (gains) (including realized and unrealized) were ($597,363) and $18,543, respectively.

D. 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 risk exposure to interest rates. For debts with floating interest, the analysis assumes that the liabilities are outstanding for the whole year on the reporting date.

If the interest rate increases or decreases by 0.25%, the Group’ s net income before tax may decrease or increase by $22,115 and $61,020, for the years ended December 31, 2016 and 2017, respectively, assuming all other variable factors remain constant. The change is mainly due to the Group’ s deposits and borrowings with variable rates.

E. Other price risk

The risk of rising and falling at equity securities prices on reporting date, refer to note6(5).

F. Fair value of financial instruments

(a) Categories of financial instruments and fair value

The Group’ s carrying amount and the fair value of financial assets and liabilities (including information for fair value hierarchy, but excluding financial instruments whose fair values approximate the carrying amounts and equity investments which cannot be estimated reliably in an active market) were as follows:

	December 31, 2017				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	**$ 21,546**	**-**	**21,546**	**-**	**21,546**
Available for sale financial assets-non current	**$ 685,194**	**685,194**	**-**	**-**	**685,194**
Held to maturity financial assets - non-current	**$ 281,366**	**-**	**289,080**	**-**	**289,080**
Financial assets at cost-non current	**$ 838,181**	**-**	**-**	**-**	**-**
Loans and receivables					
Cash and cash equivalents	$ 20,342,780	-	-	-	-
Notes and accounts receivable (including related parties)	8,829,543	-	-	-	-
Other financial assets - current and non-current	577,461	-	-	-	-
	$ 29,749,784	**-**	**-**	**-**	**-**
Financial liabilities at fair value through profit or loss	**$ 5,152**	**-**	**5,152**	**-**	**5,152**
Financial liabilities at amortized cost					
Short-term borrowings	$ 13,753,204	-	-	-	-
Long term loans payable (including current portion of long-term loans payable)	5,646,872	-	-	-	-
Notes and accounts payable (including related parties)	5,351,875	-	-	-	-
Finance lease liabilities current and non-current	39,649	-	39,649	-	39,649
	$ 24,791,600	**-**	**39,649**	**-**	**39,649**

	December 31, 2016				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	**$ 2,442**	**-**	**2,442**	**-**	**2,442**
Available for sale financial assets-non current	**$ 661,280**	**661,280**	**-**	**-**	**661,280**
Held to maturity financial assets - non-current	**$ 281,400**	**-**	**286,865**	**-**	**286,865**
Financial assets at cost-non current	**$ 898,754**	**-**	**-**	**-**	**-**
Loans and receivables					

Cash and cash equivalents	$ 9,269,460	-	-	-	-
Notes and accounts receivable (including related parties)	8,559,847	-	-	-	-
Other financial assets - current and non-current	953,758	-	-	-	-
	$ 18,783,065	-	-	-	-
Financial liabilities at fair value through profit or loss	**$ 23,631**	**-**	**23,631**	**-**	**23,631**
Financial liabilities at amortized cost					
Short-term borrowings	$ 16,465,410	-	-	-	-
Long term loans payable (including current portion of long-term loans payable)	17,595,823	-	-	-	-
Notes and accounts payable (including related parties)	6,327,535	-	-	-	-
Finance lease liabilities current and non-current	82,280	-	82,280	-	82,280
	$ 40,471,048	**-**	**82,280**	**-**	**82,280**

(b) Valuation techniques for financial instruments not measured at fair value

The Group measures the financial instruments not measured at fair value through the following methods and assumptions:

(i) Held-to-maturity financial assets

If there is a public market offer, then the market price for the fair value; if no market price for reference, the use of evaluation methods to estimate or use the counterparty offer

(ii) Financial liabilities measured with amortized costs

If prices from sales or quoted prices from sellers are available, the most recent sale price and quoted price shall be used as basis to estimate the fair value. If no market value is available for reference, the valuation method is adopted for the estimation. The assessment and assumption adopted by the valuation method is fair value of the estimated discounted cash flow.

(c) Valuation techniques for financial instruments that are measured at fair value

(i) Non-derivatives financial instruments

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

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

Listed stocks in the exchanges (Taipei Exchange) refer to the financial assets and financial liabilities with standard clauses and conditions that are traded in the active market. Their fair market value refer to their market quoted price respectively.

(ii) Derivatives financial instruments

Forward exchange contracts are usually measured at current forward rate.

(d) There was no transfer between the different levels of the fair value hierarchy for the years ended December 31, 2017 and 2016.

(32) Financial Risk Management

A. Overview

The Group is exposed to the following risks for holding financial instruments:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

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

B. Structure of risk management

The board of directors has overall responsibility for the establishment and oversight of the risk management framework. The board is responsible for developing and monitoring company’s risk management policies. Internal auditors assist the board of directors to monitor and review the risk management control and internal procedures regularly and report them to the board of directors.

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

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

C. Credit risk

The Group’s potential credit risk is derived primarily from cash and accounts receivable. The

Group maintains its cash in various creditworthy financial institutions. Credit risk exposure to each financial institution is controlled by the Group. As a result, the Group believes that there is no concentration of credit risk for cash.

For the year ended December 31, 2017, the Company only provided endorsements for its 100%-owned subsidiaries.

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

(A) Accounts receivables and other receivables

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

(B) Investment

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

(C) Guarantees

Pursuant to the Company's policy, it can only provide financial guarantees to companies with which it has business dealings, i.e. those companies that directly and indirectly hold more than 50 percent of the Company's voting shares, as well as the combined companies in which the Company holds directly and indirectly more than 50 percent of the voting shares. As of December 31, 2017 and 2016, except to the subsidiary companies, the Company does not provide any endorsement or guarantee.

D. Liquidity risk

The Company has managed to pay for its operations by managing and maintaining sufficient cash and cash equivalents while mitigating the effects of fluctuations in cash flows. The Company's management is responsible for monitoring the credit lines granted by the bank and ensuring the compliance of the terms specified on the loan.

The bank loan is an importance source of liquidity. As of December 31, 2017 and 2016, the unused short term bank credit lines are NT$15,541,095 and NT$9,435,009 respectively.

There is no liquidity risk of being unable to raise capital to settle contract obligations since the Group has sufficient capital and working capital to fulfill contract obligations.

E. Market risk

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

(a) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Group’s entities, primarily the New Taiwan Dollar (NTD), but also include the Chinese Yen (CNY), US Dollar (USD), Euro (EUR) and Japanese Yen (JPY). These transactions are denominated in NTD, USD, EUR and JPY.

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

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

(b) Interest rate risk

The Group holds variable-rate assets and liabilities, which cause the exposure to interest rate risk in cash flows.

(c) Equity instrument price

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

Please refer to Note 6 (4) for risk of changes.

(33) Capital Management

The Board of Directors’ policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, capital surplus, retained earnings and non-controlling interests of the Group. The board of directors monitors the return on capital as well as the level of dividends to ordinary stockholders.

The Group’s debt-to-equity ratios at the end of the reporting periods were as follows:

	December 31, 2017	**December 31, 2016**
Total liabilities	$ 45,565,622	55,787,321
Less: cash and cash equivalents	(20,342,780)	(9,269,460
Net debt	**$ 25,222,842**	**46,517,861**
Total equity	**$ 43,776,911**	**27,227,087**
Debt-to-equity ratio	**57.62%**	**170.85%**

As of December 31, 2017 the debt capital ratio has increased due to the increase of cash and cash equivalent, and capital increase by non-controlling interests.

7. Related-party transactions:

Sino-American Silicon Product Inc. (“SAS”) is both the parent company and the ultimate controlling party of the Group. As of December 31, 2017, it owns 50.84 percent of all shares outstanding of the Company and has issued consolidated financial statements available for public use.

(1) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Actron Technology Corporation (ATC)	Same chairman with the company
Solartech Energy Corp. (Solartech)	The company is the main management of the company
Sunshine-PV Co., Ltd. (Sunshine-PV)	Affiliated companies of Solartech
Ming Yang Co., Ltd. Solartech	The management of the Company is the chairman of the company(Note)
SONG LONG ELECTRONICS CO., Ltd	The management of the Company is the director of the company
Accusolar Power Co., Ltd	Associates
Crystalwise Technology Inc.	Associates
Cathy Sunrise Corporation	Associates
Sunrise PV One Co., Ltd.	Subsidiary of associates

Note: It is not related from July 2017.

(2) Transactions with related parties

A. Sales

The significant sales with related parties were as follows:

	For the years ended December 31,	
	2017	2016
Subsidiary	$ 43,752	1
Other related parties	1,826,018	1,780,934
	$ 1,869,770	1,780,935

The sales price for sales to the related parties was determined by market value and adjusted according to the sales area and sales volume.

The credit terms for third parties were 0 to 210 days after month-end in 2017 and 2016, while those for related parties were 30 to O/A 180 days, and O/A 45 days to 180 days after the following month-end in 2017 and 2016, respectively.

B. Purchases and process outsourcing

Purchases and process outsourcing from related parties were as follows:

	For the years ended December 31, 2017	For the years ended December 31, 2016
Other related parties	$ 18,221	62,553

The prices of purchases and process outsourcing were determined by market rates.

The payment terms to third parties were 0 to 120 days after month-end in 2017 and 2016, while those to related parties were 15 days after the following month-end to 60 days after the following month-end in 2017, and 2016, respectively.

C. Receivables from related parties

The receivables from related parties were as follows:

Items	Categories	December 31, 2017	December 31, 2016
Receivables from related parties	Other related parties	$ 111,806	208,781

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, 2016, and 2015, the advances from the related party (booked in the "received in advance" and "long-term prepayment") were as follows:

	December 31, 2017	December 31, 2016
Other related parties- Solartech	$ 860,357	905,456
Other related parties-Others	111,806	208,781
	$ 861,401	907,231

D. Payables to related parties

The payables to related parties were as follows:

Items	Categories	December 31, 2017	December 31, 2016
Payable to related parties	Associates	$ 6,123	
Payable to related parties	Other related parties	3,282	4,204
		$ 9,405	4,204

E. Transactions of property, plant and equipment

The property, plant and equipment purchased from related parties were as follows:

	2017		2016	
	Purchase price	**Payable to related parties(Prepaid equipment)**	**Purchase price**	**Payable to related parties(Prepaid equipment)**
Other related parties	$ 17,445	-	7,282	-
Associates	-	-	768	-
	$ 17,445	-	8,050	-

F. Corporate bonds

In October 2016, the Company purchased five-year term of private corporate bonds from affiliated companies, and each bond par value is 1,000 thousand dollars with a total purchase of 280 bonds for a total of 280,000 thousand dollars, interest is paid every half year, the effective interest rate and coupon rate are both 2% respectively. The interest income in 2017 is 1,366 thousand dollars. On December 31, 2017, the accumulated investment cost and interest receivable are of the amount of 281,366 thousand dollars, listed for holding till the expiration date under the financial asset－non-current item.

G. Endorsement and guarantee

Upon the resolution of the Board of Directors on May 5, 2016, Sino-American Silicon Products Inc. originally provided a total amount of 64,207 thousand dollars to other interested parties for their bank loans with the setting of mortgage guarantee.

On August 9, 2016, upon the resolution of the Board of Directors, Sino-American Silicon Products Inc. had canceled the providing of property to other interested parties for their bank loans with the setting of mortgage guarantee.

H. Payment on behalf of others

The receivables from related parties and payables to related parties generated from material purchases, insurance and utilities payments and manpower support of related parties as of December 31, 2017 and 2016 were as follows:

	December 31, 2017	**December 31, 2016**
Associates	$ 1,765	5,006
Associates	(38)	(77)
Other related parties	136	16,350
	$ 1,863	**21,279**

I. Others: The plant lease contract signed by the Company and its related parties are summarized as below:

The Company has signed a contract to lease a plant from its related parties. The lease payable and other payables to the related parties are detailed as follows:

	2017	2016
Associates	$ 2,096	290
Other related parties	11,340	22,686
	$ 13,436	22,976

Items	Categories	December 31, 2017	December 31, 2016
Payable to related parties	Associates	$ 265	89

(3) Key management personnel compensation

Key management personnel compensation comprised of:

	For the years ended December 31, 2017	2016
Short-term employee benefits	$ 255,419	173,589
Post-employment benefits	1,191	1,263
Share-based payments	-	2,254
	$ 256,610	177,106

The Group provided a car costing NT$4,845 thousand for use by key management in 2017 and 2016.

8. Pledged assets:

The carrying amounts of assets pledged as collaterals were as follows:

	Pledged assets	Purpose of pledge	December 31, 2017	December 31, 2016
1	Property, plant and equipment	Short-term loans payable	$ 3,568,042	4,792,952
2	Time deposits (recognized in other financial assets - current)	Guarantees of acceptances bill	24,495	17,779
3	Time deposits (recognized in other financial assets - current)	Short-term loans payable	-	264,622
4	Time deposits (recognized in other financial assets - non-current))	Guarantee for the land lease contract with the Hsinchu Science Industrial Park Bureau	43,437	43,418

5	Time deposits (recognized in other financial assets - current)	Guarantee for gas consumption from CPC Corporation	6,700	6,700
6	Time deposits(recognized in other financial assets-non-current)	Guarantee for Solar system demonstration	-	-
7	Time deposits(recognized in other financial assets-non-current)	Guarantee for research R&D program of government	11,320	5,745
8	Time deposits (recognized in other financial assets - non-current)	Impound account of borrowings	78,600	78,600
9	Time deposits(recognized in other financial assets-non-current)	Guarantee payment for import VAT	5,000	5,000
10	Time deposits(recognized in other financial assets-non-current)	Deposits of material purchase	-	2,000
11	Refundable deposits (recognized in other financial assets - non-current)	Deposits of material purchase	158,715	165,563
12	Notes and accounts receivable, net	Short-term borrowings	-	174,773
			$ 3,896,309	5,557,152

9. Significant commitments and contingencies:

Aside from those disclosed in note 6(19), other commitments and contingences of the Group were as follows:

(1) Significant unrecognized contractual commitments

A. The Company's purchase amount yet to be spent in accordance with the current effective long-term purchase contract is as follows:

(Unit: currency in thousands)

	December 31, 2017	December 31, 2016
USD	$ 1,449,306	1,641,105
EUR	$ 39,046	82,087
JPY	$ 2,075,963	8,215,699

Silicone supplier Hemlock Semiconductor Pte Ltd. has send notification requesting the Company for prepayment, payment for goods to be collected, and late payment arrearage interests in accordance with the long-term purchase contract for a cumulative total of

US$12,774 thousand and US$464,096 thousand as of December 31, 2017. and 2016.The aforementioned purchase amount yet to be collected, except for interest, has included the amount requested by the suppliers. Given the Company continues to trade with Hemlock, the Company considers the possibility to pay the afore-mentioned interest is low and therefore doesn't recognize the associated contingent liability.

Hemlock Semiconductor Pte Ltd. has served summons and complaints to the Company and they arrived the Company on May 12, 2015. For relevant information please refer to (2) the contingent liabilities.

The Company has appropriated impairment loss on prepayment of goods purchased from the silicone supplier for NT$(35,982) thousand and NT$125,516 thousand as of December 31, 2017 and 2016, respectively. As of December 31, 2017 and 2016, the pre-payments for goods to a silicone supplier by the Company, net of the impairment loss of NT$1,107,096 thousand and NT$1,143,078 thousand, are NT$1,619,571 thousand and NT$2,011,769 thousand respectively and recorded under the account of material pre-payments and long-term pre-paid material".

B. In response to the long-term purchase contract referred to above, the Company has signed silicone wafer long-term sales contracts with the customers since the year 2005, who agreed to pay for the non-refundable funds. Both parties agreed that the Company sells silicon wafers in accordance with the agreed quantity and price between January 1, 2006 and 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 response to the price decline arising from the falling demand, solar energy battery customers and the Company will negotiate the selling price and adjusting the average selling price in accordance with market conditions.

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

(Foreign currency unit: in Thousand)

	2017.12.31	2016.12.31
USD	$ 239,996	216,818
EUR	$ 115,316	164,556
NTD	$ 54,845	54,854

C. As of December 31, 2017 and 2016, material construction as well as equipment and plants projects signed or ordered but yet to be inspected amounted to NT$1,961,648 thousand and NT$194,518 thousand respectively.

D. As of December 31, 2017 and 2016, the total amount of promissory notes deposited in the bank by the Company after obtaining bank loans was NT$6,740,369 thousand and NT$11,795,860 thousand, respectively.

E. As of December 31, 2017 and 2016, 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$81,841 thousand and NT$53,443 thousand, respectively.

F. As of December 31, 2017 and 2016 the letter of credits issued yet unused amounted

As below:

	2017.12.31	2016.12.31
NTD	$ -	91,914
USD	$ 3,353	8,005
EUR	$ -	6,682
JPY	$ -	3,800
MYR	$ -	4,975

G. 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 a plant and equipment to the Company for business operations from April 1, 2016 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 ownership of the plant and equipment with or without any consideration paid.

H. The Company entered a long-term sales contract with certain specific customers, the minimum order quantity required to be executed in accordance with the contract.

(2) Contingent liabilities : None

10. Significant disaster:None

11. Subsequent Events:

According to the amendments to the "Income Tax Act” enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing fiscal year of 2018. This increase does not affect the amounts of the current or deferred income taxes recognized on December 31, 2017. However, if the new tax rate is applied in calculating the taxable temporary differences and tax losses recognized on December 31, 2017, the deferred tax assets and deferred tax liabilities would increase by $355,541 thousands and $364,636 thousands, respectively.

12. Other:

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

By function / By item	For the years ended December 31,					
	2017			2016		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	7,311,595	2,487,646	9,799,241	3,333,026	957,875	4,290,901
Labor and health insurance	1,046,643	339,913	1,386,556	591,359	164,017	755,376
Pension	393,768	106,550	500,318	203,267	48,283	251,550
Others	526,401	121,866	648,267	344,523	82,576	427,099
Depreciation	5,584,664	305,250	5,889,914	2,511,859	230,022	2,741,881
Amortization	332,015	19,101	351,116	1,166	14,602	15,768

13. Supplementary disclosure:

(1) Relevant information of material transactions:

Significant transactions to be disclosed by the Company in 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers are as follows:
A. Loaning of Funds: Attachment I
B. Endorsement and guarantee for others: Attachment II
C. Marketable securities held at year end (Does not include investments in subsidiaries, affiliated companies and joint control): Attachment III

D. The cumulative purchase or sale of the same marketable security for an amount over NT$300 million or 20% of the paid-in capital: Attachment IV
E. Acquisition of real estate for an amount over NT$300 million or 20% of the paid-in capital: None
F. The amount of real property disposed exceeds NT$300 million or 20% of stock capital collected: None
G. The purchase or sale amount with the related parties for an amount over NT$100 million or 20% of the paid-in capital: Attachment V
H. Receivables from related parties for an amount over NT$100 million or 20% of the paid-in capital: Attachment VI
I. Trading of Derivative Products: Attachment VI.
J. Business and transaction between parent and subsidiary companies: Attachment VII

(2) Transfer Investment Information: Attachment VIII

(3) Information on investment in Mainland China:

1. Investments in Mainland China information: Attachment IX.
2. Investment limits in Mainland China: Attachment IX.

14. Segment information:

(1) General information and segment information

The Group has two reportable segment, Wafer is mainly engaged in the research, development, design, manufacturing and sales of semiconductor products, and Solar is mainly engaged in the research, development, design, manufacturing and sales of solar products.

(2) Reportable segment information

For the years ended December 31, 2017 and 2016 were as follows:

Sino-American Silicon Products Inc. and its subsidiaries

Notes to the Consolidated Financial Statements

	2017			
	Wafer	**Solar**	**Adjustment and elimination**	**Total**
Net revenue from external customers	$ 46,106,917	13,264,281		59,371,198
Net revenue from sales among intersegments	105,684	31,555	(137,239)	-
Total revenue	$ 46,212,601	13,295,836	137,239	59,371,198
Interest expense	$ 398,185	108,162	-	506,347
Depreciation & amortization	$ 5,040,036	849,878	-	5,889,914
Gain(loss) of Reportable segment	$ 5,278,207	(1,506,731)	-	3,771,476
Share of profit or loss of associates and joint ventures				(252,848)
				$ 3,518,628
Segment assets	$ 69,913,715	17,829,790	(95,689)	87,647,816
Investments accounted for using equity method				1,694,717
				$ 89,342,533
Segment liabilities	$ 36,177,931	9,481,058	(93,367)	45,565,622

	2016			
	Wafer	**Solar**	**Adjustment and elimination**	**Total**
Net revenue from external customers	$ 18,409,435	13,189,605		31,599,040
Net revenue from sales among intersegments	17,515	222,993	(240,508)	-
Total revenue	$ 18,426,950	13,412,598	(240,508)	31,599,040
Interest expense	$ 100,869	71,947	-	172,816
Depreciation & amortization	$ 1,593,783	1,163,866	-	2,757,649
Gain(loss) of Reportable segment	$ 939,171	(1,845,912)	-	(906,741)
Share of profit or loss of associates and joint ventures				(382,265)
				$ (1,289,006)
Segment assets	$ 70,232,337	21,499,598	(235,497)	91,496,438
Investments accounted for using equity method				1,190,070

				$ 92,686,508
Segment liabilities	$ 44,741,735	11,284,486	(238,900)	55,787,321

(2) Information by product

Revenue from external customers:

	For the years ended December 31,	
	2017	2016
Semiconductor wafers	$ 45,540,327	17,850,125
Solar wafers	2,524,614	4,982,969
Solar cell	5,054,173	3,390,511
Solar module	327,950	2,437,016
Solar ingot	1,409,413	257,514
Semiconductor ingot	496,690	167,912
Others	4,018,031	2,512,993
	$ 59,371,198	31,599,040

(3) Geographical information

Segment revenue is presented by the geographical location of customers and non-current assets are presented by the geographical location of the assets as follows:

A. Revenue from external customers:

	For the years ended December 31,	
Area	**2017**	**2016**
Taiwan	$ 14,231,289	9,601,934
Japan	8,125,958	6,954,6006
United States	7,236,574	2,947,486
China	5,728,043	2,625,333
Korea	7,022,898	674,000
Other countries	17,026,436	8,795,681
	$ 59,371,198	31,599,040

B. Non-current assets:

Area	December 31, 2017	December 31, 2016
United States	$16,877,379	26,349,705
Taiwan	15,187,910	10,408,943
Japan	7,506,185	5,664,392
Philippine	2,435,894	2,660,183
Denmark	1,429,624	1,405,867
Others	1,008,221	797,778
	$ 44,445,213	**47,286,868**

(4) Major customers information

Sales to individual customers representing greater than 10% of net sales of the Group:

	For the years ended December 31,	
	2017	**2016**
Customer S group	**$ 6,503,622**	**584,320**

Sino-American Silicon Products Inc. and its subsidiaries
Lending of Funds
From January 1 to December 31, 2017

