

Stock Code : 5483



Sino-American Silicon Products Inc.

2018
Annual General Shareholders' Meeting
Meeting Handbook

Time: June 26, 2018

Place: 2F, No. 1, Industrial East Rd. 2, Science-Based
Industrial Park, Hsinchu, Taiwan, R.O.C

Science Park Life Hub/Darwin Hall

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Sino-American Silicon Products Inc.
2018 Annual General Shareholders' Meeting Procedure

1. Call Meeting to Order (Report present shares)
2. Chairman's Address
3. Report Item
4. Approval Item
5. Discussion Item
6. Extempore Motion
7. Meeting Adjourned

Sino-American Silicon Products Inc.

2018 Annual General Shareholders' Meeting Agenda

Time: 9:00 a.m., Thursday, June 26, 2018

Place: 2F, No. 1. Industrial East Road 2, Science-Based Industrial Park, Hsinchu
(Science Park Life Hub/Darwin Hall)

1. Call Meeting to Order
2. Chairman's Address
3. Report Items
 - (1) 2017 business report
 - (2) Audit committee's report on 2017 budgets
 - (3) Report on rejection on private placement of common shares after the expiration date
4. Approval Items
 - (1) 2017 business report and financial statements
 - (2) 2017 appropriation of profit or loss
5. Discussions
 - (1) Cash dividend distribution from capital reserve
 - (2) Issuance of new shares through GDR or Private Placement
 - (3) Amendment to the "Procedures for Shareholders' Meeting"
 - (4) Amendment to the "Policies and Procedures for Financial Derivatives Transactions"
6. Extempore Motion
7. Meeting Adjourned

Report Items

Item 1

Fiscal 2017 Business Report submitted for review

Please refer to the Fiscal 2017 Business Report as attached in this handbook.

Item 2

Audit Committee's 2017 Review Report submitted for review

Please refer to the Audit Committee's 2017 Review Report as attached in this handbook.

Item 3

Rejection on the private placement of common shares after the expiration date

According to the resolution of AGM on June 27, 2017 and Article 43-6 of Securities Exchange Act, new shares within the issuance of 85,000,000 shares will be expired on June 27, 2018. Rejection will be conducted from the expiration date.

Approval Items

Item 1

(Proposed by the Board of Directors)

Motion: To accept FY 2017 business report and financial statements

- (1) The SAS 2017 Financial Statements were audited by KPMG CPAs, Cheng-chien Chen and Ann-chih Cheng. The aforementioned and FY 2017 business report have been approved by the audit committee.
- (2) Please refer to the Business Report and the Financial Statements as attached in this handbook.
- (3) Approval requested

Resolution:

Item 2

(Proposed by the Board of Directors)

Motion: To approve the 2017 appropriation of profit or loss proposal

- (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.

- (2) In accordance with the aforesaid, it is proposed that no dividend will be distributed to shareholders, and no remuneration will be paid to employees and directors.
- (3) See the 2017 Appropriation of Loss Statement as attached in this handbook.
- (4) Resolution requested

Resolution:

Discussion Items

Item 1

(Proposed by the Board of Directors)

Motion: Discussion on the distribution of cash dividend from capital reserve

Description:

- (1) 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.
- (2) 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 designate a specific person for the adjustment of the total amount of the odd distribution below NT\$1.
- (3) In the event that the proposed capital reserve distribution is affected by a buyback of shares, or issuance or cancellation of transferring treasury shares to employees and execution of warrant etc., it is proposed that the chairman is authorized to distribute the total amount of the capital reserve according to this proposal.
- (4) Resolution requested.

Resolution:

Item 2

(Proposed by the Board of Directors)

Motion: Discussion on issuance of new shares through GDR or local SPO or Private Placement

Description:

- (1) To meet the development of alliance with major companies and to increase working capital, or overseas purchase, prepayment of bank loan, purchase of equipment and machinery for future needs, and long-term investments and/or others to improve competitiveness, the Company proposes to authorize the Board to issue new stocks up to 85,000,000 shares under appropriate conditions and in determination of the method of

stock issuance in common shares or in GDR for common shares or private placement for common shares, and adjustment of issuing size within the said quota at once or through installment (less than twice for private placement).

(2) Principles and Conducting of Raising Funds

1. The issuance of new common shares for capital increase in cash

Pursuant to the Article 28-1 of Securities and Exchange Act, Board of Directors delegates Chairman to choose either book building or public application regarding underwriting and proceed as below:

I. Book Building

Unless otherwise the Article 267 of the company law to retain 10%-15% new issuance shares for the company employees, and the remaining 85%-90% according to the Securities and Exchange Act Rule 28-1, shall be all provided with public application in the book building method. In case the actual purchases of the reserved stock options for the employees falls short, the chairman is authorized to negotiate with specific parties to purchase those shares at the issue price in accordance with the Taiwan Securities Association Rules Governing Underwriting and Resale of Securities by Securities Firms.

The issue price by the Taiwan Securities Association Rules Governing Issue Company raising and issuing securities (hereinafter "Discipline Principles") may not be lower than 90% of the average closing prices of common shares of the Company for either one, three, or five business days before either the date on which the application is filed at Taipei Exchange or the five business days before the ex-rights date. The aforementioned price should be determined in compliance with related requirements of competent authorities. The Board of Directors will be authorized to negotiate with the lead underwriter to have actual price determined in light of market status.

II. Public Application Offering

Pursuant to the Article 267 of Company Act, 10%-15% of the new share issuance will be reserved for employees' preemptive subscription and 10% will be reserved for public offer. The remaining 75%-80% of the share issuance will be reserved for preemptive purchase of original shareholders based on the shareholder's name and his/her shares registered in the shareholders roster at the dividend record date. For the issuance not subscribed by employees and the original shareholders in proportion or as a whole, the chairman of the Board is to be authorized to negotiate with specific parties to purchase shares at issuing price. The issue price of new common shares from the cash capital increase may not be lower than 70% of the average closing prices of common shares of the Company for either the one, three, or five business days before either the date on which the application is filed with the Financial Supervisory Commission or the five business days before the ex-rights date. The average closing price mentioned above shall be after adjustment for any distribution

of stock/cash dividends or capital reduction.

2. The issuance of GDR for the new common shares from cash capital increase:
 - I. Pursuant to the Article 267 of Company Act, 10%-15% of the share issuance will be reserved for employees' preemptive subscription. For those stocks not subscribed by employees in proportion or as a whole, the chairman of the Board is to be authorized to negotiate with specific parties to purchase the unsubscribed share in common stock or GDR of subscription at the issuing price in accordance with the market development. For the remaining 85%-90% of issuance, based on the Article 28-1 of the Securities and Exchange Act, the board proposes to offer through public application offering for the issuance of GDR according to the Taiwan Securities Association Rules Governing Underwriting and Resale of Securities by Securities Firms.
 - II. The issuing price of new common shares for capital increase in cash or the issuing price of GDR for the new common shares from cash capital increase is to be determined based on general practices worldwide and it shall not affect shareholder's interests. However, the final issuing price is to be determined by the lead underwriter and the Chairman of the Board who is authorized by the Shareholders' Meeting by referring to market conditions at the time of issuance; also, it must be in compliance with related requirements of competent authorities.
 - a. According to the "Disciplinary Rules", the issuing price of the new common shares from cash capital increase may not be lower than 90% of the closing price of common shares at Taipei Exchange on the price determination day or 90% of average closing price of the common shares of the Company for either one, three, or five business days before the price determination date, after adjustment for any distribution of stock/cash dividends or capital reduction. The aforementioned price may adjust when variation occurred in domestic requirements. Since domestic share price may vary excessively within a short period, the Chairman of the Board of Directors will be authorized to negotiate with the lead underwriter to have actual price determined in light of international conventions, capital market, domestic share price and overall book building.
 - b. For the rights of original shareholders, the issuance of new shares for cash capital increase up to 85,000,000 common shares will have the maximum dilution effect of at 14.49%. The funds raised from the capital increase in cash shall generate sustainable growth in Company's business; reinforce competitiveness, and surely benefit shareholders. GDR issue price is determined according to fair value domestically. Original shareholders may purchase common stock in domestic market at Taipei Exchange for the price close to GDR price, exempting from currency and fluidity risks. There is no huge impact on original shareholders.

3. Private placement for common shares for capital Increase by cash:

The issuance plan of private placement for common shares is conducted pursuant to Article 43-6 of Securities Exchange Act and Directions for Public Companies Conducting Private Placements of Securities.

