

Sino-American Silicon Products Inc.
2011 Annual General Shareholders Meeting Minutes

Time : 9:00 a.m., (Wednesday) June 27, 2011

Place : No. 1, Industrial East Rd. 2, Science-Based Industrial Park, Hsinchu, Taiwan, R.O.C
(Life Hub Rm 203)

Total common shares outstanding: 443,119,081shares

Attending shareholders and proxy representing: 291,625,701 shares

Ratio of Attending shareholders and proxy representing to total common shares outstanding:
65.81%

Chairman : Ming-Kung Lu, Chairman

Recorder : Tzu-Chen Fan

- 1. Call Meeting to Order:** The aggregate shareholding of the presenting shareholders constituted a quorum.
- 2. Chairman's Address :(Omitted)**
- 3. Report Items:**

Item 1 Fiscal 2011 Business Report submitted for review. (Refer to the attachment)

Brief of shareholder's statement (number 68800):

Questions regarding low shareholding ratio of directors and managers, frequent transfer of managers, CPA's high audit fees, evaluation of decreased goodwill, indirect trading via SSTI to SST, fixed asset selling and deferred loans.

Chairman and related personnel appointed by Chairman explained clearly regarding above questions.

Item 2 Supervisors Audit Report submitted for review. (Refer to the attachment)

Item 3 Endorsement and Guarantee Execution Report (Refer to the Meeting Handbook)

Item 4 Investment Status in China Report (Refer to the Meeting Handbook)

Item 5 Report on FY 2008 , FY 2010 and FY 2011 implementation of capital increase (Refer to the Meeting Handbook)

4. Approval Items

Item 1

(Proposed by the Boards of Directors)

Proposal: To accept FY 2011 business report and financial statements

Description:

- (1) SAS' 2011 Standalone and Consolidated Financial Statements were audited by KPMG CPA, Chen, Chien-Chen and Tseng, Mei-Yu, CPA. The aforementioned and FY 2011 business report have been approved by BOD and Supervisors.
- (2) Please refer to the 2011 Business Report as well as Standalone and Consolidated Financial Statements on page 14 of this handbook.
- (3) Approval requested.

Resolution: Unanimously approved by all attending shareholders.

Item 2

(Proposed by the Boards of Directors)

Proposal: To approve the proposal for 2011 profit distribution

Description:

- (1) In Fiscal Year 2011, the Company made a net profit of NT\$428,706,160. After allocating legal reserve of NT\$42,870,616 and special reserve NT\$604,810,272, employee bonus and director remuneration are not available according to the Article 30 in Article of Incorporation.
- (2) Please refer to the statement of distribution of 2011 retained earnings on page 29 of this handbook.
- (3) When the treasury stock is bought back by the Company or yielded to employees, or common stocks converted by corporate bonds, or new stocks issued due to employee stock option, the payout ratio will be submitted to Annual General Shareholders Meeting to authorize BOD so as to adjust proportionally according to the circulating shares on the ex-dividend record date.
- (4) With approval of Annual General Shareholders Meeting, BOD will be authorized to schedule the record date of ex-dividend and other matters.
- (5) Approval requested.

Resolution: Unanimously approved by all attending shareholders.

5. Discussion Items

Item 1

(Proposed by the Boards of Directors)

Proposal: Articles of Incorporation revision, submitted for discussion.

Description:

- (1) A partial amendment to the Articles of Incorporation is proposed in response to the regulation amendment and business needs of the Company.
- (2) Comparison Chart of the Articles of Incorporation please refer to page 30 of this handbook.
- (3) Resolution requested.

Resolution: Unanimously approved by all attending shareholders.

Item 2

(Proposed by the Boards of Directors)

Proposal: Acquisition or Disposal Procedure revision, submitted for discussion.

Description:

- (1) A partial amendment to the Acquisition or Disposal Procedure is proposed in response to the regulation amendment and business needs of the Company.
- (2) Comparison Chart of the Acquisition or Disposal Procedure please refer to page 32 of this handbook.
- (3) Resolution requested.

Resolution: Unanimously approved by all attending shareholders.

Item 3

(Proposed by the Boards of Directors)

Proposal: Procedures for Lending Funds to Other Parties revision, submitted for discussion.

Description:

- (1) A partial amendment to Procedures for Lending Funds to Other Parties is proposed in response to the regulation amendment and business needs of the Company.
- (2) Comparison Chart of Procedures for Lending Funds to Other Parties please refer to page 51 of this handbook.
- (3) Resolution requested.

Resolution: Unanimously approved by all attending shareholders.

Item 4

(Proposed by the Boards of Directors)

Proposal: To issue new shares through GDR or local SPO, submitted for discussion

Description: Unanimously approved by all attending shareholders.

(1) In order to fund future needs to increase working capital, purchase overseas materials, prepayment of bank loan, purchase of equipment and machinery, long-term investments and/or others to improve competitiveness, the Company proposes to authorize the Board to issue new stocks up to 100,000,000 shares, under appropriate conditions and also authorize the Board in determination of the method of stock issuance in common stocks or in GDR for common stocks and adjustment of issuing size within the said quota at once or through installment. After finishing fund raising, the plan will be carried out accordingly, which will enhance competitiveness, refine financial structure, improve operational efficiency and benefit shareholders.

(2) 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:

A. Public Application offering

Pursuant to the Article 267 of Company Act, 10%-15% of the 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.

Shareholders may register to pool fractional shares into one in Security Agency within 5 days since record date, and will be deemed abandoned if such period expires. For the issuance not subscribed by employees and the original shareholders in proportion or as a whole, the chairman of the BOD is to be authorized to negotiate with designated individuals to sell shares at issuing price.

According to the Article 6 of "Disciplinary Rules", the issuing 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.

B. Book Building

The issuing price of new common shares from the cash capital increase may not be lower than 90% 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 aforementioned price should be determined in compliance with related requirements of competent authorities.

The Chairman of the Board of Directors will be authorized to negotiate with the lead underwriter to have actual price determined in light of market status and will submit the proposal to the Financial Supervisory Commission Executive Yuan, R.O.C., Securities and Futures Bureau for approval.

(3) The issuance of GDR for the new common shares from cash capital increase.

- A. 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 BOD is to be authorized to negotiate with designated individuals to sell 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.
- B. 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 BOD 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.
 - I. 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 on the Over-The-Counter securities market 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.
 - II. For the rights of original shareholders, the issuance of new shares for cash capital

increase up to 100,000,000 common shares will have the maximum dilution effect of at 18.41%. The funds raised from the capital increase in cash shall generate sustainable growth in Company's business; reinforce competitiveness, and surely benefit shareholders. GDR issuing price is determined according to fair value in domestic Over-The-Counter securities market, original shareholders may purchase common stock in domestic market with price close to GDR price, exempting from currency and fluidity risks. There are no huge impact on original shareholders.

- (4) In view of severe volatility in the capital market, to grasp the timing to determine the terms and execute the offer, the BOD is to be authorized to full processing the important contents, including the actual price, the number of issuance shares, terms, issuing amount, the use of proceeds the plan schedule, and expected effects that may arise in case of the regulation variation or by the competent authority to be revised due to objective circumstances, of the offering regarding the issuance of new common shares for capital increase in cash or the new stock issuance for cash capital increase for overseas DR. Except for the authorization scope stated above or stipulated by regulation, the Chairman or the individual designated by the Chairman will represent the Company to sign for all documents related to the issuance of GDR and arrange the issuance of GDR.
- (5) The Board of Directors is to be authorized by the Shareholders' Meeting to have the capital increase processed upon receiving the approval of competent authority.
- (6) Resolution requested.

Resolution: Unanimously approved by all attending shareholders.

6. Supplementary Motions: None

7. Meeting Adjourned: June 27, 2012 (Wednesday) at 09:37a.m.

Please note that the above is an English translation version. If there is any discrepancy between the original Chinese version and this English translation, the Chinese version shall prevail.

Attachment

Sino-American Silicon Products Inc.

Fiscal 2011 Business Report

SAS consolidated revenue for 2011 was NT\$17.55 billion. Net income reached NT\$0.43. EPS is NT\$1.02. Renewable energy is the ultimate trend for economical sustention. SAS is optimistic toward solar industry development.

A. Operating Performance in 2011

1. Operation Performance

Unit : NTD\$ thousands

Year Item	2011	2010	Change (%)
Operating Revenue	17,549,063	22,528,702	-22.10%
Operating Costs	15,813,764	16,997,889	-6.97%
Gross Profit from Operations	1,735,299	5,530,813	-68.62%
Operating Expenses	980,650	1,266,346	-22.56%
Operating Income	754,649	4,264,467	-82.30%
Income before Income Tax	562,344	4,084,762	-86.23%
Net Income	428,706	3,568,609	-87.99%

2011 is tough for solar industry with limited demand and excessive capacity, resulting in slipping price and shipment, let alone revenue and profit. Semiconductor benefits from broad market in first half year. However, European sovereign-debt crisis casts conservative shade since June, and the industry suffers from recession. Sapphire substrate soars in Q1 with prosperous revenue and shipment, yet is impacted by oversupply and inventory adjustment, price and purchasing order drops radically. Even though the three products of SAS experience global economy reversion, SAS is one of the few solar manufacturers that profited from last year.