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	Trade amount	Reasons for short-term financing	Allowance for bad debt	Collateral		Loaning of fund to individual object and the limits	Limit for total funds lended
													Name	Value		
0	Sino-American Silicon Products Inc.	Sulu	Loan receivable – related party	Yes	912,6000 (USD30,000)	892,800 (USD30,000)	652,339 (USD21,920)	4.5%	2	-	Working capital	-	-	-	10,856,349	10,856,349
0	Sino-American Silicon Products Inc.	SPW	Loan receivable – related party	Yes	500,000	500,000	-	2.5%	2	-	Working capital	-	-	-	10,856,349	10,856,349
0	Sino-American Silicon Products Inc.	SPV1	Loan receivable – related party	Yes	300,000	-	-	2.5%	2	-	Working capital	-	-	-	10,856,349	10,856,349
0	Sino-American Silicon Products Inc.	SPV5	Loan receivable – related party	Yes	300,000	300,000	183,000	2.5%	2	-	Working capital	-	-	-	10,856,349	10,856,349
0	Sino-American Silicon Products Inc.	SPVE2	Loan receivable – related party	Yes	200,000	200,000	-	2.5%	2	-	Working capital	-	-	-	10,856,349	10,856,349
0	Sino-American Silicon Products Inc.	SPV3	Loan receivable – related party	Yes	500,000	500,000	5,000	2.5%	2	-	Working capital	-	-	-	10,856,349	10,856,349
0	Sino-American Silicon Products Inc.	Aleo Solar	Loan receivable – related party	Yes	427,080	426,840	284,560	2%	2	-	Working capital	-	-	-	10,856,349	10,856,349

0	Sino-American Silicon Products Inc.	Aleo Sunrise	Loan receivable – related party	Yes	427,080	426,840	-	2%	2	-	Working capital	-	-	-	10,856,349	10,856,349
1	SSTI	Sulu	Loan receivable – related party	Yes	217,688 (USD6,750)	-	-	4.0%	2	-	Working capital	-	-	-	423,257	423,257
1	SSTI	AMLED	Loan receivable – related party	Yes	217,688 (USD6,750)	200,880 (USD6,750)	200,880 (USD6,750)	4.0%	2	-	Working capital	-	-	-	423,257	423,257
2	SAS Sunrise Inc.	Sulu	Loan receivable – related party	Yes	258,570 (USD8,500)	238,080 (USD8,500)	178,828 (USD6,009)	4.0%	2	-	Working capital	-	-	-	255,376	255,376
3	Sulu	AMLED	Loan receivable – related party	Yes	114,401 (USD3,412)	113,802 (USD3,824)	113,802 (USD3,824)	4.0%	2	-	Working capital	-	-	-	216,911	216,911
4	SPW	SPV1	Loan receivable – related party	Yes	55,000	-	-	2.5%	2	-	Working capital	-	-	-	120,378	120,378
5	Aleo Solar	Aleo Sunrise	Loan receivable – related party	Yes	284,720 (EUR8,000)	284,560 (EUR8,000)	284,560 (EUR8,000)	2.0%	2	-	Working capital	-	-	-	357,174	357,174
6	SAS Sunrise Pte. Ltd.	Sulu	Loan receivable – related party	Yes	241,360	238,080	238,080	4.0%	2	-	Working capital	-	-	-	331,211	331,211
7	Globalwafers Co., Ltd.	Topsil A/S	Loan receivable – related party	Yes	200,000	-	-	2%	2	-	Working capital	-			13,618,371	13,618,371
7	Globalwafers Co., Ltd.	SSBV	Loan receivable – related party	Yes	1,410,525	-	-	2.5%	2	-	Working capital	-	-	-	13,618,371	13,618,371
7	Globalwafers Co., Ltd.	Taisil	Loan receivable – related party	Yes	2,500,000	2,500,000	-	1.5%	2	-	Working capital	-	-	-	13,618,371	13,618,371

8	GWJ	Globalwafers Co., Ltd.	Loan receivable – related party	Yes	1,378,000	1,321,000	792,600	0.46%	1	5,986,763	Business dealings	-	-	-	5,986,763	4,304,036
8	GWJ	MEMC Japan	Loan receivable – related party	Yes	273,000	264,200	-	0.58%	2	-	Working capital				1,076,009	4,304,036
9	SSBV	MEMC Korea	Loan receivable – related party	Yes	1,253,800	-	-	7%	2	-	Working capital	-	-	-	1,190,400	1,190,400
9	SSBV	MEMC SpA	Loan receivable – related party	Yes	263,104	-	-	-	2	-	Working capital	-	-	-	260,758	260,758
9	SSBV	SSL	Loan receivable – related party	Yes	3,604,675	-	-	7%	2	-	Working capital	-	-	-	3,422,400	3,422,400
10	MEMC SpA	SSL	Loan receivable – related party	Yes	2,799,420	2,774,460	2,167,982	3.64%	2	-	Working capital	-	-	-	2,774,460	2,774,460
11	Taisil	MEMC Ipoh	Loan receivable – related party	Yes	1,567,250	-	-	3%	2	-	Working capital	-	-	-	5,929,569	5,929,569
11	Taisil	SSL	Loan receivable – related party	Yes	12,538,000	-	-	2%	2	-	Working capital	-	-	-	5,929,569	5,929,569
11	Taisil	SSL	Loan receivable – related party	Yes	3,057,210	-	-	2%	2	-	Working capital	-	-	-	5,929,569	5,929,569
11	Taisil	SSL	Loan receivable – related party	Yes	5,700,000	5,700,000	5,700,000	1.5%	2	-	Working capital	-	-	-	5,929,569	5,929,569
12	GTI	SunEdison LLC	Loan receivable – related party	Yes	699,660	684,480	-	2.9%	2	-	Working capital	-	-	-	1,465,224	1,465,224

12	GTI	SunEdison LLC	Loan receivable – related party	Yes	91,260	89,280	-	2.9%	2	-	Working capital	-	-	-	1,465,224	1,465,224

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 a 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 a 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 a 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 a business counterpart, the total loan amount is limited to 40% of the net worth of the lender. For the loaning of funds to a company with the need of short-term financing, the total loan amount is limited to 40% of the net worth of the lender. Except Aleo Sola for the loaning of funds between the lender and a 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. Aleo Sola for the loaning of funds between the lender and a foreign company with 100%.

Note4: Transactions with consolidated parties as mentioned above were eliminated when preparing the consolidated reports.

Sino-American Silicon Products Inc. and its subsidiaries
Endorsement and guarantee for others:
From January 1 to December 31, 2017

Attachment II

Unit: NT$ Thousand

No.	Endorsing company	Endorsed company		Endorsement limit to a single company	Maximum endorsement and guarantee balance this period	Endorsement balance at end of period	Amount of actual disbursement	Endorsement and guarantee with assets as collateral	Ratio of accumulated endorsement and guarantee of the net worth on the most recent financial statement	Maximum amount for guarantee	Endorsement and guarantee by the parent company to it subsidiaries	Endorsement and guarantee by the subsidiaries to parent company	Endorsement and guarantee to companies in Mainland China.
		Company Name	Relationship										
0	Sino-American Silicon Products Inc.	SAS Sunrise Inc.	Transfer investment company of Sino-American Silicon Products Inc.	27,140,872	322,500 (USD10,000)	238,080 (USD8,000)	157,728 (USD5,300)	-	0.88%	27,140,872	Y	N	N
0	Sino-American Silicon Products Inc.	SAS Sunrise Pte. Ltd.	Ditto	27,140,872	1,290,000 (USD40,000)	595,200 (USD40,000)	-	-	2.19%	27,140,872	Y	N	N
0	Sino-American Silicon Products Inc.	Sulu	Ditto		1,483,500 (USD46,000)	1,368,960 (USD46,000)	1,106,239 (USD37,172)	-	5.04%			N	N
0	Sino-American Silicon Products Inc.	Aleo Solar	Ditto	27,140,872	717,800 (EUR20,000)	-	-	-	-	27,140,872	Y	N	N
0	Sino-American Silicon Products Inc.	SPW	Ditto	27,140,872	1,000,000	200,000	1,150	-	0.74%	27,140,872	Y	N	N
0	Sino-American Silicon Products Inc.	SPW & it's subsidiaries	Ditto	27,140,872	1,500,000	1,500,000	-	-	5.50%	27,140,872	Y	N	N
1	Globalwafers Co., Ltd.	GWJ	Ditto	34,045,928	275,600	264,200	-	-	0.78%	102,137,784	Y	N	N

1	Globalwafers Co., Ltd.	SSBV	Ditto	34,045,928	6,269,000	-	-	-	-	102,137,784	Y	N	N
1	Globalwafers Co., Ltd.	SunEdison LLC	Ditto	34,045,928	456,300	446,400	97,750	-	1.31%	102,137,784	Y	N	N
1	Globalwafers Co., Ltd.	Taisil	Ditto	34,045,928	200,000	200,000	-	-	0.59%	102,137,784	Y	N	N
1	Globalwafers Co., Ltd.	Taisil	Ditto	34,045,928	1,815,600	1,785,600	-	-	5.24%	102,137,784	Y	N	N
1	Globalwafers Co., Ltd.	MEMC Korea	Ditto	34,045,928	756,500	744,000	-	-	2.19%	102,137,784	Y	N	N
1	Globalwafers Co., Ltd.	SSL	Ditto	34,045,928	1,815,600	1,785,600	595,200	-	5.24%	102,137,784	Y	N	N
1	Globalwafers Co., Ltd.	Topsil A/S	Ditto	34,045,928	120,500	119,500	-	-	0.35%	102,137,784	Y	N	N
2	GWJ	Globalwafers Co., Ltd.	Ditto	53,800,453	6,084,000	-	-	-	-	53,800,453	N	Y	N
3	GTI	Globalwafers Co., Ltd.	Ditto	18,202,800	6,084,000	-	-	-	-	18,202,800	N	Y	N
4	GWafers Singapore	Globalwafers Co., Ltd.	Ditto	78,042,300	6,084,000	-	-	-	-	78,042,300	N	Y	N

Sino-American Silicon Products Inc. and its subsidiaries
Marketable securities held at end of period
(not including subsidiary invested, affiliated companies and the jointly controlling portion)
December 31, 2017

Attachment III

Unit: NT$ Thousand /Thousand shares; thousand units

Companies owned	Type and names of marketable securities	Affiliation with marketable security issuers	Account titles	Ended				Remarks
				Number of shares	Carrying Amount	Shareholding ratio	Fair value	
Sino-American Silicon Products Inc.	Corporate bonds of CWT	Affiliated enterprises	Held to maturity financial assets - non-current	280	281,366	-	289,080	
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	439,258	7.94%	439,258	
Sino-American Silicon Products Inc.	Stock of Actron Technology Corporation	Chairman of the company is also the Chairman of Sino-American Silicon Products Inc.	- Ditto -	2,129	245,936	2.84%	245,936	
					685,194			
Sino-American Silicon Products Inc.	Stock of SONGLONG ELECTRONICS CO., LTD.	–	Financial assets measured at costs - non current	221	-	13.81%	-	
Sino-American Silicon Products Inc.	Stock of Giga Epitaxy Technology Corp.	–	- Ditto -	1,100	4,458	1.52%	-	
Sino-American Silicon Products Inc.	Stock of 21-Century Silicon Inc	–	- Ditto -	1,000	-	7.74%	-	
Sino-American Silicon Products Inc.	Stock of Powertec Energy Corp.	–	- Ditto -	87,895	294,182	3.94%	-	

Sino-American Silicon Products Inc.	Stock of Sunshine PV Corp.	–	- Ditto -	3,399	-	4.98%	-	
SSTI	Stock of SILFAB SPA	–	- Ditto -	300	489,645	15.20%	-	
SSTI	Stock of Clean Venture 21 Corporation	–	- Ditto -	10		7.20%	-	
Globalwafers Co., Ltd.	CDIB Capital Growth Partners L.P.	–	- Ditto -	–	49,896			
					838,181			

Sino-American Silicon Products Inc. and its subsidiaries
The cumulative purchase or sale of the same marketable security for an amount over NT$300 million or 20% of the paid-in capital
From January 1 to December 31, 2017

Attachment IV

Unit: NT$ Thousand / Thousand shares

Companies in the purchase and sale activities	Type and names of marketable securities	Account titles	Counter party	Relationship	Beginning		Bought		Sold				End of Period	
					Shares	Amount	Shares	Amount	Shares	Selling price	Carrying cost	Disposition gain or loss	Shares	Amount
Sino-American Silicon Products Inc.	Stock of CSR	Long-term investments (Equity method)	-	-	100	1,000	44,900	44,900	-	-	-	-	45,000	453,708
SSBV	Stock of Taisil	Long-term investments (Equity method)	Globalwafers Co., Ltd.	Parent company	252,770	11,142,092	-	-	252,770	-	11,142,092	-	-	-
SSHBV	Stock of Taisil	Long-term investments (Equity method)	Globalwafers Co., Ltd.	Parent company	207,046	9,116,257	-	-	207,046	-	9,116,257	-	-	-
SSBV	Stock of SunEdison LLC	Long-term investments (Equity method)	-	-	-	3,371,238	-	4,710,145	-	-	4,309,918	-	-	3,771,465
SSBV	Stock of MEMC Japan	Long-term investments (Equity method)	GWJ	Parent company		220,989	-	-	-	-	220,989	-	-	-
SSL	Stocks of SSBV	Long-term investments (Equity method)	-	-	-	30,288,122	-	4,710,145	-	-	15,896,477	-	-	19,101,790

Note 1. It includes equity investment gains and losses recognized currently and cumulative translation adjustment.

Note 2. The transactions were for the reorganization of the group, which have no impact on the consolidated profit and loss of the combined company.

Note 3. It is include reduction of capital and organization restructured.

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

Sino-American Silicon Products Inc. and its subsidiaries
Purchases or sales with related parties amounting to over NT$100 million or 20% of the paid-in capital
From January 1 to December 31, 2017

Attachment V

Unit: NT$ Thousand

Companies to make purchase (sale)	Name of the trading counter party	Relationship	Status of transaction				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.	Sales	(927,897)	(8%)	Net 45 days	-	-	40,199	2%	
Aleo Sunrise	Sino-American Silicon Products Inc.	Subsidiaries directly held by Sino-American Silicon Products Inc.	Purchase	519,658	8%	Net 90 days	-	-	(127,241)	(14)%	
Aleo Solar	Sino-American Silicon Products Inc.	Subsidiaries directly held by Sino-American Silicon Products Inc.	Purchase	807,771	8%	Net 90 days	-	-	(148,200)	(22)%	

Aleo Solar	Aleo Sunrise	Subsidiaries directly held by Sino-American Silicon Products Inc.	Purchase	215,137	10%	Net 90 days			(10,614)	(5)%	
Aleo Solar	Aleo Solar Distribuzione Italia S.r.l	Subsidiaries directly held by Sino-American Silicon Products Inc.	Sales	294,957	13%	Net 90 days			79,129	49%	
Globalwafers Co., Ltd.	Sino-American Silicon Products Inc.	Subsidiaries directly held by Sino-American Silicon Products Inc.	Purchase	176,922	2%	O/A 60 days	-	-	(47,772)	2%	
Globalwafers Co., Ltd.	GTI	Subsidiaries directly held by Sino-American Silicon Products Inc.	Purchase	1345,536	12%	O/A 60 days	-	-	(238,306)	10%	
Globalwafers Co., Ltd.	KUNSHAN SINO SILICON TECHNOLOGY CO., LTD.	Subsidiaries directly held by Sino-American Silicon Products Inc.	Purchase	2,015,251	18%	O/A 60 days	-	-	(416,123)	17%	
Globalwafers Co., Ltd.	GWJ	Subsidiaries directly held by Sino-American Silicon Products Inc.	Purchase	5,986,763	53%	O/A 60 days	-	-	(1,497,896)	62%	
Globalwafers Co., Ltd.	Topsil A/S	Subsidiaries directly held by Sino-American Silicon Products Inc.	Purchase	254,750	2%	O/A 60 days	-	-	(59,400)	2%	

GTI	Globalwafers Co., Ltd.	Subsidiaries directly held by Sino-American Silicon Products Inc.	Purchase	2,829,792	30%	O/A 45 days	-	-	(346,455)	14%	
Kunshan sino silicon technology Co., Ltd.	Globalwafers Co., Ltd.	Subsidiaries directly held by Sino-American Silicon Products Inc.	Purchase	1,077,387	12%	O/A 30 days	-	-	(85,364)	3%	
GWJ	Globalwafers Co., Ltd.	Subsidiaries directly held by Sino-American Silicon Products Inc.	Purchase	1,255,481	14%	O/A 90 days	-	-	(376,074)	15%	
Actron Technology Corporation	Globalwafers Co., Ltd.	Chairman of the company is also the Chairman of Sino-American Silicon Products Inc.	Purchase	267,928	3%	O/A 60 days	-	-	(71,578)	3%	
Topsil A/S	Globalwafers Co., Ltd.	Subsidiaries directly held by Sino-American Silicon Products Inc.	Purchase	126,707	1%	O/A 60 days			(38,391)	2%	
SSL	SunEdison LLC	Subsidiaries directly held by Sino-American Silicon Products Inc.	Sales	(1,637,534)	(9%)	O/A 60 days	-	-	650,976	25%	

SSL	MEMC Sdn Bhd	Subsidiaries directly held by Sino	Purchase	1,911,585	11%	O/A 60 days	-	-	(311,647)	12%	
SSL	MEMC Sdn Bhd	Subsidiaries directly held by Sino	Sales	(774,728)	(4%)	O/A 60 days	-	-	136,761	5%	
SSL	MEMC SpA	Subsidiaries directly held by Sino	Purchase	2,837,957	17%	O/A 60 days	-	-	(454,198)	20%	
SSL	MEMC SpA	Subsidiaries directly held by Sino	Sales	(2,743,611)	(15%)	O/A 60 days	-	-	368,324	14%	
SSL	MEMC Korea	Subsidiaries directly held by Sino	Purchase	1,842,1502	11%	O/A 60 days	-	-	(279,425)	10%	
SSL	MEMC Japan	Subsidiaries directly held by Sino	Purchase	4,400,657	26%	O/A 60 days	-	-	(630,727)	23%	
SSL	MEMC Japan	Subsidiaries directly held by Sino	Sales	(1,651,275)	(9%)	O/A 60 days	-	-	223,682	9%	

SSL	Taisil	Subsidiaries directly held by Sino	Purchase	5,117,966	31%	O/A 60 days	-	-	(809,812)	30%	
SSL	Taisil	Subsidiaries directly held by Sino	Sales	(221,870)	(1%)	O/A 60 days	-	-	5,221	0%	
Taisil	GWJ	Subsidiaries directly held by Sino	Purchase	221,558	6%	O/A 30 days	-	-	(31,259)4%		

Note: Sino-American Silicon Products Inc sells directly to the related parties. As the sales are deemed as inventory transfer, the sales revenues and related costs are offset in the financial reports and not deemed as sales and costs of Sino-American Silicon Products Inc.

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 capita
December 31, 2017

Attachment VI

Unit: NT$ Thousand

Account receivable company	Name of the trade counterpart	Relationship	Receivables from related parties	Turnover rate	Overdue receivables from related parties		Receivables from related parties with mount received after the reporting date (note)	Allowance for bad debt
					Amount	Process		
Sino-American Silicon Products Inc.	Aleo Solar	Subsidiaries directly held by Sino-American Silicon Products Inc	148,200	5.09	-	-	45,923	-
Sino-American Silicon Products Inc.	Aleo Solar	Subsidiaries directly held by Sino-American Silicon Products Inc	285,243	Note2	-	-	-	-
Sino-American Silicon Products Inc.	Aleo Sunrise	Subsidiaries directly held by Sino-American Silicon Products Inc	127,241	3.09	-	-	24,304	-
Sino-American Silicon Products Inc.	Sulu	Subsidiaries directly held by Sino-American Silicon Products Inc	662,471	Note2	-	-	-	-
Sino-American Silicon Products Inc.	SPV5	Subsidiaries directly held by Sino-American Silicon Products Inc	184,165	Note2	-	-	-	-
SSTI	AMLED	Subsidiaries directly held by Sino-American Silicon Products Inc	200,990	Note2	-	-	-	-
SAS Sunrise Inc.	Sulu	Subsidiaries directly held by Sino-American Silicon Products Inc	183,076	Note2	-	-	-	-

Sulu	AMLED	Subsidiaries directly held by Sino-American Silicon Products Inc	114,880	Note2	-	-	-	-
Aleo Solar	Aleo Sunrise	Subsidiaries directly held by Sino-American Silicon Products Inc	288,832	Note2	-	-	-	-
Globalwafers Co., Ltd.	GTI	Subsidiaries directly held by Sino-American Silicon Products Inc	346,455	6.1	-	-	346,455	-
Globalwafers Co., Ltd.	GWJ	Subsidiaries directly held by Sino-American Silicon Products Inc	376,074	4.3	-	-	215,810	-
Taisil	Globalwafers Co., Ltd.	Subsidiaries directly held by Sino-American Silicon Products Inc	5,700,000	Note2	-	-	-	
GTI	Globalwafers Co., Ltd.	Subsidiaries directly held by Sino-American Silicon Products Inc	238,306	7.6	-	-	238,306	-
Kunshan sino silicon technology Co., Ltd.	Globalwafers Co., Ltd.	Subsidiaries directly held by Sino-American Silicon Products Inc	416,123	5.5	-	-	329,303	-
GWJ	Globalwafers Co., Ltd.	Subsidiaries directly held by Sino-American Silicon Products Inc	1,497,896	4.6	-	-	900,658	-
GWJ	Globalwafers Co., Ltd.	Subsidiaries directly held by Sino-American Silicon Products Inc	792,600	Note 2	-	-	-	-
SSL	Globalwafers Co., Ltd.	Subsidiaries directly held by Sino-American Silicon Products Inc	136,761	44.32	-	-	136,761	-
SSL	MEMC Japan	Subsidiaries directly held by Sino-American Silicon Products Inc	223,682	38.32	-	-	223,682	-
SSL	MEMC Korea	Subsidiaries directly held by Sino-American Silicon Products Inc	368,324	33.09	-	-	368,324	-
SSL	Taisil	Subsidiaries directly held by Sino-American Silicon Products Inc	650,976	6.2	-	-	233,883	-
MEMC Sdn Bhd	SSL	Subsidiaries directly held by Sino-American Silicon Products Inc	311,647	6.94	-	-	311,647	-
MEMC SpA	SSL	Subsidiaries directly held by Sino-American Silicon Products Inc	454,198	8.46	-	-	454,198	-

MEMC SpA	SSL	Subsidiaries directly held by Sino-American Silicon Products Inc	2,167,982	Note 2	-	-	-	-
MEMC Korea	SSL	Subsidiaries directly held by Sino-American Silicon Products Inc	279,425	2.92	-	-	279,425	-
MEMC Japan	SSL	Subsidiaries directly held by Sino-American Silicon Products Inc	630,727	6.8	-	-	630,727	-
SunEdison LLC	SSL	Subsidiaries directly held by Sino-American Silicon Products Inc	100,472	6.24	-	-	76,896	-
Taisil	SSL	Subsidiaries directly held by Sino-American Silicon Products Inc	809,812	5.28	-	-	367,066	-

Sino-American Silicon Products Inc. and its subsidiaries
Significant transactions eliminated between the parent company and subsidiary
December 31, 2017

Attachment VII

Unit: NT$ Thousand

No.	Name of counterparty	Counterparty	Relationship with counterparty	Transactions			
				Accounts	Amount	Terms of trading	% of combined total revenues or assets
1	Sino-American Silicon Products Inc.	Aleo Solar	Subsidiaries held by the parent company	Sales	807,771	O/A 90 days	1%
2	Globalwafers	GTI	Subsidiaries indirectly held by the parent company.	Purchase	1,345,536	Net 60 days	2%
2	Globalwafers	Kunshan Sino	Subsidiaries indirectly held by the parent company.	Purchase	2,015,251	Net 60 days	3%
2	Globalwafers	GWJ	Subsidiaries indirectly held by the parent company.	Purchase	5,986,763	Net 60 days	10%
2	Globalwafers	GWJ	Subsidiaries indirectly held by the parent company.	Accounts payable	1,497,896	Net 60 days	2%
2	Globalwafers	GTI	Subsidiaries indirectly held by the parent company.	Sales	2,829,792	Net 45 days	5%
2	Globalwafers	Kunshan Sino	Subsidiaries indirectly held by the parent company.	Sales	1,077,387	Net 30 days	2%
2	Globalwafers	GWJ	Subsidiaries indirectly held by the parent company.	Sales	1,255,481	Net 90 days	3%
3	SSL	SunEdison LLC	Subsidiaries indirectly held by the parent company.	Sales	1,637,534	Net 60 days	3%
3	SSL	SunEdison LLC	Subsidiaries indirectly held by the parent company.	Purchase	521,396	Net 60 days	1%

3	SSL	MEMC Sdn Bhd	Subsidiaries indirectly held by the parent company.	Purchase	1,911,585	Net 60 days	3%
3	SSL	MEMC Sdn Bhd	Subsidiaries indirectly held by the parent company.	Sales	774,728	Net 60 days	1%
3	SSL	MEMC SpA	Subsidiaries indirectly held by the parent company.	Purchase	2,837,957	Net 60 days	5%
3	SSL	MEMC SpA	Subsidiaries indirectly held by the parent company.	Sales	2.743.611	Net 60 days	5%
3	SSL	MEMC Korea	Subsidiaries indirectly held by the parent company.	Purchase	1.842.502	Net 60 days	3%
3	SSL	MEMC Japan	Subsidiaries indirectly held by the parent company.	Purchase	4.400.657	Net 60 days	7%
3	SSL	MEMC Japan	Subsidiaries indirectly held by the parent company.	Sales	1.651.275	Net 60 days	3%
3	SSL	Taisil	Subsidiaries indirectly held by the parent company.	Purchase	5.117.966	Net 60 days	9%
3	SSL	Taisil	Subsidiaries indirectly held by the parent company.	Accounts Payables-Related Party	809.812	Net 60 days	1%
4	GWJ	Globalwafers	Subsidiaries indirectly held by the parent company.	Accounts Receivables-Loan to Related Party	792.600		1%
5	Taisil	Globalwafers	Subsidiaries indirectly held by the parent company.	Accounts Receivables	5.700.000		6%
6	MEMC Spa	SSL	Subsidiaries indirectly held by the parent company.	Accounts Receivables	2.167.982		2%

Note: For other transactions not reaching 1% of total revenues or total assets, no disclosure is required.

