



**Sino-American Silicon Products Inc.**

## **2013 Annual General Shareholders' Meeting**

### **Meeting Handbook**

Time: June 25, 2013

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

(Science Park Life Hub/ Darwin Hall)

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**Sino-American Silicon Products Inc.**  
**2013 Annual General Shareholders' Meeting Procedure**

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

**Sino-American Silicon Products Inc.**  
**2013 Annual General Shareholders' Meeting Agenda**

Time: 9:00 a.m., Tuesday, June 25, 2013

Place: 2F, No. 1. Industrial East Road 2. Science-Based Industrial Park, Hsinchu

(Science Park Life Hub/Darwin Hall)

1. Call Meeting to Order
2. Chairman's Address
3. Report Items
  - a. The business of 2012
  - b. Supervisors' review report
  - c. 2012 execution status of endorsement and guarantee
  - d. FY 2010, FY 2011 and FY 2012 implementation of rights issue
  - e. Retained earnings and special reserve adjustment by adopting IFRSs
  - f. Amendment of Rules for Share Repurchase and Transfer to Employees
  - g. Execution of second repurchase of treasury stock
4. Approval Items
  - a. To accept FY 2012 business report and financial statements
  - b. To approve the proposal for distribution of 2012 loss
5. Discussion Items
  - a. To revise Articles of Incorporation
  - b. To revise Procedures for Lending Funds to Other Parties
  - c. To revise Procedures for Endorsement and Guarantee
  - d. To revise Policies and Procedures for Financial Derivatives Transactions
  - e. To merge Sinosolar Corp.
  - f. To release directors from obligation of non-competition
6. Supplementary Motions
7. Meeting Adjourned

## Report Items

**Item 1** Fiscal 2012 Business Report submitted for review.

Description: Please refer to the Fiscal 2012 Business Report on page 10 of this handbook.

**Item 2** Supervisors Audit Report submitted for review.

Description: Please refer to the Supervisors' Audit Report on page 14 of this handbook.

**Item 3** Endorsement and Guarantee Execution Report

Description: The accumulated amount of endorsement/guarantee for GlobalWafers Japan 、GlobiTech Incorporated and GWafers Inc. by the Company are NT\$182,576,000, NT\$ 698,851,000 and NT\$1,300,000,000 respectively in FY 2012.

**Item 4** Report on FY 2010 , FY 2011 and FY 2012 implementation of capital increase

Description: (1) Please refer to the details of implementing 61 million shares capital increase (issuing price - US\$2.9048 per share) on FY 2010 on page 32 of this handbook.  
(2) Please refer to the details of implementing 20 million shares capital increase (issuing price - NT\$47 per share) on FY 2011 on page 34 of this handbook.  
(3) Please refer to the details of implementing 80 million shares capital increase (issuing price - NT\$43.27 per share) on FY 2012 on page 35 of this handbook.

**Item 5** Retained earnings and special reserve adjustment by adopting IFRSs  
Description: Report in accordance with Letter No. Taiwan Finance Securities-FA-1010012865 of the Securities and Futures Commission, Ministry of Finance  
(1) By adopting IFRSs, retained earning as of 2012.1.1(record date) is increased to NTD\$102,349,086, accumulative loss as of 2013.1.1 is NTD\$119,881,584.  
(2) According to Letter No. Taiwan Finance Securities-FA-1010012865 of the Securities and Futures Commission, Ministry of Finance, SAS belongs to IFRS Exemption item 1, thus reserve NTD\$ 102,349,086 to retained earning from cumulative translation adjustment of shareholders' equity.

**Item 6** Amendment of Rules for Share Repurchase and Transfer to Employees  
Description: SAS BOD has resolved to approve treasury stock on 2012.11.8 and submitted application to FSC on 2012.11.9. SAS amended "Rules for Share Repurchase and Transfer to Employees" according to authority's request. Please refer to the comparison chart on page 36 of this handbook.

**Item 7** Execution of second repurchase of treasury stock  
Description: Please refer to Execution of second repurchase of treasury stock on page 38 of this handbook.

## Approval Items

### Item 1

(Proposed by the Boards of Directors)

Proposal: To accept FY 2012 business report and financial statements

Description:

- (1) SAS' 2012 Standalone and Consolidated Financial Statements were audited by KPMG CPAs, Tseng, Mei-Yu, and Chen, Chien-Chen. The aforementioned and FY 2011 business report have been approved by BOD and Supervisors.
- (2) Please refer to the 2011 Business Report and the Financial Statements on page 17 of this handbook.
- (3) Approval requested.

Resolution:

### Item 2

(Proposed by the Boards of Directors)

Proposal: To approve the proposal for distribution of 2012 loss

Description:

- (1) The unappropriated earning at the beginning is NTD\$ 989,391,830, added with 2012 net income NTD\$ 2,367,951,576, loss to be offset is NTD\$ 1,378,559,746, after offset loss with appropriated R/E NTD\$ 604,810,272 and legal reserve NTD\$ 773,749,474, the accumulated loss is NTD\$ 0.
- (2) Please refer to distribution of 2012 loss on page 39 of this handbook.
- (3) Approval requested.

Resolution:

## 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 40 of this handbook.
- (3) Resolution requested.

Resolution:

### Item 2

(Proposed by the Boards of Directors)

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

Description:

- (1) A partial amendment to the 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 42 of this handbook.
- (3) Resolution requested.

Resolution:

### Item 3

(Proposed by the Boards of Directors)

Proposal: Procedures for Endorsement and Guarantee revision, submitted for discussion.

Description:

- (1) A partial amendment to Procedures for Endorsement and Guarantee is proposed in response to the regulation amendment and business needs of the Company.
- (2) Comparison Chart of Procedures for Endorsement and Guarantee please refer to page 46 of this handbook.
- (3) Resolution requested.

Resolution:



**Item 4**

(Proposed by the Boards of Directors)

Proposal: Policies and Procedures for Financial Derivatives Transactions revision, submitted for discussion.

Description:

- (1) A partial amendment to Policies and Procedures for Financial Derivatives Transactions is proposed in response to the regulation amendment and business needs of the Company.
- (2) Comparison Chart of Policies and Procedures for Financial Derivatives Transactions please refer to page 50 of this handbook.
- (3) Resolution requested.

Resolution:

**Item 5**

(Proposed by the Boards of Directors)

Proposal: The Company proposes to merge Sinosolar Corp. in cash, submitted for discussion.

Description:

- (1) In order to integrate resources and expand the operating scale of the Company's solar business so as to improve performance and strengthen competitiveness, the Company proposes to merge Sinosolar Corp. (hereinafter referred to as the merger). The Company is the existing company and Sinosolar Corp. is the extinguished company. After the merger, the company plans remain as Sino-American Products Inc.
- (2) The Company proposes to pay NT\$7.05 per share in cash to shareholders of Sinosolar Corp. after the merger be resolved by two sides' Board of Directors and general shareholders' meeting and, if necessary to obtain the relevant competent authority's approval. If needed to adjust the merger price, general shareholders' meeting will authorize the Board to do the adjustments according to the price adjustment grounds set out in the merger agreement. According to merger price evaluation and relevant rights and obligations, please refer to page 55 of this handbook. – Merger Fairness Report and please refer to page 53 of this handbook. – Merger Agreement.
- (3) The Capital of Sinosolar Corp. is NT\$ 1,976,529,600, 197,652,960 shares. So far, the Company held a total of 82,779,408 shares of Sinosolar Corp., accounting for 41.88% of the share capital. After merger this part of our holdings will be free of charge eliminated, the remaining shareholders together hold in the Sinosolar Corp. 114,873,552 shares will get NT\$7.05 in cash per share. It is expected that the total cash paid for the merger is round down to NT\$809,858,542, the actual amount of the cash

payment will depend on the actually issued shares of Sinosolar Corp. in the merger closing day.

- (4) The merger closing date is tentatively scheduled on Aug 1, 2013. If the permission or approval of the competent authorities could not be received before the tentative merger closing day or due to other circumstances that either party consider changing the merger closing date is necessary, both companies' boards of directors will negotiate the resolution.
- (5) The Chairman and/or its designated person is authorized behalf of the Company to negotiate and sign the merger agreement and all other relevant contract and/or documents. In case of any matter unresolved, or in case of administrative guidance of competent authority or the promulgation of relevant laws, or in case of need to change due to actual circumstances, it is proposed that the shareholders' meeting authorizes the board to deal with it will full authorization.
- (6) Resolution requested.

Resolution:

#### **Item 6**

(Proposed by the Boards of Directors)

Proposal: To release directors from obligation of non-competition, submitted for discussion.

Description:

- (1) Article 209 of Company Act: A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- (2) Since the directors of the Company invest in or run other companies whose business scale are identical or similar to the Company, based on operation necessities, we submit to shareholders' meeting for approval to release the directors from obligation of non-competition.
- (3) Release list and competition status of directors please refer to page 66 of this handbook.
- (4) Resolution requested.

Resolution:

**Supplementary Motions**

**Meeting Adjourned**

## Attachment 1

### Sino-American Silicon Products Inc.

#### Fiscal 2012 Business Report

Dear shareholders,

Thank you for joining SAS annual general shareholder meeting, we deeply appreciate your support.

In 2012, though solar industry suffered from economic recession and oversupply, with help of SAS' restless dedication and contribution of semiconductor business, we manage to minimize loss and survive. SAS' consolidated revenue for 2012 was NT\$19.08 billion; YoY is 8.78%; net loss is NT\$2.36 billion, EPS is NTD\$ -4.9. Please refer below for operation performance and guideline, future plan, influences of competition, regulation and economic.

#### A. Operation Performance in 2012

##### 1. Operation Performance

Unit : NTD\$ thousands

Item \ Year	2012	2011	Change (%)
Operating Revenue	19,089,330	17,549,063	8.78%
Operating Costs	18,188,222	15,813,764	15.02%
Gross Profit from Operations	901,108	1,735,299	-48.07%
Operating Expenses	2,113,712	980,650	115.54%
Operating Income	(1,212,604)	754,649	-260.68%
Income before Income Tax	(2,682,037)	562,344	-576.94%
Net Income	(2,360,471)	428,706	-650.60%

2012 is tough for solar industry devastated by European sovereign-debt crisis, subsidy reduction and excessive capacity, and has been suffered from recession. SAS strictly monitors inventory, lowers activation to minimize cost and devotes in high conversion technology to increase product value and strengthen capital structure. With the aid of reinvestment, GlobalWafers has contributed NTD\$ 14 billion, occupying group revenue by over 70%. Sino Sapphire has merged with crystalwise technology and SAS is the largest shareholder with 43% of shareholding.

2. Budget Implementation : No financial forecast for 2012

3. Profitability Analysis

Item		2012	2011
Capital structure analysis	Debt ratio (%)	51	36
	Long-term funds to fixed assets (%)	122	180
Return on investment analysis	Rate of return on assets (%)	(5.09)	1.37
	Rate of return on stock equity (%)	(12.51)	2.29
	Operating income to capital (%)	(23.18)	17.03
	Income before tax to capital	(51.27)	12.69
	Net income to sales (%)	(12.37)	2.44
	Earnings per share (NTD)	(4.9)	1.02

4. Financial structure

2012 revenue is NTD\$ 19,089,330,000; operation cost is NTD\$18,188,222,000; operation expense is NTD\$ 2,113,712,000. Other income is NTD\$ 129,960,000, other loss is NTD\$ 1,599,393,000; net income before tax is NTD\$ 2,682,037,000; tax benefit is NTD\$ 321,566,000; financial structure is healthy.

5. Research & Development Status

1) 2012 Research & Development Expenditure

Unit : NTD\$ thousands

Item /Year	2012	2011
Research and Development Expenses	799,685	550,546
Net Revenue	19,089,330	17,549,063
%	4.19	3.14

2) Research & Development Achievement in 2011

Our technology / product

- (1) Anti-reflection nanometer black wafer
- (2) High efficiency/ low oxygen multi-crystal growth
- (3) Hot zone design and simulation for low consumption crystal growth
- (4) Oxygen monitoring in magnet field technology
- (5) Wafer delicate slicing

(6) Recycle of slurry and solvent

3) Future Plan

- (1) A5<sup>+</sup> solar multi-crystal growth
- (2) Nanometer wafering
- (3) SiC recycle from linear slicing slurry
- (4) PAG solvent recycle from linear slicing slurry
- (5) Oxygen monitoring in magnet field in horizon puller

B. 2013 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.
  - 4) Via vertical integration to seize terminal market and strength connections with customers; explore high efficiency products with core technology
  - 5) Production flexibility to enhance competitively
2. Sales forecast : EU anti-dumping and anti-subsidy tariff imposition promise order bonanza for Taiwan. Recruitment will also increase activation.

C. Sales and Production Policy

- 1. Dedication in R &D to acquire leading technology and put into mass production. Provide customers with superior solar and semiconductor wafers so as to occupy in global market share.
- 2. Develop highest conversion efficiency multi-crystal wafer and put into mass production.
- 3. Endeavor in highest conversion efficiency crystal growth, aiming at the best wafer supplier.

#### D. Future Strategy

1. Elevate utilization and make the best of resources, synthesize 4"~12" capacity and technology of seven semiconductor sites located in Taiwan, America, China and Japan, aiming at penetrating into tier 1 companies.
2. Maintain long cooperation with suppliers, by controlling key ingredients to ensure constant supply and low cost.

#### E. Influences from Completion, Regulation and Economy

With new competitors and capacity, solar industry has suffered from excessive supply and dipping price/ In order to cope with the aforesaid difficulties, we carefully monitors market trend and insights, restlessly explore high value products and emphasizes protection on patent and intellectual property.

The company is optimistic for solar/semiconductor market, and sound believes in future operation. In solar business, EU trade war promises order bonanza for Taiwan; in semiconductor business, with seven production bases locating different continents, GlobalWafers, the subsidiary, efficiently seizes initiatives and contributes group revenue. The management team focus on our superiority and maximize strategic alliance, hoping to share our prosperous with shareholders.

Again, thank you very much for your support and encouragement. We wish you a healthy and prosperous life.

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

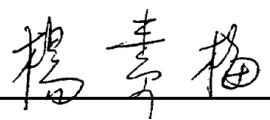
## Attachment 2

### Supervisors Audit Report

The Board of Directors has prepared the Company's 2012 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 Tseng, Mei-Yu, CPA, and Chen, Chien-Chen, 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 22, 2013



## Attachment 3

### 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, 2012 and 2011, 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 for the years ended December 31, 2012 and 2011, 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 is based solely on the reports of the other independent auditors insofar as it relates to the differences between acquisition cost and identifiable net assets, for which we have performed the required procedures and adjusted accordingly. The related long-term investment balances of NT\$12,839,360 thousand and NT\$4,754,368 thousand (45% and 16% of total assets) as of December 31, 2012 and 2011, respectively, and the investment income amounting to NT\$270,860 thousand and NT\$147,803 thousand (11% of loss before income taxes and 40% of income before income taxes) for the years ended December 31, 2012 and 2011, 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, 2012 and 2011, 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 Sino-American Silicon Products Inc. and subsidiaries as of and for the years ended December 31, 2012 and 2011, and have expressed an unqualified opinion with explanatory paragraph on such financial statements.