2. Budget Implementation : No financial forecast for 2011

3. Profitability Analysis

Item		2011	2010
Capital structure analysis	Debt ratio (%)	35	38
	Long-term funds to fixed assets (%)	321	282
Return on investment analysis	Rate of return on assets (%)	1.6	14.18
	Rate of return on stock equity (%)	2.29	25.21
	Operating income to capital (%)	5.26	91.08
	Income before tax to capital	8.32	101.57
	Net income to sales (%)	2.89	17.77
	Earnings per share (NTD)	1.02	10.5

4. Research & Development Status

1) 2011 Research & Development Expenditure

Unit : NTD\$ thousands

Item /Year	2007	2008	2009	2010	2011
Net Revenue	217,728	337,366	342,847	485,572	381,960
Research and Development Expenses	6,718,348	9,410,626	10,368,336	20,079,873	14,856,313
%	3.24	3.58	3.31	2.42	2.57

2) Research & Development Achievement in 2011

Our technology / product

- (1) Hot zone design of solar multi-crystal growth and simulation of 580 KG
- (2) Low defect density multi-crystal growth of 580 KG
- (3) 9" solar single crystal growth
- (4) 8" solar single crystal growth of Ga-doped
- (5) High efficiency multi-crystal growth (average 17.43%)
- (6) 20" hot zone design and simulation for 8" silicon single crystal growth
- (7) 150-um solar wafers of high efficiency
- (8) High efficiency multi-crystal growth of 600 KG
- (9) Multi-crystal growth recharge
- (10) Sapphire cutting via diamond wires
- (11) U-grade single crystal growth
- (12) E-grade single crystal growth

3) Future Plan

SAS solar wafer technology outshines other rivals. Our RD department devotes in exploring ultra-conversion-efficiency application and strategic alliance with downstream system manufacturers to capture commercial initiative. Our core technology dedicates in high-efficiency products to maximize adding value.

Future technology / product

- (1) A4⁺ solar multi-crystal growth
- (2) Energy-saving multi-crystal growth
- (3) Multi crystal grower for high efficiency G5⁺ of 600KG
- (4) Epitaxial wafer of GaN on Si
- (5) Large sapphire crystal growth by CZ method

B. 2012 Operation Guideline

1. Guideline

- 1) Strategic alliance for vertical integration so as to increase adding value. Coordinate service for business opportunity.
- 2) Thorough budget minimization; acceleration of collecting receivable accounts; discreet price negotiation with suppliers; severe monitor on inventory to secure fund flow.
- 3) Establish integrating platform to circulate technology and resources within business group. Improve production quality and customer satisfaction.

2. Sales forecast : No financial forecast for 2012

C. Sales and Production Policy

1. Maximize utilization.
2. Develop highest conversion efficiency multi-crystal wafer and put into mass production so as to provide high-quality materials and maintain competitiveness.
3. Synthesize 4"~12" capacity and technology of seven semiconductor sites located in Taiwan, America, China and Japan, aiming at penetrating into tier 1 companies.
4. Ameliorate large size sapphire crystal availability to decrease production cost of sapphire polish wafer and PSS. Concentrating on nano-patterned sapphire wafers development to achieve superiority over competitors.

To enhance competitiveness and operating performance, SAS restructures three business units

(semiconductor, solar, sapphire) on October 1, 2011; sapphire business is carved out to Sino Sapphire Co., Ltd. and semiconductor business to GlobalWafers Co., Ltd. Besides, to empower industrial competency, SAS acquires the silicon wafer business departments of Covalent Materials Corporation, which are Covalent Silicon Corporation and its subsidiary, Covalent Materials Sekikawa Corporation. The acquisition takes effect on April 1, 2012. For the future, SAS shall elevate operating performance via strategic alliance and reinvestment; aggressive yet cautious for industrial prominence, and augment business scale holding the principle of aggrandizing shareholder benefits. We believe with the restless effort among management team and whole staff, we will once again create excellent revenue and profit and share the fruit with all shareholders.

Chairman	Ming-Kung Lu
President	Hsiu-Lan Hsu
Chief Account	Mei-Ying Chiu

Attachment

Supervisors Audit Report

The Board of Directors has prepared the Company's 2011 Business Report, Stand-alone and Consolidated 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 Tseng, Mei-Yu, 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

Supervisor : _____
Kuo-Chow Chen

Supervisor : _____
Su-Mei Yang

Supervisor : _____
Kun Chang Investment Co.
Representative: May-Yuan Chang

April 24, 2012

Attachment

Independent Auditors' Audit Report

The Board of Directors

Sino-American Silicon Products Inc.

We have audited the accompanying balance sheets of Sino-American Silicon Products Inc. (the "Company") as of December 31, 2011 and 2010, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of equity-method investees, Sunrise Global Solar Energy Corporation and GlobiTech Incorporated, for the years ended December 31, 2011 and 2010, which are included in the financial statements. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Sunrise Global Solar Energy Corporation and GlobiTech Incorporated, is based solely on the reports of the other auditors. The related long-term investment balances of NT\$3,934,669 thousand and NT\$3,522,960 thousand, (14% and 12% of total assets) as of December 31, 2011 and 2010, respectively, and the investment income amounting to NT\$250,007 thousand and NT\$441,293 thousand, (67% and 11% of income before income taxes) for the years ended December 31, 2011 and 2010, respectively, are based solely on the reports of the other independent auditors.

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those standards and regulations require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe

that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Sino-American Silicon Products Inc. as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended, in conformity with the requirements of the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

We have also audited the consolidated financial statements of and Sino-American Silicon Products Inc. and subsidiaries as of and for the years ended December 31, 2011 and 2010, and have expressed an unqualified opinion with explanatory paragraph on such financial statements.

KPMG

Hsinchu, Taiwan (the Republic of China)

March 22, 2012

The accompanying financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China

Attachment**2011 Financial Statements****SINO-AMERICAN SILICON PRODUCTS INC.****Balance Sheets****December 31, 2011 and 2010****(Expressed in thousands of New Taiwan dollars)**

Assets	2011	2010
Current assets:		
Cash	\$ 2,405,021	6,206,538
Financial Assets at fair value through profit or loss	43,922	-
Notes and accounts receivable, net	358,735	1,793,127
Accounts receivable from related parties	270,747	787,216
Loan to related parties	233,820	-
Other financial assets – current	2,402	3,592
Inventories, net	635,537	1,696,742
Prepayments for materials	1,105,123	1,039,014
Deferred income tax assets – current	10,061	66,155
Other current assets	<u>135,888</u>	<u>300,716</u>
	<u>5,201,256</u>	<u>11,893,100</u>
Long-term investments:		
Equity-method investments	11,705,708	4,964,419
Available-for-sale financial assets – non-current	1,054,168	381,019
Financial assets carried at cost – non-current	583,595	1,481,649
Other financial assets – non-current	2,194	2,844
Prepayments for long-term investment in stock	<u>-</u>	<u>9,000</u>
	<u>13,345,665</u>	<u>6,838,931</u>
Property, plant and equipment:		
Buildings and improvements	2,406,402	2,634,940
Machinery and equipment	5,697,082	6,256,177
Other equipment	<u>890,334</u>	<u>975,135</u>
	8,993,818	9,866,252
Less: accumulated depreciation	(3,223,711)	(3,160,134)
Prepayments for equipment and construction in progress	<u>480,654</u>	<u>667,332</u>
	<u>6,250,761</u>	<u>7,373,450</u>
Other assets:		
Deferred charges and others	3,878	7,900
Deferred income tax assets – non-current	84,519	-
Long-term prepayments for materials	3,343,369	4,083,405
Long-term account receivable from related parties	<u>766,183</u>	<u>-</u>
	<u>4,197,949</u>	<u>4,091,305</u>
Total Assets	\$ <u>28,995,631</u>	<u>30,196,786</u>

SINO-AMERICAN SILICON PRODUCTS INC.

Balance Sheets (continued)

December 31, 2011 and 2010

(Expressed in thousands of New Taiwan dollars)

Liabilities and Stockholders' Equity	2011	2010
Current liabilities:		
Short-term borrowings	\$ 100,000	-
Notes and accounts payable	479,143	1,490,202
Payable to related parties	30,919	141,119
Payroll and bonus payable	136,323	729,605
Other payable to related parties	1,299,402	-
Current portion of received in advance for sales	1,132,407	751,110
Current portion of long-term loans payable	1,995,000	1,376,000
Accrued expenses and other current liabilities	<u>133,414</u>	<u>839,593</u>
	<u>5,306,608</u>	<u>5,327,629</u>
Long-term liabilities:		
Long-term loans payable	<u>1,100,000</u>	<u>2,393,000</u>
Other liabilities:		
Other liabilities – other	23,633	69,912
Deferred income tax liabilities – non-current	-	183,645
Revenue received in advance for sales – non-current	<u>3,572,582</u>	<u>3,795,316</u>
	<u>3,596,215</u>	<u>4,048,873</u>
Total liabilities	<u>10,002,823</u>	<u>11,769,502</u>
Stockholders' equity:		
Common stock	<u>4,431,191</u>	<u>3,820,256</u>
Capital surplus	<u>12,141,389</u>	<u>9,574,891</u>
Retained earnings:		
Legal reserve	944,846	587,985
Unappropriated earnings	<u>2,080,192</u>	<u>4,220,074</u>
	<u>3,025,038</u>	<u>4,808,059</u>
Other stockholders' equity:		
Foreign currency translation adjustments	161,317	(106,758)
Unrecognized pension cost	(51)	(21,178)
Unrealized gain (loss) on available-for-sale financial assets	<u>(766,076)</u>	<u>352,014</u>
	<u>(604,810)</u>	<u>224,078</u>
Total stockholders' equity	<u>18,992,808</u>	<u>18,427,284</u>
Commitments and contingencies		
Total Liabilities and Stockholders' Equity	<u>\$ 28,995,631</u>	<u>30,196,786</u>

SINO-AMERICAN SILICON PRODUCTS INC.