Sino-American Silicon Products Inc. and its subsidiaries
Reinvestment information (not including investments in Mainland China)
From January 1 to December 31, 2017

Attachment VIII

Unit: NT$ Thousand / Thousand shares

Name of investing company	Name of invested company	Area	Main Business	The amount of the original investment		Shareholdings at end of period			Net income (loss) of the invested company	Investment gains and losses recognized in the current period	Remarks
				End of this period	The end of last year	Shares	Ratio	Carrying Amount			
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)	1,425,603 (USD45,255)	48,526	100.00%	1,058,142	26,198	26,198	subsidiary (Note 1)
Sino-American Silicon Products Inc.	Globalwafers Co., Ltd.	Taiwan	Semiconductor silicon wafer materials and components manufacturing and trade	8,864,946	8,864,946	222,293	50.84%	17,308,960	5,274,723	2,714,329	subsidiary
Sino-American Silicon Products Inc.	Crystalwise Technology Inc.	Taiwan	Optical wafer and substrate manufacturing and trade	2,010,843	2,010,843	84,848	40.11%	849,211	(631,125)	(258,295)	Affiliated enterprises (Note 3)
Sino-American Silicon Products Inc.	Sino-American Materials Co., Ltd.	Taiwan	EVA film for solar modules manufacturing and sale	90,000	90,000	9,000	90.00%	4,958	(34,322)	(30,890)	subsidiary
Sino-American Silicon Products Inc.	Accu Solar Corporation	Taiwan	Solar cell module manufacturing	112,193	112,193	7,452	24.70%	73,176	(10,771)	(4,075)	Other person
Sino-American Silicon Products Inc.	Aleo Solar	Prenzlau	Solar cell manufacturing and sale and wholesale of electronic	558,139 (EUR13,500)	558,139 (EUR13,500)	Note 2	100.00%	355,393	(54,502)	(54,502)	subsidiary (Note 3)
Sino-American Silicon Products Inc.	SAS Sunrise Inc.	Cayman	Reinvestments in various businesses	794,373 (USD24,500)	794,373 (USD24,500)	24,500	100.00%	638,441	(128,839)	(128,839)	subsidiary

Sino-American Silicon Products Inc.	SPW	Taiwan	Power generating business	300,000	5,000	30,000	100.00%	300,944	7,598	7,598	subsidiary
Sino-American Silicon Products Inc.	CSR	Taiwan	Power generating business	450,000	450,000	45,000	30.00%	453,708	12,362	3,708	Other person
SPW	SPV1	Taiwan	Power generating business	2,000	-	-	-	-	(643)	-	-
SPW	SPVE2	Taiwan	Power generating business	30,000	-	3,000	100.00%	29,610-	390		sub-subsidiary (company)
SPW	SPV2	Taiwan	Power generating business	15,000	-	1,500	100.00%	14,985	(15)		sub-subsidiary (company)
SPW	SPV3	Taiwan	Power generating business	15,000	-	1,500	100.00%	14,901	(99)		sub-subsidiary (company)
SPW	SPV4	Taiwan	Power generating business	100,000	-	10,000	100.00%	99,960	(40)		sub-subsidiary (company)
SPW	SPV5	Taiwan	Power generating business	65,000	-	6,500	100.00%	65,000	683		sub-subsidiary (company)
SAS Sunrise Inc.	SAS Sunrise Pte. Ltd.	Singapore	Reinvestments in various businesses	719,292 (USD22,000)	719,292 (USD22,000)	30,934	100.00%	643,918	(71,665)	-	sub-subsidiary (company)
SAS Sunrise Pte. Ltd.	AMLED	Philippines	Reinvestments in various businesses	-	-	-	-	-	-	-	sub-subsidiary (company) (Note 4)
SAS Sunrise Pte. Ltd.	Sulu	Philippines	Power generating business	440,667 (USD13,435)	440,667 (USD13,435)	420,000	40.00%	345,587	(128,770)	-	sub-subsidiary (company)
AMLED	Sulu	Philippines	Power generating business	297,229 (USD9,065)	297,229 (USD9,065)	472,500	45.00%	244,025	(128,770)	-	sub-subsidiary (company)

Aleo Solar	Aleo Solar Distribuzione Italia S.r.l	Italy	Solar cell manufacturing and sale and wholesale of electronic	4,078 (EUR100)	4,078 (EUR100)	(Note 2)	100.00%	3,557	653	-	sub-subsidiary (company
Aleo Solar	Aleo Sunrise	Germany	Solar cell manufacturing and sale and wholesale of electronic	91,250 (EUR2,500)	863 (EUR25)	(Note 2)	100.00%	(91,326)	(41,676)	-	sub-subsidiary (company
Globalwafers Co.	GWI	Cayman	Reinvestments in various businesses	2,241,668 (USD73,423)	2,241,668 (USD73,423)	90,000	100.00%	36,40,560	382,689	-	sub-subsidiary (company
Globalwafers Co.	GSI	Cayman	Reinvestments in various businesses	756,809 (USD26,555)	756,809 (USD26,555)	25,000	100.00%	1,060,748	131,351	-	sub-subsidiary (company
Globalwafers Co.	GWafers	Japan	Reinvestments in various businesses	5,448,015 (JPY13,827,513)	5,448,015 (JPY13,827,513)	(Note 2)	100.00%	10,844,140	1,815,730	-	sub-subsidiary (company
Globalwafers Co.	GWafers Singapore	Singapore	Reinvestments in various businesses	11,966,930 (USD364,000)	17,504,000 (USD550,000)	760,00	100.00%	14,096,786	2,232,125	-	sub-subsidiary (company
Globalwafers Co.	Topsil A/S	Denmark	Semiconductor Silicon Wafer Manufacturing and Trading	(Note 5)	(Note 5)	1,000	100.00%	1,761,074	(41,542)	-	sub-subsidiary (company (Note 3)
Globalwafers Co.	HONG-WANG Investment Co., Ltd.	Taiwan	Reinvestments in various businesses	200,000	-	312	24.38%	318,622	5,959		Other person
Globalwafers Co.	Taisil	Taiwan	Semiconductor silicon wafer manufacturing and sales	14,502,885	-	9,998	99.98%	14,821,368	692,772		sub-subsidiary (company (Note 3)
GWI	GTI	Texas	Epitaxial silicon wafer production and epitaxial OEM and other trade	2,241,668 (USD73,423)	2,241,668 (USD73,423)	1	100.00%	3,640,560	382,689	-	sub-subsidiary (company) (Note 3、7)
GWafers	GWJ	Japan	Semiconductor Silicon Wafer Manufacturing and Trading	5,484,300 (JPY13,142,798)	5,484,300 (JPY13,142,798)	128	100.00%	10,760,091	1,737,325	-	sub-subsidiary (company (Note 7)

GWJ	MEMC Japan	Japan	Semiconductor silicon wafer manufacturing and sales	(Note 6)	(Note 6)	−	100.00%	1,550,680	86,870		sub-subsidiary (company (Note 7)
Topsil A/S	Topsil PL	Poland	Semiconductor Silicon Wafer Manufacturing and Trading	(Note 5)	-	1	100.00%	(53,504)	(7,116)	-	sub-subsidiary (company (Note 7)
GWafers Singapore	SSL	Singapore	Investment, marketing and trading business	17,451,233	17,451,233	42,392	100.00%	15,565,827	3,731,256	-	sub-subsidiary (company）(Note 3、7)
SSL	SSBV	Netherlands	Reinvestments in various businesses	(Note 6)	-	0.1	100.00%	19,101,704	3,417,343	-	sub-subsidiary (company (Note 7)
SSL	SST	Singapore	Reinvestments in various businesses	(Note 6)	-	0.001	100.00%	-	-	-	sub-subsidiary (company (Note 7)
SSBV	MEMC Japan	Japan	Semiconductor silicon wafer manufacturing and sales	(Note 6)	-	-	100.00%	-	188,587	-	sub-subsidiary (company (Note 7)

SSBV	MEMC SpA	Italy	Semiconductor silicon wafer manufacturing and sales	(Note 6)	-	65,000	100.00%	9,736,057	836,999	-	sub-subsidiary (company (Note 7)
MEMC SpA	MEMC SarL	France	Trading business	(Note 6)	-	0.5	100.00%	(609)	638	-	sub-subsidiary (company (Note 7)
MEMC SpA	MEMC GmbH	Germany	Trading business	(Note 6)	-	0.002	100.00%	5,202	515	-	sub-subsidiary (company (Note 7)
MEMC SpA	MEMC BV	Netherlands	Reinvestments in various businesses	(Note 6)	-	0.2	100.00%	2,772,632	474,492	-	sub-subsidiary (company (Note 7)
MEMC BV	MEMC Korea	Korea	Semiconductor silicon wafer manufacturing and sales	(Note 6)	-	6,880	40.00%	2,770,053	1,183,867	-	sub-subsidiary (company (Note 7)
SSBV	MEMC Korea	Korea	Semiconductor silicon wafer manufacturing and sales	(Note 6)	-	10,320	60.00%	4,155,079	1,183,867	-	sub-subsidiary (company (Note 7)
SSBV	SunEdison LLC	United States	Semiconductor silicon wafer R & D, manufacturing and sales	(Note 6)	-	1	100.00%	3,771,448	(944,278)	-	sub-subsidiary (company (Note 7)
SSBV	MEMC Sdn Bhd	Malaysia	Semiconductor silicon wafer R & D, manufacturing and sales	(Note 6)	-	1,036	100.00%	791,972	79,278	-	sub-subsidiary (company (Note 7)
SSBV	SSHBV	Netherlands	Reinvestments in various businesses	(Note 6)	-	-	-	-	422,307	-	sub-subsidiary (company (Note 7)
SSBV	Taisil	Taiwan	Semiconductor silicon wafer manufacturing and sales	(Note 6)	-	-	-	-	977,443	-	sub-subsidiary (company (Note 7)

SSHBV	Taisil	Taiwan	Semiconductor silicon wafer manufacturing and sales	(Note 6)	-	-	-	-	977,443	-	sub-subsidiary (company (Note 7)
SSHBV	MEMC Ipoh	Malaysia	Semiconductor silicon wafer manufacturing and sales	(Note 6)	-	699,374	100.00%	247,283	23,223	-	sub-subsidiary (company (Note 7)

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: even the merged company does not hold any equity interest in AMLED, per the agreed terms signed it may control the finance and strategy of this company and obtain all interests derived from its operations and net assets. As a consequence AMLED is deemed as a subsidiary of the Company.

Note 5: Merger of the current acquisition of the company Topsil A/S and Topsil PL,total investment amount 1,964,069 thousand (DKK407,600 thousand)。

Note 6: Acquisition of the company SSL and its subsidiaries, total investment amount17,451,233 thousand (USD546,975 thousand)。

Note 7: All of them are indirectly held by Global Wafer, in which MEMC JAPAN and Taisil were transferred from SSBV and SSHBV to GWJ and Global Wafer respectively in 2017/10.

Note 8: The above related transactions have been written off when preparing the consolidated financial report.

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
From January 1 to December 31, 2017

Attachment IV

(I) 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 4)	Ending investment carrying amount	The investment income received as of the current period
					outbound remittence	Recovered						
KUNSHAN SINO SILICON TECHNOLOGY CO., LTD.	Silicon rods and silicon wafer processing and trade	769,177 (Note7)	(Note1)	713,300 (USD21,729)	-	-	713,300 (USD21,729)	120,249	100%	120,249	1,018,559	-
SunEdison Shanghai	Trading business	7,527 (RMB1,500)	(Note2)	(Note2)	-	-	(Note2)	39	100%	39	9,382	-
Shanghai Ge Luohe	Sales and marketing business	9,756 (RMB2,000)	(Note3)	-	-	-	-	6,370	60%	3,822	8,886	-

(II) The limitations of reinvestments 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)(Note5)	20,432,644 (Note6)

Note 1: Investments in China through GSI

Note 2: Investments in China through SSBV

Note 3:Shanghai Ge Luohe Department through the Kunshan Zhongcheng its own funds to set up investment, no money from Taiwan, it is not included in the investment limit calculation.

Note 4: Investment gains and losses are recognized in accordance with the audited financial statements.

Note 5: Converted in accordance with the historical exchange rates.

Note 6: 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, 2017.

Note 7: It included capitalization from earnings.

Appendix II

Stock code: 5483

Sino-American Silicon Products Inc.
Individual Financial Report

December 31, 2017 and 2016
(Independent Auditor's Report Enclosed)

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Independent Auditors' Report

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

Opinion

We have audited the financial statements of Sino-American Silicon Products inc. ("the Company"), which comprise the balance sheets as of December 31, 2017 and 2016 and January 1, 2016, the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2017 and 2016 and January 1, 2016, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017 and 2016 and January 1, 2016, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained, inclusive of the report from other auditors, is sufficient and appropriate to provide a basis of our opinion.

Other Matter

Among the inclusion of the Company's investment accounted for using the equity method, audit on the financial report of Crystalwise Technology was not conducted by us but by other accountants. Therefore, the opinion we provided for the standalone financial report about the recognition amount from Crystalwise Technology's financial report was based on the audit report of other accountant. The investment amounts using equity method by Crystalwise Technlogy as at December 31, 2017 and 2016 respectively were 2% and 4% of the total asset. The loss of affiliated enterprises using equity method from January 1 to December 31, 2017 and 2016 was (25)% of loss before tax and 21% of profit before tax respectively.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

1. Inventory valuation

Please refer to note 4(7) “Inventories”, note 5(1) “Inventory valuation” ‘and note 6(3) of the consolidated financial statements.

Description of key audit matter:

The Company sells and manufactures solar silicon wafers, solar cells and power generation business. The market demand and prices of its related products fluctuated due to factors as governments’ subsidy policy and anti-dumping that may resulted in risks of high inventory cost over net realization value. Thus we considered it as one of the important matters regarding its standalone financial report.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included understanding of inventory valuation policies and assessing whether those policies are applied consistently to inventory valuation; testing the accuracy of inventory aging report; analyzing the change of inventory items aged over two years; and selecting samples for testing and inspecting the source of inventory net realizable value information used in valuation purposely to assess for reasonableness.

2. Realty, factories and equipment valuation

Please refer to note 4(13) “Non-financial asset valuation” and note 5(2) of the consolidated financial statements.

Description of key audit matter:

The product prices of the Company continued to drop due to market factors and green power policy changes from governments. Thus we considered it important to estimate the loss on their realty, factories and equipment. The loss evaluation on asset included cash generation unit distinction, evaluation method determination, crucial consumption selection and receivable amount calculation etc. that required subjective judgments of the management level. Thus we consider it as an important matter for auditing.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included understanding and testing of the important assumptions such as valuation model, future cash flow forecast, service life and weighted average cost of capital taken by the authorities including the expected product income, costs and expenses etc., evaluating of the accuracy of the authorities in the past; analyzing the outcome sensitivity; also indentifying through inquiring related procedures if there is any matter affecting the outcome of loss testing after the financial information is reported.

3. Impairment on investment accounted for using the equity method

Please refer to note 4(9) “Invest subsidiary”, note 6(7)”Investment adopting equity method” and note 6(8) changes to all equity of its subsidiary.

Description of key audit matter:

The Company holds investment using the equity method – 50.84% shareholding of its subsidiary (GlobalWafers Co., Ltd.) which takes 32% of the Company’s total asset. We consider it one of the important matter for auditing.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included auditing the comprehensive profit and loss of the investment toward its subsidiary according to the shareholding ratio; confirming the number of the share held; discussing and understanding with the management level about important valuations on its subsidiary so as to indentify the reasonableness of accounting if the revenue recognition of the subsidiary is dealt in proper period by inventory valuation and business combination; reviewing the adequacy of the financial information disclosed by the management level.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
March 22, 2018

Sino-American Silicon Products Inc.

Parent-Company-Only Statements of Financial Position

December 31, 2017 and 2016 (expressed in thousands of New Taiwan dollars)

Assets		**December 31, 2017**	%	**December 31, 2016**	%
Current assets:					
Cash and cash equivalents	$	673,428	2	2,579,645	9
Notes and trade receivable, net		728,986	2	488,815	2
Accounts receivable from related parties		1,518,914	5	1,181,941	4
Inventories, net		2,234,785	6	2,006,867	7
Prepayments for materials		269,441	2	484,203	2
Other current assets		119,977	-	131,742	-
		5,545,531	17	6,873,213	24
Non-current assets:					
Available-for-sale financial assets, non-current		685,194	2	661,280	2
Held-to-maturity financial assets, non-current		281,366	1	281,400	1
Financial assets carried at cost, non-current		298,640	1	368,141	1
Investments accounted for using equity method		20,988,678	60	13,244,929	44
Property, plant and equipment, net		6,333,415	18	7,114,781	24
Intangible assets		—	-	—	-
Other non-current assets		178,030	-	210,876	1
Other financial assets, non-current		19,805	-	24,636	-
Long-term prepayments for materials		521,540	1	827,887	3
		29,306,668	83	22,733,930	76
Total Assets	$	**34,852,199**	100	**29,607,143**	100

Liabilities and Stockholders' Equity		**December 31, 2017**	%	**December 31, 2016**	%
Current liabilities:					
Short-term borrowings	$	2,364,913	7	1,760,000	6
Notes and accounts payable		1,043,113	3	1,376,761	4
Payables to related parties		4,740	-	6,441	-
Payroll and bonus payable		323,170	1	267,900	1
Other current liabilities		466,882	1	386,521	1

Revenue received in advance for sales		287,517	1	318,136	1
Provision – current		—	-	—	-
Current portion of long-term loans payable		—	-	748,011	2
		4,490,335	13	4,863,770	15
Non-current liabilities:					
Long-term loans payable		1,360,000	4	1,990,000	7
Liability reserve & Other liabilities, non-current		443,351	1	449,508	1
Revenue received in advance for sales, non-current		1,417,641	4	1,405,324	5
		3,220,992	9	3,844,832	13
Total Liabilities		7,711,327	22	8,708,602	28
Equity:					
Common stock		5,920,587	18	5,800,312	20
Capital surplus		24,205,831	69	18,821,483	64
Retained earnings:					
Legal reserve		311,579	1	311,579	1
Special reserve		513,302	1	513,302	2
Unappropriated earnings (accumulated deficits)		(317,629)	(1)	(1,565,754)	(5)
		507,252	1	(740,873)	(2)
Other equity		(3,322,937)	(10)	(2,812,520)	(9)
Tresury Stock		(169,861)	-	(169,861)	(1)
Total Equity		27,140,872	78	20,898,541	72
Total Liabilities and Equity	**$**	**34,852,199**	100	**29,607,143**	100

Parent-Company-Only Statements of Profit or Loss and Other Comprehensive Income
Years ended December 31, 2017 and 2016
(expressed in thousands of New Taiwan dollars, except for earnings per share)

	2017	%	2016	%
Operating revenues:	$ 11,282,980	100	10,390,005	100
Cost of sales	11,959,612	106	11,298,216	109
Gross loss	(676,632)	(6)	(908,211)	(9)
Operating expenses:				
Selling and marketing	66,787	1	53,714	-
General and administrative	143,398	1	106,182	1
Research and development	203,724	2	207,175	2
Total operating expenses	413,909	4	367,071	3
Operating loss	(1,090,541)	(10)	(1,275,282)	(12)
Non-operating income and (expenses):				
Other income	50,152	-	25,007	-
Other gains and (losses)	(162,855)	(1)	(446,619)	(4)
Interest expense	(46,537)	-	(66,422)	(1)
Share of profit or loss of subsidiaries and associates accounted for using equity method	2,275,232	20	170,432	2
Total non-operating income and expenses	2,115,992	19	(317,602)	(3)
Profit before income tax	1,025,451	9	(1,592,884)	(15)
Income tax expense	(10,054)	-	(3,659)	-
Net profit (loss)	**1,035,505**	9	**(1,589,225)**	(15)
Other comprehensive income (loss)：				
Components of other comprehensive income that will not be reclassified to profit or loss				
Actuarial loss on defined benefit plans	(153)	-	(3,905)	-
Share of other comprehensive income of subsidiaries and associates accounted for using equity method	212,773	2	19,396	-
Total of items that may be reclassified subsequently to profit or loss:	212,620	2	15,491	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss				
Exchange differences on translation of foreign operations	(76,543)	(1)	(76,933)	-
Unrealized gain (loss) on available-for-sale financial assets	23,914	-	(178,850)	(2)
Share of other comprehensive income of subsidiaries and associates accounted for using equity method	(236,832)	(2)	(15,900)	-

Income tax related to other comprehensive income		13,012	-		13,078	-
Total other comprehensive income (loss), net of income tax		(63,829)	(1)		(243,114)	(2)
Total comprehensive income (loss)	**$**	**971,676**	**8**		**(1,832,339)**	**(17)**
Earnings per share (in dollars)						
Basic earnings (loss) per share	**$**	**1.80**			**(2.77)**	
Diluted earnings (loss) per share		**1.79**		**$**		

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

Years ended December 31, 2017 and 2016 (expressed in thousands of New Taiwan dollars)

	Common stock	Capital surplus	Retained Earnings: Legal reserve	Special reserve	Unappro-priated retained earnings	Total	Other Equity: Exchange differences on translation	Unrealized gain (loss) on available-for-sale financial assets	Unearned Stock-Based Employee Compensation	other	Total	Treasury stock	Total equity
Balance at January 1, 2016	$ 5,800,312	18,614,691	259,628	513,302	519,512	1,292,442	(1,460,070)	(1,087,491)		(3,267)	(2,550,828)	(169,861)	22,986,756
Net profit for the period	-	-	-	-	(1,589,225)	(1,589,225)	-	-	-	-	-	-	(1,589,225)
Other comprehensive income (loss)	-	-	-	-	15,491	15,491	(157,442)	(101,163)	-	-	(258,605)	-	(243,114)
Total comprehensive income (loss)	-	-	-	-	(1,573,734)	(1,573,734)	(157,442)	(101,163)	-	-	(258,605)	-	(1,832,339)
Appropriation and distribution of retained earnings (Note 2):	-	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	51,951		(51,951)	-	-	-	-	-	-	-	-
Common shares cash dividend	-	-	-		(459,581)	(459,581)	-	-	-	-	-	-	(459,581)
Capital surplus cash dividend declared	-	(402,133)	-	-	-	-	-	-	-	-	-	-	(402,133)
Compensation cost arising from employee stock option	-	4,382	-	-	-	-	-	-	-	-	-	-	4,382
Adjustments to share of changes in equities of associates	-	1,323	-	-	-	-	-	-	-	(3,087)	(3,087)	-	(1,764)
Disposal of shares in subsidiaries to non-controlling interests	-	603,220	-	-	-	-	-	-	-	-	-	-	603,220
Balance at December 31, 2016	5,800,312	18,821,483	311,579	513,302	(1,565,754)	(740,873)	(1,617,512)	(1,188,654)	-	(6,354)	(2,812,520)	(169,861)	20,898,541
Net profit for the period	-	-	-	-	1,035,505	1,035,505	-	-	-	-	-	-	1,035,505

Other comprehensive income (loss)	-	-	-	-	212,620	212,620	(355,822)	79,373	-	-	(276,449)	-	(63,829)
Total comprehensive income (loss)	-	-	-	-	1,248,125	1,248,125	(355,822)	79,373	-	-	(276,449)	-	971,676
Appropriation and distribution of retained earnings (Note 2):	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital surplus cash dividend declared		(861,714)	-	-	-	-	-	-	-	-	-	-	(861,714)
Issuing new shares – Employee stock options	60,625	234,013	-	-	-	-	-	-	-	-	-	-	294,638
Adjustments to share of changes in equities of associates	-	5,670,627	-	-	-	-	-	-		2,052	2,052	-	5,672,679
Issuing employee restrict stock	60,000	343,200	-	-	-	-	-	-	(283,200)	-	(283,200)	-	120,000
Compensation cost arising from employee restrict stock	-	-	-	-	-	-	-	-	45,752	-	45,752	-	45,752
Write-off employee restrict stock	(350)	(1,778)	-	-	-	-	-	-	1,428	-	1,428	-	(700)
Balance at December 31, 2017	**$ 5,920,587**	**24,205,831**	**311,579**	**513,302**	**(317,629)**	**507,252**	**(1,973,334)**	**(1,109,281)**	**(236,020)**	**(4,302)**	**(3,322,937)**	**(169,861)**	**27,140,872**

Note: Remuneration for 2017 and Jaunary 1 to December 31, 2016 were both NT$0 for directors and employees.