I. The necessity of private placement

a. The reasons for not taking a public offering:

Consider the capital market status, effectiveness of financing, feasibility, issuance cost, and actual requirement of bringing in strategic investors. With the limit of no-trading period of 3 years, it is better to maintain a long-term relationship with strategic partners by such security issuance of private placement. Therefore, the Company proposed to raise capital through private placement, rather than public offering.

b. The amount of the private placement: less than 85,000,000 shares.

c. The capital usage plan and projected benefits of private placement:

In response to strategic alliance development or operational funds increase, overseas purchase, reimbursement of bank loan, purchase of machinery and equipment or reinvestment and any capital needs in the future, single or twice private placement at the maximum can be executed in terms of the market condition in order to bring in long-term funds at appropriate time responding to the rapidly changing industry environment and strengthening the equity structure and competitiveness of the company.

II. The rationality to determine the price of private placement:

The common stock price per share shall be no less than 80% of the reference price.

The reference price is set as the higher of the following two basis prices:

a. The average closing price from either 1, 3 or 5 days before the pricing date, minus dividends adjustment, plus price discount adjustment due to capital reduction.

b. The average price of 30 days before the pricing date, minus dividends adjustment, plus price discount adjustment due to capital reduction.

The pricing date, actual issuance price are proposed to authorize the Board to determine after taking into consideration the market status, objective conditions.

The price determination above shall follow regulations from government authorities.

III. The method to determine specific parties:

NNo specific subscriber, selected in accordance with Article 43-6 of Security and Exchange Act, has been appointed for the private placement for common shares. The strategic investors have the priority to be considered as specific parties for private placement to meet the Company's needs on technology cooperation and operation strategy.

Relevant matters about specific subscribers shall be authorized to the chairman for full responsibility.

IV. The necessity of subscribers to be strategic investors and projected benefits:

In responding to the need of a long-term development of the company, the strategic investors will meet the company's needs on technology cooperation, quality improvement, cost reduction, stable supplier source of key components, efficiency enhancement and market expansion through their skill, knowledge, brands or channels.

V. Rights and obligations for this private placement for common shares are basically the same with those of issued common shares of the company while according to the relevant rules of Security and Exchange Act, no-trading period of 3 years is to be followed. The private placement for common shares can be offered in public for trading after 3 years.

VI. The issue price of the private placement for common shares (except the markup pricing), issuance conditions, issuance regulations etc. shall be proposed to authorized the Board to determine all related issues according to any changes in regulation, market or reviews from the authorities.

- (3) After the approval by the shareholders' meeting on the domestic capital increase by cash or the issuance of new shares and/or GDR for cash capital increase and/or the private placement for common shares, the Board is authorized to determine public offering or private placement of the issuance of common shares, conditions, volume, pricing, amount, fund usage, project items, project schedule, possible projected production benefits, record date for the capital increase and relevant matters of the private placement including commands from the authorities or market and objective environmental alteration, and others not included.
- (4) Rights and obligations about the issuance of new shares are the same with those of the issued shares.
- (5) Resolution requested

Resolution:

Item 3

(Proposed by the Board of Directors)

Motion: Amendment to the "Rules of Procedures for Shareholders' Meeting"

- (1) In compliance with laws and operation need of the Company, amendments have been made to the "Rules of Procedures for Shareholders' Meeting."
- (2) Please refer to the comparison chart of the Rules of Procedures for Shareholders' Meeting as attached in this handbook.
- (3) Resolution requested

Resolution:

Item 4

(Proposed by the Board of Directors)

Motion: Amendment to the “Policies and procedures for Financial Derivatives Transactions”

- (1) In compliance with the operation need of the Company, amendment has been made to the “Policies and procedures for Financial Derivatives Transactions.”
- (2) Please refer to the comparison chart of the Articles of Incorporation as attached in this handbook.
- (3) Resolution requested

Resolution:

Extempore Motion

Meeting Adjourned

Attachment 1

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, a 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

Year Item	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\$1,119,261,000. 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 well 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

Attachment 2

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.

Sino American Silicon Products Inc
Audit Committee Convener:

Ting-Kuo Chen
April 20, 2018

Attachment 3

INDEPENDENT AUDITORS' REPORT (Consolidated)

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 balance sheets as of December 31, 2017 and 2016, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 2017 and 2016 with notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years ended 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"), interpretations 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, 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 Group'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 Technology as of December 31, 2017 and 2016 respectively were 1% of the total asset. The loss of affiliated enterprises using equity method of 2017 and from January 1 to December 31, 2016 were (5)% of loss before tax and 40% of profit before tax respectively.

Sino-American Silicon Products Inc. has compiled standalone financial reports for 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 2017. 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 matter 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 main revenue of the Group came from the selling of semiconductor silicon materials and related components. The timing for revenue recognition was determined according to agreements with customers. With large transaction volume from each operating site all over the world, we considered it one of the important matter while auditing the consolidated financial report of the Group.

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 note, cash receipts and related documentation supporting sales before or after the balance sheet data 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) of the consolidated financial statements.

Description of key audit matter:

The solar business unit of the Group 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. While its semiconductor business unit selling and manufacturing semiconductor silicon materials with a variety of product applications also showed risks for technology changes, phased-out inventory or sluggishness that made inventory evaluation considered as an important asset of the Group. Thus we considered it one of the important matters while auditing the financial report of the Group.

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. 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 solar business unit of the Group 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.

4. Derogation of Goodwill

Please refer to the note 4(20) Intangible Assets for "Derogation of Goodwill" of accounting

policy, note 5(3) of the consolidated financial statements for assumption and evaluation uncertainty of “Derogation of Goodwill”, and note 6(14) Intangible Assets of the consolidated financial statements for further details.

Description of key audit matter:

As a high capitalization industry, it matters to evaluate the derogation of goodwill of the Group due to its goodwill deriving from industrial mergers and the fact that the business of the Group fluctuates according to the market environment as well as government policies etc. The evaluation procedure includes identification of cash generating unit, method of evaluation, important assumption selection and recoverable amount calculation etc. that all depends on the subjective judgment of the managerial level. Thus we considered it as one of the important matter for auditing the consolidated financial report of the Group.

How the matter was addressed in our audit:

In relation to the key audit above, we have performed certain key audit procedures that included reviewing the derogation and status of the cash generating units determined by the managerial level, assessing the reasonableness of the recoverable amount judged by the managerial level, reviewing the expectation accuracy made by the managerial level in the past, reviewing the calculation of the recoverable amount by the cash generating unit, reviewing expectation to the future cash flow and calculating all assumption of the recoverable amount together with sensitivity analysis of specific defaults, and evaluating whether the disclosure in the notes to the derogation of goodwill policy and other information is appropriate.

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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, interpretations 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.

Auditors’ 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 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 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 auditors' 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 and 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 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 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.

KPMG

Taipei, Taiwan (Republic of China)

March 22, 2018

2017 Financial Statements (Consolidated)

Financial Statement — Balance Sheet

Provided by: Sino-American Silicon Products Inc.

Financial year: Yearly

Unit: NT\$ thousand

Accounting Title	2017/12/31	2016/12/31
Balance Sheet		
Assets		
Current assets		
Cash and cash equivalents		
Total cash and cash equivalents	20,342,780	9,269,460
Current financial assets at fair value through profit or loss		
Current financial assets at fair value through profit or loss, designated as upon initial recognition	21,546	2,442
Total current financial assets at fair value through profit or loss	21,546	2,442
Accounts receivable, net		
Accounts receivable	8,715,836	8,329,710
Accounts receivable, net	8,715,836	8,329,710
Accounts receivable due from related parties, net		
Accounts receivable due from related parties	113,707	230,137
Accounts receivable due from related parties, net	113,707	230,137
Inventories		
Inventories, manufacturing business		
Inventories, manufacturing business, net	10,047,905	9,708,321
Total inventories	10,047,905	9,708,321
Other current assets		
Other current financial assets	174,383	528,827
Other current assets, others	1,589,902	2,074,722
Total other current assets	1,764,285	2,603,549
Total current assets	41,006,059	30,143,619
Non-current assets		
Non-current available-for-sale financial assets		
Non-current available-for-sale financial assets	685,194	661,280
Non-current available-for-sale financial assets, net	685,194	661,280
Held-to-maturity non-current financial assets		
Non-current held-to-maturity financial assets, net	281,366	281,400
Non-current financial assets at cost		
Non-current financial assets at cost	838,181	898,754
Non-current financial assets at cost, net	838,181	898,754
Investments accounted for using equity method		
Investments accounted for using equity method	1,694,717	1,190,070
Investments accounted for using equity method, net	1,694,717	1,190,070
Property, plant and equipment		