KPMG  
Hsinchu, Taiwan (the Republic of China)  
March 26, 2012

#### Note to Readers

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 review such financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

**Attachment 4****2012 Financial Statements****SINO-AMERICAN SILICON PRODUCTS INC.****Balance Sheets****December 31, 2012 and 2011****(Expressed in thousands of New Taiwan dollars)**

<b>Assets</b>	<b>2012</b>	<b>2011</b>
<b>Current assets:</b>		
Cash (note 4)	\$ 459,154	2,405,021
Financial assets at fair value through profit or loss (note 5)	-	43,922
Notes and accounts receivable, net (note 6)	209,663	358,735
Accounts receivable from related parties (note 16)	85	33,857
Other receivables – related parties	260,259	236,890
Loan to related parties (note 16)	-	233,820
Other financial assets – current	2,442	2,402
Inventories, net (note 7)	339,722	635,537
Prepayments for materials (note 18)	856,133	1,105,123
Deferred income tax assets – current (note 14)	15,998	10,061
Other current assets (note 5)	202,250	135,888
	<u>2,345,976</u>	<u>5,201,256</u>
<b>Long-term investments:</b>		
Equity-method investments (note 8)	17,004,311	11,705,708
Available-for-sale financial assets – non-current (note 5)	703,328	1,054,168
Financial assets carried at cost – non-current (notes 5 and 15)	781,595	583,595
Other financial assets – non-current (note 17)	9,003	2,194
	<u>18,498,237</u>	<u>13,345,665</u>
<b>Property, plant and equipment (notes 16 and 17):</b>		
Buildings and improvements	2,514,436	2,406,402
Machinery and equipment	5,775,987	5,675,527
Other equipment	927,510	890,334
	<u>9,217,933</u>	<u>8,972,263</u>
Less: accumulated depreciation	(4,414,576)	(3,217,245)
Prepayments for equipment and construction in progress	46,848	278,988
	<u>4,850,205</u>	<u>6,034,006</u>
<b>Other assets:</b>		
Deferred charges and others (note 11)	34,923	3,878
Long-term account receivable from related parties (notes 5 and 16)	-	766,183
Deferred income tax assets – non-current (note 14)	136,338	84,519
Long-term prepayments for materials (note 18)	2,978,835	3,343,369
	<u>3,150,096</u>	<u>4,197,949</u>
<b>Total Assets</b>	<b>\$ <u>28,844,514</u></b>	<b><u>28,778,876</u></b>

**SINO-AMERICAN SILICON PRODUCTS INC.**

**Balance Sheets (continued)**

**December 31, 2012 and 2011**

**(Expressed in thousands of New Taiwan dollars)**

<b>Liabilities and Stockholders' Equity</b>	<b><u>2012</u></b>	<b><u>2011</u></b>
<b>Current liabilities:</b>		
Short-term borrowings (note 9)	\$ 300,000	100,000
Notes and accounts payable	395,005	479,143
Payable to related parties (note 16)	851	30,919
Other payables to related parties (note 16)	88,960	1,082,647
Payroll and bonus payable	43,926	136,323
Current portion of received in advance for sales (notes 16 and 18)	2,126,359	1,132,407
Current portion of long-term loans payable (notes 10 and 17)	1,584,329	1,995,000
Accrued expenses and other current liabilities	140,689	133,414
Onerous contracts provision (note 18)	-	-
	<u>266,616</u>	<u>-</u>
	<u>4,946,735</u>	<u>5,089,853</u>
<b>Long-term liabilities:</b>		
Long-term loans payable (notes 10 and 17)	<u>3,329,071</u>	<u>1,100,000</u>
<b>Other liabilities:</b>		
Other liabilities – other (notes 11 and 16)	23,272	23,633
Revenue received in advance for sales – non-current (notes 16 and 18)	<u>2,045,158</u>	<u>3,572,582</u>
	<u>2,068,430</u>	<u>3,596,215</u>
<b>Total liabilities</b>	<u>10,344,236</u>	<u>9,786,068</u>
<b>Stockholders' equity (notes 5 and 12):</b>		
Common stock	<u>5,231,191</u>	<u>4,431,191</u>
Capital surplus	<u>14,878,908</u>	<u>12,141,389</u>
Retained earnings:		
Legal reserve	987,717	944,846
Special reserve	604,810	-
Unappropriated earnings (accumulated deficits)	<u>(1,378,560)</u>	<u>2,080,192</u>
	<u>213,967</u>	<u>3,025,038</u>
Other stockholders' equity:		
Foreign currency translation adjustments	(459,621)	161,317
Unrecognized pension cost	-	(51)
Treasury stock	(256,695)	-
Unrealized gain (loss) on available-for-sale financial assets	<u>(1,107,472)</u>	<u>(766,076)</u>
	<u>(1,823,788)</u>	<u>(604,810)</u>
<b>Total stockholders' equity</b>	<u>18,550,278</u>	<u>18,992,808</u>
<b>Commitments and contingencies (notes 10, 16 and 18)</b>		
<b>Total Liabilities and Stockholders' Equity</b>	<b><u>\$ 28,844,514</u></b>	<b><u>28,778,876</u></b>

**SINO-AMERICAN SILICON PRODUCTS INC.**

**Statements of Income**

**Years ended December 31, 2012 and 2011**

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

	<u><b>2012</b></u>	<u><b>2011</b></u>
<b>Revenue</b> (note 16)	\$ 4,381,929	14,738,464
Less: sales returns and allowances	<u>13,572</u>	<u>129,892</u>
	4,368,357	14,608,572
Processing revenue and others	<u>5,213</u>	<u>219,996</u>
<b>Net revenue</b>	4,373,570	14,828,568
<b>Cost of goods sold</b> (notes 7 and 16)	<u>6,309,596</u>	<u>14,027,109</u>
<b>Gross profit</b>	<u>(1,936,026)</u>	<u>801,459</u>
<b>Operating expenses</b> (note 16):		
Selling	15,580	58,582
General and administrative	81,367	127,959
Research and development	<u>188,386</u>	<u>381,960</u>
	<u>258,333</u>	<u>568,501</u>
<b>Operating income</b>	<u>(2,221,359)</u>	<u>232,958</u>
<b>Non-operating income and gains:</b>		
Interest income	6,961	15,421
Dividend income	10,474	10,947
Government grants	12,547	23,211
Gain on disposal of investments	61,507	6,979
Foreign exchange gain, net	-	42,278
Unrealized gain on valuation of financial assets (note 5)	-	43,922
Other income (note 16)	<u>40,041</u>	<u>52,476</u>
	<u>131,530</u>	<u>195,234</u>
<b>Non-operating expenses and losses:</b>		
Interest expense	192,223	55,660
Investment loss recognized by equity method (note 8)	82,785	3,724
Foreign exchange loss, net	137,542	-
Impairment loss on financial assets (note 5)	<u>6,407</u>	<u>-</u>
	<u>418,957</u>	<u>59,384</u>
<b>Income (loss) before income taxes</b>	<u>(2,508,786)</u>	<u>368,808</u>
<b>Income tax benefit</b> (note 14)	<u>140,834</u>	<u>(59,898)</u>
<b>Net income</b>	<u><u>\$ (2,367,952)</u></u>	<u><u>428,706</u></u>
	<b>Before Tax</b>	<b>After Tax</b>
<b>Earnings (loss) per share (in dollars)</b> (note 13)		
Basic (loss) earnings per share	\$ <u><u>(5.19)</u></u>	<u><u>(4.90)</u></u>
Diluted earnings per share		<u><u>0.88</u></u>
		<u><u>0.87</u></u>
		<u><u>1.02</u></u>
		<u><u>1.01</u></u>

**SINO-AMERICAN SILICON PRODUCTS INC.**  
**Statements of Changes in Stockholders' Equity**  
**Years ended December 31, 2012 and 2011**  
**(Expressed in thousands of New Taiwan dollars)**

					Retained earnings					
					Unappropriated earnings					
	Common stock	Capital surplus	Legal reserve	Special reserve	(accumulated deficit)	Foreign currency translation adjustments	Unrecognized pension cost	Unrealized gain (loss) on available-for-sale financial assets	Treasury stock	Total
<b>Balance at January 1, 2011</b>	\$ 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 issuance of stock from exercising employee stock options and from capital increase by cash reserved for employees	-	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
<b>Balance at December 31, 2011</b>	4,431,191	12,141,389	944,846	-	2,080,192	161,317	(51)	(766,076)	-	18,992,808
Appropriation of earnings:										
Legal reserve	-	-	42,871	-	(42,871)	-	-	-	-	-
Special reserve	-	-	-	604,810	(604,810)	-	-	-	-	-
Cash dividends	-	-	-	-	(443,119)	-	-	-	-	(443,119)
Issuance of common stock for cash	800,000	2,652,073	-	-	-	-	-	-	-	3,452,073
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	(341,396)	-	(341,396)
Compensation cost arising from issuance of stock from exercising employee stock options and from capital increase by cash reserved for employees	-	83,564	-	-	-	-	-	-	-	83,564
Foreign currency translation adjustments	-	-	-	-	-	(620,938)	-	-	-	(620,938)
Adjustment arising from changes in percentage of ownership in equity-method investees	-	1,882	-	-	-	-	-	-	-	1,882
Pension adjustment — unrecognized pension cost	-	-	-	-	-	-	51	-	-	51
Treasury stock acquired	-	-	-	-	-	-	-	-	(256,695)	(256,695)
Net loss for 2012	-	-	-	-	(2,367,952)	-	-	-	-	(2,367,952)
<b>Balance at December 31, 2012</b>	<u>\$ 5,231,191</u>	<u>14,878,908</u>	<u>987,717</u>	<u>604,810</u>	<u>(1,378,560)</u>	<u>459,621</u>	<u>-</u>	<u>(1,107,472)</u>	<u>(256,695)</u>	<u>18,500,278</u>

Note 1: Directors' and supervisors' remuneration and employee bonuses amounting to \$53,012 and \$397,590, respectively, were excluded from net income for 2010.

Note 2: There were no directors' and supervisors' remuneration and employee bonuses for 2011.

**SINO-AMERICAN SILICON PRODUCTS INC.**

**Statements of Cash Flows**  
**Years ended December 31, 2012 and 2011**  
**(Expressed in thousands of New Taiwan dollars)**

	<u>2012</u>	<u>2011</u>
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ (2,367,952)	428,706
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	1,199,958	1,373,907
Amortization	-	88
Provision for (reversal of) allowance for doubtful accounts	(5,857)	5,857
Provision for (reversal of) inventory obsolescence and devaluation loss	(15,281)	33,599
Investment loss recognized by equity method	82,785	3,724
Cash dividends received from equity-method investees	-	9,540
Cash dividends received from available-for-sale financial assets	-	76,419
Income on disposal of property, plant and equipment	-	(239)
Compensation cost arising from issuance of stock from exercising employee stock options and from capital increase by cash reserved for employees	83,563	43,698
Gain on disposal of equity-method investment	(61,507)	(6,979)
Unrealized loss (gain) on valuation of financial assets	43,922	(43,922)
Expense with no effect on cash flow	48,499	223,356
Change in operating assets and liabilities:		
Notes and accounts receivable	154,929	723,741
Notes and accounts receivable from related parties	243,954	(834,318)
Inventories	311,096	577,238
Prepayments for materials	613,524	(214,277)
Other financial assets – current	(40)	1,190
Deferred income tax assets – net	(47,858)	(206,505)
Other operation-related assets	(66,363)	(65,361)
Notes and accounts payable	(84,138)	(934,880)
Payable to related parties	(30,065)	(110,200)
Revenue received in advance	(533,472)	158,563
Accrued pension liabilities	168	2,066
Deferred credits	(478)	(25,804)
Other operation-related liabilities	162,031	(794,788)
<b>Net cash (used in) provided by operating activities</b>	<u>(268,582)</u>	<u>424,419</u>
<b>Cash flows from investing activities:</b>		
Acquisition of available-for-sale financial assets	-	(15,767)
Acquisition of equity-method investments	(5,322,240)	(837,000)
Acquisition of financial assets carried at cost	(198,000)	(579,660)
Proceeds from disposal of equity-method investments and available-for-sale financial assets	149,031	14,436
Acquisition of property, plant and equipment	(65,357)	(1,508,098)
Proceeds from disposal of property, plant and equipment	36,792	54,001
Other financial assets – non-current	(6,809)	650
Increase in deferred charges	(77,433)	-
<b>Net cash used in investing activities</b>	<u>(5,484,196)</u>	<u>(2,871,438)</u>

**SINO-AMERICAN SILICON PRODUCTS INC.**

**Statements of Cash Flows (continued)**

**Years ended December 31, 2012 and 2011**  
**(Expressed in thousands of New Taiwan dollars)**

	<u>2012</u>	<u>2011</u>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in other payables to related parties	(993,690)	290,163
Increase in short-term borrowings	200,000	100,000
Increase in long-term loans payable	8,635,000	680,000
Repayment of long-term loans payable	(6,816,600)	(1,354,000)
Payments of cash dividends	(443,119)	(2,010,661)
Issuance of common stock for cash	3,452,073	940,000
Treasury stock acquired	(226,753)	-
<b>Net cash provided by (used in) financing activities</b>	<u>3,806,911</u>	<u>(1,354,498)</u>
<b>Net increase (decrease) in cash</b>	(1,945,867)	(3,801,517)
<b>Cash at beginning of year</b>	<u>2,405,021</u>	<u>6,206,538</u>
<b>Cash at end of year</b>	<b>\$ <u>459,154</u></b>	<b>\$ <u>2,405,021</u></b>
<b>Supplemental disclosures of cash flow information:</b>		
Cash payments of interest (excluding interest capitalized)	<b>\$ <u>139,964</u></b>	<b>\$ <u>56,639</u></b>
Cash payments of income taxes	<b>\$ <u>77,127</u></b>	<b>\$ <u>475,165</u></b>
<b>Non-cash investing and financing activities:</b>		
Issuance of common stock to acquire available-for-sale financial asset	<b>\$ <u>-</u></b>	<b>\$ <u>1,851,892</u></b>
Current portion of long-term loans payable	<b>\$ <u>1,584,329</u></b>	<b>\$ <u>1,995,000</u></b>
Bonuses to employees – stock	<b>\$ <u>-</u></b>	<b>\$ <u>70,000</u></b>
Reclassification of financial assets carried at cost to long-term accounts receivable for related parties and equity-method investments	<b>\$ <u>-</u></b>	<b>\$ <u>1,477,714</u></b>
<b>Acquisition of property, plant and equipment:</b>		
Increase in property, plant and equipment	\$ 52,949	1,156,210
Changes in payables for equipment	<u>10,477</u>	<u>351,888</u>
	<b>\$ <u>63,426</u></b>	<b>\$ <u>1,508,098</u></b>
<b>Acquisition of equity-method investments:</b>		
Increase in equity-method investments	\$ 6,088,423	1,593,809
Other receivables – related parties – equity swaps	<u>(766,183)</u>	<u>(756,809)</u>
	<b>\$ <u>5,322,240</u></b>	<b>\$ <u>837,000</u></b>
<b>Treasury stock acquired</b>		
Increase in treasury stock	\$ 256,695	-
Changes in other current liabilities	<u>(29,942)</u>	<u>-</u>
	<b>\$ <u>226,753</u></b>	<b>\$ <u>-</u></b>



**SINO-AMERICAN SILICON PRODUCTS INC.**

**STATEMENTS OF CASH FLOWS (continued)**

**Years ended December 31, 2012 and 2011**  
**(Expressed in thousands of New Taiwan dollars)**

	<u>2012</u>	<u>2011</u>
<b>Assets and liabilities spun off to GlobalWafers and Sino Sapphire, and acquisition of equity-method investments</b>		
Notes and accounts receivable	\$ -	704,794
Other receivables – related parties	-	1,937,582
Inventories	-	450,368
Prepayments for materials	-	888,204
Deferred income tax assets – current	-	1,457
Other current assets	-	9,353
Long-term investments	-	3,952,393
Buildings and improvements	-	75,868
Machinery and equipment	-	684,553
Prepayment for equipment and construction in progress	-	256,665
Leasehold improvements	-	50,899
Deferred pension costs	-	26,538
Accounts payable	-	(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>\$ -</u>	<u><u>8,530,000</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, 2012 and 2011, 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 the subsidiaries GlobalWafers Japan Co., Ltd., for the year ended December 31, 2012, GlobiTech Incorporated for the years ended December 31, 2012 and 2011 and an equity method investee, Sunrise Global Solar Energy Corporation, for the years ended December 31, 2012 and 2011, 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 differences between acquisition cost and identifiable net assets, for which we have performed the required procedures and adjusted accordingly, is based solely on the reports of the other auditors. The amounts included for GlobiTech Incorporated, GlobalWafers Japan Co., Ltd., and Sunrise Global Solar Energy Corporation are based solely on the reports of the other auditors. The total assets of GlobiTech Incorporated and GlobalWafers Japan Co., Ltd. were NT\$18,470,221 thousand and NT\$3,040,610 thousand (48% and 10% of consolidated total assets) as of December 31, 2012 and 2011, respectively, and their total revenue was NT\$8,812,351 thousand and NT\$2,331,660 thousand (46% and 13% of consolidated total revenue) for the years ended December 31, 2012 and 2011, respectively. The related long-term investment balances of NT\$1,537,095 thousand and NT\$1,831,485 thousand as of December 31, 2012 and 2011, respectively, and the investment loss amounting to NT\$294,390 thousand and amounting to NT\$124,900 thousand in 2012 and 2011, 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 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, 2012 and 2011, 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 26, 2012