Parent-Company-Only Statements of Cash Flows

Years ended December 31, 2017 and 2016 (expressed in thousands of New Taiwan dollars)

		2017	2016
Cash flows from operating activities:			
Income (loss) before tax	$	1,025,451	(1,592,884)
Adjustments：			
Adjustments for:			
Depreciation		1,034,098	1,036,737
Amortization		—	—
Provision for (reversal of) allowance for doubtful accounts		—	(565)
Interest expenses		46,537	66,422
Interest income		(35,206)	(11,166)
Dividend income		(14,946)	(13,841)
Compensation cost arising from issuance of stock from exercising employee stock options and from capital increase by cash reserved for employees		45,752	4,382
Share of profit or loss of subsidiaries and associates accounted for using equity method		(2,275,232)	(170,432)
Loss from disposal and write-off of property, plant and equipment		(3,568)	5,730
Loss on non-financial asset impairment		—	—
Gain(loss) from financial assets		69,501	452,661
Provision for (reversal of) inventory obsolescence and devaluation loss		(130,275)	142,367
Expense with no effect on cash flow		(9,837)	22,760
Total adjustments to reconcile income (loss) before tax		(1,273,176)	1,535,055
Changes in operating assets and liabilities:			
Changes in operating assets:			
Financial assets designated as at fair value through profit or loss		—	—
Notes and accounts receivable (including related parties)		86,970	1,274,882
Inventories		(89,732)	(267,157)
Prepayments for materials		532,935	416,609
Other financial assets and others		11,799	62,400
Total changes in operating assets		541,972	1,486,734

Changes in operating liabilities:		
Notes and accounts payable (including related parties)	(335,349)	(293,868)
Provision	—	—
Revenue received in advance for sales	(18,302)	(89,342)
Accrued pension liabilities	(5,536)	(18,636)
Accrued expenses and other current liabilities	156,808	(78,639)
Total changes in operating liabilities	(202,379)	(480,485)
Total changes in operating assets and liabilities	339,593	1,006,249
Total adjustments	(933,583)	2,541,304
Cash inflow (outflow) generated from operations	91,868	948,420
Interest received	35,206	9,766
Dividend received	14,946	13,841
Interest paid	(47,931)	(65,975)
Income taxes paid	(1,071)	(115,035)
Net cash outflows used in operating activities	93,018	791,017

		2017	**2016**
Cash flows from investing activities:			
Acquisition of loan to related party	$	(664,114)	(292,969)
Acquisition of financial assets available for sale		—	(280,000)
Acquisition of financial assets carried at cost		—	(9,000)
Acquisition of equity-accounted investees		(449,000)	(296,000)
Acquisition of subsidiaries (excluding cash obtained)		—	—
Acquisition of property, plant and equipment		(241,189)	(1,476,316)
Disposal of property, plant and equipment		17,368	36,897
Dividends from equity-accounted investees		555,732	1,231,465
Increase in restricted certificate of deposit and Decrease in refundable deposits		4,831	17,160
Net cash used in investing activities		(776,372)	(1,068,763)
Cash flows from financing activities:			
Increase (decrease) in other payables to related parties		—	—
Increase in short-term borrowings		604,913	610,000
Increase in long-term loans payable		5,710,000	750,000
Repayment of long-term loans payable		(7,090,000)	(624,587)
Payments of cash dividends		(861,714)	(861,714)
Restricted stock awards for employees		120,000	—

Stock option for employees		294,638	—
Proceeds from sales of subsidiaries' equity to non-controlling interest		—	1,704,569
Restricted stock awards cancellation		(700)	
Treasury stock acquired		—	—
Net cash flows from financing activities		(1,222,863)	1,578,268
Net decrease in cash and cash equivalents		(1,906,217)	1,300,522
Cash and cash equivalents at beginning of year		2,579,645	1,279,123
Cash and cash equivalents at end of year	**$**	**673,428**	**2,579,645**

December 31, 2017 and 2016
(Expressed in NT$ Thousand unless otherwise stated)

I.、Company background

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

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

For the purpose of reorganization and professional division of work and enhancing competitiveness and business performance, a resolution was reached at the shareholders' meeting on June 17, 2011 to have the semiconductor business and sapphire business (including the related assets, liabilities and business operations), by the way of incorporation and partition, transferred to the Company's 100% owned subsidiaries, Globalwafers Co., Ltd. (hereinafter referred to as "Globalwafers") and Sino Sapphire CO., LTD (hereinafter referred to as "Sino Sapphire") with the base date of partition scheduled on October 1, 2011. The Company based on the net book value of the semi-conductor business shall pay a price of NT$38.50 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.

Stocks of Globalwafers have been approved for public trading at Taipei Exchange (TPEx) since September 25, 2015, and at the same date have stopped being traded at ESM.

II. Financial statements approval date and procedure

The individual financial reports were approved for release by the Board of Directors on March 22, 2018.

III. New standards, amendments and interpretations adopted:

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2017:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 " Presentation of Financial Statements-Disclosure Initiative	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendments to IAS 36 " Impairment of Non-Financial assets- Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
Amendments to IAS 39 " Financial Instruments-Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016

The Company assessed that the initial application of the above IFRSs would not have any material impact on the consolidated financial statements.

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018 in accordance with Ruling No. 1060025773 issued by the FSC on July 14, 2017.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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

(A)IFRS 9 “Financial Instruments”

IFRS 9 replaces IAS 39 “Financial Instruments: Recognition and Measurement” which contains classification and measurement of financial instruments, impairment and hedge accounting.

(i) Classification and measurement - Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial assets in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. In addition, IAS 39 has an exception to the measurement requirements for investments in unquoted equity instruments that do not have a quoted market price in an active market (and derivatives on such an instrument) and for which fair value cannot therefore be measured reliably. Such financial instruments are measured at cost. IFRS 9 removes this exception, requiring all equity investments (and derivatives on them) to be measured at fair value.

Based on its assessment, the Company does not believe that the new classification requirements will have a material impact on its accounting for trade receivables, loans, investments in debt securities and investments in equity securities that are managed on a fair value basis. At December 31, 2017, the Company had equity investment classified as available-for-sale financial assets at cost of $685,194 thousand, held-to-maturity financial assets at cost of $281,366 thousand, and financial assets measured at cost of $298,640 thousand are held for long-term strategic purposes. At initial application of IFRS9, the Company has designated these investments as measured at FVOCI. Consequently, all fair value gains and losses will be reported in other comprehensive income, no impairment losses would be recognized in profit or loss and no gains or losses will be reclassified to profit or loss on disposal. The Company assessed the application of IFRS 9's classification and measurement requirements will increase total assets, other interests and retained earnings by $324,183 thousand, ($277,315) thousands and $601,498 thousands respectively.

(ii) Impairment - Financial assets and contact assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with a forward-looking ‘expected credit loss’ (ECL) model. This will require considerable judgment as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and

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

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset’s credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.

The Group's assessment indicated that the application of IFRS 9’s impairment requirements on January 1, 2018, won't have material impact on its consolidated financial statements.

(iii) Disclosures

IFRS 9 will require extensive new disclosures, in particular about credit risk and expected credit losses. The Group’s assessment included an analysis to identify data gaps against current processes and the Group plans to implement the system and controls changes that it believes will be necessary to capture the required data.

(iv) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

The Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 generally will be recognized in retained earnings and reserves as at January 1, 2018.

The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application:

- The determination of the business model within which a financial asset is held.

- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- The designation of certain investments in equity instruments not held for trading as measured at FVOCI.

(B) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 “Revenue” and IAS 11 “Construction Contracts”.

(i) Sales of goods

Revenue is currently recognized depending on the individual terms of the sales agreement. The related risks and rewards of ownership have to be transferred prior to the recognition of revenue. Revenue is recognized at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under IFRS 15, revenue will be recognized when a customer obtains control of the goods. The Company performed a preliminary assessment and considered that the timing of the related risks and rewards of ownership transferred is similar to the timing when control is transferred and the Company does not expect that there will be a significant impact on its consolidated financial statements.

(ii) Transition

The Company plans to adopt IFRS 15 using the cumulative effect method. Therefore, the comparative information will not be restated. The cumulative effect of initially applying IFRS 15 will be recognized as an adjustment to the opening balance of retained earnings at 1 January 2018.

The Company assessed the adoption of IFRS 15 would not have any material impact on its consolidated financial statements.

(C) Amendments to IAS 7 “Disclosure Initiative”

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

To satisfy the new disclosure requirements, the Company intends to present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities.

(D) Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Loss”

The amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.

The Company assessed the application of the amendments would not have any material impact on its consolidated financial statements.

The actual impacts of adopting the standards may change depending on the economic conditions and events which may occur in the future.

(3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 16 "Leases"	January 1, 2019
IFRS 17 "Insurance Contracts"	January 1, 2021
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019

Those which may be relevant to the Company are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: • For a contract that is, or contains, a lease, the lessee shall recognize a right-of-use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right-of-use asset during the lease term. • A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.

October 12, 2017	Amendments to IAS 28 "Long-term interests in associates and joint ventures"	The amendment to IAS 28, which addresses equity-accounted loss absorption by long-term interests, will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). It also involves the dual application of IAS 28 and IFRS 9 Financial Instruments.

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

IV. Accounting policy summary

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

(I) Compliance statement

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

(II) 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;

(2) Defined benefit liabilities are measured in accordance with the net amount of the pension fund assets minus the present value of the defined benefit obligations and the impact of the maximum amount referred to in Note 4 (17).

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 report is 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.

(III) 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 (referred to herein after as 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 isconverted 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 profits or losses, the exchange profit and loss of the remaining assets is recognized in the profits or losses.

2. Foreign operation institutions

The assets and liabilities of foreign operation institutions, including goodwill and fair value adjustments arising on acquisitions, are converted into the functional currency according to the exchange rate on the reporting date. Incomes and expenses are denominated in accordance with the current average exchange rate and with the exchange differences recognized in other comprehensive income.

(IV) 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 settled within the regular operating cycle of the Company;
2. Assets that are held for trading purposes;
3. Expected to be settled within twelve months after the balance sheet date;
4. The liabilities for which the Company cannot unconditionally have the settlement deadline postponed for at least twelve months after the balance sheet date; No impact will be on classification of liabilities with terms determined by the counterparties that lead to settlement of the liabilities by issuing of equity instruments.

(V) Cash and cash equivalent

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

(VI) 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: accounts receivable and financial assets measured at cost 、available-for-sale financial assets

(1) Available-for-sale financial assets

Such financial assets are designated as available-for-sale or specific category non-derivative financial assets. The financial assets are measured at fair value plus attributed transaction cost at initial recognition; the financial assets are subsequently measured at fair value. Except for impairment losses and dividend income recognized as gains or losses, the change in carrying amount is recognized in other comprehensive income and accumulated in the available-for-sale financial assets unrealized gain or loss under the shareholder’s equity. When derecognizing, the cumulative amount of gain or loss under the shareholder’s equity is reclassified under gains or losses; it is also reported in the “non-operating income and expense” account. The regular trade of financial assets is handled in accordance with the accounting treatment at the trading date.

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 reported at “financial assets carried at cost” account.

Dividend income from equity investment is recognized on the date (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.

(2) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method less any impairment.

(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 accounting treatment at the trading date.

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 in 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 to the receivable portfolio exceeding the average credit period and the national or regional economic conditions and changes related to receivable arrears.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate.

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 carrying amount of the financial asset; however, the carrying amount 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 carrying amount of the allowance account are recognized in the gains or losses.

If there is impairment loss of the available-for-sale financial instruments, the accumulated profits or losses previously recognized as other comprehensive income shall be reclassified as gain or loss.

If, in a subsequent period, the amount of impairment loss on a financial asset measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost before impairment was recognized at the reversal date.

The impairment loss of the available-for-sale financial instruments that was previously recognized in the gain or loss shall not be reversed and recognized in the gain or loss. The recovery in fair value of any impairment loss previously recognized is recognized in other comprehensive income and accumulated in the “other equity” account.

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 carrying amount and the considerations received or receivable plus the amount recognized in the other comprehensive income and accumulated in the “Other equity-available-for-sale financial assets unrealized gain or loss” is recognized in the gains or losses and reported in the “non-operating income and expense” account.

When not having one single financial asset derecognized entirely, the Company has the carrying amount 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 carrying value amortized to the derecognized operation and the considerations received from the derecognized operation plus the accumulated gain or loss recognized in the other comprehensive income amortized to the derecognized operation is recognized in the gain or loss and reported in the “non-operating income and expense” account. The accumulated gain or loss recognized in the other comprehensive income is amortized to the continuously recognized operation and derecognized operation according to the respective fair value.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equities

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 gain related to financial liabilities are recognized in the gain 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 carrying value and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in the gains or losses 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.

(VII) Inventory

Inventory is valued at a lower level than the 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.

(VIII) Investment in the affiliated companies

Affiliated companies refer to companies over which the Company has significant influence but without control or jointly control over their financial and operating policies.

The Company has accounted for equities in affiliated companies under the equity method. Under the equity method, investment is initially recognized at cost. Investment cost includes transaction cost. The carrying amount of investment in the affiliated companies includes the goodwill recognized at the initial investment and net of any accumulated impairment losses.

The 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 gains or losses and the other comprehensive income of the investment in the affiliated companies proportionately to the equity ratio. When the affiliated companies have equity changes not related to gains or losses and other comprehensive income, as well as not impacting the Company shareholding in the affiliated companies, the Company shall recognize the equity changes attributed as paid in capital in proportion to the equity ratio of its investment in the affiliated companies.

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 loss is the same as the written-off unrealized gain but is 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. 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.

In circumstance that the affiliated company issues new shares and the Company does not subscribe proportionately to its equity shares in the affiliated company, and that leads to changes of shareholdings and the increase/decrease of net equity of the investment, such increases or deceases shall be adjusted to the paid in capital under the equity method; if paid in capital is insufficient to cover such adjustment, the remaining balance shall be debited to the retained earnings. However if the Company does not subscribe proportionately to its equity shares in the affiliated company and that leads to the decrease of net equity of such investment, any amount associated with this affiliated company recognized previously as comprehensive income shall be reclassified proportionately to the decrease, and accounted with on the basis that the affiliated company is required to adopt and comply with the demands to dispose relevant assets or liabilities directly.

(IX) Investment in subsidiaries

The Company has the wholly-owned invested company valued under the equity method when preparing the individual financial reports. Under the equity method, the amortization amount attributable to the shareholders of the parent company from the gains or losses and other comprehensive income 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 report and the consolidated financial reports is the same.

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

(X) 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 carrying amount 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 carrying amount of the item; also, the carrying amount of the replacement is derecognized. The routine repair and maintenance cost of property, plant and equipment is recognized in the gain 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.

No depreciation on land.

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

(1) Real estate and building: 2~50 years
(2) Machinery equipment: 2~25 years
(3) Other equipment: 2~25 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 25~50 years, 25 years and 4~23 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.

(XI) Lease

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance lease are initially recognized as assets of the Company at the fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Subsequently they are treated in a way pursuant to accounting policy relating to these assets.

The minimum finance lease payments should be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge should be allocated so as to produce a constant periodic rate of interest on the remaining balance of the liability.

All other leases are classified as operating leases. The assets under such leases are not recognized in the Company's balance sheet.

For operating leases (not including service charges such as insurance and maintenance fees), the lease payments are recognized as expenses in the income statement over the lease term on a straight-line basis.

(XII) 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 gain 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 gain 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 gains or losses.

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.

(XIII) 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 gain or loss of the current period.

For the purposes of impairment testing, goodwill acquired through business mergers 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 carrying amount 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.

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 carrying amount of the individual asset or cash-generating unit to the recoverable amount; however, it shall not exceed the carrying amount of the individual assets or cash-generating unit in the prior period before recognizing the impairment loss but after appropriating the depreciation or amortization.

(XIV) Provision

The recognition of provision 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. Provision 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.

Onerous contracts: 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 provision 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.

(XV) Treasure 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 debited to the equity. If the disposal price of the treasury stock is higher than the carrying amount, the difference is classified as "Capital surplus – Treasury stock;" if the disposal price is lower than the carrying amount, the difference is applied to write off the capital surplus - treasury stock in the same category or debited to retained earnings, if there is an insufficient amount. The carrying amount of treasury stock is calculated in accordance with the weighted average method and is calculated separately in accordance with the reason for repurchase.

When the treasury stock is cancelled, the "Capital surplus – Treasury stock" is debited proportionately to the equity shares, the difference is applied to write off the capital surplus - treasury stock in the same category or debited to retained earnings, if there is an insufficient amount. If the carrying amount is lower than the sum of par value and the premium from issuing stocks, it shall be debited to the additional paid in capital from transactions of the treasury stock in the same category

(XVI) Revenue Recognition

1. Product Sales

The income from product sales 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 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. For international shipments, transfer occurs upon loading the goods onto the relevant carrier at the client's designated location. Generally for such products, the customer has no right of return. For domestic shipments, risks and rewards normally transferred when goods are delivered and accepted by customers.

2. Labor Services

The Company provides labor services to its customers. Labor service income is recognized in accordance with the percentage of completion on the reporting date.

3. Government Grants

Government grant obtained is recognized in each period in pursuant to the costs expected to incur in proportion to total costs in the "non-operating income and expense" account.

(XVII) Employee Benefits

1. Defined Contribution Plan

The appropriation obligation under the defined contribution plan is recognized as employee benefits expense in the gain 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 bonds 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 gain 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 gains or losses.

Remeasurements of the net defined benefit liability or asset, comprising: (1) actuarial gains and losses; (2) return on plan assets, but not including net interest on the net defined benefit liability or asset; and (3) changes in the effect of the asset ceiling, but not including the net interest on the net defined benefit liability or asset,

The remeasured net defined benefit liabilities are recognized in other comprehensive income. The Company had chosen to have amounts recognized in other comprehensive income to be transferred to the retained earnings.

The Company, when experiencing curtailment or settlement, should recognize the curtailment or settlement gain or loss of the defined benefit plan. Curtailment or settlement gains and losses include any changes in the fair value of any plan assets and changes in the present value of defined benefit obligations.

3. Short-term employee benefit

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.

(XVIII) 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. The conditions of the share-based payment awards are already reflected in the recognition of the grant-date fair value and there’s no need to make adjustment on the difference between the expected and realized amount.

(XIX) 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 income, the current income tax and deferred income tax should be recognized in the profits or losses.

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 carrying amount 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. Initial recognition of goodwill.

Deferred income tax is measured in accordance with the tax rate in the expected asset realization or liability settlement 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 settled 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.

(XX) Earnings per share

The Company illustrated the basic and diluted earnings per share attributable to the common stock shareholders. Basic earnings per share is calculated by having the gain or loss attributable to the Company’s common stock shareholders divided by the weighted average number of the outstanding common stock shares during the period. Diluted earnings per share is calculated by having the gain 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 options of employees and stock dividends of employees that are yet to be resolved in the shareholders’ meeting.

(XXI) 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.

V. Critical accounting judgements, estimates and assumption on uncertainty

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

The management is to continue examining the estimates and underlying assumptions. Changes in accounting estimates are to be recognized during the affected and future periods.

For the uncertainty of assumption and estimation, relevant information of adjustment possibly caused in the next fiscal year is as follows:

(1) Inventory evaluation

Since the inventory needs to be evaluated for the lower value of the cost and the net realizable value, the Company evaluates that at the report date, due to the normal depreciation of inventory, obsolete or value without market sales value, and offsets the inventory cost to the net realizable value. Such inventory evaluation mainly uses the product demand within a certain future period of time as the evaluation basis, major fluctuation may be generated due to the rapid change of the industry. For inventory evaluation listing status, please refer to Note 6(3) for details.

(2) Impairment evaluation of real property, facility and equipment

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.

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

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

(1) Level I: The market quoted price of the identical assets or liabilities (unadjusted).

(2) 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).

(3) Level III: Input parameters of the asset or liability are not based on the observable market data (non-observable parameters)

In case there is movement between fair value hierarchy, the Company should recognize such movement at the reporting date. For relevent information regarding assumptions of fair value measurement adopted please see note 6(26) Financial instruments as follows.