Land, net		
Land, cost	3,408,791	3,619,236
Land, net	3,408,791	3,619,236
Buildings and structures, net		
Buildings and structures, cost	17,896,097	18,686,141
Accumulated depreciation, buildings and structures	8,026,379	7,580,754
Buildings and structures, net	9,869,718	11,105,387
Machinery and equipment, net		
Machinery and equipment, cost	56,760,858	58,620,449
Accumulated depreciation, machinery and equipment	37,081,741	35,622,817
Machinery and equipment, net	19,679,117	22,997,632
Other facilities, net		
Other facilities, cost	4,280,713	3,551,350
Accumulated depreciation, other facilities	2,257,780	1,952,090
Other facilities, net	2,022,933	1,599,260
Unfinished construction and equipment under acceptance	2,548,249	2,076,313
Total property, plant and equipment	37,528,808	41,397,828
Intangible assets		
Patents, net		
Patents	0	0
Patents, net	0	0
Goodwill	2,429,026	2,585,621
Acquired special technology, net		
Acquired special technology	1,702,225	1,708,113
Accumulated impairment, acquired special technology	333,694	2,286
Acquired special technology, net	1,368,531	1,705,827
Other intangible assets, net		
Other intangible assets	0	0
Other intangible assets, net	0	0
Intangible assets under development, net		
Intangible assets under development	164,472	153,291
Accumulated impairment, intangible assets under development	22,895	8,666
Intangible assets under development, net	141,577	144,625
Total intangible assets	3,939,134	4,436,073
Other non-current assets		
Non-current prepayments for investments	0	0
Other non-current financial assets		
Other non-current financial assets, others	403,078	424,931
Total other non-current financial assets	403,078	424,931
Other non-current assets, others		
Other non-current assets, others	2,965,996	3,580,453
Total other non-current assets, others	2,965,996	3,580,453
Total other non-current assets	3,369,074	4,005,384
Total non-current assets	48,336,474	52,870,789

Total assets	89,342,533	83,014,408
Liabilities and equity		
Liabilities		
Current liabilities		
Short-term borrowings		
Bank loan	13,753,204	16,465,410
Total short-term borrowings	13,753,204	16,465,410
Current financial liabilities at fair value through profit or loss		
Current financial liabilities at fair value through profit or loss, designated as upon initial recognition	5,152	23,631
Total current financial liabilities at fair value through profit or loss	5,152	23,631
Accounts payable		
Accounts payable	5,342,167	6,323,165
Total accounts payable	5,342,167	6,323,165
Accounts payable to related parties		
Accounts payable to related parties	9,708	4,370
Total accounts payable to related parties	9,708	4,370
Other payables		
Wages and salaries payable	1,990,597	1,300,219
Dividends payable	0	0
Total other payables	1,990,597	1,300,219
Current provisions		
Short-term onerous contracts provision	60,880	408,703
Short-term provision for decommissioning, restoration and rehabilitation costs	9,984	9,690
Total current provisions	70,864	418,393
Other current liabilities		
Advance receipts		
Advance sales receipts	2,496,832	418,855
Total advance receipts	2,496,832	418,855
Long-term liabilities, current portion		
Long-term borrowings, current portion	613,333	1,238,990
Total long-term liabilities, current portion	613,333	1,238,990
Other current liabilities, others	3,955,141	5,708,632
Total other current liabilities	7,065,306	7,366,477
Total current liabilities	28,236,998	31,901,665
Non-current liabilities		
Long-term borrowings		
Long-term bank loans	5,033,539	16,356,833
Total long-term borrowings	5,033,539	16,356,833
Non-current provisions		
Long-term onerous contracts provision	452,497	502,936
Long-term provision for decommissioning, restoration and rehabilitation costs	52,911	133,272
Total non-current provisions	505,408	636,208

Other non-current liabilities		
Other non-current liabilities, others	11,789,677	6,892,615
Total other non-current liabilities	11,789,677	6,892,615
Total non-current liabilities	17,328,624	23,885,656
Total liabilities	45,565,622	55,787,321
Equity		
Equity attributable to owners of parent		
Share capital		
Ordinary share	5,920,587	5,800,312
Advance receipts for share capital	0	0
Total capital stock	5,920,587	5,800,312
Capital surplus		
Capital surplus, additional paid-in capital		
Capital surplus, additional paid-in capital arising from ordinary share	13,970,742	14,832,456
Total capital surplus, additional paid-in capital	13,970,742	14,832,456
Capital surplus, treasury share transactions	31,765	31,765
Capital surplus, difference between consideration and carrying amount of subsidiaries acquired or disposed	2,492,997	2,492,997
Capital surplus, changes in equity of associates and joint ventures accounted for using equity method	6,762,869	1,092,242
Capital surplus, employee share options	606,036	372,023
Capital Surplus, restricted stock	341,422	0
Total capital surplus	24,205,831	18,821,483
Retained earnings		
Legal reserve	311,579	311,579
Special reserve	513,302	513,302
Unappropriated retained earnings (accumulated deficit)		
Accumulated profit and loss	-317,629	-1,565,754
Total unappropriated retained earnings (accumulated deficit)	-317,629	-1,565,754
Total retained earnings	507,252	-740,873
Other equity interest		
Exchange differences on translation of foreign financial statements		
Exchange differences on translation of foreign financial statements, parent	-1,973,334	-1,617,512
Total exchange differences on translation of foreign financial statements	-1,973,334	-1,617,512
Unrealized gains (losses) on available-for-sale financial assets		
Unrealized gains (losses) on available-for-sale financial assets, parent	-1,109,281	-1,188,654
Total unrealized gains (losses) on available-for-sale financial assets	-1,109,281	-1,188,654
Other equity, others		
Other equity, unearned compensation	-236,020	0
Other equity, others	-4,302	-6,354
Total other equity, others	-240,322	-6,354
Total other equity interest	-3,322,937	-2,812,520
Treasury shares	169,861	169,861

Total equity attributable to owners of parent	27,140,872	20,898,541
Non-controlling interests	16,636,039	6,328,546
Total equity	43,776,911	27,227,087
Total liabilities and equity	89,342,533	83,014,408
Number of share capital awaiting retirement	0	0
Equivalent issue shares of advance receipts for ordinary share	0	0
Number of shares in entity held by entity and by its subsidiaries	5,555,000	5,555,000

Financial Statement – Income Statement

Provided by: Sino-American Silicon Products Inc.

Financial year: Yearly

Unit: NT\$ thousand

Accounting Title	2017/4th	2016/4th
Statement of comprehensive income		
Operating revenue		
Net sales revenue		
Sales revenue		
Sales revenue	59,371,198	31,599,040
Total sales revenue	59,371,198	31,599,040
Net sales revenue	59,371,198	31,599,040
Total operating revenue	59,371,198	31,599,040
Operating costs		
Cost of sales		
Cost of sales	47,967,962	28,164,027
Total cost of sales	47,967,962	28,164,027
Total operating costs	47,967,962	28,164,027
Gross profit (loss) from operations	11,403,236	3,435,013
Gross profit (loss) from operations	11,403,236	3,435,013
Operating expenses		
Selling expenses		
Total selling expenses	1,379,950	631,529
Administrative expenses		
Total administrative expenses	2,026,389	1,785,333
Research and development expenses		
Total research and development expenses	1,671,895	976,091
Total operating expenses	5,078,234	3,392,953
Net operating income (loss)	6,325,002	42,060
Non-operating income and expenses		
Other income		
Interest income		
Interest income from bank deposits	131,992	22,315
Total interest income	131,992	22,315
Dividend income	14,946	13,841
Total other income	146,938	36,156
Other gains and losses		
Foreign exchange gains	-597,363	18,543
Miscellaneous disbursements	37,829	88,419
Losses on disposals of investments	0	-81,131
Losses on financial assets (liabilities) at fair value through profit or loss	-117,706	-61,893
Impairment loss		
Other impairment loss	69,501	452,661
Total impairment loss	69,501	452,661