#### Note to Readers

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

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

# SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

## Consolidated Balance Sheets

December 31, 2012 and 2011

(Expressed in thousands of New Taiwan dollars)

<b>Assets</b>	<b>2012</b>	<b>2011</b>
<b>Current assets:</b>		
Cash (note 4)	\$ 2,113,385	4,532,226
Financial assets at fair value through profit or loss (note 5)	-	43,922
Notes and accounts receivable, net (note 6)	3,341,263	1,204,256
Accounts receivable from related parties (note 19)	106,442	98,099
Other financial assets – current (note 19)	180,112	14,237
Inventories, net (note 7)	3,505,342	1,335,313
Prepayments for materials (note 21)	1,994,095	1,335,910
Other current assets (note 17)	413,250	218,104
	<u>11,653,889</u>	<u>8,782,067</u>
<b>Long-term investments:</b>		
Equity-method investments (note 8)	1,545,124	1,839,581
Available-for-sale financial assets – non-current (note 5)	703,328	1,054,168
Financial assets carried at cost – non-current (note 5)	1,399,409	1,904,118
Other financial assets – non-current (note 20)	515,527	19,590
	<u>4,163,388</u>	<u>4,817,457</u>
<b>Property, plant and equipment (notes 9, 19 and 20):</b>		
Land	890,001	24,232
Buildings and improvements	14,694,484	4,691,409
Machinery and equipment	43,780,417	10,316,590
Other equipment	2,458,166	1,509,353
	<u>61,823,068</u>	<u>16,541,584</u>
Less: accumulated depreciation	(44,358,163)	(6,157,153)
Prepayments for equipment and construction in progress	588,265	754,762
	<u>18,053,170</u>	<u>11,139,193</u>
<b>Intangible assets (note 10):</b>		
Goodwill	622,507	647,385
Land use rights	9,247	9,759
	<u>631,754</u>	<u>657,144</u>
<b>Other assets:</b>		
Deferred charges and other assets (notes 14 and 17)	281,491	27,561
Long-term prepayments for materials (note 21)	3,552,092	4,003,448
	<u>3,833,583</u>	<u>4,031,009</u>
<b>Total Assets</b>	<b>\$ <u>38,335,784</u></b>	<b><u>29,426,870</u></b>

# SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

## Consolidated Balance Sheets (continued)

December 31, 2012 and 2011

(Expressed in thousands of New Taiwan dollars)

Liabilities and Stockholders' Equity	<u>2012</u>	<u>2011</u>
<b>Current liabilities:</b>		
Short-term borrowings (notes 11 and 20)	\$ 1,991,355	1,020,694
Notes and accounts payable	2,750,105	600,770
Payroll and bonus payable	595,189	225,562
Current portion of revenue received in advance for sales (notes 19 and 21)	2,147,637	1,232,513
Current portion of long-term loans payable (notes 12 and 20)	1,787,789	1,995,000
Accrued expenses and other current liabilities	549,930	470,778
Onerous contracts provision – current	884,478	-
	<u>10,706,483</u>	<u>5,545,317</u>
<b>Long-term liabilities:</b>		
Long-term loans payable (notes 12 and 20)	<u>3,329,071</u>	<u>1,100,000</u>
<b>Other liabilities:</b>		
Onerous contracts provision	1,980,453	-
Accrued pension liabilities (note 14)	1,290,696	42,877
Other liabilities – others (notes 9, 17 and 19)	228,945	173,286
Revenue received in advance for sales – non-current (notes 19 and 21)	2,045,158	3,572,582
	<u>5,545,252</u>	<u>3,788,745</u>
<b>Total liabilities</b>	<u>19,580,806</u>	<u>10,434,062</u>
<b>Stockholders' equity (notes 5 and 15):</b>		
Common stock	<u>5,231,191</u>	<u>4,431,191</u>
Capital surplus	<u>14,878,908</u>	<u>12,141,389</u>
Retained earnings:		
Legal reserve	987,717	944,846
Special reserve	604,810	-
Unappropriated earnings (accumulated deficits)	<u>(1,378,560)</u>	<u>2,080,192</u>
	<u>213,967</u>	<u>3,025,038</u>
Other stockholders' equity:		
Foreign currency translation adjustment	(459,621)	161,317
Unrecognized pension cost	-	(51)
Loss on available-for-sale financial assets	(1,107,472)	(766,076)
Treasury stock	(256,695)	-
	<u>(1,823,788)</u>	<u>(604,810)</u>
<b>Parent company stockholders' equity</b>	<u>18,500,278</u>	<u>18,992,808</u>
	<u>254,700</u>	<u>-</u>
<b>Non-controlling interests</b>	<u>254,700</u>	<u>-</u>
<b>Total Stockholders' Equity</b>	<u>18,754,978</u>	<u>18,992,808</u>
<b>Commitments and contingencies (notes 19 and 21)</b>		
<b>Total Liabilities and Stockholders' Equity</b>	<u>\$ 38,335,784</u>	<u>29,426,870</u>

# SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

## Consolidated Statements of Operations

Years ended December 31, 2012 and 2011

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

	<u>2012</u>	<u>2011</u>
<b>Revenue</b> (note 19)	\$ 19,390,593	17,648,921
Less: sales returns and allowances	<u>308,588</u>	<u>131,684</u>
	19,082,005	17,517,237
Processing revenue and others	<u>7,325</u>	<u>31,826</u>
<b>Net revenue</b>	19,089,330	17,549,063
<b>Cost of goods sold</b> (notes 7 and 19)	<u>18,188,222</u>	<u>15,813,764</u>
<b>Gross profit</b>	<u>901,108</u>	<u>1,735,299</u>
<b>Operating expenses:</b>		
Selling	496,245	121,685
General and administrative	817,782	308,419
Research and development	<u>799,685</u>	<u>550,546</u>
	<u>2,113,712</u>	<u>980,650</u>
<b>Operating income (loss)</b>	<u>(1,212,604)</u>	<u>754,649</u>
<b>Non-operating income and gains:</b>		
Interest income	30,745	34,189
Government grants	37,708	23,211
Gain on disposal of investments	61,507	6,979
Foreign exchange gain, net	-	77,732
Unrealized gain on valuation of financial assets (note 5)	-	43,922
Other income	<u>-</u>	<u>62,031</u>
	<u>129,960</u>	<u>248,064</u>
<b>Non-operating expenses and losses:</b>		
Interest expense	282,513	68,760
Investment loss recognized by equity method (note 8)	294,457	121,609
Foreign exchange loss, net	229,084	-
Impairment loss on financial assets (note 5)	720,413	250,000
Other expense	<u>72,926</u>	<u>-</u>
	<u>1,599,393</u>	<u>440,369</u>
<b>Income (loss) before income taxes</b>	<u>(2,682,037)</u>	<u>562,344</u>
<b>Income tax benefit (expenses)</b> (note 17)	<u>321,566</u>	<u>(133,638)</u>
<b>Net income (loss)</b>	<u>\$ (2,360,471)</u>	<u>428,706</u>
<b>Net income attributable to:</b>		
Shareholders of the parent	\$ (2,367,952)	428,706
Non-controlling interest	<u>7,481</u>	<u>-</u>
	<u>\$ (2,360,471)</u>	<u>428,706</u>
	<b>Before Tax</b>	<b>Before Tax</b>
	<b>After Tax</b>	<b>After Tax</b>
<b>Earnings (Loss) per share (in dollars)</b> (note 16)		
Basic (loss) earnings per share	<u>\$ (5.57)</u>	<u>(4.90)</u>
Diluted earnings per share	<u>\$ 1.34</u>	<u>1.02</u>
	<u>\$ 1.33</u>	<u>1.01</u>

**SINO-AMERICAN SILICON PRODUCTS INC. AND SU BSI DIARIES**

**Consolidated Statements of Changes in Stockholders' Equity**

**Years ended December 31, 2012 and 2011**

**(Expressed in thousands of New Taiwan dollars)**

			<u>Retained earnings</u>		<u>Unappropriated earnings (accumulated deficit)</u>	<u>Foreign currency translation adjustments</u>	<u>Unrecognized pension cost</u>	<u>Unrealized gain (loss) on available-for-sale financial assets</u>	<u>Treasury stock</u>	<u>Non-controlling interest</u>	<u>Total</u>
	<u>Common stock</u>	<u>Capital surplus</u>	<u>Legal reserve</u>	<u>Special reserve</u>							
<b>Balance at December 31, 2011</b>	\$ 3,820,256	9,574,891	587,985	-	4,220,074	(106,758)	(21,178)	352,014	-	-	18,427,284
Appropriation of earnings (note 1):											
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
Compensation cost arising from issuance of stock from exercising employee stock options and from capital increase by cash reserved for employees	-	43,698	-	-	-	-	-	-	-	-	43,698
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	(1,118,090)	-	-	(1,118,090)
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
<b>Balance at December 31, 2011</b>	4,431,191	12,141,389	944,846	-	2,080,192	161,317	(51)	(766,076)	-	-	18,992,808
Appropriation of earnings :											
Legal reserve	-	-	42,871	-	(42,871)	-	-	-	-	-	-
Special reserve	-	-	-	604,810	(604,810)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(443,119)	-	-	-	-	-	(443,119)
Issuance of common stock for cash	800,000	2,652,073	-	-	-	-	-	-	-	-	3,452,073
Compensation cost arising from issuance of stock from exercising employee stock options and from capital increase by cash reserved for employees	-	83,564	-	-	-	-	-	-	-	-	83,564
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	(341,396)	-	-	(341,396)
Pension adjustment — unrecognized pension cost	-	-	-	-	-	-	51	-	-	(664)	(613)
Foreign currency translation adjustments	-	-	-	-	-	(620,938)	-	-	-	(6,075)	(627,013)
Disposal of subsidiary to non-controlling interest	-	-	-	-	-	-	-	-	-	78,080	78,080
Adjustment arising from changes in percentage of ownership in equity-method investees	-	1,882	-	-	-	-	-	-	-	175,878	177,760
Treasury stock acquired	-	-	-	-	-	-	-	-	(256,695)	-	(256,695)
Net loss for 2012	-	-	-	-	(2,367,952)	-	-	-	-	7,481	(2,360,471)
<b>Balance at December 31, 2012</b>	<b>\$ 5,231,191</b>	<b>14,878,908</b>	<b>987,717</b>	<b>604,810</b>	<b>(1,378,560)</b>	<b>(459,621)</b>	<b>-</b>	<b>(1,107,472)</b>	<b>(256,695)</b>	<b>254,700</b>	<b>18,754,978</b>

Note 1: Directors' and supervisors' remuneration and employee bonuses amounting to \$53,012 and \$397,590, respectively, were excluded from net income for 2010.

Note 2: There were no directors' and supervisors' remuneration and employee bonuses for 2011.

**SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**Years ended December 31, 2012 and 2011**  
**(Expressed in thousands of New Taiwan dollars)**

	<b>2012</b>	<b>2011</b>
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ (2,360,471)	428,706
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,275,786	1,767,848
Provision for (reversal of) allowance for doubtful accounts	(6,751)	5,350
Provision for (reversal of) inventory obsolescence and devaluation loss	(26,332)	49,633
Investment loss recognized by equity method	294,457	121,609
Cash dividends received from equity-method investees	-	9,540
Cash dividends received from available-for-sale financial assets	-	76,419
Loss on disposal of property, plant and equipment	1,968	133
Compensation cost arising from issuance of stock from exercising employee stock options and from capital increase by cash reserved for employees	83,563	43,698
Gain on disposal of equity-method investment	(61,507)	(6,979)
Impairment loss on financial assets	720,413	250,000
Unrealized loss (gain) on valuation of financial assets	43,922	(43,922)
Expense with no effect on cash flow	72,571	223,356
Change in operating assets and liabilities:		
Notes and accounts receivable	(167,952)	1,182,056
Notes and accounts receivable from related parties	(8,343)	201,582
Inventories	458,165	621,377
Prepayments for materials	1,241,528	(200,009)
Other financial assets – current	(165,875)	10,869
Deferred income tax assets	(270,102)	(129,300)
Other operation-related assets	510,416	(114,245)
Notes and accounts payable	(941,019)	(1,133,954)
Revenue received in advance	(612,300)	35,790
Accrued pension liabilities	30,071	3,069
Deferred credits	(19,389)	4,589
Other operation-related liabilities	(779,807)	(653,603)
<b>Net cash provided by operating activities</b>	<b><u>1,313,012</u></b>	<b><u>2,753,612</u></b>
<b>Cash flows from investing activities:</b>		
Acquisition of a subsidiary net of cash acquired	(7,809,439)	-
Acquisition of available-for-sale financial assets – non-current	-	(15,767)
Increase in equity-method investment	-	(837,000)
Acquisition of financial assets carried at cost	(257,050)	(579,660)
Proceeds from disposal of equity-method investments and available-for-sale financial assets	70,951	14,436
Acquisition of property, plant and equipment	(805,041)	(3,045,570)
Proceeds from disposal of property and equipment	-	84,458
Increase in deposits-out	(256,406)	(5,301)
Increase in restricted assets	(12,648)	(9,747)
Increase in deferred charges	(127,031)	(7,170)
<b>Net cash used in investing activities</b>	<b><u>(9,196,664)</u></b>	<b><u>(4,401,321)</u></b>

(Continued)



# SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows (continued)

Years ended December 31, 2012 and 2011

(Expressed in thousands of New Taiwan dollars)

	<u>2012</u>	<u>2011</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	970,661	798,925
Increase in long-term loans payable	11,511,025	680,000
Repayment of long-term loans	(9,469,965)	(1,354,000)
Payments of cash dividends	(443,119)	(2,010,661)
Proceeds from capital increase	3,452,073	940,000
Treasury stock acquired	(226,753)	-
Disposal of subsidiary to non-controlling interest	78,080	-
Subscription to subsidiary's capital increase by cash by non-controlling interest	177,760	-
<b>Net cash provided by (used in) financing activities</b>	<u>6,049,762</u>	<u>(945,736)</u>
<b>Effect of exchange rate changes on cash</b>	<u>(584,951)</u>	<u>55,045</u>
<b>Net decrease in cash</b>	<u>(2,418,841)</u>	<u>(2,538,400)</u>
<b>Cash at beginning of year</b>	<u>4,532,226</u>	<u>7,070,626</u>
<b>Cash at end of year</b>	<u><b>\$ 2,113,385</b></u>	<u><b>4,532,226</b></u>
<b>Supplemental disclosures of cash flow information:</b>		
Cash payments of interest (excluding capitalized interest)	<u><b>\$ 194,876</b></u>	<u><b>69,456</b></u>
Cash payments of income taxes	<u><b>\$ 166,474</b></u>	<u><b>549,624</b></u>
<b>Non-cash investing and financing activities:</b>		
Issuance of common stock to acquire available-for-sale financial assets	<u><b>\$ -</b></u>	<u><b>1,851,892</b></u>
Current portion of long-term loans payable	<u><b>\$ 1,787,789</b></u>	<u><b>1,995,000</b></u>
Bonuses to employees – stock	<u><b>\$ -</b></u>	<u><b>70,000</b></u>
<b>Acquisition of property, plant and equipment:</b>		
Increase in property, plant and equipment	\$ 829,529	2,775,715
Changes in payables for equipment	(24,488)	269,855
	<u><b>\$ 805,041</b></u>	<u><b>3,045,570</b></u>
<b>Treasury stock acquired</b>		
Increase in treasury stock	\$ 256,695	
Changes in current liabilities	(29,942)	
	<u><b>\$ 226,753</b></u>	
<b>Cash used in acquisition of subsidiaries</b>		
Non-cash assets acquired	\$ 16,429,653	
Liabilities assumed	(8,620,214)	
	<u><b>\$ 7,809,439</b></u>	

## Attachment 5

### FY 2010 Implementation of Global Depositary Shares Issue Report

#### FY 2010 Implementation of Rights issue

##### I. Description

- 1 Date of approval and approval documents No.: in accordance with the letter of August 13, 2010 Chin-Kuan Cheng one Tze No.0990041383 issued by the relevant regulatory authority.
- 2 Total amount : NT\$5,673,182,000
- 3 Sources of funding:  
GDR issuance of 61,000,000 common shares via cash capital increase, issuing price as US\$2.9048, raising US\$174,931,000(NT\$5,673,182,000) after deducting US\$2,262,000 as issuing cost.
- 4 Plan schedule

Unit: thousands

Plan	Estimated Target Schedule	Total Amount		Status of Projected Use of Capital			
				2010	2011		
				Q4	Q1	Q2	Q3
Purchase overseas raw material	Q3 2011	USD	174,931	43,732	43,733	43,733	43,733
Total		NTD	5,673,182	1,418,295	1,418,296	1,418,296	1,418,296

Note: Foreign exchange rate is calculated based on case occurrence rate.

