

## Attachment 1

### Sino-American Silicon Products Inc. 2018 Business Report

Dear Shareholders,

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

In 2018, affected by the new solar power subsidy program in the mainland and the China-US trade war, the previously weak solar power industry was even more depressed. In the face of the market demand decline and the drop in both prices and volume, the domestic solar power players are confronted with severe challenges. They try to enhance their operation by reducing production or even laying off. In response to market conditions, the Company, in addition to adjusting production capacity, reducing inventory and adjusting product mix, has carried out appropriate human resources allocation policies to reduced operating risks. In 2018, with the concerted efforts of all colleagues and supplemented by the performance of the subsidiary Globalwafers Group, the operation of Sino-American Silicon Products Inc. was better than that of other peers with the revenue and profits reaching record high. The Group's consolidated revenue for 2018 reached NT\$69,238,950,000, a 16.6% increase over the previous year's NT\$59,371,200,000; the net profit after tax attributable to the parent company was NT\$1,950,500,000; after-tax earnings per share was of NT\$ 3.36.

The operating results in 2018 and the business plan in 2019 are reported as follows:

#### I. Operating results in 2018

##### (I) Business plan implementation results

Unit: NT\$'000

Item \ Year	2018 (IFRSs)	2017 (IFRSs)	Increase/decrease percentage (%)
Operating Revenues	69,238,945	59,371,198	17
Operating Costs	50,597,092	47,967,962	5
Gross Profit	18,641,853	11,403,236	63
Operating Expenses	5,464,348	5,078,234	8
Net Profit (loss)	13,177,505	6,325,002	108
Before-tax Net Profit (loss)	13,318,233	5,125,741	160

Net income (loss)	8,635,480	3,518,628	145
Net income (loss) attributable to the parent company	1,950,503	1,035,505	88

The year of 2018 was a turbulent year for the overall solar power industry. Due to China's new policy on June 1st and the cancellation of European MIP in September, grid parity tends to be realized faster in the application side. As the subsidy is reduced and the overall demand for products turns to monocrystal, polycrystal plants reduce production; small and medium-sized manufacturers with no cost competitiveness withdraw one by one, the global installed capacity being only about 98 GW lower than the 102 GW in 2017. The solar power business of the Company, with continued focus on the conversion efficiency improvement of efficient solar power products in 2018, strengthened cost control, eliminated noncompetitive products, improved financial quality, and actively and prudently select customers and strategic alliances to enhance Operational efficiency and the Company's competitiveness. In the investment business, the Company also made outstanding achievements. The consolidated revenue of the semiconductor subsidiary Globalwafers was NT\$59,063,510,000, the net profit after tax attributable to the parent company was NT\$13,630,670,000, the earnings after tax per share was NT\$31.18.

(II) Budget execution: The Company had no announced financial forecast in 2018.

(III) Financial income and expenditure and profitability analysis

Item		2018	2017	
Financial structure	Debt to asset ratio (%)	53.92	51.00	
	Long-term capital as a percentage of real estate, plant and equipment (%)	197.21	162.82	
Profitability analysis	Return on assets (%)	9.11	4.57	
	Return on equity (%)	18.84	9.91	
	Percentage in paid-up capital (%)	Operating profit	224.75	106.83
		Pre-tax net profit	227.15	86.57
	Net profit rate (%)	12.47	5.93	
	After-tax earnings per share/loss (NT\$)	3.36	1.80	

(IV) Financial income and expenditure

The 2018 revenue is NT\$69,238,945,000. Operating cost is NT\$50,597,092,000. Operating expense is NT\$5,464,348,000. Net profit of non-operating revenue and expenditure

NT\$140,728,000. Net income before tax is NT\$13,318,233,000. Net income after tax is NT\$8,635,480,000. The financial structure is healthy.