Other gains and losses, net	-586,987	-379,513
Finance costs		
Interest expense	506,347	172,816
Finance costs, net	506,347	172,816
Share of profit (loss) of associates and joint ventures accounted for using equity method		
Share of loss of associates and joint ventures accounted for using equity method	252,865	382,265
Share of profit (loss) of associates and joint ventures accounted for using equity method, net	-252,865	-382,265
Total non-operating income and expenses	-1,199,261	-898,438
Profit (loss) from continuing operations before tax	5,125,741	-856,378
Tax expense (income)		
Current tax expense (income)	1,607,113	432,628
Total tax expense (income)	1,607,113	432,628
Profit (loss) from continuing operations	3,518,628	-1,289,006
Profit (loss)	3,518,628	-1,289,006
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss		
Gains (losses) on remeasurements of defined benefit plans	506,710	34,914
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	88,347	6,599
Components of other comprehensive income that will not be reclassified to profit or loss	418,363	28,315
Components of other comprehensive income that will be reclassified to profit or loss		
Exchange differences on translation	-722,292	-314,499
Unrealised gains (losses) on valuation of available-for-sale financial assets	23,914	-2,978
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	105,196	-31,979
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-110,730	7,269
Components of other comprehensive income that will be reclassified to profit or loss	-482,452	-356,725
Other comprehensive income, net	-64,089	-328,410
Total comprehensive income	3,454,539	-1,617,416
Profit (loss), attributable to:		
Profit (loss), attributable to owners of parent	1,035,505	-1,589,225
Profit (loss), attributable to non-controlling interests	2,483,123	300,219
Comprehensive income attributable to:		
Comprehensive income, attributable to owners of parent	971,676	-1,832,339
Comprehensive income, attributable to non-controlling interests	2,482,863	214,923
Basic earnings per share		
Basic earnings (loss) per share from continuing operations	1.8	-2.77
Total basic earnings per share	1.8	-2.77

Diluted earnings per share		
Diluted earnings (loss) per share from continuing operations	1.79	-2.77
Total diluted earnings per share	1.79	-2.77

Financial Statement — Statements of Cash Flows

Provided by: Sino-American Silicon Products Inc.

Financial year: Yearly

Unit: NT\$ thousand

Accounting Title	2017/4th	2016/4th
Statement of cash flows		
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	5,125,741	-856,378
Profit (loss) before tax	5,125,741	-856,378
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	5,889,914	2,741,881
Amortization expense	351,116	15,768
Provision (reversal of provision) for bad debt expense	19,581	19,284
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	-37,583	-39,237
Interest expense	506,347	172,816
Interest income	-131,992	-22,315
Dividend income	-14,946	-13,841
Share-based payments	45,752	5,563
Share of loss (profit) of associates and joint ventures accounted for using equity method	252,865	382,265
Loss (gain) on disposal of property, plan and equipment	-2,303	17,413
Loss (gain) on disposal of investments	0	-81,131
Impairment loss on financial assets	69,501	452,661
Impairment loss on non-financial assets	0	0
Other adjustments to reconcile profit (loss)	-435,717	345,221
Total adjustments to reconcile profit (loss)	6,512,535	3,996,348
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in accounts receivable	-289,277	875,715
Decrease (increase) in inventories	62,440	-64,377
Decrease (increase) in prepayments	660,001	541,541
Decrease (increase) in other operating assets	458,718	242,590
Total changes in operating assets	891,882	1,595,469
Changes in operating liabilities		
Increase (decrease) in accounts payable	-996,186	-172,362
Increase (decrease) in provisions	-460,680	-358,680
Increase (decrease) in receipts in advance	6,767,274	2,887
Increase (decrease) in net defined benefit liability	-27,949	-22,861
Increase (decrease) in 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 (outflow) generated from operations	16,570,920	3,722,338
Interest received	128,302	20,238
Dividends received	14,946	13,841
Interest paid	-509,916	-160,818
Income taxes refund (paid)	-834,955	-1,099,479
Net cash flows from (used in) operating activities	15,369,297	2,496,120
Cash flows from (used in) investing activities		
Acquisition of available-for-sale financial assets	0	0
Acquisition of held-to-maturity financial assets	0	-280,000
Acquisition of financial assets at cost	-49,896	-9,000
Proceeds from capital reduction of financial assets at cost	0	10,568
Acquisition of investments accounted for using equity method	-649,000	0
Acquisition of property, plant and equipment	-3,347,558	-4,001,213
Proceeds from disposal of property, plant and equipment	659,779	56,160
Decrease in refundable deposits	-15,343	2,727
Acquisition of intangible assets	-2,530	0
Net cash inflows from business combination	-3,254	-16,968,015
Increase in other financial assets	362,227	-250,448
Dividends received	0	0
Net cash flows from (used in) investing activities	-3,045,575	-21,439,221
Cash flows from (used in) financing activities		
Increase in short-term loans	-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
Exercise of employee share options	294,638	0
Payments to acquire treasury shares	0	0
Change in non-controlling interests	13,495,155	1,093,660
Other financing activities	119,300	0
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 (decrease) 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
Cash and cash equivalents reported in the statement of financial position	20,342,780	9,269,460

Financial Statement – Statements of Changes in Stockholders' Equity

Provided by: Sino-American Silicon Products Inc.

Finacial year: Yearly

Unit: NT\$ thousand

2017/12/31 Statement of Stockholders' Equity

Unit: NT\$ thousand

	Ordinary share	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Others	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Equity at beginning of period	5,800,312	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
Legal reserve appropriated				0		0	0						0		0
Special reserve appropriated													0		0
Changes in equity of associates and joint ventures accounted for using equity method			5,670,627							2,052	2,052		5,672,679	8,362,023	14,034,702
Cash dividends from capital surplus			-861,714										-861,714		-861,714
Profit (loss)						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
Changes in non-controlling interests														-537,393	-537,393
Share-based payments	120,275	120,275	575,435							-236,020	-236,020		459,690		459,690
Total increase (decrease) in equity	120,275	120,275	5,384,348	0		1,248,125	1,248,125	-355,822	79,373	-233,968	-510,417		6,242,331	10,307,493	16,549,824
Equity at end of period	5,920,587	5,920,587	24,205,831	311,579	513,302	-317,629	507,252	-1,973,334	-1,109,281	-240,322	-3,322,937	-169,861	27,140,872	16,636,039	43,776,911

2016/12/31 Statement of Stockholders' Equity

Unit: NT\$ thousand

	Ordinary share	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Others	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Equity at beginning of period	5,800,312	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
Legal reserve appropriated				51,951		-51,951	0						0		0
Special reserve appropriated													0		0
Cash dividends of ordinary share						-459,581	-459,581						-459,581		-459,581
Changes in equity of associates and joint ventures accounted for using equity method			1,323							-3,087	-3,087		-1,764	392	-1,372
Cash dividends from capital surplus			-402,133										-402,133		-402,133
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	214,923	-1,617,416
Changes in ownership interests in subsidiaries			603,220										603,220	1,101,349	1,704,569

Changes in non-controlling interests													43,847	43,847
Share-based payments			4,382									4,382		4,382
Others													-614,785	-614,785
Total increase (decrease) in equity	0	0	206,792	51,951		-2,085,266	-2,033,315	-157,442	-101,163	-3,087	-261,692	-2,088,215	745,726	-1,342,489
Equity at end of period	5,800,312	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	27,227,087

INDEPENDENT AUDITORS' REPORT (Standalone)

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 the statements of comprehensive income, changes in equity and cash flows for the years ended 2017 and 2016 with 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 of December 31, 2017 and 2016, and its financial performance and its cash flows for the year ended 2017 and 2016 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 Technology as at December 31, 2017 and 2016 respectively were 2% and 4% of the total asset. The loss of affiliated enterprises using equity method of 2017 and from January 1 to December 31, 2016 were (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.). Considering the investment to the subsidiary of GlobalWafers is mainly out of industrial mergers plus the fluctuating market factors that may easily influence GlobalWafers’ business, the income recognition of subsidiaries, derogation of goodwill deriving from inventory assessment and industrial mergers become relatively of importance. Thus we consider it one of the important matters 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 as (1) income recognition and (2) inventory assessment. Key audit procedures for derogation of goodwill mainly included reviewing the possible derogation of the cash generating unit judged by the managerial level and the status, identifying the reasonableness of the assessing method used for the recoverable amount, evaluating the expectation accuracy made by the managerial level in the past, reviewing the calculation method used by the managerial level for the recoverable amount of the cash generating unit, evaluating the future cash flow and all assumption used to calculate recoverable amounts as well as the sensitiveness analysis on all important defaults.