##### II. Implementation

Unit: NT\$thousands

Plan	Status		Total Amount as of 06/30/2011	Total Amount as of 06/30/2011	Reasons of project ahead or delayed and the improvement plan
Purchase raw material overseas	Amount	Projected	1,418,296	4,254,886	The reason that this project was implemented ahead of the projected schedule was that the Company revenue scaling up to meet bigger demand of purchasing raw materials. By 06/30/2011, the project has completed.
		Actual	640,393	5,580,299	
	Status (%)	Projected	25.00	75.00	
		Actual	11.29	98.36	

FY 2011 issuance of GDR for the new common shares from cash capital increase was implemented on September 8, 2010. A total amount of USD\$174,931,000 (NT\$5,673,182,000) raised fund was projected to purchase raw materials overseas. The plan is projected at NT\$2,836,590,000. As of June 30, 2011, the scheduled amount is NT\$ 4,254,886,000 while actual amount is NT\$5,580,299,000. The plan is completed; any discrepancy caused is foreign currency ratio. Execution status is reasonable.

III. The reasonableness for reserve balance

Capital collected is USD 174,931,000 and is used up. No reserve balance.

# FY 2011 Implementation of Rights Issue report

## FY 2011 Implementation of Rights issue

### I. Description

1. Approval date and documents No.: in accordance with the letter of August 2, 2011 Chin-Kuan Cheng one Tze No.1000032816 issued by the relevant regulatory authority.
2. Total amount: NT\$940,000,000
3. Sources of funding:  
Issuance of 20,000,000 common shares via cash capital increase, issuing price as NTD\$47, raising NT\$940,000,000

Unit: NT\$thousands

Plan	Estimated Target Schedule	Total Amount	Status of Projected Use of Capital			
			2011	2012		
			Q3	Q1	Q2	Q3
Bank Loan payment	Q3 2012	940,000	197,500	497,500	125,000	120,000
Total		940,000	197,500	497,500	125,000	120,000

### II. Implementation

Unit: NT\$thousands

Plan	Status		Total Amount as of 09/30/2012	Reasons of project ahead or delayed and the improvement plan
Bank Loan payment	Amount	Projected	940,000	Keep the schedule
		Actual	940,000	
	Status(%)	Projected	100.00%	
		Actual	100.00%	
Total	Amount	Projected	940,000	-
		Actual	940,000	
	Status(%)	Projected	100.00%	
		Actual	100.00%	

FY 2011 rights issuance was implemented on October, 2011. A total amount of NTD\$940,000,000 raised fund was projected to pay back bank loan since 2011Q4. As of September 30, 2012, actual amount is NT\$940,000,000, 100% executed. Plan completed.

### III. The reasonableness for reserve balance

Capital collected is NT\$ 940,000,000 and is used up. No reserve balance.

## FY 2012 Implementation of Rights issue

### III. Description

1. Approval date and documents No.: in accordance with the letter of June 12, 2012 Chin-Kuan Cheng one Tze No. 1010023340 issued by the relevant regulatory authority.
2. Total amount: NT\$3,461,600,000
3. Sources of funding:  
Issuance of 80,000,000 common shares via cash capital increase, issuing price as NTD\$43.27, raising NT\$3,461,600,000

Unit: NT\$thousands

Plan	Estimated Target Schedule	Total Amount	Status of Projected Use of Capital
			2012
			Q3
Bank Loan payment	Q3 2012	3,461,600	3,461,600
Total		3,461,600	3,461,600

### IV. Implementation

Unit: NT\$thousands

Plan	Status		Total Amount as of 09/30/2012	Reasons of project ahead or delayed and the improvement plan
Bank Loan payment	Amount	Projected	3,461,600	Keep the schedule
		Actual	3,461,600	
	Status(%)	Projected	100.00%	
		Actual	100.00%	
		Actual	3,461,600	

FY 2012 rights issuance was implemented on June, 2012. A total amount of NTD\$3,461,600,000 raised fund was projected to pay back bank loan since 2012Q3. As of September 30, 2012, actual amount is NT\$3,461,600,000, 100% executed. Plan completed.

### IV. The reasonableness for reserve balance

Capital collected is NT\$ 3,461,600,000 and is used up. No reserve balance.

## Attachment 6

### Sino-American Silicon Products Inc.

#### Rules for Share Repurchase and Transfer to Employees Comparison Chart

Article	Before	After	Remark
6	<p>Procedures for the present repurchase of shares and transfer to employees:</p> <ol style="list-style-type: none"> <li>1. The repurchase of SAS shares will be resolved, announced, reported and carried out during the implementation period in accordance with BOD resolutions.</li> <li>2. BOD authorizes chairman to decide and announce subscription record date, number, payment date, rights <u>and restrictions</u> associated in accordance with the Procedure.</li> <li>3. Statistics will be compiled on the numbers of shares actually subscribed and paid for, and the registration of share transfers will be carried out</li> </ol>	<p>Procedures for the present repurchase of shares and transfer to employees:</p> <ol style="list-style-type: none"> <li>1. The repurchase of SAS shares will be resolved, announced, reported and carried out during the implementation period in accordance with BOD resolutions.</li> <li>2. BOD authorizes chairman to decide and announce subscription record date, number, payment date, rights associated in accordance with the Procedure.</li> <li>3. Statistics will be compiled on the numbers of shares actually subscribed and paid for, and the registration of share transfers will be carried out</li> </ol>	Revise according to SFB inquiry
7	<p>The transfer price of the repurchased shares will be the average of actual repurchased price (rounding to one decimal place), provided that if, prior to the transfer, either an increase in the number of SAS issued common stock, the transfer price may be adjusted within a range proportional to the increase. <u>If the transfer price is lower than the average of actual repurchased price, should submit to the latest Shareholder Meeting, with number of shares represented by the shareholders present over 50% of total outstanding shares, acquired agreement of over two-thirds of present voting shares, and specify the rules for share transfer set forth in Article 10 of the Guidelines for Repurchase of Shares by Listed</u></p>	<p>The transfer price of the repurchased shares will be the average of actual repurchased price (rounding to one decimal place), provided that if, prior to the transfer, either an increase in the number of SAS issued common stock, the transfer price may be adjusted within a range proportional to the increase.</p>	Revise according to SFB inquiry

	<a href="#"><u>and OTC Companies in the assembling reason.</u></a>		
10	The Rules and Procedures are enacted on November 8, 2012.	The Rules and Procedures are enacted on November 8, 2012.The <a href="#"><u>1<sup>st</sup> amendment was made on December 20, 2012.</u></a>	Add amendment date

## Attachment 7

### Sino-American Silicon Products Inc.

#### Execution of Treasury Stock

2013/04/24

Repurchase times	Second
Purpose	Transfer to employees
Period	2012/11/21 ~ 2013/01/02
Price range	NTD\$ 30.00~50.00  SAS will repurchase if share price is lower than the range.
Type & number of shares repurchased	7,763,000 common shares
Monetary amount of shares repurchased	NTD \$ 262,601,739
Retired and transferred shares	7,763,000 shares
Cumulative number of own shares held	0
Ratio of the shares to be repurchased to total issued shares of the Company (%)	0%



## Attachment 8

### Sino-American Silicon Products Inc.

#### Statement of Distribution of 2012 Loss

Unit: NT\$

Item	Amount	
	Sub-total	Total
Accumulated earnings at beginning of 2012		989,391,830
Deduct : Net loss of 2012	(2,367,951,576)	(2,367,951,576)
Accumulated loss as of 2012		(1,378,559,746)
Appropriated R/E to offset loss	604,810,272	1,378,559,746
Legal reserve to offset loss	773,749,474	
Accumulated loss at year end		0

Chairman                      Ming-Kung Lu

President                      Hsiu-Lan Hsu

Chief Accountant          Mei-Ying Chiu

## Attachment 9

### Sino-American Silicon Products Inc.

#### Articles of Incorporation Comparison Chart

Article	Before	After	Remark
18-1	The Company shall have <a href="#">nine to eleven</a> directors and three supervisors to be elected at the shareholders' meeting among shareholders with disposing capacity. Both directors and supervisors shall serve for a term of three years and shall be eligible for re-election. The total shares held by all directors and supervisors shall be in compliance with the relevant regulations provided by the securities authority.	The Company shall have <a href="#">eleven to thirteen</a> directors and three supervisors to be elected at the shareholders' meeting among shareholders with disposing capacity. Both directors and supervisors shall serve for a term of three years and shall be eligible for re-election. The total shares held by all directors and supervisors shall be in compliance with the relevant regulations provided by the securities authority.	To meet operation necessity
21	<p>Each directors and supervisors shall be informed via written notice or email or fax of the convention at seven days before the Board of Director's meeting. A meeting of the Board of Directors may be held anytime if necessary, and the methods of informing each directors and supervisors shall be via written notice or email or fax.</p> <p>Unless otherwise provided for in the Company Law, resolutions in the Board of Directors meeting shall be adopted by a majority vote in the meeting attended by a majority of Directors.</p> <p>Any director who is unable to attend a Board of Directors' meeting shall appoint another director as his/her proxy by a power of attorney listing the scope of empowerment. A director may serve as proxy for only one absent director.</p>	<p>Each directors and supervisors shall be informed via written notice or email or fax of the convention at seven days before the Board of Director's meeting. A meeting of the Board of Directors may be held anytime if necessary, and the methods of informing each directors and supervisors shall be via written notice or email or fax.</p> <p>Unless otherwise provided for in the Company Law, resolutions in the Board of Directors meeting shall be adopted by a majority vote in the meeting attended by a majority of Directors.</p> <p>Any director who is unable to attend a Board of Directors' meeting shall appoint another director as his/her proxy by a power of attorney listing the scope of empowerment. A director may serve as proxy for only one absent director.</p> <p><a href="#">After the audit committee is established, its members, duties, regulations and other mandatory</a></p>	

		<a href="#"><u>items should be proceeded according to SEC regulations.</u></a>	
30	<p>If the Company has profit as a result of the yearly accounting closing, it will be distributed in accordance with the following:</p> <p>(1)Omit (2)Omit (3)Omit (4)After deducting item (1)-(3), the remaining balance of annual income, if any, can be distributed at most <a href="#"><u>5%</u></a> as remuneration to Directors and Supervisors and at least 10% as employee bonuses, the rest plus the accumulated undistributed earnings of the previous period of the profit shall be as dividends to stockholders.</p> <p>In order to keep sustainable development for the Company and continuous growth on earnings per share, the cash dividends for shareholders shall be no less than 50% of the dividends for shareholders.</p> <p>Employees entitled to stock bonus may include subsidiaries' employees that meet certain criteria set by the board of directors.</p>	<p>If the Company has profit as a result of the yearly accounting closing, it will be distributed in accordance with the following:</p> <p>(1) Omit (2)Omit (3)Omit (4)After deducting item (1)-(3), the remaining balance of annual income, if any, can be distributed at most <a href="#"><u>3%</u></a> as remuneration to Directors and Supervisors and at least 10% as employee bonuses, the rest plus the accumulated undistributed earnings of the previous period of the profit shall be as dividends to stockholders.</p> <p>In order to keep sustainable development for the Company and continuous growth on earnings per share, the cash dividends for shareholders shall be no less than 50% of the dividends for shareholders.</p> <p>Employees entitled to stock bonus may include subsidiaries' employees that meet certain criteria set by the board of directors.</p>	To meet operation necessity
32	<p>This articles of Incorporation is established on Dec 25th, 1980 (Omitting)</p> <p>The 26th amendment on June 27th, 2012</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 26<sup>th</sup> amendment on June 27<sup>th</sup>, 2012.</p> <p><a href="#"><u>The 27<sup>th</sup> amendment on June 25<sup>th</sup>, 2013.</u></a></p> <p>Implement after approvals from the meeting of stockholders</p>	Add amendment date

## Attachment 10

### Sino-American Silicon Products Inc.

#### Procedures for Lending Funds to Other parties Comparison Chart

Article	Before	After	Remark
2	<p>The party to whom the Company may lend its funds shall be limited to:</p> <ol style="list-style-type: none"> <li>1. Companies or firms having business relationship with the Company ; business relationship refers to the one of sales or purchasing amount between the party and the Company.</li> <li>2. Companies or firms in need of funds for a short-term period; Fund-lending to companies which need funds for a short-term period shall be limited to companies or firms in which the Company holds 50 percent or more of the shares. The aforementioned “short-term period” shall mean the period of one year or business operation, whichever is longer. Loan amount shall mean the aggregate fund-lending balance of the Company for a short-term period.</li> </ol>	<p>The party to whom the Company may lend its funds shall be limited to:</p> <ol style="list-style-type: none"> <li>1. Companies or firms having business relationship with the Company; business relationship refers to the one of sales or purchasing amount between the party and the Company.</li> <li>2. Companies or firms in need of funds for a short-term period; Fund-lending to companies which need funds for a short-term period shall be limited to companies or firms in which the Company holds <u>or be held</u> 50 percent or more of the shares. The aforementioned “short-term period” shall mean the period of one year or business operation, whichever is longer. Loan amount shall mean the aggregate fund-lending balance of the Company for a short-term period.</li> </ol>	To meet operation necessity
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> <ol style="list-style-type: none"> <li>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</li> </ol>	<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> <ol style="list-style-type: none"> <li>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</li> </ol>	To meet operation necessity

	<p>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 forty percent (40%) of the net worth of the Company. The amount lent to a single recipient shall not exceed the ten percent (10%) 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 <a href="#">aforementioned limits</a>.</p>	<p>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 forty percent (40%) of the net worth of the Company. The amount lent to a single recipient shall not exceed the ten percent (10%) 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 <a href="#">limit of net worth described in item 2, total loan amount to others shall not exceed the 40% of the net worth of the Company. The amount lent to a single recipient shall not exceed the twenty percent (20%) of the net worth of the Company.</a></p>	
4	<p>The term of each loan extended by the Company shall not exceed one year. The interest rate shall be determined on the basis of the Company's funding , but in no event shall it be higher than the Company's highest short-term bank borrowing rate at the time of lending. The interests shall be calculated on a monthly basis.</p> <p>The loans of the company and subsidiaries or subsidiaries and subsidiaries shall be submitted to the Board of Directors for approval in accordance with aforesaid Article. Once the loans are approved by the Board, the chairman of the Board is authorized to allocate the fund within a year under approved limits in several installments or revolving allocations.</p>	<p>The term of each loan extended by the Company shall not exceed one year. The interest rate shall be determined on the basis of the Company's funding , but in no event shall it be higher than the Company's highest short-term bank borrowing rate at the time of lending. The interests shall be calculated on a monthly basis.</p> <p>The loans of the company and subsidiaries or subsidiaries and subsidiaries shall be submitted to the Board of Directors for approval in accordance with aforesaid Article. Once the loans are approved by the Board, the chairman of the Board is authorized to allocate the fund within a year under approved limits in several installments or revolving allocations. <a href="#">Same applied to 100% holding foreign</a></p>	Modified according to regulations

