



SINO-AMERICAN SILICON PRODUCTS INC.

中美矽晶製品股份有限公司

ISO / TS 16949 / ISO 14001 Certified

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Meeting Notice of Extraordinary General Shareholders' Meeting

The 2011 Extraordinary General Shareholders' Meeting (the "Meeting") of Sino-American Silicon Products Inc. (the "Company") will be held at Science Park Life Hub Rm 203 (No. 1, Industrial East Rd. 2, Science-Based Industrial Park, Hsinchu, Taiwan, R.O.C) at 9:00 a.m., Thursday, October 6, 2011.

The agenda for the Meeting is as follows:

I. Discussion items

- (1) The Company proposes to acquire all the semiconductor silicon wafer related business in the subsidiaries of the Japanese COVALENT MATERIALS CORPORATION in cash and submits it for resolution.

II. Supplementary motion

Attachment 1

SUMMARY OF STOCK PURCHASE AGREEMENT

Execution Date: August 10th, 2011

Parties : SINO-AMERICAN SILICON PRODUCTS INC. (Buyer's Parent)

GWCM INC. (Buyer)

COVALENT MATERIALS CORPORATION (Seller)

【SAS acquires Covalent Materials through its subsidiary GWCM INC., registered in Cayman Islands.】

I. Acquisition Target:

To acquire the semiconductor silicon wafer related business in subsidiary COVALENT SILICON CORPORATION and its subsidiary, COVALENT MATERIALS SEKIKAWA CORPORATION etc, which may be integrated as one company, affiliated with COVALENT MATERIALS CORPORATION.

II. Purchase Price:

Total amount is 35 billion Japanese yen with adjustment mechanism.

III. Adjustment of Purchase Price:

Difference of Net Asset Amount shown on the Balance Sheet between the Reference Date and Closing Date shall be the adjustable Purchase Price.

IV. Closing Date:

Scheduled on November 30th 2011, adjustable.

V. Conditions Precedent of Buyer's Obligation:

1. Seller must not have breached any representations and warranties and covenants to be performed or complied in any material respects.
2. By the Closing Date, Buyer and Buyer's Parent have completed all necessary procedures under the competition law/anti-monopoly acts.
3. By the Closing Date, Buyer's Parent has received all regulatory approvals from applicable authorities and shareholders' meeting in regard to this transaction.
4. Buyer must have completed the financing for payment of the Purchase Price.
5. No earthquake, tidal wave or other natural calamity, acts of terror, strikes by employee, or war, which would make it impossible or extremely difficult to continue the business or which would cause material and irreparable damage on the business, must have occurred.

VI. Representations and Warranties of Seller:

Seller shall represent and warrant following items:

1. legality of this Transaction,
2. absence of bankruptcy proceeding,
3. legality of the spin-off,
4. truth and accuracy of the financial statements in all material respects, compliance of tax

5. the legality of company's assets and free from material encumbrance,
6. all facilities and equipment of the company are in good conditions
7. has obtained all necessary licenses,
8. has complied with all environmental regulations,
9. has complied with all labor regulations,
10. true and full information disclosure,
11. possession of intellectual property and non-infringement,
12. no material violation of law or regulations,
13. no pending litigations and etc.

VII. Seller's Covenants Prior to Share Transfer:

1. Seller shall obtain the prior approval of Buyer in the events of dividend distribution, fixed asset disposals, any execution of agreement over a specific amount, amendment of the spin-off agreement or settlement of rights and obligations to be transferred, etc.
2. Seller and Buyer shall issue a press release on the execution date.
3. By the Closing Date, Seller shall clean all indebtedness incurred by the Company and its affiliates.

VIII. Seller's Covenants Following Share Transfer:

Seller shall not conduct any business competition against the business sold in this transaction within seven years after the Closing Date.

IX. Governing Law:

Japanese Law

X. Dispute Resolution:

All disputes with regard to this Agreement are to be finally resolved by arbitration held in Japan in English language.

Attachment 2

Sino-American Silicon Products Inc.