Statements of Income

Years ended December 31, 2011 and 2010

(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	<u>2011</u>	<u>2010</u>
Revenue	\$ 14,738,464	19,981,080
Less: sales returns and allowance	<u>129,892</u>	<u>40,671</u>
	14,608,572	19,940,409
Processing revenue and others	<u>247,741</u>	<u>139,464</u>
Net revenue	14,856,313	20,079,873
Cost of goods sold	<u>14,027,109</u>	<u>15,685,383</u>
Gross profit	<u>829,204</u>	<u>4,394,490</u>
Operating expenses:		
Selling	58,582	96,945
General and administrative	155,704	332,294
Research and development	<u>381,960</u>	<u>485,572</u>
	596,246	914,811
Operating income	<u>232,958</u>	<u>3,479,679</u>
Non-operating income and gains:		
Interest income	15,421	8,310
Investment income recognized by equity method	-	662,634
Dividend income	10,947	10,052
Government grants	23,211	10,576
Gain on disposal of the investment	6,979	9,534
Foreign exchange gain, net	42,278	-
Gain on revaluation of financial asset	43,922	-
Other income	<u>52,476</u>	<u>50,815</u>
	195,234	751,921
Non-operating expenses and losses:		
Interest expense	55,660	68,911
Investment loss recognized by equity method	3,724	-
Foreign exchange loss, net	-	140,767
Impairment loss on financial assets	<u>-</u>	<u>141,697</u>
	59,384	351,375
Income before income taxes	368,808	3,880,225
Income tax benefit (expenses)	<u>59,898</u>	<u>(311,616)</u>
Net income	<u><u>\$ 428,706</u></u>	<u><u>3,568,609</u></u>
	<u>Before Tax</u>	<u>After Tax</u>
Earnings per share (in dollars)		
Basic earnings per share	\$ <u><u>0.88</u></u>	<u><u>1.02</u></u>
Basic earnings per share – retroactively adjusted		<u><u>11.42</u></u>
Diluted earnings per share	\$ <u><u>0.87</u></u>	<u><u>1.01</u></u>
Diluted earnings per share – retroactively adjusted		<u><u>10.88</u></u>
		<u><u>11.24</u></u>
		<u><u>10.70</u></u>
		<u><u>9.85</u></u>

SINO-AMERICAN SILICON PRODUCTS INC.
Statements of Changes in Stockholders' Equity
Years ended December 31, 2011 and 2010
(Expressed in thousands of New Taiwan dollars)

				<u>Retained earnings</u>				Unrealized gain (loss) on available-for-sa le financial assets	
	<u>Common stock</u>	<u>Advance receipts for common stock</u>	<u>Capital surplus</u>	<u>Legal reserve</u>	<u>Unappro- priated earnings</u>	<u>Foreign currency translation adjustments</u>	<u>Unrecognized pension cost</u>		<u>Total</u>
Balance at January 1, 2010	\$ 2,994,413	508	4,592,617	540,429	1,209,302	179,760	(16,049)	381,076	9,882,056
Appropriation of earnings:									
Legal reserve	-	-	-	47,556	(47,556)	-	-	-	-
Stock dividends	209,738	-	-	-	(209,738)	-	-	-	-
Cash dividends	-	-	-	-	(299,627)	-	-	-	(299,627)
Issuance of global depository receipts	610,000	-	4,958,757	-	-	-	-	-	5,568,757
Stock dividends to employees as bonus	4,255	-	22,745	-	-	-	-	-	27,000
Issuance of stock from exercised employee stock options	1,850	(508)	772	-	-	-	-	-	2,114
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	(29,062)	(29,062)
Foreign currency translation adjustments	-	-	-	-	-	(286,518)	-	-	(286,518)
Adjustment arising from changes in percentage of ownerships in equity-method investees	-	-	-	-	(916)	-	-	-	(916)
Pension adjustment - unrecognized pension cost	-	-	-	-	-	-	(5,129)	-	(5,129)
Net income for 2010	-	-	-	-	3,568,609	-	-	-	3,568,609
Balance at January 1, 2010	3,820,256	-	9,574,891	587,985	4,220,074	(106,758)	(21,178)	352,014	18,427,284
Appropriation of earnings:									
Legal reserve	-	-	-	356,861	(356,861)	-	-	-	-
Stock dividends	201,066	-	-	-	(201,066)	-	-	-	-
Cash dividends	-	-	-	-	(2,010,661)	-	-	-	(2,010,661)
Issuance of common stock for cash	200,000	-	740,000	-	-	-	-	-	940,000
Stock dividends to employees as bonus	8,803	-	61,197	-	-	-	-	-	70,000
Issuance of common stock to acquire available-for-sale financial assets	201,066	-	1,650,826	-	-	-	-	-	1,851,892
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	(1,118,090)	(1,118,090)
Compensation cost arising from employee subscription and from issuance of common stock in cash	-	-	43,698	-	-	-	-	-	43,698
Foreign currency translation adjustments	-	-	-	-	-	268,075	-	-	268,075
Adjustment arising from changes in percentage of ownerships in equity-method investees	-	-	70,777	-	-	-	-	-	70,777
Pension adjustment - unrecognized pension cost	-	-	-	-	-	-	21,127	-	21,127
Net income for 2011	-	-	-	-	428,706	-	-	-	428,706
Balance at December 31, 2011	\$ 4,431,191	-	12,141,389	944,846	2,080,192	161,317	(51)	(766,076)	18,992,808

Note 1 : Directors' and supervisors' remuneration and employee bonuses amounting \$12,274 thousand and \$92,054 thousand, respectively were excluded from net income for 2009.

Note 2 : Directors' and supervisors' remuneration and employee bonuses amounting \$53,012 thousand and \$397,590 thousand, respectively were excluded from net income for 2010.

SINO-AMERICAN SILICON PRODUCTS INC.

Statements of Cash Flows

Years ended December 31, 2011 and 2010
(Expressed in thousands of New Taiwan dollars)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Net income	\$ 428,706	3,568,609
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	1,373,907	1,106,990
Amortization	88	176
Provision for (reversal of) allowance for doubtful accounts	5,857	(36,785)
Provision for inventory obsolescence and devaluation loss	33,599	21,459
Investment loss (income) recognized by equity method	3,724	(662,634)
Cash dividends received from equity- method investees	9,540	115
Cash dividends received from available-for-sale financial assets	76,419	-
Loss on disposal of property, plant and equipments	(239)	15
Compensation cost arising from employee subscription and from issuance of common stock in cash	43,698	-
Gain on disposal of the equity-method investment	(6,979)	(9,534)
Impairment loss on the financial assets	-	141,697
Unrealized gain on valuation of financial assets	(43,922)	-
Expense with no effect on cash flow	223,356	(220,836)
Change in operating assets and liabilities:		
Notes and accounts receivable	723,741	(86,816)
Notes and accounts receivable from related parties	(1,916,965)	(502,652)
Inventories	577,238	(709,856)
Prepayments for materials	(214,277)	162,606
Other financial assets – current	1,190	8,421
Deferred income tax assets -net	(206,505)	(3,082)
Other operation-related assets	(65,361)	119,557
Notes and accounts payable	(934,880)	283,068
Payable to related parties	(110,200)	(326,980)
Other payable	1,372,810	-
Revenue received in advance	158,563	(248,704)
Accrued pension liabilities	2,066	(1,017)
Deferred credits	(25,804)	33,322
Other operation-related liabilities	(794,788)	917,295
Net cash provided by operating activities	<u>714,582</u>	<u>3,554,434</u>
Cash flows from investing activities:		
(Acquisitions of) proceeds from disposal of available-for-sale financial assets	(15,767)	10,215
Increase in equity-method investments	(837,000)	(891,676)
Acquisition of financial assets carried at cost	(579,660)	(26,096)
Proceeds from disposal of equity-method investments	14,436	-
Acquisition of property, plant and equipments	(1,508,098)	(2,578,442)
Proceeds from disposal of property, plant and equipments	54,001	676
(Increase) decrease in refundable deposits	650	(740)
Increase in restricted assets	-	(195)
Decrease in deferred charges	-	2,255
Net cash used in investing activities	<u>(2,871,438)</u>	<u>(3,484,003)</u>

SINO-AMERICAN SILICON PRODUCTS INC.

Statements of Cash Flows (continued)

Years ended December 31, 2011 and 2010
(Expressed in thousands of New Taiwan dollars)

	<u>2011</u>	<u>2010</u>
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	100,000	(648,665)
Increase in long-term loans payable	680,000	860,000
Repayment of long-term loans payable	(1,354,000)	(221,000)
Payments of cash dividends	(2,010,661)	(299,627)
Proceed from capital increase	940,000	5,568,757
Proceeds from issuance of stock for employee stock options exercised	-	2,114
Net cash provided by (used in) financing activities	<u>(1,644,661)</u>	<u>5,261,579</u>
Net increase (decrease) in cash	(3,801,517)	5,332,010
Cash at beginning of year	<u>6,206,538</u>	<u>874,528</u>
Cash at end of year	<u>\$ 2,405,021</u>	<u>6,206,538</u>
Supplemental disclosures of cash flow information:		
Cash payments of interest (excluding interest capitalized)	<u>\$ 56,639</u>	<u>65,886</u>
Cash payments of income taxes	<u>\$ 475,165</u>	<u>1,317</u>
Non-cash investing and financing activities:		
Issuance of common stock to acquire available-for-sale financial asset	<u>\$ 1,851,892</u>	<u>-</u>
Current portion of long-term loans payable	<u>\$ 1,995,000</u>	<u>1,376,000</u>
Bonuses to employees – stock	<u>\$ 70,000</u>	<u>27,000</u>
Reclassification of financial assets carried at cost to long-term accounts receivable for related parties and equity-method investments	<u>1,477,714</u>	<u>-</u>
Acquisition of property, plant and equipment:		
Increase in property, plant and equipment	\$ 1,156,210	2,683,801
Changes in payables for equipment	<u>351,888</u>	<u>(105,359)</u>
	<u>\$ 1,508,098</u>	<u>2,578,442</u>

SINO-AMERICAN SILICON PRODUCTS INC.