	<p>The aforesaid loan amount shall be in accordance with Article 3. The loan amount of the Company or its subsidiaries' to any single enterprise shall not exceed 10% of the net worth of the latest financial report of the Company or the subsidiaries.</p> <p>With special circumstance and the approval of Board of Directors, the term of loan may be extended depending on its actual situation.</p>	<p><a href="#">subsidiary of the Company.</a></p> <p>The aforesaid loan amount shall be in accordance with Article 3. The loan amount of the Company or its subsidiaries' to any single enterprise shall not exceed 10% of the net worth of the latest financial report of the Company or the subsidiaries.</p> <p>With special circumstance and the approval of Board of Directors, the term of loan may be extended depending on its actual situation.</p>	
7	<p>1 The Company shall announce and report the previous month's balance of loans of funds made by itself and its subsidiaries by the 10th day of each month.</p> <p>2 If the Company's loans of funds reach one of the following levels, the Company shall announce and report such fact within two days from its occurrence:</p> <p>(1) The balance of loans of funds by the Company and the Company's subsidiaries to others reaches 20 percent or more of the Corporation's net worth as stated in its latest financial statement.</p> <p>(2) The balance of loans of funds by the Company and the Company's subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(3) The amount of new loans of funds by the Company or any of the Company's subsidiaries</p>	<p>1 The Company shall announce and report the previous month's balance of loans of funds made by itself and its subsidiaries by the 10th day of each month.</p> <p>2 If the Company's loans of funds reach one of the following levels, the Company shall announce and report such fact <a href="#">within 2 days commencing immediately from the date of occurrence of the event.</a></p> <p>(1) The balance of loans of funds by the Company and the Company's subsidiaries to others reaches 20 percent or more of the Corporation's net worth as stated in its latest financial statement.</p> <p>(2) The balance of loans of funds by the Company and the Company's subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(3) The amount of new loans of funds by the Company or any of</p>	Modified according to regulations

	<p>reaches NT\$10 million or more and also reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>The Company shall announce and report on behalf of any of its subsidiaries that is not a domestic public company any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.</p>	<p>the Company's subsidiaries reaches NT\$10 million or more and also reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>The Company shall announce and report on behalf of any of its subsidiaries that is not a domestic public company any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.</p>	
11	<p>The Procedure was enacted on May 29, 1990</p> <p>The 1<sup>st</sup> amendment was made on March 19, 1999</p> <p>The 2<sup>nd</sup> amendment was made on December 22, 1999</p> <p>The 3<sup>rd</sup> amendment was made on March 25, 2002</p> <p>The 4<sup>th</sup> amendment was made on June 13, 2003</p> <p>The 5<sup>th</sup> amendment was made on June 19, 2008</p> <p>The 6<sup>th</sup> amendment was made on June 3, 2009</p> <p>The 7<sup>th</sup> amendment was made on June 15, 2010</p>	<p>The Procedure was enacted on May 29, 1990</p> <p>The 1<sup>st</sup> amendment was made on March 19, 1999</p> <p>The 2<sup>nd</sup> amendment was made on December 22, 1999</p> <p>The 3<sup>rd</sup> amendment was made on March 25, 2002</p> <p>The 4<sup>th</sup> amendment was made on June 13, 2003</p> <p>The 5<sup>th</sup> amendment was made on June 19, 2008</p> <p>The 6<sup>th</sup> amendment was made on June 3, 2009</p> <p>The 7<sup>th</sup> amendment was made on June 15, 2010</p> <p>The 8<sup>th</sup> amendment was made on June 27, 2012</p> <p><a href="#">The 9<sup>th</sup> amendment was made on June 25, 2013</a></p>	Add amendment date

## Attachment 11

### Sino-American Silicon Products Inc.

#### Procedures for Endorsement and Guarantee Comparison Chart

Article	Before	After	Remark
2	<p>The party to whom the Company may provide endorsement and/or guarantee include the following:</p> <ol style="list-style-type: none"> <li>1. Any company who has business <u>relationship</u> with the Company.</li> <li>2. Any <u>subsidiary</u> whose <u>total outstanding common shares</u> are fifty percent (50%) or more <u>owned directly by the Company.</u></li> <li>3. <u>Any company in which the Company invests and whose voting shares are fifty percent (50%) or more owned collectively by the Company and its subsidiaries.</u></li> <li>4. <u>Any parent company who directly or through its subsidiaries indirectly own fifty percent (50%) or more of the Company's total outstanding common shares.</u></li> </ol> <p>Subsidiaries whose voting shares are more than 90% owned, directly or indirectly, by the Company may provide endorsement and/or guarantee to each other. The amount shall not exceed 10% of the net worth of the Company. The limits to the companies in which the Company holds 100% of the voting shares directly or indirectly do not follow the same rule.</p> <p>The restriction stated in the prior two paragraphs does not include the endorsement and guarantee rendered by <u>respective</u></p>	<p>The party to whom the Company may provide endorsement and/or guarantee include the following:</p> <ol style="list-style-type: none"> <li>1. Any company who has business <u>association</u> with the Company.</li> <li>2. Any <u>company</u> whose <u>voting shares</u> are fifty percent (50%) or more owned directly <u>and indirectly</u> by the Company.</li> <li>3. Any parent company who directly <u>and indirectly</u> owns fifty percent (50%) or more of the Company's <u>voting shares</u>.</li> </ol> <p>Subsidiaries whose voting shares are more than 90% owned, directly or indirectly, by the Company may provide endorsement and/or guarantee to each other. The amount shall not exceed 10% of the net worth of the Company. The limits to the companies in which the Company holds 100% of the voting shares directly or indirectly do not follow the same rule.</p> <p>The restriction stated in the prior two paragraphs does not include the endorsement and guarantee rendered by <u>all</u> shareholders</p>	To meet operation necessity



	<p>shareholders based on the co-investment relationship in a pro rata basis of their shareholding.</p> <p>The shareholding mentioned above means the Company makes direct shareholding or through a company in which it holds 100% of its total outstanding common shares.</p>	<p>based on the co-investment relationship in a pro rata basis of their shareholding.</p> <p>The shareholding mentioned above means the Company makes direct shareholding or through a company in which it holds 100% of its total outstanding common shares.</p>	
5	<p>1 The Company shall make an announcement on the balance of endorsement and/or guarantee in MOPS before the 10<sup>th</sup> of each month.</p> <p>2 In the event that the balance of endorsement and/or guarantee meets one of the following standards, the Company shall make an announcement in MOPS <u>within 2 days after its occurrence.</u></p> <p>(1) Omit</p> <p>(2) Omit</p> <p>(3) The balance of the Company and its subsidiaries' endorsements/guarantees for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for, long-term investment in, and balance of loans to, such enterprise reaches thirty percent (30%) or more of Company's net worth as stated in its latest financial statement.</p> <p>(4) Omit</p> <p>3 Omit</p> <p>4 The Company shall evaluate or</p>	<p>1 The Company shall make an announcement on the balance of endorsement and/or guarantee in MOPS before the 10<sup>th</sup> of each month.</p> <p>2 In the event that the balance of endorsement and/or guarantee meets one of the following standards, the Company shall make an announcement in MOPS <u>within 2 days commencing immediately from the date of occurrence of the event.</u></p> <p>(1) Omit</p> <p>(2) Omit</p> <p>(3) The balance of the Company and its subsidiaries' endorsements/guarantees for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for, <u>long-term orientated</u> investment in, and balance of loans to, such enterprise reaches thirty percent (30%) or more of Company's net worth as stated in its latest financial statement.</p> <p>(4) Omit</p> <p>3 Omit</p> <p>4 The Company shall evaluate or</p>	To meet operation necessity

	<p>recognize the contingent loss for endorsement and/or guarantee <u>according to the Statement of Financial Accounting Standards No.9</u>, and shall adequately disclose information of endorsement/guarantees in its financial reports or provide its certified public accountants with relevant information for implementation of necessary auditing procedure.</p>	<p>recognize the contingent loss for endorsement and/or guarantee, <u>and</u> shall adequately disclose information of endorsement/guarantees in its financial reports or provide its certified public accountants with relevant information for implementation of necessary auditing procedure.</p>	
8	<p>1 Omit</p> <p>2 Omit</p> <p>3 Omit</p> <p>4 Finance Department shall <u>follow the No.9 of the Regulation on the Financial Accounting to</u> assess and recognize, if any, contingent losses brought about by the endorsement/guarantee, to adequately disclose information in the financial statements, and to provide external auditors with necessary information for conducting due auditing and issuing auditing report.</p> <p>5 Omit</p> <p>6 When the net value of endorsed or guaranteed companies lower than 50% of its paid-in capital, subsequent precautions of control shall be established.</p>	<p>1 Omit</p> <p>2 Omit</p> <p>3 Omit</p> <p>4 Finance Department shall assess and recognize, if any, contingent losses brought about by the endorsement/guarantee, to adequately disclose information in the financial statements, and to provide external auditors with necessary information for conducting due auditing and issuing auditing report.</p> <p>5 Omit</p> <p>6 When the net value of endorsed or guaranteed companies lower than 50% of its paid-in capital, subsequent precautions of control shall be established. <u>In the case of a subsidiary with shares having no par value or a par value other than NT\$10, the paid-in capital shall be calculated with the sum of the share capital plus paid-in capital in excess of par shall be substituted</u></p>	Modified according to regulations

13	<p>The procedure was approved on May 29, 1990.</p> <p>The 1<sup>st</sup> amendment was made on March 19, 1999.</p> <p>The 2<sup>nd</sup> amendment was made on December 22, 1999.</p> <p>The 3<sup>rd</sup> amendment was made on June 13, 2003.</p> <p>The 4<sup>th</sup> amendment was made on June 19, 2008.</p> <p>The 5<sup>th</sup> amendment was made on June 3, 2009.</p> <p>The 6<sup>th</sup> amendment was made on June 15, 2010.</p>	<p>The procedure was approved on May 29, 1990.</p> <p>The 1<sup>st</sup> amendment was made on March 19, 1999.</p> <p>The 2<sup>nd</sup> amendment was made on December 22, 1999.</p> <p>The 3<sup>rd</sup> amendment was made on June 13, 2003.</p> <p>The 4<sup>th</sup> amendment was made on June 19, 2008.</p> <p>The 5<sup>th</sup> amendment was made on June 3, 2009.</p> <p>The 6<sup>th</sup> amendment was made on June 15, 2010.</p> <p><a href="#"><u>The 7<sup>th</sup> amendment was made on June 25, 2013</u></a></p>	<p>Add amendment date</p>
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## Attachment 12

### Sino-American Silicon Products Inc.

#### Policies and Procedures for Financial Derivatives Transactions Comparison Chart

Article	Before	After	Remark
4	Derivative products that the Company can buy or sell include <a href="#">foreign currency forward contracts and option contracts.</a>	Derivative products that the Company can buy or sell include <a href="#">foreign currency forward contracts, option contracts and swaps of foreign currency as well as interest rate.</a>	To meet operation necessity
5	The profit of the Company shall be derived from the operation. The Company engages in <a href="#">derivatives transactions</a> based on the principle of <a href="#">risk hedging</a> , and not for the purpose of generating profit. The investment currency shall meet the need of import/export trade.	The profit of the Company shall be derived from the operation. The Company engages in <a href="#">derivatives transactions</a> based on the principle of <a href="#">hedging currency and interest rate risks</a> , and not for the purpose of generating profit. The <a href="#">instruments</a> shall meet the need of <a href="#">hedging</a> .	To meet operation necessity
6	For derivatives transactions in which the Company engages, loss ceiling of all contracts is US\$250,000. The individual contracts loss ceiling is 10% of the principal amount respectively and shall not exceed US\$250,000.	For derivatives transactions in which the Company engages, loss ceiling of all contracts is US\$250,000. The individual contracts loss ceiling is 10% of the principal amount respectively and shall not exceed US\$250,000. <a href="#">“Non-transaction-oriented” or “Hedge-oriented”: Transaction gain and loss is offset with hedged positions, no loss ceiling consequently. The aforementioned “transaction-oriented” refers to holding /issuing derivative transaction to profit from price difference.</a> <a href="#">“Non-transaction-oriented” or “Hedge-oriented” refers to transactions for other purposes.</a>	Modified according to regulations

7	<b>Division of authority and duties</b> (1) Omit (2) Finance Department <u>based on the monthly summary of the balance position and L/C-based payment demand, shall submit the next month hedging strategy to President for approval. Finance Department then engages in derivative trading according to the approved hedging strategy.</u>	<b>Division of authority and duties</b> (1) Omit (2) Finance Department <u>shall pay attention to currency as well as capital position at all times, submit hedging strategy according to actual needs for president's approval. Any deviation can only be executed upon receiving president's approval.</u>	To meet operation necessity
8	<b>Performance assessments</b> (1) The performance assessments are based on the gain or loss between account <u>exchange rate</u> and derivative trading. (2) The Finance Department shall assess market prices and <u>evaluate hedging performance each week. They shall report the results to president at regular intervals to improve the strategy.</u>	<b>Performance assessments</b> (1) The performance assessments are based on the gain or loss between account <u>exchange and interest rate</u> and derivative trading. (2) The Finance Department shall assess market prices and evaluate hedging performance each week. <u>"Transaction-oriented" position shall be evaluated at least once a week; "Non-transaction-oriented" or "Hedge-oriented" position shall be evaluated at least twice a month; reports should be delivered to managers with BOD authorization.</u>	To meet operation necessity
9	The total contract amount from the derivative trading shall not exceed 50% of actual import/export foreign currency needs. <u>The performed amount of the options contracts shall not exceed US\$2 million based on the market price.</u>	The total contract amount from the derivative trading shall not exceed 50% of actual import/export foreign currency needs, <u>and shall be reported to the latest BOD meeting after transaction. Apart from import/export, any currency hedging should adopt the assets (liability) which are held or anticipated to trade as ceiling. If overseas acquisition adopts acquisition price as ceiling, it can only be executed after BOD approval, and shall be reported to the latest BOD meeting after execution.</u>	To meet operation necessity

12	<u>Finance Department, engage in derivative trading, shall handle the transaction one by one according to each L/C-based payment demand.</u>		To meet operation necessity
13	Article 13 ~ Article 20	Article 12 ~ Article 19	Adjust
16	<p>Article 17</p> <p>3. Periodic evaluation</p> <p>(1) The Finance Department shall assess market prices and evaluate hedging performance each week. <u>They shall report the results to president at regular intervals to improve the strategy.</u></p> <p>(2) Omit</p> <p>(3) Omit</p>	<p>Article 16</p> <p>3. Periodic evaluation</p> <p>(1) The Finance Department shall assess market prices and evaluate hedging performance each week. <u>“Transaction-oriented” amount shall be evaluated at least once a week; “Non-transaction-oriented” or “Hedge-oriented” amount shall be evaluated at least twice a month; reports should be delivered to managers with BOD authorization.</u></p> <p>(2) Omit</p> <p>(3) Omit</p> <p>(4) <u>The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 2 of Article 18 and subparagraph 2 of this article shall be recorded in detail in the log book.</u></p>	To meet operation necessity
19	<p>Original Article 20</p> <p>The Procedure was enacted on March 19,1999</p> <p>The 1<sup>st</sup> amendment was made on June 13,2003.</p> <p>The 2<sup>nd</sup> amendment was made on June 8,2006.</p>	<p>Original Article 19</p> <p>The Procedure was enacted on March 19,1999</p> <p>The 1<sup>st</sup> amendment was made on June 13,2003.</p> <p>The 2<sup>nd</sup> amendment was made on June 8,2006.</p> <p><u>The 3rd amendment was made on June 25, 2013.</u></p>	Add amendment date

## Attachment 13

### Merger Agreement

Sino-American Silicon Products Inc. (SAS) and Sinosolar Corporation (Sinosolar) enter into a merger contract which SAS proposes the merger by absorption of Sinosolar, of which SAS possesses 82,779,408 (41.88%) shares.