Cash Acquisition of all the semiconductor silicon wafer related business subsidiaries of the Japanese Covalent Materials Corporation

Letter to Shareholders

SAS Performs Cash Acquisition of all the semiconductor silicon wafer subsidiaries of the Japanese Covalent Materials Corporation to expand value-added semiconductor silicon wafer business

Besides surpassing competitors in solar industrial deployment, SAS board of directors passed the resolution to acquire all the semiconductor silicon wafer subsidiaries of the Japanese Covalent Materials Corporation for a total consideration of 35 billion Japanese Yen, so as to complete and expand semiconductor production line. Closing date is scheduled on November 30, 2011. In order to meet future strategy and capacity, the acquisition purposes to complete SAS' product portfolio and offer greater efficiencies via a more fully integrated production process. The acquisition shall enhance SAS' position in the global semiconductor wafer market by adding substantial scale and reach, creating a global leader in several semiconductor specialized wafers segments and cementing its position as Taiwan's clear leader

Acquisition Purpose

SAS believes this acquisition will be highly complementary, and will hugely improve the operations of SAS' semiconductor business; in particular, the acquisition can greatly enhance the scale and technology for its 8 inch semiconductor wafer product line to make the current product portfolio more complete, providing a full range of semiconductor wafer products for its customers and increase the value-add of the business through an integrated production process. SAS expects its production of semiconductor wafers will grow nearly three times through this acquisition, making SAS the 6th largest semiconductor wafer manufacturer in the world. Besides the tier-1 clients in the Europe and America, SAS will penetrate into Japanese market which has the highest quality and precision standard in order to set up a complete global production and marketing strategic arrangement.

Introduction of Covalent Materials Corporation and its semiconductor silicon wafer subsidiaries

The predecessor of Covalent Materials Corporation was Toshiba Ceramics, a listed subsidiary of Japan's Toshiba Company. In 2007, Covalent Materials Corporation spun-off and became an independent company, producing high quality silicon wafers with diameters 6 inch to 12 inch, whose wafer business is the 6th largest global manufacturer of semiconductor silicon wafers, with a blue-chip global client base across Japan, US, Europe and Taiwan. Covalent Materials Corporation is the pioneer and global leader in development. These wafer products are widely used in the semiconductor industry including in products ranging from Flash, LCD-D, DRAM, MEMS, Power and IGBT, and the products have been well-recognized for their performance and quality. Covalent Materials Corporation and its semiconductor silicon wafer related subsidiaries currently have about 1,400 staff and generated a revenue of JPY 41.0 billion, operating income of JPY 0.5 billion in the fiscal year ended 31 March, 2011.

Holding principles of solidity to serve customers, and maximize profit for shareholders, SAS asks for all of your kind support on the project in order to enhance competitiveness and value added, so as to strengthen semiconductor wafer business in the competitive global market.

Chairman



Attachment 3

Sino-American Silicon Products Inc.

Acquisition of Subsidiaries (Silicon Wafer Business) of Japanese Company Covalent Materials Corp. Fairness Report of Acquisition Price

The Board of Directors

Sino-American Silicon Products Inc.:

I was engaged by the company Sino-American Silicon Products Inc. (“the Buyer”/“SAS”) who tends to acquire Covalent Silicon Corporation and Covalent Materials Sekikawa Corporation (“the Acquisition Target”) conducted relating semiconductor silicon wafers business from its mother company named Covalent Materials Corporation, a Japanese semiconductor company, in evaluating the fairness of its acquisition price and express an opinion. With the independence, professional due care, this report is prepared based on the information as of July 29th, 2011. The information has been collected from the Buyer or other public materials and has not been examined by evidence, and thus I do not express an opinion on those information collected. This report is prepared for the Buyer’s reference and filing to the applicable governmental authorities, rather than for other third parties.

This transaction applies market-based method to evaluate the Acquisition Target based on the assumptions of an on-going basis and absence of material changes in macroeconomic, politics, investment environment, and operation and management of the Acquisition Target and etc between the cut-off date and report date. However, different purpose, assumptions or cut-off date will affect the valuation result. Therefore, this report does not contain any guarantee that valuation result will keep the same if those outside circumstance changes.