STATEMENTS OF CASH FLOWS (continued)

Years ended December 31, 2011 and 2010
(Expressed in thousands of New Taiwan dollars)

	<u>2011</u>	<u>2010</u>
Assets and liabilities spin-off to Global Wafers, Sino Sapphire and Acquisition of equity-method investments		
Notes and accounts receivables	\$ 704,794	-
Other receivables – related parties	2,154,337	-
Inventories	450,368	-
Payment of materials	888,204	-
Deferred income tax assets – current	1,457	-
Other current assets	9353	-
Long-term investments	3,952,393	-
Buildings and improvements	75,868	-
Machinery and equipment	672,481	-
Prepayment for equipment and construction in progress	51,982	-
Leasehold improvements	50,899	-
Deferred pension costs	26,538	-
Accounts payables	(76,179)	-
Accrued expenses and other current liabilities	(98,428)	-
Accrued pension liabilities	(26,538)	-
Deferred income tax liabilities	(75,195)	-
Foreign currency translation adjustment	(232,334)	-
Net assets	\$ <u>8,530,000</u>	<u>-</u>

Independent Auditors' Audit Report

The Board of Directors

Sino-American Silicon Products Inc.

We have audited the accompanying consolidated balance sheets of Sino-American Silicon Products Inc. and subsidiaries (the "Company") as of December 31, 2011 and 2010, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of a subsidiary, GlobiTech Incorporated and an equity method investee, Sunrise Global Solar Energy Corporation for the years ended December 31, 2011 and 2010, which are included in the consolidated financial statements. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for GlobiTech Incorporated and Sunrise Global Solar Energy Corporation, is based solely on the reports of the other auditors. The total assets of GlobiTech Incorporated were NT\$3,040,610 thousand and NT\$2,442,969 thousand (10% and 8% of consolidated total assets) as of December 31, 2011 and 2010, respectively, and its total revenue was NT\$2,331,660 thousand and NT\$2,306,868 thousand (13% and 10% of consolidated total revenue) for the years ended December 31, 2011 and 2010, respectively. The related long-term investment balances of NT\$1,011,786 thousand and NT\$1,061,409 thousand, as of December 31, 2011 and 2010, respectively, and the investment loss amounting to NT\$103,405 thousand in 2011 and investment income amounting to NT\$79,764 thousand in 2010 are based solely on the reports of the other independent auditors.

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those standards and regulations require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sino-American Silicon Products Inc. and subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for the years then ended, in conformity with the requirements of the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

KPMG

Hsinchu, Taiwan (the Republic of China)

March 22, 2012

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations, and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2011 and 2010

(Expressed in thousands of New Taiwan dollars)

Assets	2011	2010
Current assets:		
Cash	\$ 4,532,226	7,070,626
Financial assets at fair value through profit or loss	-	-
	43,922	
Notes and accounts receivable, net	1,204,256	2,356,811
Accounts receivable from related parties	98,099	299,681
Other financial assets – current	14,237	25,106
Inventories, net	1,335,313	1,986,145
Prepayments for materials	1,335,910	1,055,944
Deferred income tax assets – current	9,736	66,155
Other current assets	<u>208,368</u>	<u>314,959</u>
	<u>8,782,067</u>	<u>13,175,427</u>
Long-term investments:		
Equity-method investments	1,839,581	1,061,409
Available-for-sale financial assets – non-current	1,054,168	381,019
Financial assets carried at cost – non-current	1,904,118	1,481,649
Other financial assets – non-current	19,590	4,542
Prepayments for long-term investment in stocks	<u>-</u>	<u>9,000</u>
	<u>4,817,457</u>	<u>2,937,619</u>
Property, plant and equipment :		
Land	24,232	23,304
Buildings and improvements	4,691,409	4,129,309
Machinery and equipment	10,316,590	8,271,654
Other equipment	<u>1,509,353</u>	<u>1,352,339</u>
	16,541,584	13,776,606
Less: accumulated depreciation	(6,157,153)	(4,661,632)
Prepayments for equipment and construction in progress	<u>754,762</u>	<u>975,793</u>
	<u>11,139,193</u>	<u>10,090,767</u>
Intangible assets :		
Goodwill	647,385	622,593
Land use rights	<u>9,759</u>	<u>9,102</u>
	<u>657,144</u>	<u>631,695</u>
Other assets:		
Deferred charges and other assets	27,561	11,689
Long-term prepayments for materials	<u>4,003,448</u>	<u>4,083,405</u>
	<u>4,031,009</u>	<u>4,095,094</u>
Total Assets	\$ <u>29,426,870</u>	<u>30,930,602</u>

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Consolidated Balance Sheets (continued)

December 31, 2011 and 2010

(Expressed in thousands of New Taiwan dollars)

Liabilities and Stockholders' Equity	<u>2011</u>	<u>2010</u>
Current liabilities:		
Short-term borrowings	\$ 1,020,694	221,769
Notes and accounts payable	600,770	1,734,724
Payroll and bonus payable	225,562	774,436
Current portion of revenue received in advance for sales	1,232,513	973,989
Current portion of long-term loans payable	1,995,000	1,376,000
Accrued expenses and other current liabilities	<u>470,778</u>	<u>930,163</u>
	<u>5,545,317</u>	<u>6,011,081</u>
Long-term liabilities:		
Long-term loans payable	<u>1,100,000</u>	<u>2,393,000</u>
Other liabilities:		
Other liabilities – other	62,345	43,611
Deferred income tax liabilities – non-current	153,818	260,310
Revenue received in advance for sales – non-current	<u>3,572,582</u>	<u>3,795,316</u>
	<u>3,788,745</u>	<u>4,099,237</u>
Total liabilities	<u>10,434,062</u>	<u>12,503,318</u>
Stockholders' equity :		
Common stock	<u>4,431,191</u>	<u>3,820,256</u>
Capital surplus	<u>12,141,389</u>	<u>9,574,891</u>
Retained earnings:		
Legal reserve	944,846	587,985
Unappropriated earnings	<u>2,080,192</u>	<u>4,220,074</u>
	<u>3,025,038</u>	<u>4,808,059</u>
Other stockholders' equity:		
Foreign currency translation adjustment	161,317	(106,758)
Unrecognized pension cost	(51)	(21,178)
Unrealized gain (loss) on available-for-sale financial assets	<u>(766,076)</u>	<u>352,014</u>
	<u>(604,810)</u>	<u>224,078</u>
Total stockholders' equity	<u>18,992,808</u>	<u>18,427,284</u>
Commitments and contingencies		
Total Liabilities and Stockholders' Equity	\$ <u>29,426,870</u>	<u>30,930,602</u>

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Consolidated Statements of Income

Years ended December 31, 2011 and 2010

(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	<u>2011</u>	<u>2010</u>
Revenue	\$ 17,648,921	22,565,391
Less: sales returns and allowances	<u>131,684</u>	<u>45,875</u>
	17,517,237	22,519,516
Processing revenue and others	<u>31,826</u>	<u>9,186</u>
Net revenue	17,549,063	22,528,702
Cost of goods sold	<u>15,813,764</u>	<u>16,997,889</u>
Gross profit	<u>1,735,299</u>	<u>5,530,813</u>
Operating expenses:		
Selling	121,685	156,263
General and administrative	308,419	490,414
Research and development	<u>550,546</u>	<u>619,669</u>
	<u>980,650</u>	<u>1,266,346</u>
Operating income	<u>754,649</u>	<u>4,264,467</u>
Non-operating income and gains:		
Interest income	34,189	8,559
Investment income recognized by equity method	-	79,764
Dividend income	10,947	10,052
Government grants	23,211	10,576
Gain on disposal of investments	6,979	9,534
Foreign exchange gain, net	77,732	-
Unrealized gain on valuation of financial assets	43,922	-
Other income	<u>51,084</u>	<u>59,980</u>
	<u>248,064</u>	<u>178,465</u>
Non-operating expenses and losses:		
Interest expense	68,760	74,714
Investment loss recognized by equity method	-	-
	121,609	-
Foreign exchange loss, net	-	141,759
Impairment loss on financial assets	<u>250,000</u>	<u>141,697</u>
	<u>440,369</u>	<u>358,170</u>
Income before income taxes	562,344	4,084,762
Income tax expenses	<u>133,638</u>	<u>516,153</u>
Net income	\$ <u><u>428,706</u></u>	\$ <u><u>3,568,609</u></u>
	<u>Before Tax</u>	<u>After Tax</u>
Earnings per share (in dollars)		
Basic earnings per share	\$ <u><u>0.88</u></u>	<u><u>1.02</u></u>
Basic earnings per share – retroactively adjusted	<u><u>11.42</u></u>	<u><u>10.50</u></u>
Diluted earnings per share	<u><u>10.88</u></u>	<u><u>10.50</u></u>
Diluted earnings per share – retroactively adjusted	\$ <u><u>0.87</u></u>	<u><u>1.01</u></u>
	<u><u>11.24</u></u>	<u><u>10.34</u></u>
	<u><u>10.70</u></u>	<u><u>9.85</u></u>

SINO-AMERICAN SILICON PRODUCTS INC. AND SU BSI DIARIES
Consolidated Statements of Changes in Stockholders' Equity
Years ended December 31, 2011 and 2010
(Expressed in thousands of New Taiwan dollars)