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 the 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

Parent-Company-Only Statements of Financial Position
December 31, 2017 and 2016 (expressed in thousands of New Taiwan dollars)

	December 31,		December 31,	
Assets	2017		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	—
	<u>5,545,531</u>	17	<u>6,873,213</u>	24
Non-current assets:				
Available-for-sale financial assets – non-current	685,194	2	661,280	2
	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	—	—	—	—
Deferred income tax 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
	<u>29,306,668</u>	83	<u>22,733,930</u>	76
Total Assets	\$ <u>34,852,199</u>	100	<u>29,607,143</u>	100
	December 31,		December 31,	
Liabilities and Stockholders' Equity	2017		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
	<u>4,490,335</u>	13	<u>4,863,770</u>	15

Non-current liabilities:

Long-term loans payable	1,360,000	4	1,990,000	7
Liability reserve	—	—	427,000	1
Other liabilities – non-current	—	—	22,580	—
Liabilities preparation and other non-current liabilities	443,351	1	449,508	1
Revenue received in advance for sales – non-current	<u>1,417,641</u>	4	<u>1,405,324</u>	5
	<u>3,220,992</u>	9	<u>3,844,832</u>	13
Total Liabilities	<u>7,711,327</u>	22	<u>8,708,602</u>	28

Equity:

Common stock	<u>5,920,587</u>	18	<u>5,800,312</u>	20
Capital surplus	<u>24,205,831</u>	69	<u>18,821,483</u>	64
Retained earnings:				
Legal reserve	311,579	1	311,579	1
Special reserve	513,302	1	513,302	2
Unappropriated earnings (accumulated deficits)	<u>(317,629)</u>	(1)	<u>(1,565,754)</u>	(5)
	<u>507,252</u>	1	<u>(740,873)</u>	(2)
Other equity	<u>(3,322,937)</u>	(10)	<u>(2,812,520)</u>	(9)
Tresury Stock	<u>(169,861)</u>	—	<u>(169,861)</u>	(1)
Total Equity	<u>27,140,872</u>	78	<u>20,898,541</u>	72
Total Liabilities and Equity	<u>\$ 34,852,199</u>	100	<u>29,607,143</u>	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)

	<u>2017</u>		<u>2016</u>	
		%		%
Operating revenues:	\$ 11,282,980	100	10,390,005	100
Cost of goods sold	<u>11,959,612</u>	<u>109</u>	<u>11,298,216</u>	<u>109</u>
Gross loss	<u>(676,632)</u>	<u>(6)</u>	<u>(908,211)</u>	<u>(9)</u>
Operating expenses:				
Selling	66,787	1	53,714	—
General and administrative	143,398	1	106,182	1
Research and development	<u>203,724</u>	<u>2</u>	<u>207,175</u>	<u>2</u>
Total operating profit	<u>413,909</u>	<u>5</u>	<u>367,071</u>	<u>3</u>
Operating loss	<u>(1,090,541)</u>	<u>(10)</u>	<u>(1,275,282)</u>	<u>(12)</u>
Non-operating income and (expenses):				
Other income	50,152	—	25,007	—
Other gains and (losses)	<u>(162,855)</u>	<u>(1)</u>	<u>(446,619)</u>	<u>(4)</u>
Interest expense	<u>(46,537)</u>	—	<u>(66,422)</u>	<u>(1)</u>
Share of profit or loss of subsidiaries and associates accounted for using equity method	<u>2,275,232</u>	<u>20</u>	<u>170,432</u>	<u>2</u>
Total non-operating income and expenses	<u>2,115,992</u>	<u>19</u>	<u>(317,602)</u>	<u>(3)</u>
Profit from continuing operations before income tax	1,025,451	<u>(9)</u>	<u>(1,592,884)</u>	<u>(15)</u>
Income tax expense	<u>(10,054)</u>	-	<u>(3,659)</u>	-
Net profit (loss)	<u>1,035,505</u>	<u>(9)</u>	<u>(1,589,225)</u>	<u>(15)</u>
Other comprehensive income (loss) :				
Components of other comprehensive income that will not be reclassified to profit or loss				
Actuarial loss on defined benefit plans	<u>(153)</u>	—	<u>(3,905)</u>	—
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:	<u>212,620</u>	<u>2</u>	<u>15,491</u>	—
Income tax related to components of other comprehensive income that will be reclassified to profit or loss				
Exchange differences on translation of foreign operations	<u>(76,543)</u>	<u>(1)</u>	<u>(76,933)</u>	—
Unrealized gain (loss) on available-for-sale financial assets	23,914	—	<u>(178,850)</u>	<u>(2)</u>
Share of other comprehensive income of subsidiaries and associates accounted for using equity method	<u>(236,832)</u>	<u>(2)</u>	<u>(15,900)</u>	—

Income tax related to other comprehensive income	<u>13,012</u>	<u>—</u>	<u>13,078</u>	<u>—</u>
Total other comprehensive income (loss), net of income tax	<u>(63,829)</u>	<u>(1)</u>	<u>(243,114)</u>	<u>(2)</u>
Total comprehensive income (loss)	<u>\$ 971,676</u>	<u>8</u>	<u>(1,832,339)</u>	<u>(17)</u>
Earnings per share (in dollars)				
Basic earnings (loss) per share	<u>\$ 1.80</u>		<u>(2.77)</u>	
Diluted earnings (loss) per share	<u>\$ 1.79</u>		<u>\$</u>	

Parent-Company-Only Statements of Changes in Stockholders' Equity
Years ended December 31, 2017 and 2016 (expressed in thousands of New Taiwan dollars)

			Retained Earnings				Other Equity							
	Common	Capital			Unappropriated		Exchange	gain (loss) on	Unrealized			Treasury		
	stock	surplus	Legal	Special	earnings		differences	available-for-sale	remuneration			stock	Total equity	
			reserve	reserve	(accumulated	Total	on	financial	of					
					deficit)		translation	assets	employees	other	Total			
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 profit and loss		—	—	—	—	15,491	15,491	(157,442)	(101,163)	—	—	(258,605)	—	(243,114)
Total comprehensive profit and loss		—	—	—	—	(1,573,734)	(1,573,734)	(157,442)	(101,163)	—	—	(258,605)	—	(1,832,339)
Appropriation and distribution of retained earnings														
Legal reserve		—	—	51,951	—	(51,951)	—	—	—	—	—	—	—	—
Common share cash dividend		—	—	—	—	(459,581)	(459,581)	—	—	—	—	—	—	(459,581)
Capital surplus cash dividend declared		—	(402,133)	—	—	—	—	—	—	—	—	—	—	(402,133)
Compensation cost arising from issuance of stock from														
exercising employee stock options		—	4,382	—	—	—	—	—	—	—	—	—	—	4,382
Changes of net equity of subsidiaries and relevant														
industries under equity method		—	1,323	—	—	—	—	—	—	(3,087)	(3,087)	—	(1,764)	
Proceeds from sales of subsidiaries' equity to														
non-controllig invest		—	603,220	—	—	—	—	—	—	—	—	—	—	603,220
Balance at December 31, 2016		5,800,312	18,821,483	3,115,779	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	(355,882)	79,373	—	—	(276,449)	—	(63,829)
Total comprehensive income (loss)		—	—	—	—	1,248,125	1,248,125	(355,822)	79,373	—	—	(276,449)	—	971,676
Capital surplus cash dividend declared		—	(861,714)	—	—	—	—	—	—	—	—	—	—	(861,714)
Conduction of new stock option for employees		60,625	234,013	—	—	—	—	—	—	—	—	—	—	294,638
Changes of net equity of subsidiaries and relevant														
industries under equity method		—	5,670,627	—	—	—	—	—	—	—	2,052	2,052	—	5,672,679
Restricted stock awards		60,000	343,200	—	—	—	—	—	—	(283,200)	—	(283,200)	—	120,000
Compensation cost arising from issuance of restricted														
stock awards from exercising employee		—	—	—	—	—	—	—	—	45,752	—	45,752	—	45,752
Restricted stock awards cancellation		(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 January 1 to December 31, 2016 of directors and employees is NT\$0.

Parent-Company-Only Statements of Cash Flows
Years ended December 31, 2017 and 2016 (expressed in thousands of New Taiwan dollars)

	<u>2017</u>	<u>2016</u>
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
Allowance for inventory valuation and obsolescence loss	(130,275)	(142,367)
Gain(loss) from non-financial assets	—	—
Net loss that does not affect cash flow	(9,837)	22,760
Provision for (reversal of) inventory obsolescence and devaluation loss	—	—
Expense with no effect on cash flow	—	—
Total adjustments to reconcile income (loss) before tax	<u>(1,273,176)</u>	<u>1,535,055</u>
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	(993,583)	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	—	—
Decrease in refundable deposits	—	—
Decrease in restricted assets and refundable deposits	4,831	17,160
Refund from capital reduction of subsidiaries	—	—
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	<u>(1,222,863)</u>	<u>1,578,268</u>
Net decrease in cash and cash equivalents	(1,906,217)	1,300,522
Cash and cash equivalents at beginning of year	<u>2,579,645</u>	<u>1,279,123</u>
Cash and cash equivalents at end of year	<u>\$ 673,428</u>	<u>2,579,645</u>

Attachment 4

Sino-American Silicon Products Inc.

