

Sino-American Silicon Products Inc.

2013 Annual General Shareholders' Meeting Minutes

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)

Total common shares outstanding: 523,119,081shares

Attending shareholders and proxy representing: 330,838,142 shares

Ratio of Attending shareholders and proxy representing to total common shares outstanding:
63.24%

1. **Call Meeting to Order:** The aggregate shareholding of the presenting shareholders constituted a quorum.
2. **Chairman's Address:**(Omitted)
3. **Report Items**
 - a. The business of 2012 (Refer to the attachment)
 - b. Supervisors' review report (Refer to the attachment)
 - c. 2012 execution status of endorsement and guarantee(Refer to the handbook)
 - d. FY 2010, FY 2011 and FY 2012 implementation of rights issue (Refer to the handbook)
 - e. Retained earnings and special reserve adjustment by adopting IFRSs (Refer to the handbook)
 - f. Amendment of Rules for Share Repurchase and Transfer to Employees (Refer to the handbook)
 - g. Execution of second repurchase of treasury stock (Refer to the handbook)

4. 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 the attachment
- (3) Approval requested.

Resolution: Unanimously approved by all attending shareholders.

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 the attachment
- (3) Approval requested.

Resolution: Unanimously approved by all attending shareholders.

5. Discussion Items

Item 1

(Proposed by the Boards of Directors)

Proposal: Articles of Incorporation revision, submitted for discussion.

Description:

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

Resolution: Unanimously approved by all attending shareholders.

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 the attachment.
- (3) Resolution requested.

Resolution: Unanimously approved by all attending shareholders.

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 the attachment
- (3) Resolution requested.

Resolution: Unanimously approved by all attending shareholders.

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 the attachment
- (3) Resolution requested.

Resolution: Unanimously approved by all attending shareholders.

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 the attachment. – Merger Fairness Report and please refer to the attachment.
- (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: Unanimously approved by all attending shareholders.

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 the attachment.
- (4) Resolution requested.

Resolution: Unanimously approved by all attending shareholders.

6. Supplementary Motions: None

7. Meeting Adjourned: 09:39 a.m.

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

Attachment

Sino-American Silicon Products Inc.

Fiscal 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⁺ 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.

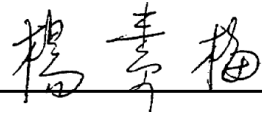
Chairman	Ming-Kung Lu
President	Hsiu-Lan Hsu
Chief Account	Mei-Ying Chiu

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

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.

2012 Financial Statements

SINO-AMERICAN SILICON PRODUCTS INC.

Balance Sheets

December 31, 2012 and 2011

(Expressed in thousands of New Taiwan dollars)

Assets	2012	2011
Current assets:		
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>
Long-term investments:		
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>
Property, plant and equipment (notes 16 and 17):		
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>
Other assets:		
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>
Total Assets	\$ <u>28,844,514</u>	<u>28,778,876</u>

SINO-AMERICAN SILICON PRODUCTS INC.

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>
Current liabilities:		
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>
Long-term liabilities:		
Long-term loans payable (notes 10 and 17)	<u>3,329,071</u>	<u>1,100,000</u>
Other liabilities:		
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>
Total liabilities	<u>10,344,236</u>	<u>9,786,068</u>
Stockholders' equity (notes 5 and 12):		
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>
Total stockholders' equity	<u>18,550,278</u>	<u>18,992,808</u>
Commitments and contingencies (notes 10, 16 and 18)		
Total Liabilities and Stockholders' Equity	<u>\$ 28,844,514</u>	<u>28,778,876</u>

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>2012</u>	<u>2011</u>
Revenue (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>
Net revenue	4,373,570	14,828,568
Cost of goods sold (notes 7 and 16)	<u>6,309,596</u>	<u>14,027,109</u>
Gross profit	<u>(1,936,026)</u>	<u>801,459</u>
Operating expenses (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>
Operating income	<u>(2,221,359)</u>	<u>232,958</u>
Non-operating income and gains:		
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>
Non-operating expenses and losses:		
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>
Income (loss) before income taxes	<u>(2,508,786)</u>	<u>368,808</u>
Income tax benefit (note 14)	<u>140,834</u>	<u>(59,898)</u>
Net income	<u><u>\$ (2,367,952)</u></u>	<u><u>428,706</u></u>
	Before Tax	After Tax
Earnings (loss) per share (in dollars) (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)