				<u>Retained earnings</u>					
	<u>Common stock</u>	<u>Advance receipts for common stock</u>	<u>Capital surplus</u>	<u>Legal reserve</u>	<u>Unappropriated earnings</u>	<u>Foreign currency translation adjustments</u>	<u>Unrecognized pension cost</u>	<u>Unrealized gain (loss) on available-for-sale financial assets</u>	<u>Total</u>
Balance at January 1, 2010	\$ 2,994,413	508	4,592,617	540,429	1,209,302	179,760	(16,049)	381,076	9,882,056
Appropriation of earnings:									
Legal reserve	-	-	-	47,556	(47,556)	-	-	-	-
Stock dividends	209,738	-	-	-	(209,738)	-	-	-	-
Cash dividends	-	-	-	-	(299,627)	-	-	-	(299,627)
Issuance of global depository receipts	610,000	-	4,958,757	-	-	-	-	-	5,568,757
Stock dividends to employees as bonus	4,255	-	22,745	-	-	-	-	-	27,000
Issuance of stock for exercised employee stock options	1,850	(508)	772	-	-	-	-	-	2,114
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	(29,062)	(29,062)
Foreign currency translation adjustments	-	-	-	-	-	(286,518)	-	-	(286,518)
Adjustment arising from changes in percentage of ownership in equity-method investees	-	-	-	-	(916)	-	-	-	(916)
Pension adjustment - unrecognized pension cost	-	-	-	-	-	-	(5,129)	-	(5,129)
Net income for 2010	-	-	-	-	3,568,609	-	-	-	3,568,609
Balance at December 31, 2010	<u>3,820,256</u>	<u>-</u>	<u>9,574,891</u>	<u>587,985</u>	<u>4,220,074</u>	<u>(106,758)</u>	<u>(21,178)</u>	<u>352,014</u>	<u>18,427,284</u>
Appropriation of earnings:									
Legal reserve	-	-	-	356,861	(356,861)	-	-	-	-
Stock dividends	201,066	-	-	-	(201,066)	-	-	-	-
Cash dividends	-	-	-	-	(2,010,661)	-	-	-	(2,010,661)
Issuance of common stock for cash	200,000	-	740,000	-	-	-	-	-	940,000
Stock dividends to employees as bonus	8,803	-	61,197	-	-	-	-	-	70,000
Issuance of common stock to acquire available-for-sale financial assets	201,066	-	1,650,826	-	-	-	-	-	1,851,892
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	(1,118,090)	(1,118,090)
Compensation cost arising from employee subscription and from issuance of common stock in cash	-	-	43,698	-	-	-	-	-	43,698
Foreign currency translation adjustments	-	-	-	-	-	268,075	-	-	268,075
Adjustment arising from changes in percentage of ownership in equity-method investees	-	-	70,777	-	-	-	-	-	70,777
Pension adjustment - unrecognized pension cost	-	-	-	-	-	-	21,127	-	21,127
Net income for 2011	-	-	-	-	428,706	-	-	-	428,706
Balance at December 31, 2011	<u>\$ 4,431,191</u>	<u>-</u>	<u>12,141,389</u>	<u>944,846</u>	<u>2,080,192</u>	<u>161,317</u>	<u>(51)</u>	<u>(766,076)</u>	<u>18,992,808</u>

Note 1: Directors' and supervisors' remuneration and employee bonuses amounting \$12,274 thousand and \$92,054 thousand, respectively, were excluded from net income for 2009.

Note 2: Directors' and supervisors' remuneration and employee bonuses amounting \$53,012 thousand and \$397,590 thousand, respectively, were excluded from net income for 2010.

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended December 31, 2011 and 2010
(Expressed in thousands of New Taiwan dollars)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Net income	\$ 428,706	3,568,609
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,767,848	1,421,726
Provision for (reversal of) allowance for doubtful accounts	5,350	(35,110)
Provision for inventory obsolescence and devaluation loss	49,633	20,735
Investment loss (income) recognized by equity method	121,609	(79,764)
Cash dividends received from the equity investees	9,540	115
Cash dividends received from available-for-sale financial assets	76,419	-
Loss on disposal of property, plan and equipments	133	6,571
Compensation cost arising from employee subscription and from issuance of common stock in cash	43,698	-
Gain on disposal of equity-method investment	(6,979)	(9,534)
Impairment loss on financial assets	250,000	141,697
Unrealized gain on valuation of financial assets	(43,922)	-
Expense with no effect on cash flow	223,356	(220,836)
Change in operating assets and liabilities:		
Notes and accounts receivable	1,182,056	(159,692)
Notes and accounts receivable from related parties	201,582	(195,636)
Inventories	621,377	(706,955)
Prepayments for materials	(200,009)	156,019
Other financial assets – current	10,869	(11,620)
Deferred income tax assets	(129,300)	80,164
Other operation-related assets	(114,245)	140,799
Notes and accounts payable	(1,133,954)	326,129
Revenue received in advance	35,790	(248,748)
Accrued pension liabilities	3,069	(1,017)
Deferred credits	4,589	-
Other operation-related liabilities	(653,603)	1,141,434
Net cash provided by operating activities	<u>2,753,612</u>	<u>5,335,086</u>
Cash flows from investing activities:		
(Acquisition of)proceeds from disposal of available-for-sale financial assets – non-current	(15,767)	10,215
Increase in equity-method investment	(837,000)	(891,676)
Acquisition of financial assets carried at cost	(579,660)	(26,096)
Proceeds from disposal of equity-method investments	14,436	-
Acquisition of property, plant and equipment	(3,045,570)	(3,556,243)
Proceeds from disposal of property and equipments	84,458	42,568
Decrease (increase) in deposits-out	(5,301)	100
Increase in restricted assets	(9,747)	(195)
Decrease (increase) in deferred charges	(7,170)	14,499
Net cash used in investing activities	<u>(4,401,321)</u>	<u>(4,406,828)</u>

(Continued)

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (continued)

Years ended December 31, 2011 and 2010
(Expressed in thousands of New Taiwan dollars)

	<u>2011</u>	<u>2010</u>
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	798,925	(811,277)
Increase in long-term loans payable	680,000	860,000
Repayment of long-term loans	(1,354,000)	(221,000)
Payments of cash dividends	(2,010,661)	(299,627)
Proceeds from capital increase	940,000	5,568,757
Proceeds from issuance of stock for employee stock options exercised	-	2,114
Net cash provided by (used in) financing activities	<u>(945,736)</u>	<u>5,098,967</u>
Effect of exchange rate changes on cash	<u>55,045</u>	<u>70,082</u>
Net increase (decrease) in cash	<u>(2,538,400)</u>	<u>6,097,307</u>
Cash at beginning of year	<u>7,070,626</u>	<u>973,319</u>
Cash at end of year	<u>\$ 4,532,226</u>	<u>\$ 7,070,626</u>
Supplemental disclosures of cash flow information:		
Cash payments of interest (excluding interest capitalized)	<u>\$ 69,456</u>	<u>71,372</u>
Cash payments of income taxes	<u>\$ 549,624</u>	<u>77,667</u>
Non-cash investing and financing activities:		
Issuance of common stock to acquire available-for-sale financial assets	<u>\$ 1,851,892</u>	<u>-</u>
Current portion of long-term loans payable	<u>\$ 1,995,000</u>	<u>1,376,000</u>
Bonuses to employees – stock	<u>\$ 70,000</u>	<u>27,000</u>
Acquisition of property, plant and equipment:		
Increase in property, plant and equipment	\$ 2,775,715	3,662,745
Changes in payables for equipment	<u>269,855</u>	<u>(106,502)</u>
	<u>\$ 3,045,570</u>	<u>\$ 3,556,243</u>

Attachment

Sino-American Silicon Products Inc.

2011 Statement of Distribution of Retained Earnings

Unit: NT\$

Item	Amount	
	Sub-total	Total
Accumulated earnings at beginning of 2011		1,651,485,639
Plus : Net income of 2011	428,706,160	
Less : 10% Legal reserve	(42,870,616)	
Less : Special legal reserve	(604,810,272)	
Earning appropriation	(218,974,728)	1,432,510,911
Appropriation item: 2011 earnings as priority Less: Cash Dividends (NT\$1.0 per share)	(443,119,081)	(443,119,081)
Undistributed earnings at year end		989,391,830
Note: Employee Bonus Distribution : 0 Directors' and Supervisors' remuneration : 0		

Note :

1. When the treasury stock is bought back by the Company or yielded to employees, or common stocks converted by corporate bonds, or new stocks issued due to employee stock option, the payout ratio will be submitted to Annual General Shareholders Meeting to authorize BOD so as to adjust proportionally according to the circulating shares on the ex-dividend record date.
2. The cash dividend distribution is rounded down to the nearest dollar. The amount rounded off will be credited to undistributed earnings.
3. No discrepancy between employee bonus and directors' and supervisors' remuneration and the estimated figure for the fiscal year 2011 these expenses are recognized.

Chairman	Ming-Kung Lu
President	Hsiu-Lan Hsu
Chief Accountant	Mei-Ying Chiu

Attachment

Sino-American Silicon Products Inc.