1. Signing date of the contract: May 7, 2013
2. Parties to the contract: Sino-American Silicon Products Inc. (SAS), Sinosolar Corporation(Sinosolar).
3. Dissolved company: Sinosolar
4. Surviving company: SAS
5. Method: merger by absorption. SAS pays NTD 7.05 per share for Sinosolar's outstanding shares which are not held by SAS. The estimated total contract price is NTD 809,858,542 (for 114,873,552 shares).
6. Tentative reference date of the merger : August 1<sup>st</sup>, 2013
7. Conditions Precedent:
  - The merger proposal and the contract are approved by resolutions adopted by both SAS and Sinosolar's shareholders' meetings;
  - By the reference date of the merger, both SAS and Sinosolar have received all regulatory approval from applicable Taiwanese authorities necessary for the merger;
  - No adjudication, provisional injunction, order or other legal restriction from authorities or court with jurisdiction to hinder, forbid or materially restrict the completion of this merger;
  - Sinosolar has received the approval and permission and completed all necessary procedures from the third party and authorities with which SAS is satisfied in accordance with the third paragraph of article 9 of the contract. Sinosolar shall not claim the incompleteness of this subsection and refuse to fulfill this merger;
  - The representations and warranties made by the other party has been true and correct;
  - By the reference date of the merger, the other party has fulfilled its duty of the essential parts of the contract.
8. Objecting shareholders: the shareholders of SAS and/or Sinosolar who expresses his objection in writing or verbally with a record before or during the shareholders' meeting will be treated in accordance with the Company Act, Business Mergers and Acquisitions Act and all related laws and regulations.

9. Governing law, Jurisdiction: The contract shall be governed by, performed under and interpreted in accordance with the laws of the Republic of China. All disputes and litigation arising under or relating to the contract shall be subject to the exclusive jurisdiction of the courts of Hsinchu district court, Taiwan.



## **Attachment 14**

### **Fairness Opinion**

**Regarding the Proposed Merger Between  
Sino-American Silicon Products Inc.  
and  
Sinosolar Corporation**

## 1. Background

Sino-American Silicon Products Inc. (“SAS”) is the professional solar silicon wafer manufacturer listed in OTC and invested semiconductor business and sapphire business. In order to integrate solar business resources so as to improve performance and strengthen competitiveness, SAS proposes to merge Sinosolar Corporation (“Sinosolar”, a 41.88% owned subsidiary of SAS). (“Proposed Transaction”)

Sinosolar, established in 2011, is a Joint-Venture company owned by SAS and Solartech Energy Corp. The original plan of Sinosolar is to set up a solar energy company that vertically integrates the solar wafer and solar cell. However, encountered the poor market condition, Sinosolar stopped the original plan and invested NT\$2 billion in Sunrise Global Solar Energy Co., Ltd. (“Sunrise”, a mono solar cell manufacturer and 15.23% owned by SAS). In order to integrate the resources and reduce operating costs, SAS now plans to merge Sinosolar with the cash consideration of NT\$ 7.05 per Sinosolar share. I has been engaged as an independent financial advisor for the Proposed Transaction in evaluating the fairness of the cash consideration and express an opinion.

## 2. SAS and Sinosolar’s Financial Statement (2012, consolidated)

(NT\$ thousand dollar ; %)

	SAS		Sinosolar	
	NT\$ thousand dollar	%	NT\$ thousand dollar	%
Long-Term Investment	1,545,124	4.03%	1,663,457	98.86%
Total Assets	38,335,784	100.00%	1,682,576	100.00 %
Total Liabilities	19,580,806	51.08%	6	0.00%
Common Shares	5,231,191	13.65%	1,976,530	117.47 %
Net Equity	18,754,978	48.92%	1,682,570	100.00 %
Sales	19,089,330	100.00%	0	-
Net Profit After Tax	-2,367,952	-12.40%	-293,960	-

Source : SAS and Sinosolar’s audited 2012 consolidated financial report.

Since the establishment of the company, Sinosolar doesn’t have real operation and revenue. According to Sinosolar’s 2012 audited consolidated financial report, 98.86% of total assets is from long-term investment in Sunrise. So from Sinosolar’s history operation and financial data, the company nature of Sinosolar is like a holding company and it’s fair price should be calculated from the adjusted equity value of Sunrise.

Therefore, the fair value of Sunrise will be calculated first and then based on the fair value of Sunrise, the fair price of Sinosolar will be decided.

### 3. Valuation Methodology

There are various valuation methods when assessing a company's value; different method comes with different advantage and disadvantage. Some of the methods that have been frequently used are Market Price Analysis Method, Discounted Cash Flow Analysis Method (DCF) and Financial Analysis Method.

DCF is a determination of company value by discounting the estimated future unlevered free cash flows with the weighted average cost of capital. Since there are many variables and factors involved when using DCF, and a fraction of change will alter the outcome, hence this method is not applied in this fairness opinion. Sunrise is a Emerging-listed company, this fairness opinion has chosen its average market price for a certain period of time to conduct a market price. This fairness opinion also adopts Comparable Company Analysis Method- Price to Book Value Ratio Analysis Method to calculate Sunrise's fair price.

Therefore, according to the background of Sunrise and the Proposed Transaction, the applicability of numerous valuation methods has been carefully considered. This fairness opinion adopts the appropriate methods as follows, and then evaluates the appropriate discount or premium, if necessary.

1. Book Value Per Share Method
2. Comparable Company Analysis Method
3. Market Price Analysis Method

### 4. Estimation of Sunrise's Value Per Share

#### i. Sunrise's financial data

	(NT\$ thousand dollar)	
	FY 2011 (Audited)	FY 2012 (Audited)
Cash	2,562,941	2,104,581
Total Assets	7,160,081	6,165,431
Total Liabilities	1,867,848	1,608,890
Common Shares	2,500,060	2,505,380
Net Equity	5,292,233	4,556,541
BVPS(NT\$)	21.17	18.19
Sales	3,265,609	2,331,396
Gross Profit	-84,953	-53,993
Operating Profit	-264,751	-244,767
Net Profit After Tax	-194,447	-747,328
EPS(NT\$)	-1.06	-2.99

Source : Sunrise's audited 2011 and 2012 financial report.

#### ii. Value assessment

##### A. Book Value Per Share Method

(NT\$ thousand dollar)

Item	December 31, 2012
Net Equity	4,556,541
Common Stock	2,505,380
BVPS (NT\$)	18.19

Source : Sunrise's audited 2012 financial report.

#### B. Comparable Company Analysis Method

This fairness opinion adopts the adequate method -“Price to Book Value Ratio Analysis Method” to calculate Sunrise's fair price.

An analysis begins with the determination of a peer group. Sunrise's TWSE/OTC-listed peers are Motech Industries Inc. (“Motech”), Gintech Energy Corporation (“Gintech”), Solartech Energy Corporation (“Solartech”), Neo Solar Power Corporation (“Neo Solar”), DelSolar Co., Ltd. (“DelSolar”), Tainergy Tech Co., Ltd. (“Tainergy”). The following are the aforementioned companies' financial data for the year ended 2012:

	(NT\$ thousand dollar)					
	Motech	Gintech	Solartech	Neo Solar	DelSolar	Tainergy
Total Assets	27,514,603	23,946,784	13,069,357	21,070,319	12,796,678	6,840,570
Total Liabilities	13,610,956	11,780,312	6,015,574	9,988,821	7,161,203	4,189,189
Common Shares	4,373,989	3,388,517	2,890,394	4,606,774	2,699,889	2,060,450
Preferred Shares	0	0	280,000	0	0	0
Net Equity	13,903,647	12,166,472	7,053,783	11,081,498	5,635,475	2,651,381
Sales	14,913,151	13,966,227	6,164,759	12,241,013	5,703,393	3,740,880
Gross Profit	-2,845,716	-657,899	-533,607	-3,232,110	-1,228,510	-999,268
Operating Profit	-4,597,266	-1,650,300	-997,710	-4,051,185	-1,972,608	-1,293,541
Net Profit After Tax	-5,037,203	-1,924,110	-1,816,338	-4,173,633	-1,912,500	-1,453,619

Source: Audited 2012 consolidated financial report, TEJ

Hereby using aforementioned six companies' average closing price for 20-consecutive-trading-day as of April 26, 2013 (inclusive), and net equity for the year ended 2012:

	(NT\$ thousand dollar)						
	Motech	Gintech	Solartech	Neo Solar	DelSolar	Tainergy	Average
Share Price (NT\$)*	30.09	26.45	20.63	20.43	14.81	14.30	
Market Cap.**	13,200,704	8,999,326	6,030,850	9,411,657	3,995,819	2,945,928	
Net Equity	13,903,647	12,166,472	7,053,783	11,081,498	5,635,475	2,651,381	
P/B(x)	0.95	0.74	0.85	0.85	0.71	1.11	0.87

Source: Audited 2012 consolidated financial report, TEJ

\* Price per share is calculated by average closing price for 20-consecutive-trading-day as of April 26, 2013 (inclusive).

\*\* Market Cap. is calculated by share price and the latest common shares of aforementioned companies.

As illustrated from the table above, six companies' average P/B is 0.87x. If calculated by Sunrise's net equity of NT\$4,556,541 thousands in 2012 with average P/B of 0.87x, it derives Sunrise's fair price per share is NT\$15.82. Because Sunrise is an Emerging-listed company, its stock liquidity is not like other peers. Therefore liquidity discount should be taken into consideration; this fairness opinion adopts 10%~15% of liquidity discount. After liquidity discount adjustment, the fair price of Sunrise per share is NT\$ 13.45~14.24.

#### C. Market Price Analysis Method

The following table shows Sunrise's average closing price for 10, 20 and 30-consecutive-trading-day, as of April 26, 2013 (inclusive):

Dates	Average Price(NT\$)	Price Range(NT\$)
10 Business Days	19.96	19.96~20.43
20 Business Days	20.14	
30 Business Days	20.43	

Source: TEJ

#### D. Summary of Price Range

Since every valuation model has its significance and usefulness, therefore, this fairness opinion applies three different valuation methods to comprehensively analyze the fair price of Sunrise. In order to derive an objective weighted average pricing range, this fairness opinion also applies different weights to different methods. Net equity, a long-term performance factor of the company, can better reflect a company's value and Price to Book Value Ratio Analysis Method, which takes peers' share price and net equity into account, can better reflect the relevance between the share price of solar industry companies and companies' operation and financial conditions.

Hence Price to Book Value Ratio Analysis Method applies the highest weight and Book Value Per Share Method, which only takes the net equity into account, applies relatively lower weights. Because Sunrise is an Emerging-listed company, its stock liquidity is not like other peers. Market Price Analysis Method applies the lowest weight. The following table shows the weighted average price range is from NT\$15.52~16.32. per share after the application of different sets of weight. After the merger, SAS will hold more percentage of shares of Sunrise and have more influences, thus this fairness opinion offers adequate premium to the weighted average price range. After the adjustment, the weighted average price range is from NT\$16.30~18.77 per share.

(NT\$)

Valuation Method	Theoretical Price	Weight Range	Weighted Average Price Range	
			Pre-adjustment	Post Adjustment
Book Value Per Share Method	18.19	30% ~ 45%	15.52 ~ 16.32	16.30 ~ 18.77
Price to Book Value Ratio Analysis Method	13.45 ~ 14.24	50% ~ 60%		
Market Price Analysis Method	19.96 ~ 20.43	5% ~ 10%		

## 5. Estimation of Sinosolar's Value Per Share

After comprehensive quantitative assessment by Book Value Per Share Method, Price to Book Value Ratio Analysis Method and Market Price Analysis Method, plus the consideration of appropriate pricing adjustment, the fair price range is from NT\$16.30~18.77 per Sunrise share. Thus this fairness opinion will derive Sinosolar's fair price from Sunrise's fair price.

Sinosolar's book value per share for the year ended 2012 is NT\$8.51 and Sinosolar recognized Sunrise's value of NT\$20.59 per share for the year ended 2012.

(NT\$ thousand dollar)

	December 31, 2012
Net Equity	1,682,570
Common Stock	1,976,530
BVPS (NT\$)	8.51

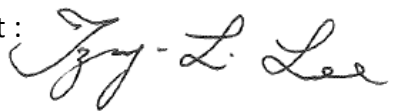
Source : Sinosolar's audited 2012 financial report.

	December 31, 2012
Long-Term Investment (NT\$ thousand dollar)	1,663,457
The number of shares of Sunrise held by Sinosolar (thousand shares)	80,800
Long-Term Investment per share(NT\$) (A)	20.59

Source : Sinosolar's audited 2012 financial report.

The calculated price range of Sunrise is from NT\$16.30~18.77 per share. The following table shows Sinosolar's adjusted BVPS is from NT\$6.76~7.77. As a result of the foregoing, it is my opinion that the proposed consideration of NT\$7.05 per Sinosolar share is fair, from a financial point of view, to the shareholders of SAS.

	Price Range	
	Upper Band	Lower Band
Sunrise's Price Range (NT\$) (B)	16.30	18.77
The differences between Sunrise's Price Range and recognized value of Sunrise (NT\$) (C) = (B)-(A)	-4.29	-1.82
The total number of adjusted value on Sinosolar's long-term investment (NT\$ thousand dollar) (D) = (C)x80,800 thousand shares	-346,632	-147,056
Sinosolar's Net Equity after adjustment (NT\$ thousand dollar)	1,335,938	1,535,514
Sinosolar's BVPS after adjustment (NT\$)	6.76	7.77

Independent Expert :   
Date: April 28th, 2013

The official seal page of this fairness opinion is for the purpose to evaluate the fairness of the cash consideration in the proposed merger between Sino-American Silicon Products Inc. and Sinosolar Corporation.



### **Independent Expert's Statement**

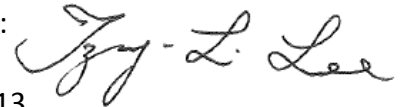
This service is engaged by Sino-American Silicon Products Inc. ("SAS") for the purpose to evaluate the fairness of the cash consideration and express an opinion in the proposed merger between SAS and Sinosolar Corporation ("Sinosolar").

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

1. Either my spouse or I is employed, take job position, or receive regular incomes from SAS or Sinosolar.
2. Either my spouse or I had been employed by SAS or Sinosolar within last two years.
3. Either my spouse or I work for the company which is related to SAS or Sinosolar.
4. I have the spouse or 2<sup>nd</sup>-grade relative relation with the representative or managers of SAS or Sinosolar.
5. Either my spouse or I have investment or mutually beneficial relationship with SAS or Sinosolar.
6. Either my spouse or I work for the company which has business interest with SAS or Sinosolar.

For the expert opinion I expressed here for this merger between SAS and Sinosolar, I maintain as an independent status.

Independent Expert:



Date: April 28th, 2013

## **Attachment 15**

Impact of the Stock Dividend Proposal of this Shareholders meeting on Operational Performance and Earning per Share: Not Applicable

## Attachment 16

### Information on Employee Profit Sharing and Regular Compensation for Directors and Supervisors

The Board adopted a proposal of the distribution for employee bonus and remunerations for Directors and Supervisors in the following manners:

- 1 If the Company has profit as a result of the yearly accounting closing, it will be distributed in accordance with the following:
  - (1) To make up for the previous loss;
  - (2) 10% of annual income retained as legal reserve until such retention equals the amount of authorized common stock;
  - (3) To distribute or reverse special earning reserve according to the law or competent authority;
  - (4) After deducting item (1)-(3), the remaining balance of annual income, if any, can be distributed at most 5% as remuneration to Directors and Supervisors and at least 10% as employee bonuses, the rest plus the accumulated undistributed earnings of the previous period of the profit shall be as dividends to stockholders.