To select an appropriate valuation model, I have an understanding on the business and financial position of the Acquisition Target and select the best tool and methods to assess this transaction. Based on the market-based approach, the reasonable range for the acquisition price to acquire the Acquisition Target is approximately between 34.1 and 37.8 billion yen. Buyer determines to offer 35 billion yen and which is considered reasonable and fairly.

Independent Expert: George Chou

Certificate Number: 3209

Date: August 5th, 2011

Background

Sino-American Silicon Products Inc. (“the Buyer”/”SAS”) tends to acquire Covalent Silicon Corporation and Covalent Materials Sekikawa Corporation (“Acquisition Target”) which conduct silicon wafers business in the semiconductor sector from Covalent Materials Corporation. The Covalent Materials Corporation currently owns 100% of equity of Covalent Silicon Corporation and Covalent Materials Sekikawa Corporation. After the acquisition transaction, SAS will increase its competitive advantage through the production capacity expansion, the product lines integration, and the comprehensive synergy in the group-wide overall development.

Acquisition Target manufactures silicon wafer dominated in the semiconductor sector and focus on 200mm- and 300mm-wafers. The Buyer offer 36 billion yen as the amount of total consideration to acquire the Acquisition Target. The Buyer engages the BDO as an independent CPA to give an opinion on the reasonableness of acquisition price in compliance with the Article 22 of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” in the R.O.C.

1. Historical Operating Performances of The Acquisition Target

The fairness on the acquisition price is evaluated on the basis of the historical operating performances of Acquisition Target in silicon wafer business. The aforementioned historical operating performances for previous four years are as follows:

Unit: JPY (Million Yen)	2008A	2009A	2010A	2011A
Condensed Income Statement				
Net operating revenue	59,827	54,685	34,623	41,086
Net operating income(loss)	5,448	-481	-9,715	681
Net non-operating expenses	-126	-148	-152	-280
Extraordinary loss	0	-207	-2,241	-611
Income (loss) before income tax	5,322	-836	-12,108	-211
Income tax expense (gain)	1,519	-2,545	-2,252	0
Net income (loss)	3,803	1,709	-9,856	312
EBITDA	16,657	12,639	510	8,363

Source: Provided by the Buyer and summarized in this report.

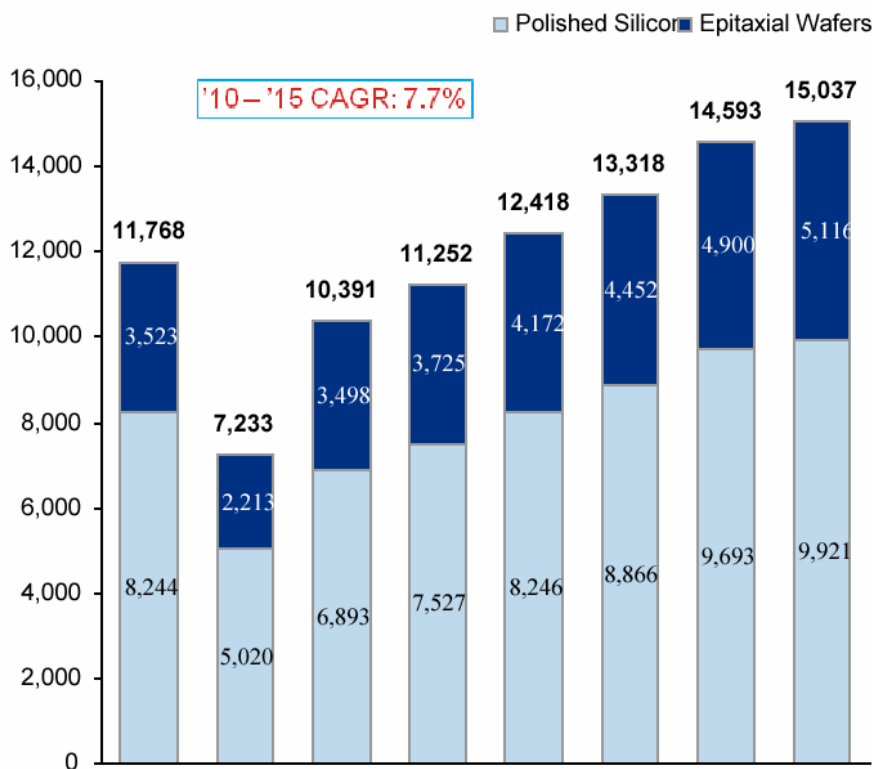
Note: The cut-off of a year falls on March 31st.