Appropriation of Profit or Loss Statement

Year 2017

Unit: NTD

Beginning accumulated losses		(1,565,753,744)
Add: Adjustments to the remeasurements of defined benefit plans		212,620,653
Adjusted beginning accumulated losses		(1,353,133,091)
Add: Net income of 2017		1,035,504,164
Deficits not yet compensated as of the year end		(317,628,927)
Add: Capital surplus used to cover accumulated deficits		317,628,927
Balance after the loss compensated		0

Chairman :

President :

Chief Accountant :

Attachment 5

Sino-American Silicon Products Inc.

Rules and Procedures of Shareholders' Meeting Comparison Chart

Article	Before	After	Remark
5	The Meeting shall be convened by the Chairman and the Chairman of BoD shall be the chairman presiding at the Meeting. If the Chairman of BoD cannot preside at the Meeting for any reason, the Vice Chairman of BoD shall preside at the Meeting. If the Company does not have Vice Chairman of the BoD or the Vice Chairman of the BoD cannot fulfill his/her duty for any reason, the Chairman of the BoD shall appoint a deputy person. If the Chairman of BoD does not appoint a deputy person, the Directors shall elect one Director as the deputy person. If the Meeting is convened by any other person entitled to convene the Meeting, such person shall be the chairman to preside at the Meeting.	The Meeting shall be convened by the Board of Directors ("BoD) and the Chairman of BoD shall be the chairman presiding at the Meeting. If the Chairman of BoD cannot preside at the Meeting for any reason, the Vice Chairman of BoD shall preside at the Meeting. If the Company does not have Vice Chairman of the BoD or the Vice Chairman of the BoD cannot fulfill his/her duty for any reason, the Chairman of the BoD shall appoint a deputy person. If the Chairman of BoD does not appoint a deputy person, the Directors shall elect one Director as the deputy person. If the Meeting is convened by any other person entitled to convene the Meeting, such person shall be the chairman to preside at the Meeting.	Revise
21		The 5th amendment was made on June 26, 2018.	Add amendment date

Attachment 6

Sino-American Silicon Products Inc.

Policies and Procedures for Financial Derivatives Transactions Comparison Chart

Article	Before	After	Remark
6	<p>For derivatives transactions in which the Company engages, loss ceiling of all contracts is US\$250,000. The individual contracts loss ceiling is 10% of the principal amount respectively and shall not exceed US\$250,000.</p> <p>“Non-transaction-oriented” or “Hedge-oriented”: Transaction gain and loss is offset with hedged positions, no loss ceiling consequently. The aforementioned “transaction-oriented” refers to holding /issuing derivative transaction to profit from price difference.</p> <p>“Non-transaction-oriented” or “Hedge-oriented” refers to transactions for other purposes.</p>	<p>For derivatives transactions in which the Company engages, loss ceiling of all contracts is US\$250,000. The individual contracts loss ceiling is 10% of the principal amount respectively and shall not exceed US\$250,000.</p> <p>“Non-transaction-oriented” or “Hedge-oriented”: All maximum contract loss should be less than 20% of the contract amount, applicable to specific and all contracts. The aforementioned “transaction-oriented” refers to holding /issuing derivative transaction to profit from price difference.</p> <p>“Non-transaction-oriented” or “Hedge-oriented” refers to transactions for other purposes.</p>	Revise
19		The 5th amendment was made on June 26, 2018.	Add amendment date

Appendix 1

Sino-American Silicon Products Inc.

Rules and Procedures of Shareholders' Meeting

Article 1

Unless otherwise provided for in applicable laws and regulation, Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures.

Article 2

The votes at a shareholders' meeting may be exercised in either written or electronic format in accordance with the Company Law and related regulations. Shareholders (hereinafter referred to as the representative or proxy appointed by shareholders) who attend the Meeting shall hand in an attendance card at the meeting in lieu of signing in and shall be regarded as the ones (shareholders or deputy persons) who attend the Meeting in person. The Company will not take the responsibility of identification.

Article 3

The attendance and voting shall be calculated in accordance with the shares.

Article 4

The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.

Article 5

The Meeting shall be convened by the Chairman and the Chairman of BOD shall be the chairman presiding at the Meeting. If the Chairman of BOD cannot preside at the Meeting for any reason, the Vice Chairman of BOD shall preside at the Meeting. If the Company does not have Vice Chairman of the BOD or the Vice Chairman of the BOD cannot fulfill his/her duty for any reason, the Chairman of the BOD shall appoint a deputy person. If the Chairman of BOD does not appoint a deputy person, the Directors shall elect one Director as the deputy person. If the Meeting is convened by any other person entitled to convene the Meeting, such person shall be the chairman to preside at the Meeting.

Article 6

The Company may appoint designated counsel, CPA or other related persons to attend the Meeting. Persons handling affairs of the Meeting shall wear identification cards or badges.

Article 7

The process of the Meeting shall be tape recorded or videotaped and these tapes shall be preserved

for at least one year.

Article 8

Chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one-third of the total outstanding shares, tentative resolutions may be made in accordance with Paragraph 1 of Article 175 of the Company Law. If the quorum is constituted during the process of the Meeting, the chairman may submit the aforesaid tentative resolution to the Meeting for approval in accordance with Article 174 of the Company law.

Article 9

The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda. The provision above applies *mutatis mutandis* to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting. Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved. The shareholders cannot designate any other person as chairman and continue the Meeting in the same or other place after the Meeting is adjourned. However, in the event that the Chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.

Article 10

When a shareholder (or deputy person) presents at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance Card) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairman. If any shareholder (or deputy person) present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail. Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption.

Article 11

Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than two times (each time not exceeding 5 minutes). In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the chairman may stop the speech of such shareholder.

Article 12

Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting. If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.

Article 13

After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.

Article 14

The chairman may announce to end the discussion of any resolution and go into voting if the Chairman deems it appropriate.

Article 15

Except otherwise specified in the Company Law, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. If no objection is voiced after solicitation by the chairman, the resolution shall be deemed adopted and shall have the same effect as if it was voted. The person(s) to check and the person(s) to record the ballots during a vote shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder. The result of voting shall be announced at the Meeting and placed on record.

Article 16

During the Meeting, the chairman may, at his discretion, set time for intermission.

Article 17

Except otherwise specified in the Article of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting.

Article 18

If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

Article 19

The chairman may conduct the disciplinary officers (or the security guard) to assist in keeping order of the Meeting place. Such disciplinary officers (or security guards) shall wear badges marked "Disciplinary Officers" for identification purpose.

Article 20

These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

Article 21

The Rules and Procedures were enacted on May 29, 1990.

The 1st amendment was made on June 12, 1998.

The 2nd amendment was made on June 16, 1999.

The 3rd amendment was made on June 21, 2002.

The 4th amendment was made on June 8, 2006.

Appendix 2

Sino-American Silicon Products Inc.

Articles of Incorporation

Chapter I. General Provisions

Article 1

This Company is duly incorporated under the provisions set forth in the Company Law, and its full name in Chinese language is 中美矽晶製品股份有限公司, and Sino-American Silicon Products Inc. in English language.

Article 2

The Company shall engage in the following business:

CC01080 Electronic Parts and Components Manufacturing

IG03010 Energy-related Technology and Service

F401010 International Trade

- i. Research and development, design, manufacture and sell the following products:
 - Silicon-based semiconductor materials and their components
 - Varistor
 - Photovoltaic and communication materials
- ii. The technology, management and advisory business related to the products listed above.
- iii. Photovoltaic system integration and installation services.
- iv. Import-export activities related to the above mentioned business.

Article 3

The Company may make reinvestment.

When the Company reinvests in another Company, the total amount of the Company's reinvestment can be more than forty percent of the Company's paid-up capital.

Article 4

The Company is headquartered in Hsinchu SBIP and may have branches or offices set elsewhere domestically and abroad as resolved by the Board of Directors and competent authorities of the government.

Article 5

Public announcements of the Company shall be duly made in accordance with the Company Law.

Article 5-1

The Procedures are the guidelines for the Company to provide endorsement and/or guarantee to outside parties who has business relationship with the Company.

Chapter II. Capital Stock

Article 6

The total capital stock of the Company shall be in the amount of NTD10,000,000,000, divided into 1,000,000,000 shares, at NTD10 par value, and may be issued separately. The Board of Directors is entitled to make resolutions to decide whether or not the unissued shares to be issued.

Among the total capital stock indicated in the first paragraph, the amount of shares 20,000,000 should be reserved for issuing options for stock, preferred stock, or corporate bond.

The quota of aforesaid options for stock, preferred stock, or corporate bond shall be adjusted by the Board of Directors' resolutions contingent on the capital market's condition and managerial demand.