VI. Important accounting items

(I) Cash and cash equivalents

		2017.12.31	2016.12.31
Cash	$	246	446
Bank deposits		673,182	2,482,449
Deposit account		-	96,750
Cash and cash equivalents in the Statement of Cash Flow		$ 673,428	$ 2,579,645

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

(II) Notes receivable and accounts receivable - net

		2017.12.31	2016.12.31
Notes receivable	$	-	10,952
Accounts receivable		779,227	527,183
Less: Allowance for bad debt		(48,679)	(48,679)
Less: Allowance for return and discount		(1,562)	(641)
	$	728,986	488,815

Changes in allowance for bad debt of accounts receivable on 2017 and 2016 are as follows:

		2017.12.31	2016.12.31
Balance as of January 1	$	48,679	49,244
Impairment loss recognized (reversed)		-	(565)
Balance as of December 31	$	48,679	48,679
Individual assessment of impairments	$	48,679	48,679

The aging analysis of the Company's overdue receivable (including related parties) on the reporting date is as follows:

		2017.12.31	2016.12.31
Overdue 1-30 days	$	45,673	52,077

Overdue 31-60 days	1,027	22,697
Overdue 61-90 days	6,825	11,590
	$ 53,525	86,364

The Company's average credit period for product sales is 0-180 days. Allowance for bad debt of accounts receivable is for recording bad debt expense and primarily based on the historical payment behavior, the customer's credit rating and the aging information to estimate the uncollectible amount.

As of December 31, 2017 and 2016, the Company's accounts receivable had not been provided as collateral.

(III) Inventories

	2017.12.31	2016.12.31
Finished goods	$ 31,394	57,656
Finished goods	772,425	807,196
Work-in-process goods	236,839	165,879
Raw materials	1,119,384	894,988
Supplies	74,743	81,148
	$ 2,234,785	2,006,867

Component of operating cost are as follows:

	2017	2016
Cost of goods sold	$ 11,718,790	10,954,436
Appropriation for inventory loss in valuation	(130,275)	142,367
Unamortized fixed manufacturing expense	369,750	180,145
Loss on purchase agreement	0	21,268
	$ 11,958,265	11,298,216

As of December 31, 20176 and 2016, the Company's inventories had not been provided as collateral.

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

	2017.12.31	2016.12.31
Stock of listed company - Solartech	$ 439,258	445,155

OTC Stocks – Actron Technology Corporation	245,936	216,125
	$ 685,194	661,280

As of December 31, 2017 and 2016, 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 comprehensive income:

Securities price on the reporting date	2017	2016
Up 10%	$ 68,519	66,128
Down 10%	$ (68,519)	(66,128)

(V) Held-to-maturity investment

	2017.12.31	2016.12.31
Corporate bonds of CWT	$ 281,366	281,400

The Company bought the 5-year privately placed corporate bond issued by its affiliate Crystalwise Technology Inc. at the face value of 280,000,000 in October 2016 with the intention to sell before the maturity. The interest of the bond is calculated half-yearly with the coupon rate and effective yield both at 2%.

As of 31 December 2017, there's no pledge of the held-to-maturity investments of the Company.

(VI) Financial valued at the cost - noncurrent

	2017.12.31	2016.12.31
Equity investment	$ 900,138	900,138
The cumulative amount of impairment loss recognized	(601,498)	(531,997)
	$ 298,640	368,141

Cumulative impairments changes are as follows:

	2017	2016
Cumulative impairments - beginning	$ 531,997	79,336
Provided this period	69,501	452,661
Cumulative impairments - ending	$ 601,498	531,997

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

Powertec Energy Corp. (hereafter referred to as "Powertec) has executed the capital increase plan at the third quarter of 2016 for the purpose of increasing the capital and future operation development fund demand. The company makes a discount investment lower than the share par value for an amount 9,000 thousand dollars, and it is estimated that the account value of Powertec listed under impairment loss is calculated to be 489,754 thousand dollars.

As of December 31, 2017 and 2016, the Company's financial assets referred to above had not been provided as collateral.

(VII) Investment under the equity method

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

	2017.12.31	2016.12.31
Subsidiary	$ 19,612,583	12,054,859
Affiliated companies	1,376,095	1,190,070
	$ 20,988,678	13,244,929

1. Subsidiary

Please refer to the 2017 and 2016 consolidated financial statements.

2. Affiliated companies

Names of affiliated companies	Relationship with the Company	Main location/ country registered in	Percentage of equity ownership and voting rights	
			2017.12.31	2016.12.31
Crystalwise Technology Inc (referred as Crystalwise)	Mainly engages in the manufacturing and trading of optoelectronic wafers and substrate material.	Taiwan	40.11%	40.07%

Accu Solar Corporation	Solar cell module manufacturing	Taiwan	24.70%	24.70%
Cathy Sunrise Corporation	Power generation, transmission, distribution machinery manufacturing	Taiwan	30.00%	30.00%

1. The fair values of affiliated companies that are significant to the Company and listed in the ESM are as follows:

	2017.12.31	2016.12.31
Crystalwise Technology Inc.	$ 1,179,391	684,725

Company, with adjustments made to include amounts reported by the affiliated companies in their individual financial reports prepared in a way pursuant to IFRSs so as to reflect adjustment on the fair value when acquiring shares of the affiliated companies and the adjustment of difference in accounting policy.

Financial Summary of Crystalwise

	2017.12.31	2016.12.31
Current Assets	$ 1,370,465	1,781,023
Non-Current Assets	2,627,539	3,044,566
Current Liabilities	(1,392,433)	(1,450,579)
Non-Current Liabilities	(1,013,279)	(1,147,528)
Net Assets	1,592,292	2,227,482
Net assets attributed to non-controlling equities	-	-
Net assets attributed to owner of the investee company	$ 1,592,292	2,227,482

	2017	2016
Revenues	$ 1,496,642	1,583,288
Operating profit (loss) from	(527,910)	(707,929)

continuing operations		
Income and loss from discontinued operations	(93,711)	(17,750)
Other comprehensive income	(19,047)	(79,649)
Total comprehensive income	$ (640,668)	(805,328)
Total comprehensive income attributed to non-controlling equities	$ -	4,124
Total comprehensive income attributed to owner of the investee company	$ (640,668)	(809,452)

	2017	2016
The Company’s shares of net assets of the affiliated company at beginning of period	$ 1,112,819	$ 1,487,561
New investment in this period and changes of net equity for affiliated companies under the equity method	102	(2,553)
Total revenues attributed to the Company this period	(258,295)	(340,210)
Total Comprehensive Income attributed to the Company this period	(5,415)	(31,979)
The Company’s shares of net assets of the affiliated companies at end of period	$ 849,211	1,112,819

(2) For affiliated companies under equity method that are not material to the Company, the financial information is summarized as follows. Such financial information represents the amount contained in the Company’s individual financial reports:

	2017.12.31	2016.12.31
The summarized carrying amounts of equity of the immaterial affiliated companies at end of period	$ 526,884	77,251
Total Net income attributable the company :		
Net loss	$ (367)	(42,055)

As of December 31, 2017 and 2016, the Company’s investments under the equity method had not been provided as collateral.

(VIII) Changes of equities in the subsidiaries

1. Disposing part of the subsidiary’s equity without losing control

   The Company has disposed 6.05%, shares of Globalwafers Co., Ltd in October,2016 for NT$1,704,569 thousand.

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

	2016
The consideration received from the non-controlling equity	$ 1,704,569
The carrying amount of the non-controlling equity disposed of	(1,101,349)
Capital surplus - the spread between the equity buying/selling price and carrying amount	$ 603,220

   Non-controlling equity had decuting the under writing fee.

2. The Company did not subscribe in proportion to the shares issued by the capital increase of the subsidiaries. However, this did not result in its losing of control.

   The subsidiary of the Company Globalwafers Co., Ltd. had its capital increased in Apr.2017 by issuing Overseas Depositary Receipts, and all shares were subscribed by the non-controlling interests for NT$14,035,424 thousand. The Company did not subscribed the shares in proportionate to its shareholdings. The change of the Company’s equity investment in Globalwafers Co., Ltd. has the following impact on the equity interests attributed to the parent company:

	2017
The increase in equity the Company is entitled to after the issuance of new shares by the subsidiary.	$ 5,670,467
Capital surplus - From share of changes in equities of subsidiaries	$ 5,670,467

(VIII) 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	Building	Machinery equipment	Other equipment	Construction in progress and quarantined equipment	Total
Cost:						
Balance – 1/1/2017	$ 405,890	2,964,484	9,772,803	1,332,926	693,053	15,169,156
Additions	-	23,259	60,171	50,914	143,270	277,614
Disposal	-	(30,909)	(1,645,600)	(65,719)	-	(1,742,228)
Reclass	0	70,032	209,441	190,120	(469,593)	0
Balance – 12/31/2017	$ 405,890	3,026,8664	8,396,815	1,508,241	366,730	13,704,542
Balance – 1/1/2016	$ 2,380	2,931,901	8,452,522	1,431,517	1,697,648	14,515,968
Additions	91,902	15,623	220,295	58,344	440,016	826,180
Disposal	-	(291)	(263,898)	(38,674)	(135)	(302,998)
Reclass	311,608	17,251	1,363,884	(118,261)	(1,444,476)	130,006
Balance – 12/31/2016	$ 405,890	2,964,484	9,772,803	1,332,926	693,053	15,169,156
Depreciation and impairment loss:						
Balance – 1/1/2017	$ -	1,203,190	6,331,841	519,344	-	8,054,375
Current depreciation	-	143,724	786,206	104,168	-	1,034,098
Disposal	-	(30,909)	1,631,215)	(55,222)	-	1,717,346)
Reclassification	-	-	2,114	(2,114)	-	-
Balance – 12/31/2017	$ -	1,316,005	5,488,946	566,176	-	7,371,127
Balance – 1/1/2016	$ -	1,052,970	5,772,428	408,509	-	7,233,907
Current depreciation	-	150,511	791,968	94,258	-	1,036,737
Disposal	-	(291)	(237,017)	(27,175)	-	(264,483)
Reclassification	-	-	4,462	43,752	-	48,214
Balance – 12/31/2016	$ -	1,203,190	6,331,841	519,344	-	8,054,375
Carrying amount:						
December 31, 2017	$ 405,890	1,710,861	2,907,869	942,065	366,730	6,333,415
January 1, 2016	$ 2,380	1,878,931	2,680,094	1,023,008	1,697,648	7,282,061
December 31, 2016	$ 405,890	1,761,294	3,440,962	813,582	693,053	7,114,781

2. Guarantees

Please refer to Note 8 for the guarantees of long-term loan as of December 31, 2017 and 2016 in details.

(X) Short-term loans

	2017.12.31	2016.12.31
Unsecured bank loans	$ 2,364,913	1,760,000
The unutilized credit amount	$ 1,664,252	1,925,860
Loan interest rate interval at end of period	0.2%~1.1%	0.9%~1.1%

(XI) Long-term loan

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

2017.12.31

	Currency	Interest rate interval at end of period	Contract period	Amount
Unsecured bank loans	NTD	1.1%~1.17%	108.06~109.10	$ 900,000
Secured bank loans	NTD	1.28%	111.01~121.01	460,000
Total				$ 1,360,000
The unutilized credit amount				$ 1,800,000

2016.12.31

	Currency	Interest rate interval at end of period	Contract period	Amount
Unsecured bank loans	NTD	1.17%~1.28%	104.07~107.12	$ 2,140,000
Secured bank loans	NTD	1.68%	102.05~107.05	598,011
				2,738,011
Less: current portion of long-term liabilities				(748,011)
Total				$ 1,990,000
The unutilized credit amount				$ 1,370,000

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.

The Company's 2016 consolidated financial report is in compliance with the financial ratio limits. Part of the financial covenants breached as per the 2016 consolidated financial reports of the Company. The breach of financial covenants is deemed as breach of loan contract and the loan will be reclassified as long-term debt due in one year. Nevertheless, the Company has repaid the full amount of the loan in Apr. 2017 and cancelled the relevant collateral for the bank's borrowings with asset set.

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

(XII) Finance lease liability

According to the resolution of the Board of Directors' meeting of the Company on March 22, 2016, to cope with the future development needs of the Company, application for the purchase of a portion of the land of the Li-Ze Industrial District is submitted to the Industrial Development Bureau, MOEA, and relevant transfer and registration procedures have been completed in October 2016, of which the land price is of the amount of 403,510 thousand dollars. Please refer to Note 6(9) for details thereof.

(XIII) Provision

Changes in the Company's provisions are as follows:

	2017.12.31	2016.12.31
Onerous contract	$ 427,000	427,000

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.

(XIV) Operating lease

Lease of lessee

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

	2017.12.31	2016.12.31
Within 1 year	$ 31,792	31,410
1~5 years	122,015	121,722
Over 5 years	81,499	111,929
	$ 235,306	265,061

The operating lease expense reported in gain or loss was NT$35,803 thousand and NT$36,007 thousand in 2017 and 2016, respectively.

The company leased the plant from subsidiary, annual rental expense is 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. The related party exposed of the Company refer to Note 7.

(IV) 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:

	2017.12.31	2016.12.31
The total present value of defined benefit obligations	$ (47,043)	(48,472)
The fair value of plan assets	32,571	28,617
The net defined benefit liabilities	$ (14,472)	(19,855)

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$32,571 thousand on December 31, 2017. 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 2017 and 2016 are as follows:

	2017	2016
Defined benefit obligations – 1/1	$ 48,472	45,676
Current service cost and interest	1,046	1,068
Remeasurement of net defined liabilities		
- The expected return of plan assets (excluding interest of current period)	(1,087)	1,904
- Actuarial gains and losses arising from changes of demographic assumptions	1,008	661
- Actuarial gains and losses arising from changes of financial assumptions	-	1,156
Benefits paid	(2,396)	(1,993)
Defined benefit obligations – 12/31	$ 47,043	48,472

(3) Changes in the fair value of plan assets

Changes in the fair value of the Company's defined benefit plan assets in 2017 and 2016 are as follows:

	2017	2016
Fair value of the plan assets on January 1	$ 28,617	11,081
Remeasurement of net defined liabilities		
- The expected return of plan assets (excluding interest of current period)	(230)	(184)
Interest income	512	355
The Company's amount of appropriation	6,069	19,358
Benefits paid	(2,397)	(1,993)
Fair value of the plan assets on December 31	$ 32,571	28,617

(4) Change of limit on a defined benefit assets

The Company has no change of limit on a defined benefit plan in 2017 and 2016.

(5) The expenses recognized in the profit or loss

The Company's expenses recognized in the profit or loss in 2017 and 2016 are as follows:

	2017	2016
Current service cost	$ 500	440
Net interests of net defined benefit liabilities	34	273
	$ 534	713
Operating Costs	$ 266	398
Marketing expense	38	54
General and administrative expenses	158	167
R&D expense	72	94
	$ 534	713

(6) Remeasurement of net liabilities under defined benefit plan recognized as other comprehensive income

In 2017 and 2016, remeasurement of net defined benefit liabilities recognized by the Company as other comprehensive income is as follows:

		2017	2016
Accumulated balance – 1/1	$	(74,498)	(89,989)
Recognized currently		(153)	15,441
Equity recognized in other comprehensive income		212,773	(74,548)
Accumulated balance – 12/31	$	138,122	(74,548)

(7) Actuarial assumptions

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

	2017.12.31	2016.12.31
Discount rate	1.125%	1.125%
Future salary increases	2.000%	2.000%

The amount estimated to be appropriated for payments of the defined benefit plan within a year after the 2017 reporting date is NT$4,895 thousand.

The weighted average duration of the defined benefit plan is 10.4 years.

(8) Sensitivity analysis

To calculate the present value of defined benefit obligation, the Company must use its discretion and assessment to determine relevant actuarial assumptions on the balance sheet date including the discount rate and future changes of salary. Any change in the actuarial assumptions is likely to materially affect the amount of the Company's defined benefit obligations.

The impact of changes on major actuarial assumptions to the present value of defined benefit obligations is as follows:

		The impact to the defined benefit obligations	
2017.12.31		Increase 0.25%	Decrease 0.25%
Discount rate	$	(1,196)	1,240
Future salary increases		1,203	(1,167)

	The impact to the defined benefit obligations	
2016.12.31	Increase 0.25%	Decrease 0.25%

Discount rate	$	(1,176)	1,217
Future salary increases		1,179	(1,144)

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

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

2. Defined contribution plan

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

The Company's pension expense under the defined contribution plan was NT$39,492 thousand and NT$41,883 thousand in 2017 and 2016, respectively; also, the amount had been appropriated to the Bureau of Labor Insurance, Ministry of Labor.

(XVI) Income tax

1. Income tax expenses

The Company's income tax expense (profit) in 2017 and 2016 is as follows:

	2017	2016
Current income tax profit		
Adjustment of the income tax-current of prior period	$ (10,054)	(3,659)
Income tax expenses	$ (10,054)	$ (3,659)

The Company's income tax expense (profit) recognized under other comprehensive income in 2017and 2016 is as follows:

	2017	2016
Foreign exchange differences from foreign operation	$ (13,012)	(13,078)

The Company's income tax expense (profit) and net income before tax in 2017 and 2016 is adjusted as follows:

	2017	2016
Net income before tax	$ 1,025,451	$ (1,592,884)
The income tax is calculated in accordance with the domestic income tax rate where the Company is located.	174,327	(270,790)
Permanent differences adjustment	(268,393)	232,855
The underestimation and overestimation of the prior period and unrecognized temporary difference	(10,054)	(3,659)
Income Basic Tax	94,066	37,935
Income tax expenses	$ (10,054)	$ (3,659)

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:

	2017.12.31	2016.12.31
Deductible temporary differences	$ 355,026	383,597
Loss carryforwards	320,062	197,425
	$ 675,088	581,022

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, 2017, 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	$ 899,695	2022Year

2017	983,023	2027Year
	$ 1,882,718	

(2) Recognized deferred income tax assets:

Deferred income tax assets are listed as follows:

	2016.1.1	Recognized in the income statement	Recognized in other comprehensive income statement	2016.12.31	Recognized in the income statement	Recognized in other comprehensive income statement	2017.12.31
Allowance for inventory loss in valuation	$ 39,668	24,202	-	63,870	(22,147)	-	41,723
Loss deduction	69,196	-	-	69,196	18,129	-	87,325
Other	42,650	(24,202)	13,078	31,526	4,018	13,012	48,556
	$ 151,514	-	13,078	164,592	-	13,012	177,604

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 2015.

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

	2017.12.31	2016.12.31
The attributable year of unappropriated earnings:		
After 1998	$ -	(1,565,754)
Tax credit account balance	$ -	78,487

	2017 (Estimated)	2016 (Actual)
ROC resident's tax credit ratio for earnings distribution	-	-

The income tax integration amount referred to above was processed in accordance with the Tai.Chai.Shay No. 10204562810 Letter dated October 17, 2013 of the Ministry of Finance.

(XVII) 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, 2017 and 2016, 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 capitals are NT$5,920,587 thousand and NT$5,800,312 thousand, respectively.

The Company's outstanding stock shares in 2017 and 2016 were adjusted as follows (expressed in thousand shares):

	Common stock	
	2017	2016
Beginning outstanding shares – 1/1	574,476	574,476
Employees exercising stock options	6,063	-
Ending outstanding shares – 12/31	580,539	574,476

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 this 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 "Capital surplus" account.

   The Company issued 6,000 shares of Employee Restricted Stock authorized through annual general meeting on Jun. 07, 2017, and the base date of capital increase on Oct. 13, 2017.

2. Capital surplus

   The Capital surplus balance of the Company is as follows:

		2017.12.31	2016.12.31
Common stock premium	$	1,3970,742	14,832,456
Difference between the disposal price and		2,492,997	2,492,997

book value of the subsidiary's equity		
Capital surplus of long-term equity investment is recognized under the equity method	6,762,869	1,092,242
Treasury stock transactions	31,765	31,765
Employee restrict stock	341,422	
Employee stock options, etc.	606,036	372,023
	$ 24,205,831	18,821,483

According to the Company Act amended in January 2012, Capital surplus is for making up losses first before capitalizing the realized Capital surplus or distributing cash dividends to shareholders in accordance with the original shareholding ratio. The realized Capital surplus 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 Capital surplus for capitalization every year may not exceed 10% of the paid-in capital.

It was resolved in the Company's shareholders' meeting on June 27, 2017 to distribute cash dividend of NT$861,714 thousand (NT$1.5 per share) and NT$402,133 thousand (NT$0.7 per share) with the Capital surplus in 2016 and 2015 respectively. Please visit the MOPS for the related information.

3. Legal reserve

According to the Company Act amended in January 2012, 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, 2017 and 2016, 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 regulations of the amended Article of Association of the Company, if there is a surplus at the year-end settlement, after tax payment according to the law and the compensation of accumulated losses, a further 10% thereof shall be appropriated as the legal reserve; however, when the legal reserve has reached the paid-in capital of the Company, no further appropriation shall be made, and the remains shall be listed or reserved for special reserve according to the law; if there is still further remains, for such remains along with the undistributed accumulated surplus, the Bored of Directors shall prepare the surplus distribution proposal and shall submit such proposal to the shareholders' meeting for resolution on the distribution of shareholders' dividends and bonuses.

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

The distributions of dividends per share, employee bonuses, and directors' and supervisors' remuneration for the years 2015 and 2016 which were approved by the stockholders during their meetings on June 28, 2016 and June 27, 2017, respectively, were as follows:

	December 31, 2016	December 31, 2015
	NT$	NT$
Dividends distributed to ordinary shareholders:		
Cash (dividends per share were $0.8and $0, respectively)	$ -	459,581

The above mentioned earnings distribution is consistent with the resolution approved by the board of directors. The information is available on the Market Observation Post System website.

The 2016 earnings distribution after the end of the year,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.

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

	2017			
Reasons for buy back	Beginning shareholdings	Increase of the year	Decrease of the year	Ending shareholdings
Transferred to employee	5,555	-	-	5,555

	2016			
Reasons for buy back	Beginning shareholdings	Increase of the year	Decrease of the year	Ending shareholdings
Transferred to employee	5,555	-	-	5,555

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 Capital surplus. 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	Investments available-for-sale	Unearned Stock-Based Employee Compensation	Other	Total
Balance – 1/1/2017	$ (1,617,512)	(1,188,654)		(6,354)	(2,812,520)
Exchange difference arising from the conversion of a foreign institution's net assets	(63,531)	-	-	-	(63,531)

Exchange difference of the subsidiaries and affiliated companies under the equity method	(292,291)	-	-	-	(292,291)
Available-for-sale financial assets unrealized gains and losses	-	23,914	-	-	23,914
The unrealized profit or loss of the available-for-sale financial assets of the affiliated companies under the equity method	-	55,459	-	-	55,459
The un-earned remuneration of the employees of the affiliated companies under the equity method	-	-	-	2,052	2,052
Issuing employee restrict stock			(283,200)		(283,200)
Compensation cost of employee (stock options & restrict stock			45,752		45,752
Write-off employee restrict stock	-	-	1,428	-	1,428
Balance – 12/31/2016	$ (1,973,334)	(1,109,281)	(236,020)	(4,302)	(3,322,937)
Balance – 1/1/2016	$ (1,460,070)	(1,087,491)		(3,267)	(2,550,828)
Exchange difference arising from the conversion of a foreign institution’s net assets	(63,855)	-		-	(63,855)
Exchange difference of the subsidiaries and affiliated companies under the equity method	(93,587)	-		-	(93,587)
Available-for-sale financial assets unrealized gains and losses	-	(178,850)		-	(178,850)
The unrealized profit or loss of the available-for-sale financial assets of the affiliated companies under the equity method	-	77,687		-	77,687
The un-earned remuneration of the employees of the affiliated companies under the equity method	-	-		(3,087)	(3,087)

Balance – 12/31/2016	$ (1,617,512)	(1,188,654)	-	(6,354)	(2,812,520)

(XVIII) Share-based payment

1. Employee restricted stock awards

In the annual general meeting on June 27, 2017, the shareholders approved a restricted stock plan for qualified employees who had served for more than one year and have special contribution on the grant date, at a total of 6,000 shares. On October 5, 2017, the Company’s board of directors passed a resolution to issue all the shares. The issuance process was granted effective registration by the Financial Supervisory Commission and issued on October 5, 2017, the faire value of the grant date is NT$67.2.