Articles of Incorporation Comparison Chart

Article	Before	After	Remark
6	<p>The total capital stock of the Company shall be in the amount of NTD<u>6,000,000,000</u>, divided into <u>600,000,000</u> 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.</p> <p>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.</p> <p>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.</p>	<p>The total capital stock of the Company shall be in the amount of NTD<u>8,000,000,000</u>, divided into <u>800,000,000</u> 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.</p> <p>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.</p> <p>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.</p>	Revise
12	<p>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.</p> <p>Unless otherwise provided in the Company Law, the shareholders' meeting shall be convened by the Board of Directors.</p> <p>The notices for shareholders' meeting shall be served to all shareholders in written or electrical forms 30 days in advance</p>	<p>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.</p> <p>Unless otherwise provided in the Company Law, the shareholders' meeting shall be convened by the Board of Directors.</p> <p>The notices for shareholders' meeting shall be served to all shareholders in written or electrical forms 30 days in advance</p>	Revise

	<p>in case of a regular meeting of shareholders or 15 days in advance in case of a extraordinary meeting of shareholders. The written or electrical notice shall bear date, location and subjects of the meeting.</p> <p>The shareholders may execute their voting right through written or electrical form, which shall be in accordance with the relevant regulations. <u>For shareholders who hold less than a thousand shares, the Company can notice them through a public announcement.</u></p>	<p>in case of a regular meeting of shareholders or 15 days in advance in case of a extraordinary meeting of shareholders. The written or electrical notice shall bear date, location and subjects of the meeting.</p> <p>The shareholders may execute their voting right through written or electrical form, which shall be in accordance with the relevant regulations.</p>	
17	<p>Minutes of shareholders' meeting shall <u>be duly signed or sealed by the Chairman and served to all shareholders within twenty days after the meeting. The minutes may be served through a public announcement to the shareholders who hold less than a thousand shares bearing the name of the shareholder. The Minutes indicated above shall be kept with stockholders' attendance cards and their power of attorney at the Company.</u></p>	<p>Minutes of shareholders' meeting shall <u>be proceeded subject to Article 183 of the Company Act.</u></p>	Revise
18-1		<p><u>When the Company establishes an audit committee, it shall abolish supervisors in the same day according to Article 14-4 of Securities and Exchange Act. The audit committee shall be composed of the entire number of independent directors.</u></p>	Newly add
32	<p>This articles of Incorporation is established on Dec 25th, 1980 (Omitting)</p> <p>The 24th amendment on June 15th, 2010</p> <p>The 25th amendment on June 17th, 2011</p> <p>Implement after approvals from the meeting of stockholders</p>	<p>This articles of Incorporation is established on Dec 25th, 1980 (Omitting)</p> <p>The 24th amendment on June 15th, 2010</p> <p>The 25th amendment on June 17th, 2011</p> <p><u>The 26th amendment on June 27th, 2012</u></p> <p>Implement after approvals from the meeting of stockholders</p>	Add amendment date

Attachment

Sino-American Silicon Products Inc. Acquisition or Disposal Procedure Comparison Chart

Article	Before	After	Remark
3	<p>Operating procedures</p> <ol style="list-style-type: none"> Omit Omit Investment in non- operational purpose fixed assets <u>can not exceed NTD100,000,000. Total investment in securities shall not exceed NTD100,000,000. Investment in a single security shall not exceed NTD50,000,000. Total investment in short-term investment securities shall not exceed NTD50,000,000. It is not allowed to establish investment company to proceed short- term investment in securities, neither does its subsidiary.</u> <p><u>4. Amount limits:</u></p> <ol style="list-style-type: none"> (1) The total amount of any real property purchased by the Corporation not for use in business operations may not exceed 15% of the Corporation's net worth; the total amount of any real property purchased by a subsidiary of the Corporation not for use in business operations may not exceed 5% of the Corporation's net worth. (2) The total amount of investment by the Corporation in all long/short term securities may not exceed 50 % of its net worth; the total amount of investment in all long/short term securities by a subsidiary of the Corporation 	<p>Operating procedures</p> <ol style="list-style-type: none"> Omit Omit <u>Amount limits for</u> investment in non- operational purpose fixed assets and securities <u>are as below:</u> <ol style="list-style-type: none"> (1) The total amount of any real property purchased by the Corporation not for use in business operations may not exceed 15% of the Corporation's net worth; the total amount of any real property purchased by a subsidiary of the Corporation not for use in business operations may not exceed 5% of the Corporation's net worth. (2) The total amount of investment by the Corporation in all long/short term securities may not exceed 50% of its net worth; the total amount of investment in all long/short term securities by a subsidiary of the Corporation may not exceed 30% of the Corporation's net worth. (3) The amount of the Corporation's investment in any single security may not exceed 30% of its net worth; the amount of investment by a subsidiary of the Corporation in any single security may not exceed 20% of the Corporation's net worth. 	Revise

	<p>may not exceed 30 % of the Corporation's net worth.</p> <p>(3) The amount of the Corporation's investment in any single security may not exceed 30 % of its net worth; the amount of investment by a subsidiary of the Corporation in any single security may not exceed 20 % of the Corporation's net worth.</p> <p><u>If the Company has established the Independent Director(s), the</u> dissenting or qualified opinions from the Independent Director(s) of the Company on the matters submitted to the Board of Directors for discussion in accordance with the previous paragraph of this Article shall be placed on record in the meeting minutes of the Board of Directors meeting.</p> <p>Omit</p>	<p><u>The</u> dissenting or qualified opinions from the Independent Director(s) of the Company on the matters submitted to the Board of Directors for discussion in accordance with the previous paragraph of this Article shall be placed on record in the meeting minutes of the Board of Directors meeting.</p> <p>Omit</p>	
4	<p>Appraisal rules</p> <ol style="list-style-type: none"> <u>The price of securities trading in open market is determined by market.</u> <u>Securities not trading in open market should take into account the book value per share, profitability, current interest rate, coupon, growth potential, liquidity and current trading price.</u> <u>Other fixed assets' acquisition or disposal shall handle with price comparison, negotiation or auction.</u> Responsible unit should handle within authority referred in POA (1) <u>Long, Short-term securities and fixed assets' acquisition</u> 	<p>Appraisal rules</p> <p><u>The Company should proceed Acquisition or Disposal of Assets according to Article 8 of the procedure.</u></p> <ol style="list-style-type: none"> Responsible unit should handle within authority referred in POA (1) <u>Acquisition or disposal of long-term securities and fixed</u> 	Revise and adjust order

	<p><u>or disposal shall approved by President.</u></p> <p>(2) <u>Other fixed assets shall refer POA for authority.</u></p>	<p><u>assets whose value under 100 million shall be approved by Chairman.</u></p> <p>(2) <u>Acquisition or disposal of short-term (within one year) securities and fixed assets whose value under 100 million shall be approved by President.</u></p> <p>(3) Other fixed assets shall refer POA for authority.</p> <p>2. <u>Acquisition or Disposal of Assets shall proceed according to Article 8 of the procedure.</u></p>	
5	<p>Public disclosure</p> <p>1. The acquisition or disposition of the Company's assets, provided below, shall be announced and filed to the FSC's designated website in accordance to its nature and the stipulated form, <u>within two days since its occurrence</u>, with the relevant data and information:</p> <p>(1) Acquisition of <u>real property</u> from related parties</p> <p>(2) <u>Investment in Mainland China</u></p>	<p>Public disclosure</p> <p>1. The acquisition or disposition of the Company's assets, provided below, shall be announced and filed to the FSC's designated website in accordance to its nature and the stipulated form, <u>within two days commencing immediately from the date of occurrence of the event</u>, with the relevant data and information:</p> <p>(1) Acquisition <u>or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements.</u></p> <p>(2) Merger, acquisition, spin-off and share transfer</p> <p>(3) The transaction losses derived from derivatives reaches the upper limit set forth in the</p>	Revise

	<p>(3) Merger, acquisition, spin-off and share transfer</p> <p>(4) The transaction losses derived from derivatives reaches the upper limit set forth in the Financial Derivatives Transaction Procedure for all or any individual contract.</p> <p>(5) Except the above 4 mentioned situations, any transaction amount exceed 20% of paid- in capital or NTD 300,000,000. The following does not apply to the limit:</p> <p>I. Omit</p> <p>II. Omit</p> <p>III. Omit</p> <p>IV. Property built on own land, joint construction and allocation of house units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and invested amount is not exceeding NTD 500,000,000</p> <p>2. Omit</p> <p>3. Omit</p> <p>4. Omit</p> <p>5. Omit</p> <p>6. Omit</p>	<p>Financial Derivatives Transaction Procedure for all or any individual contract.</p> <p>(4) Except the above 3 mentioned situations, any transaction <u>or investment in Mainland China</u> amount exceed 20% of paid- in capital or NTD 300,000,000. The following does not apply to the limit:</p> <p>I. Omit</p> <p>II. Omit</p> <p>III. Omit</p> <p>IV. Property built on own land <u>or rent land</u>, joint construction and allocation of house units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and invested amount is not exceeding NTD 500,000,000.</p> <p>2. Omit</p> <p>3. Omit</p> <p>4. Omit</p> <p>5. Omit</p> <p>6. Omit</p>	
6	<p>Procedures of Announcement and Filing</p> <p>After announcing and filing the transaction in accordance to the provisions, provided that one of the following conditions exist, the</p>	<p>Procedures of Announcement and Filing</p> <p>After announcing and filing the transaction in accordance to the provisions, provided that one of the following conditions exist, the</p>	Revise

	<p>Company shall announce and file the relevant data and information to the FSC's designated website <u>within two days since its occurrence</u>:</p> <p>(1)The executed relevant contracts of the original transaction have been changed, terminated or ceased.</p> <p>(2)Mergers, splits, acquisition or shares transference have not been completed in accordance to the anticipated timeframe set in the contracts.</p>	<p>Company shall announce and file the relevant data and information to the FSC's designated website <u>within two days commencing immediately from the date of occurrence of the event</u>:</p> <p>(1)The executed relevant contracts of the original transaction have been changed, terminated or ceased.</p> <p>(2)Mergers, splits, acquisition or shares transference have not been completed in accordance to the anticipated timeframe set in the contracts.</p> <p><u>(3)Change to the originally publicly announced and reported information.</u></p>	
7	<p>The Company shall obtain an appraisal report <u>in advance</u> for tangible asset or other fixed assets cost 20% of paid- in capital or more than NTD 300,000,000, unless transaction with government agency, structures built on own land, structure build on rent land, or operational purpose machinery or equipment. Also the follow requirements shall also be followed:</p> <ol style="list-style-type: none"> 1. Omit 2. Omit 3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the 	<p>The Company shall obtain an appraisal report <u>prior to the date of occurrence of the event</u> for tangible asset or other fixed assets cost 20% of paid- in capital or more than NTD 300,000,000, unless transaction with government agency, structures built on own land, structure build on rent land, or operational purpose machinery or equipment. Also the follow requirements shall also be followed:</p> <ol style="list-style-type: none"> 1. Omit 2. Omit 3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, <u>unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount,</u> a certified public accountant shall be engaged to perform the appraisal in accordance with the 	Revise