In order to keep sustainable development for the Company and continuous growth on earnings per share, the cash dividends for shareholders shall be no less than 50% of the dividends for shareholders.

Employees entitled to stock bonus may include subsidiaries' employees that meet certain criteria set by the board of directors.

- 2 Amount and related information of Board's resolution of employee bonus and remunerations for Directors and Supervisors:
  - (1) No allocation for employee stock bonus nor Directors' and Supervisors' remuneration.
  - (2) Distribution of cash bonuses or stock bonuses to employees, and remuneration to directors and supervisors. If there is any discrepancy between such an amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, reasons therefore, and how it is treated shall be disclosed: Not applicable.

## Attachment 17

### Release List and Competition Status Of Directors

Name	Title Of Engagement In Competitive Company
Lu Ming-Kuang	Chairman of Sinosolar Corp Director of Ze Poly Pte Ltd.
Yao Tang-Liang	Director/president of Sinosolar Corp Director of Song Long Electronics Co., Ltd.
Hsu Hsiu-Lan	Director of Silfab Spa, Director of Sunrise Global Solar Energy Co., Ltd. Director of Sunshine PV Corp
Tsai Wen-Huei	Legal entity representative of Sunrise Global Solar Energy Co., Ltd.

# **Appendix 1**

## **Sino-American Silicon Products Inc.**

### **Rules and Procedures of Shareholders' Meeting**

#### **Article 1**

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

#### **Article 2**

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

#### **Article 3**

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

#### **Article 4**

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

#### **Article 5**

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

#### **Article 6**

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

#### **Article 7**

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

for at least one year.

#### Article 8

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

#### Article 9

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

#### Article 10

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

#### Article 11

Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than two times (each time not exceeding 5 minutes). In case the speech of any

shareholder violates the above provision or exceeds the scope of the discussion item, the chairman may stop the speech of such shareholder.

#### Article 12

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

#### Article 13

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

#### Article 14

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

#### Article 15

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

#### Article 16

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

#### Article 17

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

#### Article 18

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

#### Article 19

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

#### Article 20

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

#### Article 21

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

The 1<sup>st</sup> amendment was made on June 12, 1998.

The 2<sup>nd</sup> amendment was made on June 16, 1999.

The 3<sup>rd</sup> amendment was made on June 21, 2002.

The 4<sup>th</sup> amendment was made on June 8, 2006.



## **Appendix 2**

### **Sino-American Silicon Products Inc.**

#### **Articles of Incorporation**

##### **Chapter I. General Provisions**

###### **Article 1.**

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

###### **Article 2:**

The Company shall engage in the following business:

CC01080 Electronic Parts and Components Manufacturing

IG03010 Energy-related Technology and Service

F401010 International Trade

i. Research and development, design, manufacture and sell the following products:

- Silicon-based semiconductor materials and their components
- Varistor
- Photovoltaic and communication materials

ii. The technology, management and advisory business related to the products listed above.

iii. Photovoltaic system integration and installation services.

iv. Import-export activities related to the above mentioned business.

###### **Article 3:**

The Company may provide endorsement and guarantee and make reinvestment.

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

###### **Article 4:**

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

###### **Article 5:**

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

###### **Article 5-1**

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

## **Chapter II. Capital Stock**

### **Article 6:**

The total capital stock of the Company shall be in the amount of NTD8,000,000,000, divided into 800,000,000 shares, at NTD10 par value, and may be issued separately. The Board of Directors is entitled to make resolutions to decide whether or not the unissued shares to be issued.

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

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

### **Article 7:**

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

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

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

### **Article 8:**

All transfer of stocks, pledge of rights, loss or damage, or similar stock transaction conducted by shareholders of the Company shall follow the Company Law or relevant regulations.

### **Article 9:**

Shareholders shall submit their seal drawings to the Company for reference, and the same instruction shall be applied when the shareholders change their seal drawings. It shall be based on the current seal drawings kept by the Company when shareholders receive dividends or executing other rights.

### **Article 10:**

All the Company's stockholder-related affairs shall be dealt in accordance with the Company Law or relevant regulations.

### **Article 11:**

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

### **Chapter III. Shareholders' Meeting**

#### **Article 12:**

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

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

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

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

#### **Article 13:**

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

#### **Article 14:**

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

#### **Article 15:**

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

#### **Article 16:**

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

If the Vice Chairman's position is in vacancy, or the Vice Chairman is also absent, the Chairman shall,

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

Article 17:

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

#### **Chapter IV. Directors and Supervisors**

Article 18-1:

The Company shall have nine to eleven directors and three supervisors to be elected at the shareholders' meeting among shareholders with disposing capacity. Both directors and supervisors shall serve for a term of three years and shall be eligible for re-election. The total shares held by all directors and supervisors shall be in compliance with the relevant regulations provided by the securities authority.

Article 18-2:

The aforesaid directors must have at least two independent directors and shall also not be less than one fifth of the total number of directors. The candidate nomination system shall be adopted. Independent directors shall be elected from the list of candidates for independent directors at shareholders' meeting. The professional qualification, shareholding, part-time job limitation, nomination and election method and other requirements for independent directors shall be handled in compliance with the relevant regulations provided by the securities authority.

Article 18-3:

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.

Article 19:

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

Article 20:

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

Article 21:

Each directors and supervisors shall be informed via written notice or email or fax of the convention of a Board of Director's meeting of the Company. A meeting of the Board of Directors may be held anytime if necessary, and the methods of informing each directors and supervisors shall be via written notice or email or fax.

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

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

Article 22:

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

Article 23:

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

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

Article 24:

The supervisors shall be in accordance with the laws, Articles of Incorporation, and the rights entitled from the shareholders' meeting when performing their jobs.

Article 25:

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

## **Chapter V. Management of the Corporation**

Article 26

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

Article 27

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

## **Chapter VI. Accountings**

### **Article 28:**

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

### **Article 29:**

Upon the closing of each fiscal year, the Board of Directors shall work out the following documents and present them to supervisors for audit thirty days prior to a shareholders' meeting. Supervisors shall issue a report and present it at a regular meeting of shareholders for acknowledgement.

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

### **Article 30:**

If the Company has profit as a result of the yearly accounting closing, it will be distributed in accordance with the following:

- (1) To make up for the previous loss;
- (2) 10% of annual income retained as legal reserve until such retention equals the amount of authorized common stock;
- (3) To distribute or reverse special earning reserve according to the law or competent authority;
- (4) After deducting item (1)-(3), the remaining balance of annual income, if any, can be distributed at most 5% as remuneration to Directors and Supervisors and at least 10% as employee bonuses, the rest plus the accumulated undistributed earnings of the previous period of the profit shall be as dividends to stockholders.

In order to keep sustainable development for the Company and continuous growth on earnings per share, the cash dividends for shareholders shall be no less than 50% of the dividends for shareholders.

Employees entitled to stock bonus may include subsidiaries' employees that meet certain criteria set by the board of directors.

## **Chapter VII. Supplementary Provisions**

### **Article 31:**

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

### **Article 32:**

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

The 1st amendment on May 21st, 1984

The 2nd amendment on July 20th, 1984

The 3rd amendment on June 26th, 1987  
The 4th amendment on Nov 16th, 1987  
The 5th amendment on Aug 4th, 1989  
The 6th amendment on May 29th, 1990  
The 7th amendment on June 14th, 1991  
The 8th amendment on June 23rd, 1993  
The 9th amendment on May 30th, 1995  
The 10th amendment on Nov 3rd, 1997  
The 11th amendment on June 12th, 1998  
The 12th amendment on June 16th, 1999  
The 13th amendment on Sep 7th, 1999  
The 14th amendment on May 23rd, 2000  
The 15th amendment on May 21st, 2001  
The 16th amendment on June 21st, 2002  
The 17th amendment on June 13th, 2003  
The 18th amendment on June 24th, 2004  
The 19th amendment on June 3rd, 2005  
The 20th amendment on June 8th, 2006  
The 21st amendment on June 21st, 2007  
The 22nd amendment on June 19th, 2008  
The 23rd amendment on June 3rd, 2009  
The 24th amendment on June 15th, 2010  
The 25th amendment on June 17th, 2011  
The 26th amendment on June 27th, 2012  
Implement after approvals from the meeting of stockholders

## **Appendix 3**

### **Sino-American Silicon Products Inc.**

#### **Procedures for Lending Funds to Other parties**

##### **Article 1**

The Company shall follow the Procedures set forth below for lending funds to other parties. Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.

##### **Article 2**

The party to whom the Company may lend its funds shall be limited to:

- 1 Companies or firms having business relationship with the Company ; business relationship refers to the one of sales or purchasing amount between the party and the Company.
- 2 Companies or firms in need of funds for a short-term period; Fund-lending to companies which need funds for a short-term period shall be limited to companies or firms in which the Company holds 50 percent or more of the shares. The aforementioned “short-term period” shall mean the period of one year or business operation, whichever is longer. Loan amount shall mean the aggregate fund-lending balance of the Company for a short-term period.

##### **Article 3**

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.

- 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.
- 2 The total amount for lending to a company/firm for funding for a short-term period shall not exceed the forty percent (40%) of the net worth of the Company. The amount lent to a single recipient shall not exceed the ten percent (10%) of the net worth of the Company.

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.



#### **Article 4**

The term of each loan extended by the Company shall not exceed one year. The interest rate shall be determined on the basis of the Company's funding , but in no event shall it be higher than the Company's highest short-term bank borrowing rate at the time of lending. The interests shall be calculated on a monthly basis.

The loans of the company and subsidiaries or subsidiaries and subsidiaries shall be submitted to the Board of Directors for approval in accordance with aforesaid Article. Once the loans are approved by the Board, the chairman of the Board is authorized to allocate the fund within a year under approved limits in several installments or revolving allocations.

The aforesaid loan amount shall be in accordance with Article 3. The loan amount of the Company or its subsidiaries' to any single enterprise shall not exceed 10% of the net worth of the latest financial report of the Company or the subsidiaries.

With special circumstance and the approval of Board of Directors, the term of loan may be extended depending on its actual situation.

#### **Article 5**

- 1 Any borrower, when applying for a loan from the Company, shall submit an application or a letter. The financial department, based on the aforesaid information, shall do an investigation on the necessity and rationality of the loan application, the credibility and risk of the borrower, the impact on the Company's operating risk, financial positions and shareholders' right and interests .When necessary, an appropriate mortgage of real property or personal property shall be created. Duration and interest payment terms shall be determined based on these findings, and then submitted to President/Chairman for approval.
- 2 If the Company has independent Directors, the Board shall fully take each individual director's opinions into consideration and record each director's reasons for pros and cons in the minutes when lending to a company/firm.

#### **Article 6**

- 1 The Company shall establish and maintain a reference book to record all its fund-lending information, including the identify of the borrower, amount, the date on which the lending was approved by the Board of Directors, dates to advance the amount of the loan and related information regarding the assessment in accordance with the relevant regulations of the Procedures.
- 2 The internal auditing personnel of the Company shall audit the execution of the operation of lending of funds of the Company at least every quarter and produce a written auditing report. During the auditing, the internal auditor shall immediately correct violation(s) upon finding any violation. If the violation found is material, the personnel who violate the Procedures shall be penalized in accordance with the related rules of the Company. Meanwhile, the auditor shall immediately report such violation in writing to the Supervisors of the Company.

- 3 If the borrower no longer meets the requirements of the Procedures, or the total outstanding lending amount exceeds the lending limit approved by the Board of Directors due to unforeseeable changes of circumstances, the Company shall produce an improvement plan .In addition, the improvement plan shall be submitted to the Supervisors of the Company for review. The aforesaid improvement plan shall be accomplished according to the planned schedule thereof.

## **Article 7**

- 3 The Company shall announce and report the previous month's balance of loans of funds made by itself and its subsidiaries by the 10th day of each month.
- 4 If the Company's loans of funds reach one of the following levels, the Company shall announce and report such fact within two days from its occurrence:
  - (1) The balance of loans of funds by the Company and the Company's subsidiaries to others reaches 20 percent or more of the Corporation's net worth as stated in its latest financial statement.
  - (2) The balance of loans of funds by the Company and the Company's subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.
  - (3) The amount of new loans of funds by the Company or any of the Company's subsidiaries reaches NT\$10 million or more and also reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any of its subsidiaries that is not a domestic public company any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.

## **Article 8**

- 1 After a loan has been disbursed, the financial, business, and credit condition of the borrower and the guarantor shall be monitored on a regular ongoing basis. If collateral has been provided, it shall be monitored for any changes in the collateral value. In the event of any material change, it shall immediately be reported to the chairman of the board of directors, and appropriate measures shall be taken in accordance with the chairman's instructions.
- 2 If the borrower repays the loan when or before it becomes due, the interest payable shall first be calculated, and shall be paid together with the principal, before the promissory note may be cancelled and returned to the borrower or the mortgage cancelled.
- 3 When a loan becomes due, the borrower shall promptly repay the principal and interest in full. If the borrower is unable to make repayment on the due date and deferral is required, the application for deferral shall be made in advance, and submitted to the board of directors for approval before implementation. For any given repayment, deferral shall not exceed three months, and only one deferral may be given. In the event of breach, the Corporation may duly dispose of, or pursue recovery from, the borrower's collateral or guarantor.

## **Article 9**

- 1 If a subsidiary of the Company intends to lend funds to others, the Company shall require its

subsidiaries to establish relevant procedures for lending funds in accordance with the Procedures and to comply with such procedures; Net worth shall be calculated based on the subsidiary's net worth.

- 2 The subsidiaries shall compile and submit the schedule which includes the details of lending funds made in the previous month to the Company for review by the tenth day of the current month.
- 3 The subsidiary's internal auditor personnel shall perform auditing on the Company's lending profile every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Company's audit department. The Company's audit department shall submit written report to supervisors.
- 4 The internal audit personnel of the Company shall audit the subsidiaries operational procedures according to understand the implementation status of lending funds to others. Corrections of any defects discovered shall be continuously be tracked and a follow-up report shall be made to submit to Chairman.

#### **Article 10**

After passage by the Board of Directors, these Procedures shall be sent to all supervisors and submitted to the shareholders meeting for approval. If any director expresses an objection and there is a record or written statement of the objection, the Company shall forward the director's objection to all supervisors and submit it to the shareholders meeting for discussion. The same procedures shall apply to any amendments to these Procedures.

If the Company has appointed an independent director(s), the opinions of each independent director shall be given full consideration when the matter is submitted for discussion by the board of directors, and each independent director's explicit assenting or dissenting opinion and reasons for dissent shall be recorded in the board of directors meeting minutes.

#### **Article 11**

The Procedure was enacted on May 29, 1990

The 1<sup>st</sup> amendment was made on March 19, 1999

The 2<sup>nd</sup> amendment was made on December 22, 1999

The 3<sup>rd</sup> amendment was made on March 25, 2002

The 4<sup>th</sup> amendment was made on June 13, 2003

The 5<sup>th</sup> amendment was made on June 19, 2008

The 6<sup>th</sup> amendment was made on June 3, 2009

The 7<sup>th</sup> amendment was made on June 15, 2010

The 8<sup>th</sup> amendment was made on June 27, 2012

## **Appendix 4**

### **Sino-American Silicon Products Inc.**

#### **Procedures for Endorsement and Guarantee**

##### **Article 1**

The Procedures set forth below are the guidelines for the Company to provide endorsement and/or guarantee to outside parties. Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.

##### **Article 2**

The party to whom the Company may provide endorsement and/or guarantee include the following:

- 1 Any company who has business relationship with the Company.
- 2 Any subsidiary whose total outstanding common shares are fifty percent (50%) or more owned directly by the Company.
- 3 Any company in which the Company invests and whose voting shares are fifty percent (50%) or more owned collectively by the Company and its subsidiaries.
- 4 Any parent company who directly or through its subsidiaries indirectly own fifty percent (50%) or more of the Company's total outstanding common shares.