Employee could subscribe the common shares by NT$20 per share. Restriction on the rights and vesting conditions of restricted stocks for employees is that Employee's continuous employment with the Company through the vesting dates, and achievement of both personal performance criterion and the Company’ s operation objectives during the vesting period are eligible to receive the vested shares. The portions of the vesting shares of each year are as follows:

(1) Continuous employment for 1 year:40%.

(2) Continuous employment for 2 year:70%.

(3) Continuous employment for 3 year:100%.

During the vesting period, employees may not sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, restricted employee shares, excluding inheritance. During the vesting period, the rights of attending shareholders’ meeting, proposal, speech, resolution and voting right, etc., and other rights of restricted stock plan for employees, including but not limited to, dividends, bonuses, the distribution rights of legal reserve and capital surplus, the right to subscription of new shares, etc. are as the same as the common shares issued by the Company. The restricted stock for employees issued by Company may be deposited in a security trust account.

If an employee fails to meet the vesting conditions, the Company will recall or buy back and cancel the restricted shares.

The Employee restricted stock awards is disclosed as follows:

	2017
January 1, 2017	-
Granted (thousand shares)	6,000
Cancelled (thousand shares)	(35)
December 31, 2017	5,965

The Company issued employee restricted stock at a total of 6,000 thousand shares in 2017, total premium amounting to NT$343,200 thousand was recognized on capital surplus. The unearned stock-based employee compensation isn't$236,020 thousand.

2. Employee stock warrants

It was resolved at 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, 2017 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	50.2

The remuneration cost of the Company's 2017 and 2016 compensating employee stock option plan amounted to NT$0 thousand and NT$4,382 thousand, respectively, (including NT$0 thousand and NT$0 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 2017 and 2016 is disclosed as follows:

	2017		2016	
Employee stock options	Quantity (thousand shares)	Adjusted weighted average price (NT$)	Quantity (thousand shares)	Adjusted weighted average price (NT$)
Outstanding shares - beginning	4,435	$ 50.2	4,585	52.4
Exercised in current period	(2,458)	48.60		
Confiscated in current period (number of failures)	(1,944)	48.60	(80)	50.2
The number of shares transferred in the current period of employees assigned to subsidiaries	(33)	48.60	(70)	50.2
Outstanding shares - end of period	-	48.60	4,435	50.2
Exercisable employee stock options - end of	-	48.60	4,335	50.2

period		
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, 2017 and 2016 was for 0 years and 0.66 years, respectively.

(XVIIII) Earnings per share

1. Basic earnings per share

	2017	2016
Net income attributable to the owner of the parent company	$ 1,035,505	$ (1,589,225)
Weighted average number of outstanding common stock (shares in thousand) - End of period	576,525	574,476
Basic earnings per share (NT$)	$ 1.80	$ (2.77)

2. Diluted earnings per share

	2017
Net income attributable to the Company	$ 1,035,505
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)	576,525
Effect of dilution	3,113
Weighted-average number of ordinary shares outstanding during the year after dilution (in thousands of shares)	579,638
Diluted earnings per share	$ 1.79

The 2016 employee stock options had no diluting effect; therefore, the diluted earnings per share would not be disclosed.

(XX) Revenues

		2017	2016
Sales of goods	$	11,267,778	10,384,167
Processing revenue		11,080	894
Electricity revenue		4,122	4,944
	$	11,282,980	10,390,005

(XXI)Remuneration to employees and directors

Pursuant to the article of corporation of the Company approved by the directors of the board but yet to be resolved at the shareholders' meeting, for any earnings of the year, no more than 3% to 15% shall be appropriated as remuneration to the employee and distributed in cash or stocks as proposed by the board of directors. The employees of the Company's subsidiary who have met the specific conditions are entitled to such distribution; the Company may appropriate no more than 3% of the earnings mentioned above as remuneration to the directors as resolved by the directors of the board. The distribution of remuneration of employees and directors should be submitted and reported to the shareholders' meeting. In case the Company has cumulative losses, it should reserve amount to make up losses before distributing remuneration to the employees and directors in pursuant to the percentage mentioned in the preceding paragraph.

The Company still has cumulative losses after making up the loss, and the 2016 operating loss was not estimated to be paid by employees and directors. The relevant information was available to the public information station.

(XXII) Other income

		2017	2016
Interest income	$	35,206	11,166
Dividend income		14,946	13,841
	$	50,152	25,007

(XXIII) Other profit and loss

		2017	2016
Foreign currency exchange gains and losses	$	(139,814)	(72,558)
Impairment loss		(69,501)	(452,661)
Other		46,460	78,600
	$	(162,855)	(446,619)

(XXIV) Financial costs

		2017	2016
Interest expenses			
Bank loans	$	46,537	56,091
Lease payable		-	10,331
	$	46,537	66,422

(XXV) Other comprehensive income for subsidiaries and affiliates under equity method

Other comprehensive income for subsidiaries and affiliates of the Company under equity method of 2017 and 2016 are detailed as follows:

		2017	2016
Exchange difference arising from the conversion of a foreign institution's financial statements	$	(292,291)	(93,587)
Unrealized gains or losses on valuation of financial assets available for sales		55,459	77,687
	$	(236,832)	(15,900)

(XXVI) Financial instruments

1. Credit risks

(1) Credit risk exposure

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

(2) Concentration of credit risk

The Company's material clients are in the silicon wafer industry. The Company assigns a credit line to each customer in accordance with the credit procedures; therefore, the Company's credit risk is mainly affected by the silicon wafer industry. As of December 31, 2017 and 2016, 87% and 59%, 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.

2. Liquidity Risk

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

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2017							
Non-derivative financial liabilities							
Short-term loans	$ 2,364,913	(2,380,350)	(674,361)	(1,705,989)	-	-	-
Notes and accounts payable (including related party)	1,047,853	(1,047,853)	(1,047,853)	-	-	-	-
Long-term loans (including long-term loan due in one year)	1,760,000	(1,496,214)	(8,105)	(8,105)	(732,614)	(225,000)	(522,390)
	$ 4,772,766	(4,924,417)	(1,730,919)	(1,714,094)	(732,614)	(225,000)	(522,390)
December 31, 2016							
Non-derivative financial liabilities							
Short-term loans	$ 1,760,000	(1,776,055)	(268,697)	(1,507,358)	-	-	-
Notes and accounts payable (including related party)	1,383,202	(1,383,202)	(1,383,202)	-	-	-	-
Long-term loans (including long-term loan due in one year)	2,738,011	(2,794,672)	(766,656)	(12,672)	(2,015,344)	-	-
	$ 5,881,213	(5,953,929)	(2,418,555)	(1,520,030)	(2,015,344)	-	-

The Company does not expect the cash flow analysis on the maturity date to occur significantly ahead of the schedule or the actual amount will be significantly different.

3. 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:

2017.12.31

		Foreign currency	Exchange Rate	NTD
Financial assets				
Monetary items				
USD	$	77,237	29.760	2,298,573
JPY		331	0.2642	87
EUR		14,084	35.570	500,968
Non-monetary items				
USD		57,009	29.760	1,696,583
EUR		9,991	35.570	355,393
Financial liabilities				
Monetary items				
USD		22,864	29.760	680,433
JPY		44,124	0.2642	11,658
EUR		5,200	35.570	184,964

		2016.12.31		
		Foreign currency	Exchange Rate	NTD
Financial assets				
Monetary items				
USD	$	82,098	32.250	2,647,660
JPY		3,903	0.2756	1,076
EUR		28,511	33.900	966,523
Non-monetary items				
USD		58,480	32.250	1,855,980
EUR		11,583	33.900	392,664
Financial				

<u>liabilities</u>			
<u>Monetary items</u>			
USD	30,743	32.250	991,462
JPY	3,911	0.2756	1,078
EUR	631	33.900	21,391

(2) Sensitivity analysis

The Company's exchange rate risks 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 the rate of NT to USD, JPY, and EUR was valued or devalued by 5% on December 31, 2017 and 2016 and with all other factors remaining unchanged, the 2017 and 2016 net income before tax was increased or decreased by NT$105,893 thousand and NT 130,174 thousand, respectively. The analysis of the two periods was performed on the same basis.

(3) Exchange gains or losses for monetary items

The exchange gains or losses of the Company's monetary items (including realized and unrealized) due from conversion to the functional currency, as well as the exchange rate used to convert to the functional currency of the parent company (i.e the currency as expressed in the Company's financial statement) are as follows:

	2017		2016	
	Exchange gains or losses	Exchange gains or losses	The average exchange rate	The average exchange rate
USD	$ (116,996)	30.432	(48,470)	32.263
EUR	(23,252)	34.350	(26,471)	35.7
JPY	164	0.2713	40	0.2972
Franc	276	30.89	(10)	32.72
RMB	(6)	4.507	2,353	4.849
	$ (139,814)		(72,558)	

4. 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 2017 and 2016 would be decreased or increased by NT$7,629 thousand and NT$3,544 thousand, respectively, mainly due to the Company's loans with variable interest rates.

5. Fair value information

(1) Types of financial instruments and fair value

Information on the carrying amounts and fair values of financial assets and financial liabilities of the Company (including information on fair value hierarchy; however for financial instruments not measured at fair value but with carrying amounts reasonably approximate to fair value, or equity instrument investment in the active market with no quotation and no fair value reliably measured, there is no need to disclose fair value information) are as follows:

	2017.12.31				
		Fair value			
	Carrying Amount	Level I	Level II	Level III	Total
Financial assets in available-for-sale－non-current	$ 685,194	685,194	-	-	685,194
Financial assets in held-to-maturity-non-current	$ 281,366	-	289,080	-	289,080
Financial assets measured at cost – non-current	$ 298,640	-	-	-	-
Loans and receivables					
Cash and cash equivalents	$ 673,428	-	-	-	-
Notes and accounts receivable (including related party)	2,247,900	-	-	-	-

Other financial assets (current and noncurrent)	20,556	-	-	-	-
Subtotal	$2,941,884	-	-	-	-
Financial liabilities measured with amortized costs					
Short-term loans	$2,364,913				
Long-term loans (including long-term loan due in one year)	1,360,000	-			
Notes and accounts payable (including related party)	1,047,853	-	-	-	-
Subtotal	$4,772,766	-	-	-	-

	2016.12.31				
		Fair value			
	Carrying Amount	Level I	Level II	Level III	Total
Financial assets in available-for-sale－non-current	$ 661,280	661,280	-	-	661,280
Financial assets in held-to-maturity-non-current	$ 281,400	-	261,479	-	261,479
Financial assets measured at cost – non-current	$ 368,141	-	-	-	-
Loans and receivables					
Cash and cash equivalents	$2,579,645	-	-	-	-
Notes and accounts receivable (including related party)	1,670,756	-	-	-	-

Other financial assets (current and noncurrent)	25,204	-	-	-	-
Subtotal	$4,275,605	-	-	-	-
Financial liabilities measured with amortized costs					
Short-term loans	$1,760,000				
Long-term loans (including long-term loan due in one year)	2,738,011	-			
Notes and accounts payable (including related party)	1,383,202	-	-	-	-
Subtotal	$5,881,213	-	-	-	-

(2) Valuation technique to measure the financial instruments that are not measured at fair value

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

A.Held-to-maturity financial assets

If there is a public market offer, then the market price for the fair value; if no market price for reference, the use of evaluation methods to estimate or use the counterparty offer

B. Financial liabilities measured with amortized costs

If prices from sales or quoted prices from sellers are available, the most recent sale price and quoted price shall be used as basis to estimate the fair value. If no market value is available for reference, the valuation method is adopted for the estimation. The assessment and assumption adopted by the valuation method is fair value of the estimated discounted cash flow.

(3) Valuation technique employed to measure financial instruments that are measured at fair value

Non-derivatives financial instruments

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

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

Listed stocks in the exchanges (Taipei Exchange) refer to the financial assets and financial liabilities with standard clauses and conditions that are traded in the active market. Their fair market value refer to their market quoted price respectively.

From January 1 to December 31 of 2017 and 2016, there is no transfer between fair value hierarchy.

(XXVII) 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.

The audit committee of the Company oversees the management personnel to monitor and control the Company's compliance of risk management policies and procedures, as well as review the appropriateness of relevant risk management framework the Company employs to determine and plan responses to risk. The internal auditor assists the audit committee the Company to play the role of auditors. Internal auditors carry out the regular and extraordinary review of risk management controls and procedures, and report the results of the review to the 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

(1) Accounts receivables and other receivables

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

The Company has not requested collaterals on accounts receivables and other receivables.

(2) Investment

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

(3) Guarantees

Pursuant to the Company‘s policy, it can only provide financial guarantees to companies with which it has business dealings, i.e. those companies that directly and indirectly hold more than 50 percent of the Company's voting shares, as well as the combined companies in which the Company holds directly and indirectly more than 50 percent of the voting shares. As of December 31, 2017 and 2016, except to the subsidiary companies, the Company does not provide any endorsement or guarantee.

4. Liquidity Risk

The Company has managed to pay for its operations by managing and maintaining sufficient cash and cash equivalents while mitigating the effects of fluctuations in cash flows. The Company's management is responsible for monitoring the credit lines granted by the bank and ensuring the compliance of the terms specified on the loan.

The bank loan is an importance source of liquidity. As of December 31, 2017 and 2016, the unused short term bank credit lines are NT$3,464,252 and NT$3,295,860 respectively.

5. Market Risk

Market risk refers to the changes in market prices, such as exchange rates, interest rates and equity instrument price changes, causing risks to the Company's 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.

(1) Exchange rate risk

The Company is exposed to exchange rate risk that arises from sales, purchases and loans transactions denominated in non-functional currency. The Company's functional currency is NT Dollars. 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 NT Dollars.

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

(2) Interest rate risk

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

(3) Equity instrument price

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

Please refer to Note 6 (4) for risk of changes, in detail.

(XXIII) 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, capital surplus, 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:

	2017.12.31	2016.12.31
Total liabilities	$ 7,711,327	8,708,602
Less: Cash and cash equivalent	(673,428)	(2,579,645)
Net liabilities	$ 7,037,899	6,128,957
Total Equity	$ 27,140,872	20,898,541
Debt capital ratio	25.93%	29.33%

As of December 31, 2017 the debt capital ratio has increased due to the decrease of cash and cash equivalent.

VII. Related party transactions

(I) The relationship between parent company and subsidiaries

The Company's subsidiaries are as follows:

Related Party Name	**Related Party Categories**
Sino Silicon Technology Inc. (referred to hereinafter as SSTI)	Subsidiaries
Globalwafers Co., Ltd.	Subsidiaries
Aleo Solar GmbH (referred to hereinafter as Aleo Solar) (Note 1)	Subsidiaries
Aleo Solar Distribuzione Italia S.r.l.	Indirect Subsidiaries
Aleo Sunrise GmbH (referred to hereinafter as Aleo Sunrise)	Indirect Subsidiaries
SAS Sunrise Inc.	Subsidiaries
SAS Sunrise Pte. Ltd.	Indirect Subsidiaries
Sulu Electric Power and Light Inc. (Referred to hereinafter as SULU) (Note 1)	Indirect Subsidiaries

AMLED International Systems Inc. (referred to hereinafter as AMLED)(Note 2)	Indirect Subsidiaries
Sino-American Materials Co., Ltd.	Subsidiaries
Sunrise PV World Co.	Subsidiaries
Sunrise PV Five Co., Ltd.	Indirect Subsidiaries
Sunrise PV One Co., Ltd.	Associates
Sunrise PV Two Co., Ltd.	Indirect Subsidiaries
Sunrise PV Electric Power Two Co., Ltd.	Indirect Subsidiaries
Sunrise PV Three Co., Ltd.	Indirect Subsidiaries
Sunrise PV Four Co., Ltd.	Indirect Subsidiaries
GlobalSemiconductor Inc. (referred to hereinafter as GSI)	Indirect Subsidiaries
GlobalWafers Inc.(referred to hereafter as GWI)	Indirect Subsidiaries
GWafers Co., Ltd.(referred to hereinafter as GWafers)	Indirect Subsidiaries
GWafers Singapore Pte.Ltd. (referred to GWafers Singapore)	Indirect Subsidiaries
Topsil GlobalWafers A/S (referred to Topsil A/S)	Indirect Subsidiaries
Sino-America Silicone Products Inc. (hereinafter referred to as “Sino-America Silicone”)	Indirect Subsidiaries
GlobiTech Incorporated(referred to hereinafter as GTI)	Indirect Subsidiaries
GlobalWafers Japan Co., Ltd.(referred to hereinafter as GWJ)	Indirect Subsidiaries
Shanghai Glowfast semiconductor technology co.ltd.	Indirect Subsidiaries
Topsil Semiconductor sp z o.o.	Indirect Subsidiaries
SunEdison Semiconductor Limited	Indirect Subsidiaries
SunEdison Semiconductor B.V.	Indirect Subsidiaries
SunEdison Semiconductor Technology Pte Ltd.	Indirect Subsidiaries
MEMC Japan Ltd.	Indirect Subsidiaries
MEMC Electronic Materials SpA	Indirect Subsidiaries
MEMC Electronic Materials France SarL	Indirect Subsidiaries
MEMC Electronic Materials GmbH	Indirect Subsidiaries
MEMC Holding B.V.	Indirect Subsidiaries
MEMC Korea Company	Indirect Subsidiaries
SunEdison Semiconductor LLC	Indirect Subsidiaries

MEMC Electronic Materials, Sdn Bhd	Indirect Subsidiaries
SunEdison Semiconductor Technology (Shanghai) Ltd	Indirect Subsidiaries
SunEdison Semiconductor Holdings B.V.	Indirect Subsidiaries
Taisil Electronic Materials Corp.	Indirect Subsidiaries
MEMC Ipoh Sdn Bhd	Indirect Subsidiaries
ACTRON TECHNOLOGY CORPORATION (referred to hereafter as ATC)	Affiliated companies
Solartech Energy Corp. (referred to hereafter as Solartech)	Affiliated companies
Sunshine-PV Co., Ltd. (referred to hereafter as Sunshine-PV)	Affiliated companies
Ming Yang Co., Ltd. Solartech	Affiliated companies
SONG LONG ELECTRONICS CO., Ltd	Affiliated companies
Accusolar Power Co., Ltd	Associates
Crystalwise Technology Inc.	Associates
Cathy Sunrise Corporation	Associates

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Note 1: even if the merged company has no more than 50 percent voting shares in SPV, it may control the finance and strategy of the SPV through valid agreements with other investors of SPV. As a consequence the SPV is deemed as a subsidiary of the Company.

Note 2: even if the merged company does not hold any equity interest in AMLED, it may control the finance and strategy of this company and obtain all interests derived from its operations and net assets. As a consequence AMLED is deemed as a subsidiary of the Company.

(II) Other related party transactions

1. Operating revenue

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

	2016	2016
Subsidiary	$ 1,342,322	246
Affiliated companies	36,626	1
Other related parties- Solartech	927,897	1,511,760
Other related parties	34,598	9,349
	$ 2,341,443	1,521,356

The Company had processing income from the related party for NT$174,066 thousand and NT$169,279 thousand in 2017 and 2016 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.

In 2017 and 2016, the Company offered a payment term to regular customers of 0~120 days; the payment terms offered to major related parties are Net 30~180 days and Net 30~180 days respectively.

2. Purchase and outsourced processing

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

	2017	2016
Subsidiary	$ 95,915	134,995
Other related parties	18,221	51,128
	$ 114,136	186,123

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

In 2016 and 2015 the Company was granted a payment term of O/A 0 day ~ 120 days from regular suppliers; and Net 7~90 days and O/A 15~60 days purchase term granted from the related parties.

3. Receivables from related parties

The Company's receivables from the related parties are as follows:

Account	Classification of related party	2017.12.31	2016.12.31
Receivables from related parties	Subsidiary-GWC	$ 20,533	179,656
Receivables from related parties	Subsidiary-Aleo Solar	148,200	169,044
Receivables from related parties	Subsidiary-Others	127,243	166,958
Receivables from related parties	Other related parties	40,329	131,172

	$ 336,325	646,830

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, 2016, and 2015, the advances from the related party (booked in the “received in advance” and “long-term prepayment”) were as follows:

	2017.12.31	2016.12.31
Other related parties	$ 806,357	905,456

4. Payables to related parties

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

Account	Classification of related party	2017.12.31	2016.12.31
Payable to related parties	Subsidiary	$ 750	1,742
Payable to related parties	Other related parties	3,282	4,204
		$ 4,032	5,946

5. Property transactions

Information regarding the Company’s selling machinery equipment to the related party is summarized as follows:

	2017		2016	
	Sale price	Receivables from related parties	Sale price	Receivables from related parties
Subsidiary	$ 34,513	-	33,363	-

In 2017 and 2016 the realized gains were NT$3,567 thousand and NT$843 thousand respectively. As of December 31, 2017 and 2016 the deferred gains on disposal fixed assets from selling fixed assets to related parties are NT$2,843thousand and NT$4,112 respectively.

Information regarding the Company’s buying machinery equipment from the related party is summarized as follows:

2017	2016

	Amount	Amount payable at end of period (Prepaid equipment)	Amount	Amount payable at end of period (Prepaid equipment)
Other related parties	$ 33,290	-	$ 7,282	-

6. Management fee income

Information regarding the Company’s collecting the management fees income from related parties and having them debited to the management expense is as follows:

	2017	2016
Subsidiary	$ 15,310	503

As of December 31, 2017 and 2016, the management fees yet to be received are NT$33 thousand and NT$137 thousand respectively and recorded in the account of receivable from related parties.

7. Technical service income

The Company collected technical service income from the related parties and recorded them in the account of “Other profits or losses”. Please see detail as follows:

	2017	2016
Subsidiary	$ 7,300	7,099

As of December 31 of 2017 and 2016, the technical service income yet to be received is recorded in the account of receivables from related parties of NT$1,432 thousand and NT$2,26 thousand respectively.

8. Loan to related parties

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

	2017.12.31	2016.12.31
Subsidiary-Aleo Solar	$ 284,560	-
Subsidiary-Sulu	652,339	394,821
Subsidiary-Others	188,000	72,692
Subsidiary	$ 1,124,899	467,513

The interests on loans to subsidiaries are calculated with the average interest rate of the year the disbursement was made. All loans are unsecured. The interest incomes in 2017 and 2016a re NT$12,592 thousand and NT$10,973 respectively. As of December 31, 2017 and 2016, the interest receivable at end of period are NT$11,859 thousand and NT$5,131 thousand respectively and recorded under the account of receivables from related parties.

9. Endorsement and guarantee

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

		2017.12.31	2016.12.31
Subsidiary	$	3,902,240	4,774,250

Upon the resolution of the Board of Directors on May 5, 2016, Sino-American Silicon Products Inc. originally provided a total amount of 64,207 thousand dollars to other interested parties for their bank loans with the setting of mortgage guarantee.