(V) R&D

1. R&D expenditure in 2018

Unit: NT\$'000

Item/Year	2018	2017
R&D expenses	1,849,867	1,671,895
Net operating revenues	69,238,945	59,371,198
R&D expenses as a percentage of net revenue (%)	2.67	2.82

2. R&D results in 2018

Name of technology or product

- (1) DW Solar power polycrystal wafer
- (2) Ultra high efficiency mono crystal silicon solar cell

3. Future R&D plan:

- (1) Ultra high efficiency P type mono crystal silicon solar cell
- (2) Ultra high efficiency N type mono crystal silicon solar cell technological development

II. Summary of the business plan for 2019

(I) Operating philosophy

- (1) Actively seek the blue ocean market, using excellent materials and process technology to develop a niche application market.
- (2) The Company is a leader in the manufacturing and supply of monocrystal PERC P-type batteries, which will simplify product types and develop low-cost and high-efficiency batteries to maintain market competitiveness.
- (3) Strive to accelerate the development of next generation new products that are efficient and cost-effective.
- (4) Utilize the Group's resources for vertical integration to increase access and make profitable investment plans for power plants.

(II) Estimated sales volume and its basis

As the price of solar modules decreases, the demand for solar power grid parity will

continue to grow. Pv info Link analysts estimate that global solar power demand will return to 114GW in 2019, and monocrystal high-efficiency products will become the mainstream trend. In view of this, the Company will continue to maintain the leading edge of PERC monocrystalline cell efficiency, closely grasp market trends and industry pulsations, adjust business strategies in a timely manner, and develop new generation ultra-high efficiency products to strengthen the company's operations competitiveness.

(III) Important production and marketing policies:

- (1) Develop new customers and strengthen cooperation with non-China regional market areas to enhance the ability to respond to market changes.
- (2) Strengthen R&D links with downstream customers, develop high-efficiency niche products with core technology capabilities, increase added value, and actively reduce manufacturing costs to increase profit margins.
- (3) Intensify the efforts in the most downstream system business, strengthen vertical integration and global layout, further expand product market and increase operating profit margin.

(IV) Development strategy of the Company in the future

- (1) The technological breakthroughs in solar power silicon ingot and batteries are advanced, accelerating the next generation of high conversion efficiency silicon ingot and battery products.
- (2) Build a solid competitive position through resource integration, cost reduction, technology and product differentiation strategies.
- (3) Actively give play to the strategic layout of solar power plants, develop new solar energy system investment partners, and create the group's terminal market to obtain long-term stable returns.
- (4) Establish a fully integrated supply chain in the middle, lower and lower reaches, and diversify operational risks through vertical integration and diversified business strategies to become the world's leading technology provider of green energy solutions.

(V) Effect of external competition, regulatory environment and overall economic environment

- (1) In response to a number of competitors and oversupply, the Company has accelerated the development of new customers and continues to develop new products with high cost-effectiveness. At the same time, accelerate the integration of downstream system power stations to strengthen the downstream market of the Group's products.
- (2) In response to the impact of falling market prices due to oversupply in the market, the

company will strengthen its research and development links with downstream customers and develop high-efficiency niche products through core technology capabilities to increase added value.

- (3) Enhance confidential control and establish a global core patent layout strategy to enhance international competition and adapt to market changes.

Looking into to the solar industry in 2019, we think it is still a year full of uncertainties and challenges. Although the market survey institution PV-info Link estimates that the installed capacity in 2019 will be 114GW, but the market is still changeable for a long time. In 2018, the solar industry was in a downturn, and it also entered the stage of industrial consolidation. It is expected that long-term development may be stable and sound. Sino-American Silicon will continue to develop in the direction of innovative R&D, cost reduction and capacity building. It will continue to adapt to the market strategy and vertically integrate through the layout of solar power plants to strengthen the overall operational efficiency and expand the scale of operations. It is going to be a sustainable green enterprise with stable growth of revenue and profits, continues to create more value for shareholders.

Chairman M.K. Lu

President Doris Hsu

Chief Accounting Grace Hsu