	Common stock	Capital surplus	Legal reserve	Special reserve	Retained earnings Unappropriated earnings (accumulated deficit)	Foreign currency translation adjustments	Unrecognized pension cost	Unrealized gain (loss) on available-for-sa le financial assets	Treasury stock	Total
Balance at January 1, 2011	\$ 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
Balance at December 31, 2011	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)
Balance at December 31, 2012	<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>
Cash flows from operating activities:		
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)
Net cash (used in) provided by operating activities	<u>(268,582)</u>	<u>424,419</u>
Cash flows from investing activities:		
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)	-
Net cash used in investing activities	<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>
Cash flows from financing activities:		
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)	-
Net cash provided by (used in) financing activities	<u>3,806,911</u>	<u>(1,354,498)</u>
Net increase (decrease) in cash	(1,945,867)	(3,801,517)
Cash at beginning of year	<u>2,405,021</u>	<u>6,206,538</u>
Cash at end of year	\$ <u>459,154</u>	\$ <u>2,405,021</u>
Supplemental disclosures of cash flow information:		
Cash payments of interest (excluding interest capitalized)	\$ <u>139,964</u>	\$ <u>56,639</u>
Cash payments of income taxes	\$ <u>77,127</u>	\$ <u>475,165</u>
Non-cash investing and financing activities:		
Issuance of common stock to acquire available-for-sale financial asset	\$ <u>-</u>	\$ <u>1,851,892</u>
Current portion of long-term loans payable	\$ <u>1,584,329</u>	\$ <u>1,995,000</u>
Bonuses to employees – stock	\$ <u>-</u>	\$ <u>70,000</u>
Reclassification of financial assets carried at cost to long-term accounts receivable for related parties and equity-method investments	\$ <u>-</u>	\$ <u>1,477,714</u>
Acquisition of property, plant and equipment:		
Increase in property, plant and equipment	\$ 52,949	1,156,210
Changes in payables for equipment	<u>10,477</u>	<u>351,888</u>
	\$ <u>63,426</u>	\$ <u>1,508,098</u>
Acquisition of equity-method investments:		
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>
	\$ <u>5,322,240</u>	\$ <u>837,000</u>
Treasury stock acquired		
Increase in treasury stock	\$ 256,695	-
Changes in other current liabilities	<u>(29,942)</u>	<u>-</u>
	\$ <u>226,753</u>	\$ <u>-</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>
Assets and liabilities spun off to GlobalWafers and Sino Sapphire, and acquisition of equity-method investments		
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>	<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)

Assets	2012	2011
Current assets:		
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>
Long-term investments:		
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>
Property, plant and equipment (notes 9, 19 and 20):		
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>
Intangible assets (note 10):		
Goodwill	622,507	647,385
Land use rights	9,247	9,759
	<u>631,754</u>	<u>657,144</u>
Other assets:		
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>
Total Assets	\$ <u>38,335,784</u>	<u>29,426,870</u>

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>
Current liabilities:		
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>
Long-term liabilities:		
Long-term loans payable (notes 12 and 20)	<u>3,329,071</u>	<u>1,100,000</u>
Other liabilities:		
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>
Total liabilities	<u>19,580,806</u>	<u>10,434,062</u>
Stockholders' equity (notes 5 and 15):		
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>
Parent company stockholders' equity	<u>18,500,278</u>	<u>18,992,808</u>
	<u>254,700</u>	<u>-</u>
Non-controlling interests	<u>254,700</u>	<u>-</u>
Total Stockholders' Equity	<u>18,754,978</u>	<u>18,992,808</u>
Commitments and contingencies (notes 19 and 21)		
Total Liabilities and Stockholders' Equity	<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>
Revenue (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>
Net revenue	19,089,330	17,549,063
Cost of goods sold (notes 7 and 19)	<u>18,188,222</u>	<u>15,813,764</u>
Gross profit	<u>901,108</u>	<u>1,735,299</u>
Operating expenses:		
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>
Operating income (loss)	<u>(1,212,604)</u>	<u>754,649</u>
Non-operating income and gains:		
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>
Non-operating expenses and losses:		
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>
Income (loss) before income taxes	<u>(2,682,037)</u>	<u>562,344</u>
Income tax benefit (expenses) (note 17)	<u>321,566</u>	<u>(133,638)</u>
Net income (loss)	<u>\$ (2,360,471)</u>	<u>428,706</u>
Net income attributable to:		
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>
	Before Tax	Before Tax
	After Tax	After Tax
Earnings (Loss) per share (in dollars) (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>							
Balance at December 31, 2011	\$ 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
Balance at December 31, 2011	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)
Balance at December 31, 2012	\$ 5,231,191	14,878,908	987,717	604,810	(1,378,560)	(459,621)	-	(1,107,472)	(256,695)	254,700	18,754,978