2. Industry Overview And Trends¹

The silicon wafer products which Acquisition Target manufactures are primarily used as upstream

¹ Source: Provided by the Buyer and summarized in this report.

materials in semiconductor industry. In contrast with the recession occurred in the semiconductor industry in 2009, the demand in semiconductor sector strongly rebounded in 2010. The Gartner, a professional research institution, forecast that silicon wafers industry will have a compound growth rate more than 7% from 2011 to 2015.



(\$ in Millions)	2008	2009	2010E	2011E	2012E	2013E	2014E	2015E	CAGR
Total Revenue	\$11,768	\$7,233	\$10,391	\$11,252	\$12,418	\$13,318	\$14,593	\$15,037	7.7%
YoY		(38.5)%	43.7%	8.3%	10.4%	7.2%	9.6%	3.0%	
Total Units (MSI*)	8,390	6,964	9,722	10,390	11,294	11,822	13,021	13,432	6.7%
YoY		(17.0)%	39.6%	6.9%	8.7%	4.7%	10.1%	3.2%	
Implied Unit Price *	1.40	1.04	1.07	1.08	1.10	1.13	1.12	1.12	0.9%
YoY		(26.0)%	2.9%	1.3%	1.5%	2.5%	(0.5)%	(0.1)%	

Source: Gartner

Note: MSI = millions of square inches

Number of Implied unit price is per square inch data

Source: Provided by the Buyer.

3. Applicable Analysis Of Evaluation Approaches

The stock evaluation methods generally recognized and applied to the academic and practical include the Market-based Approach, Income-based Approach, and Asset/cost Approach. Below are the analyses to select an appropriate approach for this acquisition deal:

(1) Market-Based Approach

This approach is pursuant to the price multiplier determined by those companies which conduct similar business and whose stocks traded in active market. P/E ratio,

P/B ratio, market value method, EV/Revenue multiples method and EV/EBITDA multiples method are popular in practice. Considering this case is a cross-boarder acquisition transaction, the comparable companies approach popularly adopted in worldwide merger and acquisition transaction should also be taken into account to reach a reasonable and reliable valuation result. The EV/Revenue multiples method and EV/EBITDA multiples method are most frequently selected under the comparable companies approach. According, I believe either EV/Revenue multiples method or EV/EBITDA multiples method attributable to the Market-based Approach is suitable to be adopted as the valuation method for this transaction.

(2) Income-based Approach:

It has been usually regarded as the most applicable approach in assessing the value of an individual business entity. Both of the earnings capitalization and discounted cash flow are popularly accepted in practice. However, the reliable historical information, reasonable estimates on future profitability and cash in-and-out flows, and objective risk factors are the concerns which may materially influence this fairness valuation result when we select the appropriate method to assess the fairness of this transaction price.

(3) Asset/cost Approach:

This approach focus on the fair value of Acquisition Target's assets, including intangible assets, and liabilities or the replacement cost of similar companies' assets and liabilities. In practice, this approach is usually applied to the cases in which an individual asset is acquired or a company is winding-up. For this acquisition case, the Buyer plans to acquire all Acquisition Target's ownership and run the business on a on-going basis. Given the considerations listed above, it would be not suitable to assess the fairness of this transaction price if Asset/cost Approach is adopted.

Due to the stable growth trend in the semiconductor industry, we believe it is reasonable to adopt EV/Revenue multiples and EV/EBITDA multiples methods with the comparative analysis results generated from the comparable companies and precedent transactions approaches.

