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 this Procedures refers to its value by a given interest rate, financial instrument prices, commodity prices, exchange rates, prices or rate index, the index of credit rating or credit, or other variables derived by the forward contracts and options contracts, futures contracts, leverage margin contracts, exchange contracts, the combination of the contracts, or embedded derivatives combined contracts or structured products, etc.

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) covenants.

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": 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. "Non-transaction-oriented" or "Hedge-oriented" refers to transactions for other purposes.

Article 7 : Division of authority and duties

(1) 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.

(2) 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

(1) The performance assessments are based on the gain or loss between account exchange and interest rate and derivative trading.
(2) 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 may be authorized to execute according to the operation evaluation reported by the financial department and report to the latest BoD meeting after transaction.

Article 10 : Authorization

(1) The amount withinUS$500 thousand or equivalent foreign currency on each transaction shall be approved by President.
(2) 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

A. Internal Control
   (1) The Financial unit's transaction personnel and confirmation and settlement operations personnel may not concurrently serve in more than one of those positions.
   (2) 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.
   (3) Bookkeeping personnel shall at regular intervals reconcile accounts or records with the trading counterparty.
   (4) Trading personnel shall check total transaction amounts on an ongoing basis to see whether they conforms to the ceilings set under these Procedures.

B. Risk Management
   (1) 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.
   (2) 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.
   (3) 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.
   (4) Operation Risk: The Company shall comply with the authorized trading amount and the rules of operating process in order to avoid the operating risk.
   (5) 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.
   (6) 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

C. Periodic evaluation

(1) 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.

(2) 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.

(3) 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.

(4) 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 1-2 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 format.

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 more than half of the audit committee and the board of directors, they shall be submitted to a shareholders meeting for approval and implementation; 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.

As referred to in the preceding paragraph shall, without the consent of at least half of the audit committee members, be approved by more than two-thirds of the directors, and be recorded in the minutes of the board meeting.

In the preceding paragraph the audit committee members and all the directors shall be calculated in real incumbents.

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.

The 5th amendment was made on June 26, 2018.

The 6th amendment was made on June 27, 2019.