On August 9, 2016, upon the resolution of the Board of Directors, Sino-American Silicon Products Inc. had canceled the providing of property to other interested parties for their bank loans with the setting of mortgage guarantee.

10. Corporate bonds

In October 2016, the Company purchased five-year term of private corporate bonds from affiliated companies, and each bond par value is 1,000 thousand dollars with a total purchase of 280 bonds for a total of 280,000 thousand dollars, interest is paid every half year, the effective interest rate and coupon rate are both 2% respectively. The interest income in 2017 is 1,366 thousand dollars. On December 31, 2017, the accumulated investment cost and interest receivable are of the amount of 281,366 thousand dollars, listed for holding till the expiration date under the financial asset－non-current item.

11. Various amount paid on behalf

As of December 31, 2017 and 2016, the unsettled balance of amounts paid on behalf in between related parties, including the purchase of materials, insurance and utilities bills, are recorded under the account of receivables (payable) from/to the related parties as follows:

		2017.12.31	2016.12.31
Subsidiary	$	37,433	51,938
Subsidiary		(332)	(367)
Affiliated companies		1,711	4,810

Affiliated companies	(40)	(39)
Other related parties	-	126
	$ 38,772	$ 56,468

12. Other

(1) The company's direct sales to the related parties are deemed as transfer of inventory and not as sales and costs of the Company, as the sales revenue and related costs are offset in the financial statements. For 2016 the sales mentioned above is NT$1,462,320 thousand. As of December 31, 2017 and 2016 deferred revenue from the above transactions amounted to NT$48,913 thousand and NT$51,353 respectively which recorded in the account of investment under equity method.

(2) The plant lease contract signed by the Company and its related parties are summarized as below:

The Company has signed a contract to lease a plant from its related parties. The lease payable and other payables to the related parties are detailed as follows:

	2017	2016
Subsidiary	$ 1,301	816
affiliated companies	2,096	290
Other related parties	11,340	22,680
	$ 14,737	23,786

Account	Classification of related party	2017.12.31	2016.12.31
Payable to related parties	Subsidiary	$ 71	-
Payable to related parties	Affiliated companies	265	89
		$ 336	89

(3) The lease contracts the related parties signed with the Company are summarized as follows:

The Company has a lease contract signed with the related party. The related rent income and accounts receivable – related party is detailed as follows:

	2017	2016
Subsidiary	$ 22,244	15,033
Affiliated companies	100	-
	$ 22,344	15,033

Account	Classification of related party	2016.12.31	2016.12.31
Receivables from related parties	Subsidiary	$ 3,722	3,230

(IV) Major transactions involving management

The remuneration to key management include:

	2017	2016
Short-term employee benefits	$ 75,727	41,321
Post-employment benefits	459	594
Share-based payment	-	1,719
	$ 76,186	43,634

The Company provided 3 automobiles for a total of NT$3,345 thousand for the use by management in 2017, and 2016 respectively.

VIII. Pledged assets

(I) The carrying amount of the assets pledged by the Company as collateral is as follows:

Assets	Pledge or Mortgage underlying subject	2017.12.31	2016.12.31
Property, plant and equipment	Long-term debt payable	$ 552,000	1,868,996
Bank deposits (recorded as “other financial assets – noncurrent”	Pledged as collateral to a land lease	7,750	7,750

account)			
Bank deposits (recorded as "other financial assets – noncurrent" account)	Performance bonds for Government grant provided to technology projects	1,020	5,745
		$ 560,770	1,882,491

IX. Material-contingent liabilities and unrecognized contractual commitments

Beside noteVI(15), the company material-contingent liabilities and unrecognized contractual commitments as below:

(I) Material 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: in Thousand)

	2017.12.31	2016.12.31
USD	$ 1,406,246	1,552,138
EUR	$ 18,000	42,000

Silicone supplier Hemlock Semiconductor Pte Ltd. has send notification requesting the Company for prepayment, payment for goods to be collected, and late payment arrearage interests in accordance with the long-term purchase contract for a cumulative total of US$12,774 thousand and US$464,096 thousand as of December 31, 2017. and 2016.The aforementioned purchase amount yet to be collected, except for interest, has included the amount requested by the suppliers. Given the Company continues to trade with Hemlock, the Company considers the possibility to pay the afore-mentioned interest is low and therefore doesn't recognize the associated contingent liability.

Hemlock Semiconductor Pte Ltd. has served summons and complaints to the Company and they arrived the Company on May 12, 2015. For relevant information please refer to (2) the contingent liabilities.

The Company has appropriated impairment loss on prepayment of goods purchased from the silicone supplier for NT$(11,826) thousand and NT$21,268 thousand as of December 31, 2017 and 2016, respectively. As of December 31, 2017 and 2016, the pre-payments for goods to a silicone supplier by the Company, net of the impairment loss of NT$928,642 thousand and NT$940,468 thousand, are NT$1,022,802 thousand and NT$1,312,090 thousand respectively and recorded under the account of material pre-payments and long-term pre-paid material".

2. In response to the long-term purchase contract referred to above, the Company has signed silicone wafer long-term sales contracts with the customers since the year 2005, who agreed to pay for the non-refundable funds. Both parties agreed that the Company sells silicon wafers in accordance with the agreed quantity and price between January 1, 2006 and 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 response to the price decline arising from the falling demand, solar energy battery customers and the Company will negotiate the selling price and adjusting the average selling price in accordance with market conditions.

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

(Foreign currency unit: in Thousand)

	2017.12.31	2016.12.31
USD	$ 239,996	216,818
EUR	$ 115,316	164,556
NTD	$ 54,845	54,854

3. As of December 31, 2017 and 2016, material construction as well as equipment and plants projects signed or ordered but yet to be inspected amounted to NT$114,856 thousand and NT$175,300 thousand respectively.

4. As of December 31, 2017 and 2016, the total amount of promissory notes deposited in the bank by the Company after obtaining bank loans was NT$6,728,900 thousand and NT$11,795,860 thousand, respectively.

5. As of December 31, 2017 and 2016, 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$53,250 thousand and NT$38,740 thousand, respectively.

6. As of December 31, 2017 and 2016 the letter of credits issued yet unused amounted As below:

	2017.12.31	2016.12.31
EUR	$ -	$ 480

7. 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 a plant and equipment to the Company for business operations from April 1, 2016 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 ownership of the plant and equipment with or without any consideration paid.

(II) Contingent liabilities

The Company reached agreement with the silicon material supplier Hemlock regarding the litigation between the parties in May 2016 that Hemlock suspend its litigation procedure towards the Company until 1 April 2018 under certain conditions. The parties signed STIPULATION OF DISCONTINUANCE and SETTLEMENT AGREEMENT. Under the SETTLEMENT AGREEMENT, SAS has to purchase certain quantity silicon material from Hemlock and its affiliates.

X. Loss from major accidents: None

XI. Materiality after the period

The board of directors of the Company resolved to sell the factory and its affiliated factory facilities and some equipment for operation. The total amount was NT$ 618,500 thousand and completed on January 29, 2018.

XII. Others

Employee benefits and depreciation expenses are summarized by functions as follows:

By Function	2017			2016		
By Nature	Classified as operating cost	Classification of operating expenses	Total	Classified as operating cost	Classification of operating expenses	Total
Employee benefits expense						
Salaries	797,113	200,858	997,971	854,506	159,766	1,014,272
Labor and health insurance	42,688	10,926	53,614	91,712	12,320	104,032
Pension expenses	34,309	5,717	40,026	36,557	6,039	42,596
Other employee benefits expense	43,338	4,330	47,668	51,270	4,628	55,898
Depreciation expense	981,394	52,704	1,034,098	981,993	54,744	1,036,737
Amortizations	-	-	-	-	-	-

As of December 31 2017 and 2016, the Company has 1,612 and 1,541 employees respectively.

XIII. Supplementary disclosure

(I) Relevant information of material transactions:

Significant transactions to be disclosed by the Company in 2017 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 marketable 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 None
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 V

8. Receivables from related parties for an amount over NT$100 million or 20% of the paid-in capital: Attachment VI
9. Trading of Derivative Products: None.

(II) Transfer Investment Information: Attachment VII

(III) Information on investment in Mainland China:

1. Investments in Mainland China information: Please refer to Attachment XIII (I) for details
2. Investment limits in Mainland China: Please refer to Attachment XII (II) for details.

XIV. Segment information

Please refer to the 2017 consolidated financial statements for segment information, in detail.

Sino-American Silicon Products Inc. and its subsidiaries
Lending of Funds
From January 1 to December 31, 2017

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	Trade amount	Reasons for short-term financing	Allowance for bad debt	Collateral		Loaning of fund to individual object and the limits	Limit for total funds lended
													Name	Value		
0	Sino-American Silicon Products Inc.	Sulu	Loan receivable – related party	Yes	912,6000 (USD30,000)	892,800 (USD30,000)	652,339 (USD21,920)	4.5%	2	-	Working capital	-	-	-	10,856,349	10,856,349
0	Sino-American Silicon Products Inc.	SPW	Loan receivable – related party	Yes	500,000	500,000	-	2.5%	2	-	Working capital	-	-	-	10,856,349	10,856,349
0	Sino-American Silicon Products Inc.	SPV1	Loan receivable – related party	Yes	300,000	-	-	2.5%	2	-	Working capital	-	-	-	10,856,349	10,856,349
0	Sino-American Silicon Products Inc.	SPV5	Loan receivable – related party	Yes	300,000	300,000	183,000	2.5%	2	-	Working capital	-	-	-	10,856,349	10,856,349
0	Sino-American Silicon Products Inc.	SPVE2	Loan receivable – related party	Yes	200,000	200,000	-	2.5%	2	-	Working capital	-	-	-	10,856,349	10,856,349
0	Sino-American Silicon Products Inc.	SPV3	Loan receivable – related party	Yes	500,000	500,000	5,000	2.5%	2	-	Working capital	-	-	-	10,856,349	10,856,349
0	Sino-American Silicon Products Inc.	Aleo Solar	Loan receivable – related party	Yes	427,080	426,840	284,560	2%	2	-	Working capital	-	-	-	10,856,349	10,856,349
0	Sino-American Silicon Products Inc.	Aleo Sunrise	Loan receivable – related party	Yes	427,080	426,840	-	2%	2	-	Working capital	-	-	-	10,856,349	10,856,349

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	Trade amount	Reasons for short-term financing	Allowance for bad debt	Collateral		Loaning of fund to individual object and the limits	Limit for total funds lended
													Name	Value		
1	SSTI	Sulu	Loan receivable – related party	Yes	217,688 (USD6,750)	-	-	4.0%	2	-	Working capital	-	-	-	423,257	423,257
1	SSTI	AMLED	Loan receivable – related party	Yes	217,688 (USD6,750)	200,880 (USD6,750)	200,880 (USD6,750)	4.0%	2	-	Working capital	-	-	-	423,257	423,257
2	SAS Sunrise Inc.	Sulu	Loan receivable – related party	Yes	258,570 (USD8,500)	238,080 (USD8,500)	178,828 (USD6,009)	4.0%	2	-	Working capital	-	-	-	255,376	255,376
3	Sulu	AMLED	Loan receivable – related party	Yes	114,401 (USD3,412)	113,802 (USD3,824)	113,802 (USD3,824)	4.0%	2	-	Working capital	-	-	-	216,911	216,911
4	SPW	SPV1	Loan receivable – related party	Yes	55,000	-	-	2.5%	2	-	Working capital	-	-	-	120,378	120,378
5	Aleo Solar	Aleo Sunrise	Loan receivable – related party	Yes	284,720 (EUR8,000)	284,560 (EUR8,000)	284,560 (EUR8,000)	2.0%	2	-	Working capital	-	-	-	357,174	357,174
6	SAS Sunrise Pte. Ltd.	Sulu	Loan receivable – related party	Yes	241,360	238,080	238,080	4.0%	2	-	Working capital	-	-	-	331,211	331,211
7	Globalwafers Co., Ltd.	Topsil A/S	Loan receivable – related party	Yes	200,000	-	-	2%	2	-	Working capital	-			13,618,371	13,618,371
7	Globalwafers Co., Ltd.	SSBV	Loan receivable – related party	Yes	1,410,525	-	-	2.5%	2	-	Working capital	-	-	-	13,618,371	13,618,371
7	Globalwafers Co., Ltd.	Taisil	Loan receivable – related party	Yes	2,500,000	2,500,000	-	1.5%	2	-	Working capital	-	-	-	13,618,371	13,618,371
8	GWJ	Globalwafers	Loan receivable –	Yes	1,378,000	1,321,000	792,600	0.46%	1	5,986,763	Business	-	-	-	5,986,763	4,304,036

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	Trade amount	Reasons for short-term financing	Allowance for bad debt	Collateral		Loaning of fund to individual object and the limits	Limit for total funds lended
													Name	Value		
		Co., Ltd.	related party								dealings					
8	GWJ	MEMC Japan	Loan receivable – related party	Yes	273,000	264,200	-	0.58%	2	-	Working capital				1,076,009	4,304,036
9	SSBV	MEMC Korea	Loan receivable – related party	Yes	1,253,800	-	-	7%	2	-	Working capital	-	-	-	1,190,400	1,190,400
9	SSBV	MEMC SpA	Loan receivable – related party	Yes	263,104	-	-	-	2	-	Working capital	-	-	-	260,758	260,758
9	SSBV	SSL	Loan receivable – related party	Yes	3,604,675	-	-	7%	2	-	Working capital	-	-	-	3,422,400	3,422,400
10	MEMC SpA	SSL	Loan receivable – related party	Yes	2,799,420	2,774,460	2,167,982	3.64%	2	-	Working capital	-	-	-	2,774,460	2,774,460
11	Taisil	MEMC Ipoh	Loan receivable – related party	Yes	1,567,250	-	-	3%	2	-	Working capital	-	-	-	5,929,569	5,929,569
11	Taisil	SSL	Loan receivable – related party	Yes	12,538,000	-	-	2%	2	-	Working capital	-	-	-	5,929,569	5,929,569
11	Taisil	SSL	Loan receivable – related party	Yes	3,057,210	-	-	2%	2	-	Working capital	-	-	-	5,929,569	5,929,569
11	Taisil	SSL	Loan receivable – related party	Yes	5,700,000	5,700,000	5,700,000	1.5%	2	-	Working capital	-	-	-	5,929,569	5,929,569
12	GTI	SunEdison LLC	Loan receivable – related	Yes	699,660	684,480	-	2.9%	2	-	Working capital	-	-	-	1,465,224	1,465,224

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	Trade amount	Reasons for short-term financing	Allowance for bad debt	Collateral		Loaning of fund to individual object and the limits	Limit for total funds lended
													Name	Value		
			party													
12	GTI	SunEdison LLC	Loan receivable – related party	Yes	91,260	89,280	-	2.9%	2	-	Working capital	-	-	-	1,465,224	1,465,224

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 a 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 a 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 a 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 a business counterpart, the total loan amount is limited to 40% of the net worth of the lender. For the loaning of funds to a company with the need of short-term financing, the total loan amount is limited to 40% of the net worth of the lender. Except Aleo Sola for the loaning of funds between the lender and a 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. Aleo Sola for the loaning of funds between the lender and a foreign company with 100%.

Sino-American Silicon Products Inc. and its subsidiaries
Endorsement and guarantee for others:
From January 1 to December 31, 2017

Attachment II

Unit: NT$ Thousand

No.	Endorsing company	Endorsed company		Endorsement limit to a single company	Maximum endorsement and guarantee balance this period	Endorsement balance at end of period	Amount of actual disbursement	Endorsement and guarantee with assets as collateral	Ratio of accumulated endorsement and guarantee of the net worth on the most recent financial statement	Maximum amount for guarantee	Endorsement and guarantee by the parent company to it subsidiaries	Endorsement and guarantee by the subsidiaries to parent company	Endorsement and guarantee to companies in Mainland China.
		Company Name	Relationship										
0	Sino-American Silicon Products Inc.	SAS Sunrise Inc.	Transfer investment company of Sino-American Silicon Products Inc.	27,140,872	322,500 (USD10,000)	238,080 (USD8,000)	157,728 (USD5,300)	-	0.88%	27,140,872	Y	N	N
0	Sino-American Silicon Products Inc.	SAS Sunrise Pte. Ltd.	Ditto	27,140,872	1,290,000 (USD40,000)	595,200 (USD40,000)	-	-	2.19%	27,140,872	Y	N	N
0	Sino-American Silicon Products Inc.	Sulu	Ditto		1,483,500 (USD46,000)	1,368,960 (USD46,000)	1,106,239 (USD37,172)	-	5.04%			N	N
0	Sino-American Silicon Products Inc.	Aleo Solar	Ditto	27,140,872	717,800 (EUR20,000)	-	-	-	-	27,140,872	Y	N	N
0	Sino-American Silicon Products Inc.	SPW	Ditto	27,140,872	1,000,000	200,000	1,150	-	0.74%	27,140,872	Y	N	N
0	Sino-American Silicon Products Inc.	SPW & it's subsidiaries	Ditto	27,140,872	1,500,000	1,500,000	-	-	5.50%	27,140,872	Y	N	N
1	Globalwafers Co., Ltd.	GWJ	Ditto	34,045,928	275,600	264,200	-	-	0.78%	102,137,784	Y	N	N
1	Globalwafers Co., Ltd.	SSBV	Ditto	34,045,928	6,269,000	-	-	-	-	102,137,784	Y	N	N

No.	Endorsing company	Endorsed company		Endorsement limit to a single company	Maximum endorsement and guarantee balance this period	Endorsement balance at end of period	Amount of actual disbursement	Endorsement and guarantee with assets as collateral	Ratio of accumulated endorsement and guarantee of the net worth on the most recent financial statement	Maximum amount for guarantee	Endorsement and guarantee by the parent company to it subsidiaries	Endorsement and guarantee by the subsidiaries to parent company	Endorsement and guarantee to companies in Mainland China.
		Company Name	Relationship										
1	Globalwafers Co., Ltd.	SunEdison LLC	Ditto	34,045,928	456,300	446,400	97,750	-	1.31%	102,137,784	Y	N	N
1	Globalwafers Co., Ltd.	Taisil	Ditto	34,045,928	200,000	200,000	-	-	0.59%	102,137,784	Y	N	N
1	Globalwafers Co., Ltd.	Taisil	Ditto	34,045,928	1,815,600	1,785,600	-	-	5.24%	102,137,784	Y	N	N
1	Globalwafers Co., Ltd.	MEMC Korea	Ditto	34,045,928	756,500	744,000	-	-	2.19%	102,137,784	Y	N	N
1	Globalwafers Co., Ltd.	SSL	Ditto	34,045,928	1,815,600	1,785,600	595,200	-	5.24%	102,137,784	Y	N	N
1	Globalwafers Co., Ltd.	Topsil A/S	Ditto	34,045,928	120,500	119,500	-	-	0.35%	102,137,784	Y	N	N
2	GWJ	Globalwafers Co., Ltd.	Ditto	53,800,453	6,084,000	-	-	-	-	53,800,453	N	Y	N
3	GTI	Globalwafers Co., Ltd.	Ditto	18,202,800	6,084,000	-	-	-	-	18,202,800	N	Y	N
4	GWafers Singapore	Globalwafers Co., Ltd.	Ditto	78,042,300	6,084,000	-	-	-	-	78,042,300	N	Y	N

Sino-American Silicon Products Inc. and its subsidiaries
Marketable securities held at end of period
(not including subsidiary invested, affiliated companies and the jointly controlling portion)
December 31, 2017

Attachment III

Unit: NT$ Thousand /Thousand shares; thousand units

Companies owned	Type and names of marketable securities	Affiliation with marketable security issuers	Account titles	Ended				Remarks
				Number of shares	Carrying Amount	Shareholding ratio	Fair value	
Sino-American Silicon Products Inc.	Corporate bonds of CWT	Affiliated enterprises	Held to maturity financial assets - non-current	280	281,366	-	289,080	
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	439,258	7.94%	439,258	
Sino-American Silicon Products Inc.	Stock of Actron Technology Corporation	Chairman of the company is also the Chairman of Sino-American Silicon Products Inc.	- Ditto -	2,129	245,936	2.84%	245,936	
					685,194			
Sino-American Silicon Products Inc.	Stock of SONGLONG ELECTRONICS CO., LTD.	–	Financial assets measured at costs - non current	221	-	13.81%	-	
Sino-American Silicon Products Inc.	Stock of Giga Epitaxy Technology Corp.	–	- Ditto -	1,100	4,458	1.52%	-	
Sino-American Silicon Products Inc.	Stock of 21-Century Silicon Inc	–	- Ditto -	1,000	-	7.74%	-	
Sino-American Silicon Products Inc.	Stock of Powertec Energy Corp.	–	- Ditto -	87,895	294,182	3.94%	-	
Sino-American Silicon Products Inc.	Stock of Sunshine PV Corp.	–	- Ditto -	3,399	-	4.98%	-	

Companies owned	Type and names of marketable securities	Affiliation with marketable security issuers	Account titles	Ended				Remarks
				Number of shares	Carrying Amount	Shareholding ratio	Fair value	
SSTI	Stock of SILFAB SPA	–	- Ditto -	300	489,645	15.20%	-	
SSTI	Stock of Clean Venture 21 Corporation	–	- Ditto -	10		7.20%	-	
Globalwafers Co., Ltd.	CDIB Capital Growth Partners L.P.	–	- Ditto -	–	49,896			
					838,181			

Sino-American Silicon Products Inc. and its subsidiaries
The cumulative purchase or sale of the same marketable security for an amount over NT$300 million or 20% of the paid-in capital
From January 1 to December 31, 2017

Attachment IV

Unit: NT$ Thousand / Thousand shares

Companies in the purchase and sale activities	Type and names of marketable securities	Account titles	Counter party	Relationship	Beginning		Bought		Sold				End of Period	
					Shares	Amount	Shares	Amount	Shares	Selling price	Carrying cost	Disposition gain or loss	Shares	Amount
Sino-American Silicon Products Inc.	Stock of CSR	Long-term investments (Equity method)	-	-	100	1,000	44,900	44,900	-	-	-	-	45,000	453,708
SSBV	Stock of Taisil	Long-term investments (Equity method)	Globalwafers Co., Ltd.	Parent company	252,770	11,142,092	-	-	252,770	-	11,142,092	-	-	-
SSHBV	Stock of Taisil	Long-term investments (Equity method)	Globalwafers Co., Ltd.	Parent company	207,046	9,116,257	-	-	207,046	-	9,116,257	-	-	-
SSBV	Stock of SunEdison LLC	Long-term investments (Equity method)	-	-	-	3,371,238	-	4,710,145	-	-	4,309,918	-	-	3,771,465
SSBV	Stock of MEMC Japan	Long-term investments (Equity method)	GWJ	Parent company		220,989	-	-	-	-	220,989	-	-	-
SSL	Stocks of SSBV	Long-term investments (Equity method)	-	-	-	30,288,122	-	4,710,145	-	-	15,896,477	-	-	19,101,790

Note 1. It includes equity investment gains and losses recognized currently and cumulative translation adjustment.

Note 2. The transactions were for the reorganization of the group, which have no impact on the consolidated profit and loss of the combined company.

Note 3. It is include reduction of capital and organization restructured.