5. Assumptions and Raw Data

Below are the reasons we screen and select raw data and fundamental assumption while we do the assessment on the fairness of this transaction price.

(1) Cut-Off Date

The availability of most recent and reliable financial and transaction information is one of the key factors to take into account. July 29th, 2011 is set as the cut-off date as the fairness is assessed accordingly.

(2) Measurement on The Value

The valuation of the Acquisition Target is on a fair value basis. "Fair Value" refers to the fact that seller offers a price and/or terms to a specific transaction, and a buyer is willing to accept and make it into a deal in an open and free traded market, providing that both seller and buyer are in capable of making deals with free mind and rational understanding in the transaction. Both buyer and seller also understand the related facts to a reasonable extent. In contrast with the ordinary concept of a regular buyer, a special buyer may consider more factors such as special circumstances or strategic alliance in the corporate business.

(3) Latest Financial Information

The financial data used in this report is based on the examined financial information in connection with the Acquisition Target. Such information covers the last four years on or prior to the year ended March 31st, 2011 (Year 2011). Of which, the average operating revenue and EBITDA for 2008 through 2010 are around 49,712 million yen and 9,935 million yen, respectively. In comparison with the average figures in terms of the operating revenue and EBITDA, the 41,086 million yen of operating revenue and 8,363 million yen of the EBITDA for the year ended March 31st, 2011 are reasonable and acceptable operation result of the Acquisition Target.

(4) Premium Due to The Controllability

SAS will obtain the ownership of Acquisition Target according to the stock purchase agreement executed for the acquisition transaction. The obtainment of ownership will have a positive impact on the future business operation and development of the Acquisition Target in regular merger and acquisition deals. It is rational to set a factor to reflect the premium when we do the assessment on the fairness of this transaction price.

(5) Discount on the Liquidity

Due to the liquidity constraints for non-publicly-offer companies, the shareholders of such companies cannot dispose of their shares in an active market while the market goes down or another investment opportunity comes to the shareholders. It is fair to set a factor to reflect the discount risk when we do the assessment on the fairness of this transaction price.

(6) Other Factors

Even though the debt elimination from the valuation model is necessary while the EV/Revenue multiples and EV/EBITDA multiples methods, the market-based approach, has been screened and selected to adopt, the transfer of the Acquisition Target will be proceeded on a debt-free basis. It leads to the avoidance from debt elimination when we do the assessment on the fairness of this transaction price.

6. Illustration of Valuation on The Acquisition Target

According to the EV/Revenue multiples and EV/EBITDA multiples methods, the market-based approach, which have been screened and selected to assess the fairness of this transaction price, following paragraphs illustrate how we reach our conclusion.

(1) Comparable Companies

As previously mentioned, we use EV/Revenue multiples and EV/EBITDA multiples methods to get a theoretical reference price and adjust the reference price with the premium or discount factors taken into account.

The database “Orbis”, powered by Bureau van Dijk, has been chosen to collect data in connection with similar silicon wafer business, in terms of products and market caption, run by public companies around the world. Hereof, we got three sample companies to excel as our valuation reference. The cut-off date is on July 29th, 2011.

The following paragraphs from a to c are the analyses as those 3 selected comparable companies excelled:

a. EV/Revenue multiples method

The comparable companies’ information generated through EV/Revenue multiples method at cut-off date are as follows:

Sample Company	Code	EV/Revenue Multiple Method (2010A)	Average Multiple Amount	Maximum Amount	Minimum Amount
SAS	5483	1.45	1.13	1.45	0.91
Wafer Works Corporation	6182	0.91			
OKMETIC OYJ	OKM1V	1.03			

Source: It's from the database Orbis of Bureau Van Dijk and summarized in this report.