	<p>transaction price:</p> <p>(1) Variation of the appraisal result and the transaction amount is more than 20%</p> <p>(2) Variation of the 2 appraisal result is 10% or more than the transaction amount.</p> <p>4. Where an appraisal is conducted before a contract execution date, no more than three months may pass between the date of the appraisal report and the contract execution date. Where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>provisions of Statement of Auditing Standards No. 20 published by the ARDF and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) Variation of the appraisal result and the transaction amount is more than 20%</p> <p>(2) Variation of the 2 appraisal result is 10% or more than the transaction amount.</p> <p>4. Professional appraiser, no more than three months may pass between the date of the appraisal report and the contract execution date. Where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	
8	<p>Before investing or selling any securities, current audited financial statements of the target securities should be obtained and analyzed to evaluate the transaction price. Transaction amount exceeding 20% of the paid-in capital or NTD 300,000,000 should have accountant's analysis. Securities trades in active market or price by Financial Supervisory Commission do not required the procedure above.</p>	<p>Before investing or selling any securities, current audited financial statements of the target securities should be obtained and analyzed to evaluate the transaction price prior to the date of occurrence of the event. Transaction amount exceeding 20% of the paid-in capital or NTD 300,000,000 should have accountant's analysis prior to the date of occurrence of the event. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. Securities trades in active market or price by Financial Supervisory Commission do not required the procedure above.</p>	Revise

9	In acquiring or disposing membership certificate or intangible assets by a public company, and the transaction amount exceeding 20% of the Company's paid-in capital or NT\$300,000,000, an accountant shall be retained to express opinions on the reasonableness of the transaction price and the accountant shall handle the matter pursuant to the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	In acquiring or disposing membership certificate or intangible assets by a public company, and the transaction amount exceeding 20% of the Company's paid-in capital or NT\$300,000,000, an accountant shall be retained <u>prior to the date of occurrence of the event</u> to express opinions on the reasonableness of the transaction price and the accountant shall handle the matter pursuant to the provisions of Statement of Auditing Standards No. 20 published by the ARDF. <u>The calculation of the transaction amounts referred to in the preceding two articles and this article shall be done in accordance with Article 5, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</u>	Revise
12	1. The Company <u>acquires asset through purchase or exchange from related parties</u> , the transaction shall be made in accordance with relevant resolution and evaluate the reasonableness of the transaction terms.	1. The Company acquires <u>or dispose</u> asset from related parties, the transaction shall be made in accordance with relevant resolution and evaluate the reasonableness of the transaction terms, <u>if the transaction amount reaches 10% or more of the Company's total assets, the Company should also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the procedure.</u> <u>The calculation of the transaction amount referred to in the preceding paragraph should be made in accordance with Article 9 herein.</u> <u>When judging whether a trading counterparty is a related party, in addition to legal formalities, the</u>	Revise

	<p>2. When the Company intends to acquire real property from or to a related party, the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p>(1) Reasons, necessity and the anticipated benefit of real estate purchase</p> <p>(2) Omit</p> <p>(3) Relevant information for evaluating the reasonableness of the anticipated transaction conditions pursuant to the related provisions</p> <p>(4) Omit</p> <p>(5) Omit</p> <p>(6) Conditions and other important agreed items of the transaction</p>	<p>substance of the relationship shall also be considered.</p> <p>2. When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2) Omit</p> <p>(3) With respect to the acquisition of real property from a related party, relevant information for evaluating the reasonableness of the anticipated transaction conditions pursuant to the related provisions</p> <p>(4) Omit</p> <p>(5) Omit</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>(7) Conditions and other important agreed items of the transaction</p> <p>The calculation of the transaction amounts referred to in the preceding</p>	
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paragraph shall be made in accordance with Article 5, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.

With respect to the acquisition or disposal of business-use machinery and equipment between a the Company and its parent or subsidiaries, the company's board of directors may delegate the chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.

3. When the Company acquires fixed assets from related parties, the reasonableness of transaction cost should be evaluated in accordance with the following methods: Where the land and the buildings on the property are combined for the purchase, the cost of the transaction may be reached by respectively evaluating such land and building based on either method described above.

- (1) Omit
- (2) Omit

3. When the Company acquires fixed assets from related parties, the reasonableness of transaction cost should be evaluated in accordance with the following methods: Where the land and the buildings on the property are combined for the purchase, the cost of the transaction may be reached by respectively evaluating such land and building based on either method described above, and should also engage a CPA to check the appraisal and render a specific opinion.

- (1) Omit
- (2) Omit

<p>4. When the Company acquires real property from related parties, the reasonableness of transaction cost should be evaluated in accordance with the following methods. In any of the following event, the Company shall consult the public accountant for his concrete opinion.</p> <p>(1) Omit (2) Omit (3) Omit</p> <p>5. If the outcome evaluation according to the section 6 of this article is lower than the transaction price, the section 6 of Article 12 shall apply with the exception of the following circumstances which is accompanied with objective evidence and concrete opinions of the appraiser and public accountant.</p> <p>(1) Omit (2) Omit (3) Omit</p> <p>6. Omit</p> <p>The special reserve appropriated shall be used only when the loss of price fall of the assets bought at high price has been acknowledged, the assets disposed, original state restored, or there exist any other evidence to ensure the reasonableness and when the FSC has approved it.</p> <p>If there exists evidence showing that the transaction of the Company to acquire real estate from related parties is not conformity with the business practice, the preceding two sections shall govern.</p> <p>If the Company has established the Independent Director(s), the</p>	<p>4. Where the Company acquires real property from related parties and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 2 and the preceding three paragraphs do not apply:</p> <p>(1) Omit (2) Omit (3) Omit</p> <p>5. If the outcome evaluation according to the paragraph (1), (2) of section 3 of this article is lower than the transaction price, the section 6 of Article 12 shall apply with the exception of the following circumstances which is accompanied with objective evidence and concrete opinions of the appraiser and public accountant.</p> <p>(1) Omit (2) Omit (3) Omit</p> <p>6. Omit</p> <p>The special reserve appropriated shall be used only when the loss of price fall of the assets bought at high price has been acknowledged, the assets disposed, original state restored, or there exist any other evidence to ensure the reasonableness and when the FSC has approved it.</p> <p>If there exists evidence showing that the transaction of the Company to acquire real estate from related parties is not conformity with the business practice, the preceding two sections shall govern.</p>
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	<p><u>dissenting or qualified opinions from the Independent Director(s) of the Company on the matters submitted to the Board of Directors for discussion in accordance with the previous paragraph of this Article shall be placed on record in the meeting minutes of the Board of Directors meeting.</u></p> <p><u>If the Company has audit committee, a matter that shall be recognized by the Supervisors pursuant to Paragraph 1 of this Article shall be approved by the audit committee with the consent of one-half or more than one-half of all members of such audit committee and then be submitted to the Board of Directors for approval. If the aforesaid matter has not been approved with the consent of one-half or more than one-half of all members of the audit committee, the matter may be undertaken upon the consent of at least two-thirds of all members of the Board of Directors, but the resolution adopted by the audit committee shall be recorded in the meeting minutes of the Board of Directors meeting.</u></p> <p><u>The Audit Committee members and the boards of directors in preceding paragraph will only calculate the members in present position.</u></p>	
13	<p>1. Prior to convening the board of directors to resolve on the matter, the Company shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for approval. °</p> <p>2. Omit</p> <p>3. Omit</p> <p>4. Omit</p>	<p>Prior to convening the board of directors to resolve on the matter, the Company shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for approval.</p> <p>Revise</p>

	5. Omit 6. Omit		
14	<p>Article 13</p> <p>1. Omit</p> <p>2. The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, spin-off, or acquisition prior to the shareholders meeting and include it along with the expert opinion when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, spin-off, or acquisition</p> <p>If a provision of another act exempts a company from convening a shareholders meeting to approve the merger, spin-off, or acquisition, this restriction shall not apply.</p> <p>Where the shareholders meeting fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies shall immediately publicly explain the reason, the follow-up operations, and the preliminary date of the next shareholders meeting.</p> <p>3. Omit</p> <p>4. Omit</p> <p>5. Omit</p> <p>6. Omit</p>	<p>Article 14</p> <p>The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, spin-off, or acquisition prior to the shareholders meeting and include it along with the expert opinion when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, spin-off, or acquisition</p> <p>If a provision of another act exempts a company from convening a shareholders meeting to approve the merger, spin-off, or acquisition, this restriction shall not apply.</p> <p>Where the shareholders meeting fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies shall immediately publicly explain the reason, the follow-up operations, and the preliminary date of the next shareholders meeting.</p>	Revise& adjust order
15	<p>Article 13</p> <p>1. Omit</p> <p>2. Omit</p> <p>3. The Company shall convene a board of directors meeting and</p>	<p>Article 15</p> <p>The Company shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters</p>	Revise& adjust order