Sino-American Silicon Products Inc. and its subsidiaries
Purchases or sales with related parties amounting to over NT$100 million or 20% of the paid-in capital
From January 1 to December 31, 2017

Attachment V

Unit: NT$ Thousand

Companies to make purchase (sale)	Name of the trading counter party	Relationship	Status of transaction				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.	Sales	(927,897)	(8%)	Net 45 days	-	-	40,199	2%	
Aleo Sunrise	Sino-American Silicon Products Inc.	Subsidiaries directly held by Sino-American Silicon Products Inc.	Purchase	519,658	8%	Net 90 days	-	-	(127,241)	(14)%	
Aleo Solar	Sino-American Silicon Products Inc.	Subsidiaries directly held by Sino-American Silicon Products Inc.	Purchase	807,771	8%	Net 90 days	-	-	(148,200)	(22)%	
Aleo Solar	Aleo Sunrise	Subsidiaries directly held by Sino-American Silicon Products Inc.	Purchase	215,137	10%	Net 90 days			(10,614)	(5)%	
Aleo Solar	Aleo Solar	Subsidiaries	Sales	294,957	13%	Net 90 days			79,129	49%	

Companies to make purchase (sale)	Name of the trading counter party	Relationship	Status of transaction				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) (%)	
	Distribuzione Italia S.r.l	directly held by Sino-American Silicon Products Inc.									
Globalwafers Co., Ltd.	Sino-American Silicon Products Inc.	Subsidiaries directly held by Sino-American Silicon Products Inc.	Purchase	176,922	2%	O/A 60 days	-	-	(47,772)	2%	
Globalwafers Co., Ltd.	GTI	Subsidiaries directly held by Sino-American Silicon Products Inc.	Purchase	1345,536	12%	O/A 60 days	-	-	(238,306)	10%	
Globalwafers Co., Ltd.	KUNSHAN SINO SILICON TECHNOLOGY CO., LTD.	Subsidiaries directly held by Sino-American Silicon Products Inc.	Purchase	2,015,251	18%	O/A 60 days	-	-	(416,123)	17%	
Globalwafers Co., Ltd.	GWJ	Subsidiaries directly held by Sino-American Silicon Products Inc.	Purchase	5,986,763	53%	O/A 60 days	-	-	(1,497,896)	62%	
Globalwafers Co., Ltd.	Topsil A/S	Subsidiaries directly held by	Purchase	254,750	2%	O/A 60 days	-	-	(59,400)	2%	

Companies to make purchase (sale)	Name of the trading counter party	Relationship	Status of transaction				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.									
GTI	Globalwafers Co., Ltd.	Subsidiaries directly held by Sino-American Silicon Products Inc.	Purchase	2,829,792	30%	O/A 45 days	-	-	(346,455)	14%	
Kunshan sino silicon technology Co., Ltd.	Globalwafers Co., Ltd.	Subsidiaries directly held by Sino-American Silicon Products Inc.	Purchase	1,077,387	12%	O/A 30 days	-	-	(85,364)	3%	
GWJ	Globalwafers Co., Ltd.	Subsidiaries directly held by Sino-American Silicon Products Inc.	Purchase	1,255,481	14%	O/A 90 days	-	-	(376,074)	15%	
Actron Technology Corporation	Globalwafers Co., Ltd.	Chairman of the company is also the Chairman of Sino-American Silicon Products Inc.	Purchase	267,928	3%	O/A 60 days	-	-	(71,578)	3%	
Topsil A/S	Globalwafers Co., Ltd.	Subsidiaries directly held by Sino-America	Purchase	126,707	1%	O/A 60 days			(38,391)	2%	

Companies to make purchase (sale)	Name of the trading counter party	Relationship	Status of transaction				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) (%)	
		n Silicon Products Inc.									
SSL	SunEdison LLC	Subsidiaries directly held by Sino-America n Silicon Products Inc.	Sales	(1,637,534)	(9%)	O/A 60 days	-	-	650,976	25%	
SSL	MEMC Sdn Bhd	Subsidiaries directly held by Sino	Purchase	1,911,585	11%	O/A 60 days	-	-	(311,647)	12%	
SSL	MEMC Sdn Bhd	Subsidiaries directly held by Sino	Sales	(774,728)	(4%)	O/A 60 days	-	-	136,761	5%	
SSL	MEMC SpA	Subsidiaries directly held by Sino	Purchase	2,837,957	17%	O/A 60 days	-	-	(454,198)	20%	
SSL	MEMC SpA	Subsidiaries directly held by Sino	Sales	(2,743,611)	(15%)	O/A 60 days	-	-	368,324	14%	
SSL	MEMC Korea	Subsidiaries directly held	Purchase	1,842,1502	11%	O/A 60 days	-	-	(279,425)	10%	

Companies to make purchase (sale)	Name of the trading counter party	Relationship	Status of transaction				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) (%)**	
		by Sino									
SSL	MEMC Japan	Subsidiaries directly held by Sino	Purchase	4,400,657	26%	O/A 60 days	-	-	(630,727)	23%	
SSL	MEMC Japan	Subsidiaries directly held by Sino	Sales	(1,651,275)	(9%)	O/A 60 days	-	-	223,682	9%	
SSL	Taisil	Subsidiaries directly held by Sino	Purchase	5,117,966	31%	O/A 60 days	-	-	(809,812)	30%	
SSL	Taisil	Subsidiaries directly held by Sino	Sales	(221,870)	(1%)	O/A 60 days	-	-	5,221	0%	
Taisil	GWJ	Subsidiaries directly held by Sino	Purchase	221,558	6%	O/A 30 days	-	-	(31,259)4%		

Note: Sino-American Silicon Products Inc sells directly to the related parties. As the sales are deemed as inventory transfer, the sales revenues and related costs are offset in the financial reports and not deemed as sales and costs of Sino-American Silicon Products Inc.

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 capita
December 31, 2017

Attachment VI

Unit: NT$ Thousand

Account receivable company	Name of the trade counterpart	Relationship	Receivables from related parties	Turnover rate	Overdue receivables from related parties		Receivables from related parties with mount received after the reporting date (note)	Allowance for bad debt
					Amount	Process		
Sino-American Silicon Products Inc.	Aleo Solar	Subsidiaries directly held by Sino-American Silicon Products Inc	148,200	5.09	-	-	45,923	-
Sino-American Silicon Products Inc.	Aleo Solar	Subsidiaries directly held by Sino-American Silicon Products Inc	285,243	Note2	-	-	-	-
Sino-American Silicon Products Inc.	Aleo Sunrise	Subsidiaries directly held by Sino-American Silicon Products Inc	127,241	3.09	-	-	24,304	-
Sino-American Silicon Products Inc.	Sulu	Subsidiaries directly held by Sino-American Silicon Products Inc	662,471	Note2	-	-	-	-
Sino-American Silicon Products Inc.	SPV5	Subsidiaries directly held by Sino-American Silicon Products Inc	184,165	Note2	-	-	-	-
SSTI	AMLED	Subsidiaries directly held by Sino-American Silicon Products Inc	200,990	Note2	-	-	-	-
SAS Sunrise Inc.	Sulu	Subsidiaries directly held by Sino-American Silicon Products Inc	183,076	Note2	-	-	-	-
Sulu	AMLED	Subsidiaries directly held by Sino-American Silicon Products Inc	114,880	Note2	-	-	-	-
Aleo Solar	Aleo Sunrise	Subsidiaries directly held by Sino-American Silicon Products Inc	288,832	Note2	-	-	-	-

Account receivable company	Name of the trade counterpart	Relationship	Receivables from related parties	Turnover rate	Overdue receivables from related parties		Receivables from related parties with mount received after the reporting date (note)	Allowance for bad debt
					Amount	Process		
Globalwafers Co., Ltd.	GTI	Subsidiaries directly held by Sino-American Silicon Products Inc	346,455	6.1	-	-	346,455	-
Globalwafers Co., Ltd.	GWJ	Subsidiaries directly held by Sino-American Silicon Products Inc	376,074	4.3	-	-	215,810	-
Taisil	Globalwafers Co., Ltd.	Subsidiaries directly held by Sino-American Silicon Products Inc	5,700,000	Note2	-	-	-	
GTI	Globalwafers Co., Ltd.	Subsidiaries directly held by Sino-American Silicon Products Inc	238,306	7.6	-	-	238,306	-
Kunshan sino silicon technology Co., Ltd.	Globalwafers Co., Ltd.	Subsidiaries directly held by Sino-American Silicon Products Inc	416,123	5.5	-	-	329,303	-
GWJ	Globalwafers Co., Ltd.	Subsidiaries directly held by Sino-American Silicon Products Inc	1,497,896	4.6	-	-	900,658	-
GWJ	Globalwafers Co., Ltd.	Subsidiaries directly held by Sino-American Silicon Products Inc	792,600	Note 2	-	-	-	-
SSL	Globalwafers Co., Ltd.	Subsidiaries directly held by Sino-American Silicon Products Inc	136,761	44.32	-	-	136,761	-
SSL	MEMC Japan	Subsidiaries directly held by Sino-American Silicon Products Inc	223,682	38.32	-	-	223,682	-
SSL	MEMC Korea	Subsidiaries directly held by Sino-American Silicon Products Inc	368,324	33.09	-	-	368,324	-
SSL	Taisil	Subsidiaries directly held by Sino-American Silicon Products Inc	650,976	6.2	-	-	233,883	-
MEMC Sdn Bhd	SSL	Subsidiaries directly held by Sino-American Silicon Products Inc	311,647	6.94	-	-	311,647	-
MEMC SpA	SSL	Subsidiaries directly held by Sino-American Silicon Products Inc	454,198	8.46	-	-	454,198	-

Account receivable company	Name of the trade counterpart	Relationship	Receivables from related parties	Turnover rate	Overdue receivables from related parties		Receivables from related parties with mount received after the reporting date (note)	Allowance for bad debt
					Amount	Process		
MEMC SpA	SSL	Subsidiaries directly held by Sino-American Silicon Products Inc	2,167,982	Note 2	-	-	-	-
MEMC Korea	SSL	Subsidiaries directly held by Sino-American Silicon Products Inc	279,425	2.92	-	-	279,425	-
MEMC Japan	SSL	Subsidiaries directly held by Sino-American Silicon Products Inc	630,727	6.8	-	-	630,727	-
SunEdison LLC	SSL	Subsidiaries directly held by Sino-American Silicon Products Inc	100,472	6.24	-	-	76,896	-
Taisil	SSL	Subsidiaries directly held by Sino-American Silicon Products Inc	809,812	5.28	-	-	367,066	-

Sino-American Silicon Products Inc. and its subsidiaries
Reinvestment information (not including investments in Mainland China)
From January 1 to December 31, 2017

Attachment VII

Unit: NT$ Thousand / Thousand shares

Name of investing company	Name of invested company	Area	Main Business	The amount of the original investment		Shareholdings at end of period			Net income (loss) of the invested company	Investment gains and losses recognized in the current period	Remarks
				End of this period	The end of last year	Shares	Ratio	Carrying Amount			
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)	1,425,603 (USD45,255)	48,526	100.00%	1,058,142	26,198	26,198	subsidiary (Note 1)
Sino-American Silicon Products Inc.	Globalwafers Co., Ltd.	Taiwan	Semiconductor silicon wafer materials and components manufacturing and trade	8,864,946	8,864,946	222,293	50.84%	17,308,960	5,274,723	2,714,329	subsidiary
Sino-American Silicon Products Inc.	Crystalwise Technology Inc.	Taiwan	Optical wafer and substrate manufacturing and trade	2,010,843	2,010,843	84,848	40.11%	849,211	(631,125)	(258,295)	Affiliated enterprises (Note 3)
Sino-American Silicon Products Inc.	Sino-American Materials Co., Ltd.	Taiwan	EVA film for solar modules manufacturing and sale	90,000	90,000	9,000	90.00%	4,958	(34,322)	(30,890)	subsidiary
Sino-American Silicon Products Inc.	Accu Solar Corporation	Taiwan	Solar cell module manufacturing	112,193	112,193	7,452	24.70%	73,176	(10,771)	(4,075)	Other person
Sino-American Silicon Products Inc.	Aleo Solar	Prenzlau	Solar cell manufacturing and sale and wholesale of electronic	558,139 (EUR13,500)	558,139 (EUR13,500)	Note 2	100.00%	355,393	(54,502)	(54,502)	subsidiary (Note 3)
Sino-American Silicon Products Inc.	SAS Sunrise Inc.	Cayman	Reinvestments in various businesses	794,373 (USD24,500)	794,373 (USD24,500)	24,500	100.00%	638,441	(128,839)	(128,839)	subsidiary
Sino-American Silicon Products Inc.	SPW	Taiwan	Power generating business	300,000	5,000	30,000	100.00%	300,944	7,598	7,598	subsidiary

Name of investing company	Name of invested company	Area	Main Business	The amount of the original investment		Shareholdings at end of period			Net income (loss) of the invested company	Investment gains and losses recognized in the current period	Remarks
				End of this period	The end of last year	Shares	Ratio	Carrying Amount			
Sino-American Silicon Products Inc.	CSR	Taiwan	Power generating business	450,000	450,000	45,000	30.00%	453,708	12,362	3,708	Other person
SPW	SPV1	Taiwan	Power generating business	2,000	-	-	-	-	(643)	-	-
SPW	SPVE2	Taiwan	Power generating business	30,000	-	3,000	100.00%	29,610-	390		sub-subsidiary (company)
SPW	SPV2	Taiwan	Power generating business	15,000	-	1,500	100.00%	14,985	(15)		sub-subsidiary (company)
SPW	SPV3	Taiwan	Power generating business	15,000	-	1,500	100.00%	14,901	(99)		sub-subsidiary (company)
SPW	SPV4	Taiwan	Power generating business	100,000	-	10,000	100.00%	99,960	(40)		sub-subsidiary (company)
SPW	SPV5	Taiwan	Power generating business	65,000	-	6,500	100.00%	65,000	683		sub-subsidiary (company)
SAS Sunrise Inc.	SAS Sunrise Pte. Ltd.	Singapore	Reinvestments in various businesses	719,292 (USD22,000)	719,292 (USD22,000)	30,934	100.00%	643,918	(71,665)	-	sub-subsidiary (company)
SAS Sunrise Pte. Ltd.	AMLED	Philippines	Reinvestments in various businesses	-	-	-	-	-	-	-	sub-subsidiary (company) (Note 4)
SAS Sunrise Pte. Ltd.	Sulu	Philippines	Power generating business	440,667 (USD13,435)	440,667 (USD13,435)	420,000	40.00%	345,587	(128,770)	-	sub-subsidiary (company)

Name of investing company	Name of invested company	Area	Main Business	The amount of the original investment		Shareholdings at end of period			Net income (loss) of the invested company	Investment gains and losses recognized in the current period	Remarks
				End of this period	The end of last year	Shares	Ratio	Carrying Amount			
AMLED	Sulu	Philippines	Power generating business	297,229 (USD9,065)	297,229 (USD9,065)	472,500	45.00%	244,025	(128,770)	-	sub-subsidiary (company)
Aleo Solar	Aleo Solar Distribuzione Italia S.r.l	Italy	Solar cell manufacturing and sale and wholesale of electronic	4,078 (EUR100)	4,078 (EUR100)	(Note 2)	100.00%	3,557	653	-	sub-subsidiary (company
Aleo Solar	Aleo Sunrise	Germany	Solar cell manufacturing and sale and wholesale of electronic	91,250 (EUR2,500)	863 (EUR25)	(Note 2)	100.00%	(91,326)	(41,676)	-	sub-subsidiary (company
Globalwafers Co.	GWI	Cayman	Reinvestments in various businesses	2,241,668 (USD73,423)	2,241,668 (USD73,423)	90,000	100.00%	36,40,560	382,689	-	sub-subsidiary (company
Globalwafers Co.	GSI	Cayman	Reinvestments in various businesses	756,809 (USD26,555)	756,809 (USD26,555)	25,000	100.00%	1,060,748	131,351	-	sub-subsidiary (company
Globalwafers Co.	GWafers	Japan	Reinvestments in various businesses	5,448,015 (JPY13,827,513)	5,448,015 (JPY13,827,513)	(Note 2)	100.00%	10,844,140	1,815,730	-	sub-subsidiary (company
Globalwafers Co.	GWafers Singapore	Singapore	Reinvestments in various businesses	11,966,930 (USD364,000)	17,504,000 (USD550,000)	760,00	100.00%	14,096,786	2,232,125	-	sub-subsidiary (company
Globalwafers Co.	Topsil A/S	Denmark	Semiconductor Silicon Wafer Manufacturing and Trading	(Note 5)	(Note 5)	1,000	100.00%	1,761,074	(41,542)	-	sub-subsidiary (company (Note 3)
Globalwafers Co.	HONG-WANG Investment Co., Ltd.	Taiwan	Reinvestments in various businesses	200,000	-	312	24.38%	318,622	5,959		Other person
Globalwafers Co.	Taisil	Taiwan	Semiconductor silicon wafer manufacturing and sales	14,502,885	-	9,998	99.98%	14,821,368	692,772		sub-subsidiary (company (Note 3)

Name of investing company	Name of invested company	Area	Main Business	The amount of the original investment		Shareholdings at end of period			Net income (loss) of the invested company	Investment gains and losses recognized in the current period	Remarks
				End of this period	The end of last year	Shares	Ratio	Carrying Amount			
GWI	GTI	Texas	Epitaxial silicon wafer production and epitaxial OEM and other trade	2,241,668 (USD73,423)	2,241,668 (USD73,423)	1	100.00%	3,640,560	382,689	-	sub-subsidiary (company) (Note 3、7)
GWafers	GWJ	Japan	Semiconductor Silicon Wafer Manufacturing and Trading	5,484,300 (JPY13,142,798)	5,484,300 (JPY13,142,798)	128	100.00%	10,760,091	1,737,325	-	sub-subsidiary (company (Note 7)
GWJ	MEMC Japan	Japan	Semiconductor silicon wafer manufacturing and sales	(Note 6)	(Note 6)	–	100.00%	1,550,680	86,870		sub-subsidiary (company (Note 7)
Topsil A/S	Topsil PL	Poland	Semiconductor Silicon Wafer Manufacturing and Trading	(Note 5)	-	1	100.00%	(53,504)	(7,116)	-	sub-subsidiary (company (Note 7)
GWafers Singapore	SSL	Singapore	Investment, marketing and trading business	17,451,233	17,451,233	42,392	100.00%	15,565,827	3,731,256	-	sub-subsidiary (company) (Note 3、7)
SSL	SSBV	Netherlands	Reinvestments in various businesses	(Note 6)	-	0.1	100.00%	19,101,704	3,417,343	-	sub-subsidiary (company (Note 7)
SSL	SST	Singapore	Reinvestments in various businesses	(Note 6)	-	0.001	100.00%	-	-	-	sub-subsidiary (company (Note 7)
SSBV	MEMC Japan	Japan	Semiconductor silicon wafer manufacturing and sales	(Note 6)	-	-	100.00%	-	188,587	-	sub-subsidiary (company (Note 7)

Name of investing company	Name of invested company	Area	Main Business	The amount of the original investment		Shareholdings at end of period			Net income (loss) of the invested company	Investment gains and losses recognized in the current period	Remarks
				End of this period	The end of last year	Shares	Ratio	Carrying Amount			
SSBV	MEMC SpA	Italy	Semiconductor silicon wafer manufacturing and sales	(Note 6)	-	65,000	100.00%	9,736,057	836,999	-	sub-subsidiary (company (Note 7)
MEMC SpA	MEMC SarL	France	Trading business	(Note 6)	-	0.5	100.00%	(609)	638	-	sub-subsidiary (company (Note 7)
MEMC SpA	MEMC GmbH	Germany	Trading business	(Note 6)	-	0.002	100.00%	5,202	515	-	sub-subsidiary (company (Note 7)
MEMC SpA	MEMC BV	Netherlands	Reinvestments in various businesses	(Note 6)	-	0.2	100.00%	2,772,632	474,492	-	sub-subsidiary (company (Note 7)
MEMC BV	MEMC Korea	Korea	Semiconductor silicon wafer manufacturing and sales	(Note 6)	-	6,880	40.00%	2,770,053	1,183,867	-	sub-subsidiary (company (Note 7)
SSBV	MEMC Korea	Korea	Semiconductor silicon wafer manufacturing and sales	(Note 6)	-	10,320	60.00%	4,155,079	1,183,867	-	sub-subsidiary (company (Note 7)
SSBV	SunEdison LLC	United States	Semiconductor silicon wafer R & D, manufacturing and sales	(Note 6)	-	1	100.00%	3,771,448	(944,278)	-	sub-subsidiary (company (Note 7)
SSBV	MEMC Sdn Bhd	Malaysia	Semiconductor silicon wafer R & D, manufacturing and sales	(Note 6)	-	1,036	100.00%	791,972	79,278	-	sub-subsidiary (company (Note 7)
SSBV	SSHBV	Netherlands	Reinvestments in	(Note 6)	-	-	-	-	422,307	-	sub-

Name of investing company	Name of invested company	Area	Main Business	The amount of the original investment		Shareholdings at end of period			Net income (loss) of the invested company	Investment gains and losses recognized in the current period	Remarks
				End of this period	The end of last year	Shares	Ratio	Carrying Amount			
			various businesses								subsidiary (company (Note 7)
SSBV	Taisil	Taiwan	Semiconductor silicon wafer manufacturing and sales	（Note 6）	-	-	-	-	977,443	-	sub-subsidiary (company (Note 7)
SSHBV	Taisil	Taiwan	Semiconductor silicon wafer manufacturing and sales	（Note 6）	-	-	-	-	977,443	-	sub-subsidiary (company (Note 7)
SSHBV	MEMC Ipoh	Malaysia	Semiconductor silicon wafer manufacturing and sales	（Note 6）	-	699,374	100.00%	247,283	23,223	-	sub-subsidiary (company (Note 7)

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: even the merged company does not hold any equity interest in AMLED, per the agreed terms signed it may control the finance and strategy of this company and obtain all interests derived from its operations and net assets. As a consequence AMLED is deemed as a subsidiary of the Company.

Note 5: Merger of the current acquisition of the company Topsil A/S and Topsil PL,total investment amount 1,964,069 thousand (DKK407,600 thousand)。

Note 6: Acquisition of the company SSL and its subsidiaries, total investment amount17,451,233 thousand (USD546,975 thousand)。

Note 7: All of them are indirectly held by Global Wafer, in which MEMC JAPAN and Taisil were transferred from SSBV and SSHBV to GWJ and Global Wafer respectively in 2017/10.

Note 8: The above related transactions have been written off when preparing the consolidated financial report.

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
From January 1 to December 31, 2017

Attachment XIII

(I) 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 4)	Ending investment carrying amount	The investment income received as of the current period
					outbound remittence	Recovered						
KUNSHAN SINO SILICON TECHNOLOGY CO., LTD.	Silicon rods and silicon wafer processing and trade	769,177 (Note7)	(Note1)	713,300 (USD21,729)	-	-	713,300 (USD21,729)	120,249	100%	120,249	1,018,559	-
SunEdison Shanghai	Trading business	7,527 (RMB1,500)	(Note2)	(Note2)	-	-	(Note2)	39	100%	39	9,382	-
Shanghai Ge Luohe	Sales and marketing business	9,756 (RMB2,000)	(Note3)	-	-	-	-	6,370	60%	3,822	8,886	-

(II) The limitations of reinvestments 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)(Note5)	20,432,644 (Note6)

Note 1: Investments in China through GSI

Note 2: Investments in China through SSBV

Note 3:Shanghai Ge Luohe Department through the Kunshan Zhongcheng its own funds to set up investment, no money from Taiwan, it is not included in the investment limit calculation.

Note 4: Investment gains and losses are recognized in accordance with the audited financial statements.

Note 5: Converted in accordance with the historical exchange rates.

Note 6: 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, 2017.

Note 7: It included capitalization from earnings.