The net sales revenue of Acquisition Target for the past 12 months and the range of sample companies’ reference value calculated by EV/Revenue multiple are as follows:

	Sample companies' reference value at their average EV/Revenue multiple	Theoretical reference value of the Acquisition Target
Acquisition Target's net sales revenue in 2011 (million yen)	\$ 41,086	\$ 41,086
Multiples	1.13	0.91~1.45
Reference value of Acquisition target (million yen)	\$ 46,427	\$37,388~\$59,575

Source: It's from the database Orbis of Bureau Van Dijk and summarized in this report.

b. EV/EBITDA multiples method

The comparable companies' information generated through EV/EBITDA multiples method at cut-off date are as follows:

Sample Company	Code	EV/EBITDA	Average Multiple	Maximum Amount	Minimum Amount
		Multiple Method (2010A)			
SAS	5483	5.62			
Wafer Works Corporation	6182	5.56	5.41	5.06	5.62
OKMETIC OYJ	OKM1V	5.06			

Source: It's from the database Orbis of Bureau Van Dijk and summarized in this report.

The EBITDA of Acquisition Target for the past 12 months and the range of sample companies' reference value calculated by EV/EBITDA multiple are as follows:

	Sample companies' reference value at their average EV/Revenue multiple	Theoretical reference value of the Acquisition Target
Acquisition Target's EBITDA in 2011 (million yen)	\$ 8,363	\$ 8,363
Multiples	5.41	5.06~5.62
Reference value of Acquisition target (million yen)	\$ 45,244	\$42,317~\$47,000

Source: It's from the database Orbis of Bureau Van Dijk and summarized in this report.

c. Theoretical Reference Value with The Adjustment on Premium and Discount Factors

We have screened and selected the companies comparables attributable to the market-based approach as the valuation model, we refer to the global-wide similar merger and acquisition transactions in which the public companies were the target to be merged or acquired and reach the multiples which reflect the transaction price premium against the net worth of those companies which were merged or acquired.

Around 280 merger and acquisition cases, in Asian area for last five years, have been preliminarily screened out from the database Zephyr of Bureau van Dijk with the industry code 367. After a further screen criteria such as abnormal or small deal size, we got 28 applicable cases to be our reference sample and reached a 16.94% of average premium multiple. For conservatism, we pick 15% as the premium to adjust the theoretical reference value of the Acquisition Target.

The Acquisition Target is not a public company and will cause the liquidity risk while the investors plan to sell out their shares on hand. Accordingly, we think it is reasonable to have a 30% discount on the value of the Acquisition Target to reflect the liquidity risk on the shares transaction.

Evaluation Approach	EV/Revenue Multiple Method	EV/EBITDA Multiple Method
Range of Theoretical Reference Value (million yen)	\$37,388~\$59,575	\$42,317~\$47,000
Premium	+15%	+15%
Range of Theoretical Reference Value After Premium Adjustment (million yen)	\$42,996~\$68,511	\$48,665~\$54,050
Discount	(30%)	(30%)
Acquisition target's reference value after adjustment (million yen)	\$30,097~\$47,958	\$34,065~\$37,835

Source: It's from the database Zephyr of Bureau van Dijk and practice transactions, and summarized in this report.

(2) Precedent Transactions

Similar global acquisition transactions in the silicon wafer industry with the concentration on the semiconductor field will be adopted as the reference sample. Those transaction prices and the market capitalization of the merged or acquired companies are the indicators under the precedent transactions approach. The case of SUMCO CORPORATION acquiring KOMATSU ELECTRONIC METALS CO., LTD in 2006 is the only merger/acquisition one we can find in the database Zephyr of Bureau van Dijk. Below is the summary information related to SUMCO acquisition transaction.

Acquired Company	Acquirer Company	EV/Revenue Multiple	EV/EBITDA Multiple
KOMATSU ELECTRONIC METALS CO., LTD.	SUMCO CORPORATION	1.00	5.31

Source: It's from the database Zephyr of Bureau van Dijk and summarized in this report.