Subsidiaries whose voting shares are more than 90% owned, directly or indirectly, by the Company may provide endorsement and/or guarantee to each other. The amount shall not exceed 10% of the net worth of the Company. The limits to the companies in which the Company holds 100% of the voting shares directly or indirectly do not follow the same rule.

The restriction stated in the prior two paragraphs does not include the endorsement and guarantee rendered by respective shareholders based on the co-investment relationship in a pro rata basis of their shareholding.

The shareholding mentioned above means the Company makes direct shareholding or through a company in which it holds 100% of its total outstanding common shares.

##### **Article 3**

The words "endorsement and/or guarantee" used herein are defined as:

- 1 Financing endorsement and/or guarantee, including:
  - (1) Endorsement/guarantee to customers' notes for cash financing with a discount;
  - (2) Endorsement/guarantee for another company for its financing needs;
  - (3) Endorsement/guarantee to the notes issued by the Company to non-financial institutions and entities for the Company's own financing needs.
- 2 Endorsement/guarantee of customs duties due from the Company.
- 3 Other endorsements/guarantees which are not included under paragraphs 1 and 2.
- 4 The lien or mortgage provided by the Company against its assets and properties for guaranteeing another company's loan should also follow the policies and procedures set forth

herein.

#### **Article 4**

The amount of endorsement/guarantee provided by the Company is subject to the following limits:

- 1 The aggregate amount of endorsement/guarantee provided by the Company is limited to fifty percent (50%) of its net worth.
- 2 The amount of endorsement/guarantee for one single company provided by the Company is limited to ten percent (10%) of its net worth. However, the amount of endorsement/guarantee for any subsidiaries is limited to forty percent (40%) of its net worth.
- 3 The limits of the Company and its subsidiaries' endorsement/guarantee to any single enterprise shall not exceed the fifty percent (50%) of the Company's net worth.
- 4 For endorsement /guarantee deriving from business relations, the amount provided to any single party shall not exceed the total business amount between the party and the Company in the most recent year or over the twelve-month period before the extension of endorsement/guarantee.

Business amount refers to the total purchase or sales whichever is higher.

#### **Article 5**

- 5 The Company shall make an announcement on the balance of endorsement and/or guarantee in MOPS before the 10<sup>th</sup> of each month.
- 6 In the event that the balance of endorsement and/or guarantee meets one of the following standards, the Company shall make an announcement in MOPS within 2 days after its occurrence.
  - (1) The aggregate balance of the Company and its subsidiaries' endorsements/guarantees reaches 50 percent or more of Company's net worth as stated in its latest financial statement.
  - (2) The balance of the Company and its subsidiaries' endorsements/guarantees for a single enterprise reaches twenty percent (20%) or more of Company's net worth as stated in its latest financial statement.
  - (3) The balance of the Company and its subsidiaries' endorsements/guarantees for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for, long-term investment in, and balance of loans to, such enterprise reaches thirty percent (30%) or more of Company's net worth as stated in its latest financial statement.
  - (4) The balance of the Company and its subsidiaries' new endorsements/guarantees reaches NT\$30 millions or more and the aggregate amount of all endorsements/guarantees reaches five percent (5%) or more of Company's net worth as stated in its latest financial statement.
- 7 The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and

report pursuant to the fourth subparagraph of the preceding paragraph.

- 8 The Company shall evaluate or recognize the contingent loss for endorsement and/or guarantee according to the Statement of Financial Accounting Standards No.9, and shall adequately disclose information of endorsement/guarantees in its financial reports or provide its certified public accountants with relevant information for implementation of necessary auditing procedure.

#### **Article 6**

Any endorsement/guarantee provided by the Company shall be approved beforehand by the Board of Directors. A pre-determined limit of US\$1 million delegated to the Chairman by the Board of Directors to facilitate execution and such endorsement/guarantee shall be reported to the most upcoming Shareholders' Meeting for ratification.

If the Company has independent Directors, the Board shall fully take each individual director's opinions into consideration and record each director's reasons for pros and cons in the minutes when providing endorsement and/or guarantee to outside parties.

Before each of the companies, in which the Company holds more than 90% voting shares directly or indirectly, may make endorsements and/or guarantees for each other in accordance of Article 2, the proposal shall be submitted to the Board of Directors for approval. The limits to the companies in which the Company holds 100% of the voting shares directly or indirectly do not follow the same rule.

#### **Article 7**

- 1 Internal auditors shall perform auditing on the Company's endorsement/guarantee profile every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the supervisors.
- 2 Any endorsement and/or guarantee to be provided by the Company shall be conducted in accordance with the procedures. Should there be any violation of related regulations or the Procedures, the Company's managers and persons-in -charge shall be subject to castigation.

#### **Article 8**

- 3 When providing endorsement/guarantee to another company, the Company may require the endorse/guarantee company to submit application form to the Company's Finance Department. Finance Department shall conduct a credit survey and keep the record of risk assessment. After passage by the Finance Department, it shall be submitted to President and Chairman for approval. Collateral shall be obtained when necessary.
- 4 The Finance Department shall make an impact assessment based on the possibility of operation risk. The items to be evaluated include:

- (1) The necessity and reasonableness of the endorsement and guarantee.
  - (2) Whether the endorsed amount is necessary in the light of the financial status of the company endorsed or guaranteed.
  - (3) Whether the accumulated amount of endorsement and guarantee is still within the limit.
  - (4) Whether the collateral shall be acquired and the assessed value of the collateral.
  - (5) The possibility of harming the Company's equity.
- 7 Finance Department shall establish and maintain a reference book for endorsement/ guarantee matters and shall record in detail for future reference including the recipient, amount, date of passage by the Board of Directors or decision by the Chairman of the Board of Directors as authorized, date of the endorsement/guarantee and the abovementioned assessment data.
  - 8 Finance Department shall follow the No.9 of the Regulation on the Financial Accounting to assess and recognize, if any, contingent losses brought about by the endorsement/guarantee, to adequately disclose information in the financial statements, and to provide external auditors with necessary information for conducting due auditing and issuing auditing report.
  - 9 If, due to changes of circumstances, the party to whom the Company provided endorsement and/or guarantee no longer satisfies the criteria set forth in the Procedures herein, or the amount of endorsement and/or guarantee exceeded the limits due to changes of basis on which the amounts of limits are calculated, a corrective plan shall be provided to the supervisors and the proposed corrections shall be implemented within the period specified in the plan.
  - 10 When the net value of endorsed or guaranteed companies lower than 50% of its paid-in capital, subsequent precautions of control shall be established.

#### **Article 9**

- 1 The seal used specifically for endorsement/guarantee shall be the company seal registered with the Ministry of Economics Affairs. The person who safeguards the foresaid seal shall be approved by the Board of Directors of the Company and the change is subject to the same procedures. The designated person shall conduct the use of the seal or the issue of notes payable with the seal printing in compliance with the relevant procedures of the Company.
- 2 When providing endorsement/guarantee to a foreign company, the guarantee letter shall be signed by chairman of the company whom is authorized by the Board of Directors of the Company.

#### **Article 10**

- 1 If the endorsement or guarantee needs to be cancelled due to performance of debt or change of notes as a result of extension of the term, the endorsed company shall deliver a formal letter with the original notes endorsed and relevant documents to Finance Department to be chopped "cancellation" and returned, the application letter shall be kept for reference.
- 2 Finance department shall register the cancelled notes into the registry to reduce the accumulated amount of the endorsement.
- 3 When the notes are renewed for renewal, financial institution usually requires to endorse the new notes first and then return the old notes. Therefore, Finance Department shall keep a tracing and collecting record and trace the notes back as soon as possible.

## **Article 11**

- 1 When the subsidiaries intend to provide endorsement/guarantee to other companies, the Company shall require its subsidiaries to establish relevant procedures for providing endorsement/guarantee in accordance with the Procedures and to comply with such procedures; Net worth shall be calculated based on the subsidiary's net worth.
- 2 The subsidiaries shall compile and submit the schedule which includes the details of endorsement/guarantee made in the previous month to the Company for review by the tenth day of the current month.
- 3 The subsidiary's internal auditors shall perform auditing on the Company's endorsement/guarantee profile every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Company's internal auditors. The Company's internal auditors shall submit written report to supervisors.
- 4 The internal audit personnel of the Company shall audit the subsidiaries operational procedures according to Yearly Auditing plan and understand the implementation status of providing endorsement or guarantees for others. Corrections of any defects discovered shall be continuously be tracked and a follow-up report shall be made to submit to Chairman.

## **Article 12**

The Procedures shall be submitted to the Board of Directors of the Company for approval. After approved by the Board of Directors of the Company, the Procedures shall be submitted to the Supervisors of the Company and ratified by the Shareholders Meeting of the Company. Any amendment is subject to the same procedure. Any written objection or statement from Directors of the Board of the Company shall be submitted to the Supervisors of the Company and afterwards submitted to the Shareholders Meeting for discussion. If the Company has independent Director(s), the opinions of objection or endorsement from the independent Director(s) of the Company shall be placed on record in the minutes of the Board of Directors of the Company.

## **Article 13 :**

The procedure was approved on May 29, 1990.

The 1<sup>st</sup> amendment was made on March 19, 1999.

The 2<sup>nd</sup> amendment was made on December 22, 1999.

The 3<sup>rd</sup> amendment was made on June 13, 2003.

The 4<sup>th</sup> amendment was made on June 19, 2008.

The 5<sup>th</sup> amendment was made on June 3, 2009.

The 6<sup>th</sup> amendment was made on June 15, 2010.



## **Appendix 5**

### **Sino-American Silicon Products Inc.**

#### **Policies and Procedures for Financial Derivatives Transactions**

##### **Article 1**

These Procedures are adopted in accordance with the provisions of 10 December 2002 Letter No. Taiwan-Finance-Securities-I-0910006105 of the Securities and Futures Commission, Ministry of Finance.

##### **Article 2**

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

##### **Article 3**

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

##### **Article 4**

Derivative products that the Company can buy or sell include foreign currency forward contracts and option contracts.

##### **Article 5**

The profit of the Company shall be derived from the operation. The Company engages in derivatives transactions based on the principle of risk hedging, and not for the purpose of generating profit. The investment currency shall meet the need of import/export trade.

##### **Article 6**

For derivatives transactions in which the Corporation engages, the ceiling amount for losses on all contracts is US\$250 thousand. The ceiling amount for losses on individual contracts is set at 10 percent of the principal amount of individual contracts and shall not exceed US\$250 thousand.

##### **Article 7 : Division of authority and duties**

- (1) Finance Department that is in charge of hedging strategy shall establish the hedging limit towards revenue, import/export and the balance position of the Company to ensure proper risk control.

- (2) Finance Department based on the monthly summary of the balance position and L/C-based payment demand, shall submit the next month hedging strategy to President for approval. Finance Department then engages in derivative trading according to the approved hedging strategy.

#### **Article 8 : Performance assessments**

- (1) The performance assessments are based on the gain from difference between account exchange rate cost and profit produced from derivative trading.
- (2) The Finance Department shall assess market prices and evaluate hedging performance each week. They shall report the results to president at regular intervals to improve the strategy.

#### **Article 9**

The total contract amount from the derivative trading shall not exceed 50% of account payable and account receivable cash flow balance. The performed amount of the options contracts shall not exceed US\$2 million based on the market price.

#### **Article 10: Authorization**

- (1) The amount within US\$500 thousand or equivalent foreign currency on each transaction shall be approved by President.
- (2) The amount exceed US\$500 thousand on each transaction shall be approved by Chairman.

#### **Article 11**

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

#### **Article 12**

Finance Department, engage in derivative trading, shall handle the transaction one by one according to each L/C-based payment demand.

#### **Article 13**

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

#### **Article 14**

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

#### **Article 15**

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

## **Article 16**

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

## **Article 17**

### **1 Internal Control**

- (1) The Financial unit's transaction personnel and confirmation and settlement operations personnel may not concurrently serve in more than one of those positions.
- (2) A trading slip needs to be filled out by the trading personnel upon the completion of any transactions and passed to the confirmation personnel, who, in turn, shall confirm with counterparty and reconcile the master position table for reference.
- (3) Bookkeeping personnel shall at regular intervals reconcile accounts or records with the trading counterparty.
- (4) Trading personnel shall check total transaction amounts on an ongoing basis to see whether they conforms to the ceilings set under these Procedures.

### **2 Risk Management**

#### **(1) Credit risk**

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

#### **(2) Market Risk**

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

#### **(3) Liquidity Risk**

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

#### **(4) Operation Risk**

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

#### **(5) Legal Risk**

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

### 3 Periodic evaluation

- (1) The Finance Department shall assess market prices and evaluate hedging performance each week. They shall report the results to president at regular intervals to improve the strategy.
- (2) The designated personnel appointed by the board of directors to monitor and control derivatives trading risks on an ongoing basis shall also at regular intervals evaluate whether trading performance accords with established operational strategies, and whether risks assumed are within a tolerable range. They shall at regular intervals evaluate whether the risk management procedures currently in use are appropriate and scrupulously conducted in accordance with these Procedures.
- (3) The chief financial officer shall monitor the trading and profit and loss situation. When any irregularity is discovered, the chief financial officer shall report to the board of directors. If independent director(s) have been appointed, the board of directors shall have the independent director(s) attend and express an opinion.

#### **Article 18**

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

#### **Article 19**

After these Procedures have been approved by the board of directors, they shall be delivered to each supervisor and submitted to a shareholders meeting for approval; the same applies when the Procedures are amended. If any director expresses dissent and it is on record or in a written statement, the director's dissenting opinion shall be delivered to each supervisor. Where the position of independent director(s) has been created, when these Procedures are submitted for deliberation by the board of directors, each independent director's opinions shall be taken into full consideration; the independent directors' specific opinions of assent or dissent and the reasons therefore shall be included in the minutes of the board of directors meeting.

#### **Article 20 :**

The Procedure was enacted on March 19, 1999

The 1<sup>st</sup> amendment was made on June 13, 2003.

The 2<sup>nd</sup> amendment was made on June 8, 2006.

## Appendix 6

### Sino-American Silicon Products Inc.

#### Shareholdings of Directors and Supervisors

- 1 The Company discloses the shares held by Directors and Supervisors in shareholder's register as of April 27, 2013 pursuant to the Article 4 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.
- 2 The current paid-in capital for shares in the Company is 523,119,081 shares. The Company's Directors hold at least 4 % shares and the Company's Supervisors hold at least of 0.4% of shares, and such holdings comply with the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".

Position	Name	Shareholdings	Note
Chairman	Ming-Kung Lu	11,000,000	
Vice Chairman	Tang-Liang Yao	2,018,395	
Director	Hsiu-Lan Hsu	2,076,085	
Director	Solar Energy Corp.	21,860,379	Representative: Kang-Hsin Liu
Director	Solar Energy Corp.	21,860,379	Representative: Chin-Lung Chang
Director	Lin-Lin Sun	3,239,724	
Director	Wen-Huei Tsai	3,033,191	
Director	Mao-Yang Co.,Ltd	3,000,639	Representative: Tieh-Chih Sun
Independent Director	Ting-ko Chen	0	
Independent Director	Ming-Chang Chen	0	
Independent Director	Angela Huang	0	
Subtotal		46,228,413	Met required shareholding
Supervisor	Kuo-Chow Chen	2,582,635	
Supervisor	Su-Mei Yang	2,001,685	
Supervisor	Kun Chang Investment Co.	2,202,100	Representative: May-Yuan Chang
Subtotal		6,786,420	Met required shareholding
Total (Directors and Supervisors)		53,014,833	Met required shareholding

## Other Statement Items

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

1. Pursuant to the Article 172-1 of Company Act, Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, in which do not excess 300 words.
2. Submission period applicable to common shareholders of SAS starts from April 19 to April 29, 2013. The Company has made a public announcement on MOPS.
3. The Company has not received any proposal from shareholders yet.