Article 7

The share certificates of the Company shall all be name-bearing share certificates and signed or sealed by no less than three directors.

The share certificates shall be issued after being certified by authority concerned or its approved certificate organizations.

The Company may not print share certificates. Registers of share certificates shall contact the share certificates' depositary and clearing organizations.

Article 8

All the Company's stock-related affairs shall be dealt in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies and other relevant regulations.

Article 9

Share transfer registration shall be suspended 60 days preceding each regular shareholders' meeting, or 30 days preceding an extraordinary shareholders' meeting, or 5 days preceding the base day for distribution to shareholders of dividends, bonuses, or other privileges as determined by this Company.

Chapter III. Shareholders' Meeting

Article 10

The shareholders' meeting shall be convened in two forms: a regular meeting or extraordinary meeting. The regular meeting shall be held once annually and convened by the Board of Directors within six months from the closing of each fiscal year in accordance with the Company Law or

relevant regulations. An extraordinary meeting, if necessary, shall be convened in accordance with the Company Law or relevant regulations.

Unless otherwise provided in the Company Law, the shareholders' meeting shall be convened by the Board of Directors.

The notices for shareholders' meeting shall be served to all shareholders in written or electrical forms 30 days in advance in case of a regular meeting of shareholders or 15 days in advance in case of an extraordinary meeting of shareholders. The written or electrical notice shall bear date, location and subjects of the meeting.

The shareholders may execute their voting right through written or electrical form, which shall be in accordance with the relevant regulations.

Article 11

A shareholder who is unavailable to attend a shareholders' meeting may duly issue a power of attorney expressly bearing the scope of the authorized power to appoint a proxy to attend the meeting on behalf. The powers of attorney shall be duly handled in accordance with "Regulations Governing Powers of Attorney Used for Attending the Shareholders' Meeting of Public Offering Companies" in addition to the requirements set forth in Article 177 of the Company Law.

Article 12

Unless otherwise provided for in the Company Law, resolutions in the shareholders' meeting shall be adopted by a majority vote in the meeting attended by shareholders representing a majority of the total issued shares.

Article 13

Unless otherwise provided in par. 3 of Article 157 of the Company Law, shareholders shall have one vote for each share they hold, but the Company has no voting power for shares held by itself in accordance with Art. 179 of the Company Law.

Article 14

When the shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. In case of the Chairman's absence or unavailability, his proxy shall be the Vice Chairman.

If the Vice Chairman's position is in vacancy, or the Vice Chairman is also absent, the Chairman shall, in advance, appoint a director to act in his place, but if the Chairman does not appoint his representative, one director shall be elected from among them to act in Chairman's place. In the event that the shareholders' meeting is convened by others instead of the Board of Directors, the shareholders' meeting shall be chaired by that convener. In case of two or more conveners, one of them shall be elected to chair the meeting.

Article 15

Minutes of shareholders' meeting shall be proceeded subject to Article 183 of the Company Act.

Chapter IV. Directors and the Audit Committee

Article 16

1. The Company shall have 7 to 13 directors to be elected at the shareholders' meeting by adopting the candidate nomination system specified in Article 192-1 of the ROC Company Law. All directors shall serve for a term of three years and shall be eligible for re-election. The total shares held by all directors and supervisors shall be in compliance with the relevant regulations provided by the securities authority.
2. The aforesaid directors must have at least three independent directors. The professional qualification, shareholding, part-time job limitation, nomination and election method and other requirements for independent directors shall be handled in compliance with the relevant regulations provided by the securities authority.

Article 16-1

The Company shall establish an audit committee according to Article 14-4 of Securities and Exchange Act. The audit committee shall be composed of the entire number of independent directors.

The composition of the audit committee, duties, rules and other related affairs shall be conducted in accordance with regulations issued by the securities institutions.

Article 17

More than two-thirds majority of Directors shall attend the meeting for the Board of Directors, and Chairman and Vice Chairman shall be elected among directors by a majority vote of the attending directors. Chairman shall represent the Company.

Article 18

In the case that vacancies on the Board of Directors reach or exceed one third of the total number of the directors, the Board of Directors shall convene an extra shareholders' meeting to fill such vacancies within 60 days. The new directors or supervisors shall serve only the remaining term of the predecessors.

Article 19

Each director shall be informed via written notice or email or fax of the convention at seven days before the Board of Director's meeting. A meeting of the Board of Directors may be held anytime if necessary, and the methods of informing each director shall be via written notice or email or fax.

Unless otherwise provided for in the Company Law, resolutions in the Board of Directors meeting shall be adopted by a majority vote in the meeting attended by a majority of Directors.

Any director who is unable to attend a Board of Directors' meeting shall appoint another director as his/her proxy by a power of attorney listing the scope of empowerment. A director may serve as proxy for only one absent director.

Article 20

If the Chairman takes leave or is unavailable to perform his duties, the proxy method shall be in accordance with the Company Law.

Article 21

Remunerations of all directors shall be determined by the Board of Directors based on the level of their participation in business operation and the value of their contribution, and taking into account the common remuneration level in the same industry.

If the directors hold other positions at the Company, their remunerations for those positions shall be paid monthly in accordance with the common remuneration level of general managers.

Article 22

The Company may buy the liability insurance for all directors to the extent of the compensation responsibility assumed in business execution.

Chapter V. Management of the Corporation

Article 23

The Company shall have several managers whose appointment, discharge and remuneration shall be in accordance with the Company Law.

Article 24

The Company shall employ accountants and lawyers through the Board of Directors as consultants if need be. The remuneration for those consultants will be determined by the Board of Directors.

Chapter VI. Accountings

Article 25

The Company's fiscal year starts from January 1 and ends on December 31 of every calendar year.

Article 26

Upon the closing of each fiscal year, the Board of Directors shall work out the following documents and present it at a regular meeting of shareholders for acknowledgement.

- i. Business report
- ii. Financial statements
- iii. Proposal of earning distribution or loss coverage.

Article 27

If the Company has surplus 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.

Article 27-1

If the Company has surplus after the yearly accounting closed, following taxes and offsets to the accumulated loss, another 10% shall be appropriated as legal reserve by laws. While no appropriation shall be made, if the legal reserve has reached the amount of the paid-in capital of the Company. The remaining amount shall be appropriated or transferred to special reserve according to laws and the rest along with the accumulated surplus may be proposed by the board of directors for bonus distribution to shareholders and submit to the shareholders' meeting.

In order to maintain continuous operating of the Company and steady growth of its surplus per share, dividend for shareholders shall more than 50% of the profit after tax deducting from the appropriation of special surplus of the year by the regulations and the distribution rate of the dividend for shareholders shall be no less than 50% of the cash dividend.

Chapter VII. Supplementary Provisions

Article 28

Relevant matters not provided for in these Articles shall be handled in accordance with the provisions of the Company Law.

Article 29

This articles of Incorporation is established on Dec 25th, 1980

The 1st amendment on May 21st, 1984

The 2nd amendment on July 20th, 1984

The 3rd amendment on June 26th, 1987

The 4th amendment on Nov 16th, 1987

The 5th amendment on Aug 4th, 1989

The 6th amendment on May 29th, 1990

The 7th amendment on June 14th, 1991

The 8th amendment on June 23rd, 1993

The 9th amendment on May 30th, 1995

The 10th amendment on Nov 3rd, 1997

The 11th amendment on June 12th, 1998

The 12th amendment on June 16th, 1999

The 13th amendment on Sep 7th, 1999

The 14th amendment on May 23rd, 2000

The 15th amendment on May 21st, 2001

The 16th amendment on June 21st, 2002

The 17th amendment on June 13th, 2003

The 18th amendment on June 24th, 2004

The 19th amendment on June 3rd, 2005

The 20th amendment on June 8th, 2006

The 21st amendment on June 21st, 2007

The 22nd amendment on June 19th, 2008

The 23rd amendment on June 3rd, 2009

The 24th amendment on June 15th, 2010

The 25th amendment on June 17th, 2011

The 26th amendment on June 27th, 2012

The 27th amendment on June 25th, 2013

The 28th amendment on June 26th, 2014

The 29th amendment on June 28th, 2016

The 30th amendment on June 27th, 2017

Implement after approvals from the meeting of stockholders

Appendix 3

Sino-American Silicon Products Inc.

Policies and Procedures for Financial Derivatives Transactions

Article 1

The Company shall conduct derivatives transaction according to this policies and procedures. Unaccomplished matters shall be processed in accordance with relative rules and regulations.

Article 2

The term "derivatives" in these Procedures means products such as forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts whose value is derived from assets, interest rates, foreign exchange rates, indices, or other interests, and compound derivatives formed by combinations of the aforesaid products.