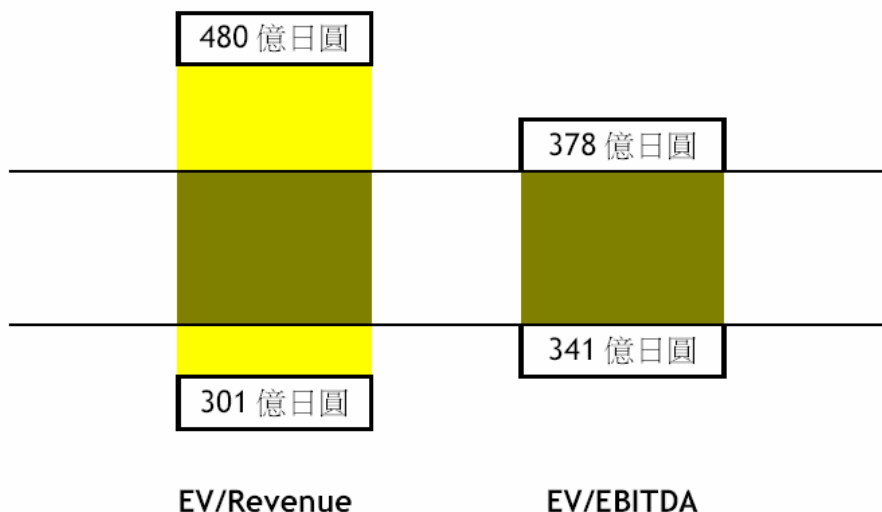
Below is the analysis of valuation by different approach.

Valuation Approach	Multiple	Acquisition Target's revenue or EBITDA (million yen)	Reference Value (million yen)
EV/Revenue multiple method	1.00	41,086	41,086
EV/EBITDA multiple method	5.31	8,363	44,408

Source: It is provided by the Acquirer Company and summarized in this report.

7. Reference ranges for reasonable acquisition price

The reference value of Acquisition Target was calculated by EV/Revenue multiples and EV/EBITDA multiples methods of market-based approach under the aforementioned methods of Comparable Companies and Precedent Transactions and two reference value ranges come out. However, the most recent and only acquisition case occurred in 2006, significant changes in economic circumstance and industry may cause different valuation result. To reach a conservative and reliable, we adopt the valuation results generated by the EV/Revenue multiple and EV/EBITA multiple methods under companies comparables approach and reach an approximate reference value zone between 34.1 and 37.8 billion yen.



Evaluation Approach		Reference Value Range (million yen)	Reference Ranges for Reasonable Acquisition Price (billion yen)
Companies Comparables	EV/Revenue multiple method	\$30,097~\$47,958	\$34.1~\$37.8
	EV/EBITDA multiple method	\$34,065~\$37,835	

Source: Summarized in this report.

8. Conclusion

Based on the analysis of every finance, business, industry, stock valuation, and the range of theoretical reference price as well as necessary adjustment, the reasonable range for the acquisition price to acquire the Acquisition Target is approximately between 34.1 and 37.8 billion yen. Buyer determines to offer 35 billion yen and which is considered reasonable and fairly.

Independent Expert's Statement

This service is engaged by Sino-American Silicon Products Inc. ("the Buyer"/"SAS") for the purpose to evaluate the fairness of the acquisition price in the transaction of acquiring Covalent Silicon Corporation and Covalent Materials Sekikawa Corporation (the Acquisition Target) from the Covalent Materials Corporation.

For conducting the above business, I hereby represent and warrant that there is no following items prohibited by laws:

1. Either my spouse or I is employed, take job position, or receive regular incomes from the Buyer or the Acquisition Target.
2. Either my spouse or I had been employed by the Buyer or the Acquisition Target within last two years.
3. Either my spouse or I work for the company which is related to the Buyer or the Acquisition Target.
4. I have the spouse or 2nd-grade relative relation with the representative or managers of the Buyer or the Acquisition Target.
5. Either my spouse or I have investment or mutually beneficial relationship with the Buyer or the Acquisition Target.
6. I am in the position such as the director or supervisor of the Taiwan Stock Exchange Corporation (TWSE) or GreTai Securities Market or I am such director or supervisor's spouse or relative within the second grades of kinship.
7. Either my spouse or I work for the company which has business interest with the Buyer or the Acquisition Target.

For the expert opinion I expressed here for this acquisition case of Sino-American Silicon Products Inc acquiring the Acquisition target, I maintain as an independent status.

Independent Expert: George Chou

Date: August 5th, 2011