	<p>shareholders meeting on the day of the transaction to resolve matters relevant to the merger, spin-off, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>4. Omit</p> <p>5. Omit</p> <p>6. Omit</p>	<p>relevant to the merger, spin-off, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>The contract for participation by the Company in a merger, spin-off, acquisition, or transfer of shares shall record the rights and obligations of the companies participating in the merger, spin-off, acquisition, or transfer of shares.</p> <p>The Company shall prepare the following information in written record and retain it for 5 years for check.</p> <ol style="list-style-type: none"> 1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, split, acquisition, or transfer of another company's shares prior to disclosure of the information. 2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting. 3. Important documents and minutes: Including merger, spin-off, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings. <p>The Company shall, within two days</p>	
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		<p>commencing immediately from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.</p> <p>If the opposite party of the transaction of merger, spin-off, acquisition or shares transfer in which the Company participates is not a listed company or an over-the-counter-listed company, the Company shall enter into an agreement with such party and shall comply with the preceding paragraph 3, 4 of this Article.</p>	
16	<p>Article 13</p> <ol style="list-style-type: none"> 1. Omit 2. Omit 3. Omit 4. Every person participating in or privy to the plan for merger, spin-off, acquisition, or transfer of shares shall sign confidentiality agreement and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other security of any Company related to the plan for merger, spin-off, acquisition, or transfer of shares. 5. Omit 6. Omit 	<p>Article 16</p> <p>Every person participating in or privy to the plan for merger, spin-off, acquisition, or transfer of shares shall sign confidentiality agreement and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other security of any Company related to the plan for merger, spin-off, acquisition, or transfer of shares.</p>	Adjust order
17	<p>Article 13</p> <ol style="list-style-type: none"> 1. Omit 2. Omit 3. Omit 	<p>Article 17</p> <p>The Company participating in a merger, spin-off, acquisition, or transfer of shares may not arbitrarily</p>	Revise& adjust order

	<p>4. Omit</p> <p>5. The Company participating in a merger, spin-off, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless the following circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, spin-off, acquisition, or transfer of shares:</p> <p>(1) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.</p> <p>(2) An action, such as a disposal of major assets, which affects the Company's financial operations.</p> <p>(3) An event, such as a major disaster or major change in technology, which affects shareholder equity or share price.</p> <p>(4) An adjustment where any of the companies participating in the merger, spin-off, acquisition, or transfer of shares from another company, buys back treasury stock.</p> <p>(5) An increase or decrease in the number of entities or companies participating in the merger, spin-off, acquisition, or transfer of shares.</p> <p>(6) Other terms/conditions that the contract stipulates may be altered and that have</p>	<p>alter the share exchange ratio or acquisition price unless the following circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, spin-off, acquisition, or transfer of shares:</p> <p>1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.</p> <p>2. An action, such as a disposal of major assets, which affects the Company's financial operations.</p> <p>3. An event, such as a major disaster or major change in technology, which affects shareholder equity or share price.</p> <p>4. An adjustment where any of the companies participating in the merger, spin-off, acquisition, or transfer of shares from another company, buys back treasury stock.</p> <p>5. An increase or decrease in the number of entities or companies participating in the merger, spin-off, acquisition, or transfer of shares.</p> <p>6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.</p>	
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	been publicly disclosed.		
18		<p><u>The contract for participation in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:</u></p> <ol style="list-style-type: none"> <u>1. Handling of breach of contract.</u> <u>2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.</u> <u>3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.</u> <u>4. The manner of handling changes in the number of participating entities or companies.</u> <u>5. Preliminary progress schedule for plan execution, and anticipated completion date.</u> <u>6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.</u> 	Add
19		<p><u>After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another</u></p>	Add

		<u>company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.</u>	
20		<u>Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company should sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 15, Article 16, and Article 19.</u>	Add
21	<p>Article <u>14</u></p> <p>Acquisition or disposal of assets by the Company's subsidiary shall obey as follows:</p> <ol style="list-style-type: none"> 1. The Company's subsidiary shall follow the Procedures when acquiring or disposing of assets. 2. Omit 3. "Reaching 20% of paid-in capital" specified in the regulatory of subsidiary reporting and public announcements criteria shall be the paid-in capital of the parent Company. 4. Omit 	<p>Acquisition or disposal of assets by the Company's subsidiary shall obey as follows:</p> <ol style="list-style-type: none"> 1. The Company's subsidiary shall <u>adopt and implement the procedures for the acquisition or disposal of assets in compliance with these Procedures.</u> 2. Omit 3. "Reaching 20% of paid-in capital <u>or 10% of total assets</u>" specified in the regulatory of subsidiary reporting and public announcements criteria shall be the paid-in capital <u>or total assets</u> of the parent Company. 4. Omit 	Revise

22		The Company should comply with Derivative Instruments Transactions Procedure when engaging in derivatives trading.	Add
23	Article 15~17	Article 23~25	Adjust order
25	<p>After the Procedures are approved by the Board of Directors, the Procedures shall be submitted to the Supervisors, and ratified by the Shareholders Meeting. Any amendment is subject to the same procedure. Any written objection or statement from Directors of the Board shall be submitted to the Supervisors.</p> <p>If the Company has Independent Directors, the opinions of each independent director shall be given adequate consideration, and their consenting or dissenting opinions and the reasons for them shall be entered into the minutes of the board of directors meeting.</p> <p>Omit</p>	<p>After the Procedures are approved by the Board of Directors, the Procedures shall be submitted to the Supervisors, and ratified by the Shareholders Meeting. Any amendment is subject to the same procedure. Any written objection or statement from Directors of the Board shall be submitted to the Supervisors.</p> <p>The opinions of each independent director shall be given adequate consideration, and their consenting or dissenting opinions and the reasons for them shall be entered into the minutes of the board of directors meeting.</p> <p>Omit</p>	Revise
26	<p>Article 18</p> <p>The Procedures were enacted on May 29, 1990st</p> <p>The 1st amendment was made on April 26, 1996nd</p> <p>The 2nd amendment was made on November 24, 1998rd</p> <p>The 3rd amendment was made on March 19, 1999th</p> <p>The 4th amendment was made on December 22, 1999th</p> <p>The 5th amendment was made on January 28, 2000th</p> <p>The 6th amendment was made on August 18, 2000th</p> <p>The 7th amendment was made on October 13, 2000th</p> <p>The 8th amendment was made on March 25, 2002</p>	<p>The Procedures were enacted on May 29, 1990st</p> <p>The 1st amendment was made on April 26, 1996nd</p> <p>The 2nd amendment was made on November 24, 1998rd</p> <p>The 3rd amendment was made on March 19, 1999th</p> <p>The 4th amendment was made on December 22, 1999th</p> <p>The 5th amendment was made on January 28, 2000th</p> <p>The 6th amendment was made on August 18, 2000th</p> <p>The 7th amendment was made on October 13, 2000th</p> <p>The 8th amendment was made on March 25, 2002</p>	Add amendment date

	<p>The 9th amendment was made on September 10, 2002</p> <p>The 10th amendment was made on June 13, 2003</p> <p>The 11th amendment was made on June 8, 2006</p> <p>The 12th amendment was made on June 21, 2007</p> <p>The 13th amendment was made on June 17, 2011</p>	<p>The 9th amendment was made on September 10, 2002</p> <p>The 10th amendment was made on June 13, 2003</p> <p>The 11th amendment was made on June 8, 2006</p> <p>The 12th amendment was made on June 21, 2007</p> <p>The 13th amendment was made on June 17, 2011</p> <p>The 14th amendment was made on June 27, 2012</p>	
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Attachment

Sino-American Silicon Products Inc.

Procedures for Lending Funds to Other parties Comparison Chart

Article	Before	After	Remark
3	<p>The total loan amount to others shall not exceed the 40% of the net worth of the Company. It should be varied according to the situations as follows.</p> <p>1 The total amount for lending to a company/firm having business relationship with the Company shall not exceed the 40% of the net worth of the Company. The amount lent to a single recipient may not exceed the amount of the business transacted between the two parties in the most recent year. The transaction amount shall mean the sales or purchasing amount between the parties, whichever is higher.</p> <p>2 The total amount for lending to a company/firm for funding for a short-term period shall not exceed the <u>twenty percent(20%)</u> of the net worth of the Company. The amount lent to a single recipient shall not exceed the <u>twenty percent (20%)</u> of the net worth of the Company.</p> <p>The total amount for fund-lending between the subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company will not be subject to the limit of forty percent (40%) of the net worth of the lending subsidiary.</p>	<p>The total loan amount to others shall not exceed the 40% of the net worth of the Company. It should be varied according to the situations as follows.</p> <p>1 The total amount for lending to a company/firm having business relationship with the Company shall not exceed the 40% of the net worth of the Company. The amount lent to a single recipient may not exceed the amount of the business transacted between the two parties in the most recent year. The transaction amount shall mean the sales or purchasing amount between the parties, whichever is higher.</p> <p>2 The total amount for lending to a company/firm for funding for a short-term period shall not exceed the <u>forty percent(40%)</u> of the net worth of the Company. The amount lent to a single recipient shall not exceed the <u>ten percent (10%)</u> of the net worth of the Company.</p> <p>The total amount for fund-lending between the subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company will not be subject to the limit of forty percent (40%) of the net worth of the lending subsidiary.</p>	Revise

11	<p>The Procedure was enacted on May 29, 1990</p> <p>The 1st amendment was made on March 19, 1999</p> <p>The 2nd amendment was made on December 22, 1999</p> <p>The 3rd amendment was made on March 25, 2002</p> <p>The 4th amendment was made on June 13, 2003</p> <p>The 5th amendment was made on June 19, 2008</p> <p>The 6th amendment was made on June 3, 2009</p> <p>The 7th amendment was made on June 15, 2010</p>	<p>The Procedure was enacted on May 29, 1990</p> <p>The 1st amendment was made on March 19, 1999</p> <p>The 2nd amendment was made on December 22, 1999</p> <p>The 3rd amendment was made on March 25, 2002</p> <p>The 4th amendment was made on June 13, 2003</p> <p>The 5th amendment was made on June 19, 2008</p> <p>The 6th amendment was made on June 3, 2009</p> <p>The 7th amendment was made on June 15, 2010</p> <p><u>The 8th amendment was made on June 27, 2012</u></p>	Add amendment date
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