Article 3

The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.

Article 4

Derivative products that the Company can buy or sell include foreign currency forward contracts, option contracts and swaps of foreign currency as well as interest rate.

Article 5

The profit of the Company shall be derived from the operation. The Company engages in derivatives transactions based on the principle of hedging currency and interest rate risks, and not for the purpose of generating profit. The instruments shall meet the need of hedging.

Article 6

For derivatives transactions in which the Company engages, loss ceiling of all contracts is US\$250,000. The individual contracts loss ceiling is 10% of the principal amount respectively and shall not exceed US\$250,000. "Non-transaction-oriented" or "Hedge-oriented": Transaction gain and loss is offset with hedged positions, no loss ceiling consequently. The aforementioned "transaction-oriented" refers to holding /issuing derivative transaction to profit from price difference. "Non-transaction-oriented" or "Hedge-oriented" refers to transactions for other purposes.

Article 7 : Division of authority and duties

Finance Department that is in charge of hedging strategy shall establish the hedging limit towards revenue, import/export, deposit and the balance position of the Company according to this policies and procedures to ensure proper risk control.

Finance Department shall pay attention to currency as well as capital position at all times, submit hedging strategy according to actual needs for president's approval. Any deviation can only be executed upon receiving president's approval.

Article 8 : Performance assessments

The performance assessments are based on the gain or loss between account exchange and interest rate and derivative trading.

The Finance Department shall assess market prices and evaluate hedging performance.

"Transaction-oriented" position shall be evaluated at least once a week; "Non-transaction-oriented" or "Hedge-oriented" position shall be evaluated at least twice a month; reports should be delivered to managers with BOD authorization.

Article 9

The total contract amount from the derivative trading shall not exceed 100% of the total foreign currency from accounts receivable, amount payable plus deposit, and shall be reported to the latest BOD meeting after transaction. Any currency hedging apart from business needs should adopt the assets (liability) which are held or anticipated to trade as ceiling. If overseas acquisition adopts acquisition price as ceiling, and so are loan balance for loan, total balance outstanding for overseas equity or bonds or other financial products, it can only be executed after BOD approval. If no prior report is made to the BOD ahead of time, the chairman shall be authorized to execute after reviewing the situation of the financial market according to the estimation data provided by the finance department and report to the latest BOD meeting after execution.

Article 10 : Authorization

The amount within US\$500 thousand or equivalent foreign currency on each transaction shall be approved by President.

The amount exceed US\$500 thousand on each transaction shall be approved by Chairman.

Article 11

Finance Department shall evaluate the financial institution with better condition, and engage in derivative trading within the agreement after getting the approval of president and Chairman.

Article 12

The Company shall disclose its and its subsidiaries derivative transactions before 10th of each month to Securities and Futures Bureau' Market Observation Post System website.

Article 13

Finance Department shall make trading slip and details regarding derivatives transaction in accordance with transaction voucher and submit to the executive in charge for final approval. Finance department personnel shall confirm the content with the Corporation-designated bank in accordance with trading slip and details regarding derivatives transaction and submit to president for approval.

Article 14

The balance from the derivative trading shall be settled by the Finance Department immediately.

Article 15

The accounting handling towards the Company's derivative transactions will be conducted in accordance with the requirements of the General Acceptable Accounting Principles and the relevant Financial Accounting Principle Statement. The accounting of derivatives transactions entered into by the Company shall be processed pursuant to the Statements of Financial Accounting Standards No. 14 "Accounting for Financial Instruments".

Article 16

Internal Control

The Financial unit's transaction personnel and confirmation and settlement operations personnel may not concurrently serve in more than one of those positions.

A trading slip needs to be filled out by the trading personnel upon the completion of any transactions and passed to the confirmation personnel, who, in turn, shall confirm with counterparty and reconcile the master position table for reference.

Bookkeeping personnel shall at regular intervals reconcile accounts or records with the trading counterparty.

Trading personnel shall check total transaction amounts on an ongoing basis to see whether they conforms to the ceilings set under these Procedures.

Risk Management

Credit risk

Credit risk is controlled by restricting the counterparties that the Company deals with to those who either have banking relationship with the Company or are internationally renowned and can provide sufficient information.

Market Risk

Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled.

Liquidity Risk

Liquidity risk should be controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.

Operation Risk

The Company shall comply with the authorized trading amount and the rules of operating process in order to avoid the operating risk.

Legal Risk

Any legal documents in respect of financial derivative transactions shall first be reviewed by in-house and/or outside legal counsel before being executed to control legal risk.

Risk management of cash flow: the funding sources for the derivatives products are from own funds.

Transaction amount is considered based on the operational needs in the next three months

Periodic evaluation

The Finance Department shall assess market prices and evaluate hedging performance each week.

“Transaction-oriented” amount shall be evaluated at least once a week; “Non-transaction-oriented” or “Hedge-oriented” amount shall be evaluated at least twice a month; reports should be delivered to managers with BOD authorization.

The designated personnel appointed by the board of directors to monitor and control derivatives trading risks on an ongoing basis shall also at regular intervals evaluate whether trading performance accords with established operational strategies, and whether risks assumed are within a tolerable range. They shall at regular intervals evaluate whether the risk management procedures currently in use are appropriate and scrupulously conducted in accordance with these Procedures.

The chief financial officer shall monitor the trading and profit and loss situation. When any irregularity is discovered, the chief financial officer shall report to the board of directors. If independent director(s) have been appointed, the board of directors shall have the independent director(s) attend and express an opinion.

The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 2 of Article 18 and subparagraph 2 of this article shall be recorded in detail in the log book.

Article 17

An internal auditor shall regularly review the appropriateness of the derivatives transaction internal control system, conduct monthly checks on how well the trading unit is complying with these Procedures, analyze transaction cycles, and include their findings in an audit report. Where a material violation is discovered, they shall notify the audit committee in writing and the Company’s persons-in-charge shall be subject to castigation.

The managerial person who is in charge of the derivatives transaction shall follow this principles and procedures. If any violation, punishment shall be conducted according to the personnel evaluation committee of the Company.

Article 18

After these Procedures have been approved by the audit committee and board of directors, they shall be submitted to a shareholders meeting for approval; the same applies when the Procedures are amended. If any director expresses dissent and it is on record or in a written statement, the director's dissenting opinion shall be delivered to the shareholders meeting.

Where the position of independent director(s) has been created, when these Procedures are submitted for deliberation by the board of directors, each independent director's opinions shall be taken into full consideration; the independent directors' specific opinions of assent or dissent and the reasons therefore shall be included in the minutes of the board of directors meeting.

Article 19

The Procedure was enacted on March 19,1999

The 1st amendment was made on June 13,2003.

The 2nd amendment was made on June 8 ,2006.

The 3rd amendment was made on June 25, 2013.

The 4th amendment was made on June 27, 2017.

Appendix 4

Sino-American Silicon Products Inc.

Shareholdings of Directors

- 1 The current paid-in capital for shares in the Company is 592,058,651 shares. The Company's Directors hold at least 4 % shares complied with the Article 2 of "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".
- 2 The Company having established the audit committee has no legal shareholdings for supervisors.
- 3 The Company discloses the shares held by Directors in the shareholder's register as of April 28, 2018 as the table shown below.

Position	Name	Shareholdings	Note
Chairman	Ming-Kung Lu	11,800,000	
Vice Chairman	Tang-Liang Yao	3,330,395	
Director	Hsiu-Lan Hsu	2,971,085	
Director	Wen-Huei Tsai	3,006,191	
Director	Mao-Yang Co.,Ltd	3,333,639	Representative: Rong-kan Sun
Director	Solar Energy Corp.	21,860,379	Representative: Kang-hsin Liu
Director	Hong-mau Company	10,425,000	Representative: Hsueh-chung Lu
Director	CDIB Investment	5,708,562	Representative: Chun-huei Ho
Director	Kun-chang Investment Co.	2,202,100	Representative: Yu-da Chang
Director	Kai-Chiang Company	2,000,000	Representative: Hau Fan
Independent Director	Ting-Ko Chen	0	
Independent Director	Hsing-Hsien Lin	0	
Independent Director	Angela Huang	0	
Total (Directors and Supervisors)		66,637,351	Met required shareholding

Appendix 5

Other Statement Items

Explanatory notes for the proposal at the annual general shareholders' meeting:

1. Pursuant to the Article 172-1 of Company Act, Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal within 300 words.
2. Submission period applicable to common shareholders of SAS starts from April 23 to May 2, 2018. The Company has made a public announcement on MOPS.
3. The Company has not received any proposal from shareholders yet.