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)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
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)
Net cash provided by operating activities	<u>1,313,012</u>	<u>2,753,612</u>
Cash flows from investing activities:		
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)
Net cash used in investing activities	<u>(9,196,664)</u>	<u>(4,401,321)</u>

(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>
Cash flows from financing activities:		
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	-
Net cash provided by (used in) financing activities	<u>6,049,762</u>	<u>(945,736)</u>
Effect of exchange rate changes on cash	<u>(584,951)</u>	<u>55,045</u>
Net decrease in cash	(2,418,841)	(2,538,400)
Cash at beginning of year	4,532,226	7,070,626
Cash at end of year	<u><u>\$ 2,113,385</u></u>	<u><u>4,532,226</u></u>
Supplemental disclosures of cash flow information:		
Cash payments of interest (excluding capitalized interest)	<u><u>\$ 194,876</u></u>	<u><u>69,456</u></u>
Cash payments of income taxes	<u><u>\$ 166,474</u></u>	<u><u>549,624</u></u>
Non-cash investing and financing activities:		
Issuance of common stock to acquire available-for-sale financial assets	<u><u>\$ -</u></u>	<u><u>1,851,892</u></u>
Current portion of long-term loans payable	<u><u>\$ 1,787,789</u></u>	<u><u>1,995,000</u></u>
Bonuses to employees – stock	<u><u>\$ -</u></u>	<u><u>70,000</u></u>
Acquisition of property, plant and equipment:		
Increase in property, plant and equipment	\$ 829,529	2,775,715
Changes in payables for equipment	(24,488)	269,855
	<u><u>\$ 805,041</u></u>	<u><u>3,045,570</u></u>
Treasury stock acquired		
Increase in treasury stock	\$ 256,695	
Changes in current liabilities	(29,942)	
	<u><u>\$ 226,753</u></u>	
Cash used in acquisition of subsidiaries		
Non-cash assets acquired	\$ 16,429,653	
Liabilities assumed	(8,620,214)	
	<u><u>\$ 7,809,439</u></u>	

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

Sino-American Silicon Products Inc.

Articles of Incorporation Comparison Chart

Article	Before	After	Remark
18-1	The Company shall have <u>nine to eleven</u> 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 <u>eleven to thirteen</u> 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><u>After the audit committee is established, its members, duties, regulations and other mandatory</u></p>	

		<u>items should be proceeded according to SEC regulations.</u>	
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 <u>5%</u> 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 <u>3%</u> 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 26th amendment on June 27th, 2012.</p> <p><u>The 27th amendment on June 25th, 2013.</u></p> <p>Implement after approvals from the meeting of stockholders</p>	Add amendment date

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"> 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. 	<p>The party to whom the Company may lend its funds shall be limited to:</p> <ol style="list-style-type: none"> 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 <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. 	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"> 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 	<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"> 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 	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 aforementioned limits.</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 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.</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. Same applied to 100% holding foreign</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>subsidiary of the Company.</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 within 2 days commencing immediately from the date of occurrence of the event.</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 1st amendment was made on March 19, 1999</p> <p>The 2nd amendment was made on December 22, 1999</p> <p>The 3rd amendment was made on March 25, 2002</p> <p>The 4th amendment was made on June 13, 2003</p> <p>The 5th amendment was made on June 19, 2008</p> <p>The 6th amendment was made on June 3, 2009</p> <p>The 7th amendment was made on June 15, 2010</p>	<p>The Procedure was enacted on May 29, 1990</p> <p>The 1st amendment was made on March 19, 1999</p> <p>The 2nd amendment was made on December 22, 1999</p> <p>The 3rd amendment was made on March 25, 2002</p> <p>The 4th amendment was made on June 13, 2003</p> <p>The 5th amendment was made on June 19, 2008</p> <p>The 6th amendment was made on June 3, 2009</p> <p>The 7th amendment was made on June 15, 2010</p> <p>The 8th amendment was made on June 27, 2012</p> <p>The 9th amendment was made on June 25, 2013</p>	Add amendment date

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"> 1. Any company who has business <u>relationship</u> with the Company. 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> 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> 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> <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"> 1. Any company who has business <u>association</u> with the Company. 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. 3. Any parent company who directly <u>and indirectly</u> owns fifty percent (50%) or more of the Company's <u>voting shares</u>. <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 10th 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 10th 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 1st amendment was made on March 19, 1999.</p> <p>The 2nd amendment was made on December 22, 1999.</p> <p>The 3rd amendment was made on June 13, 2003.</p> <p>The 4th amendment was made on June 19, 2008.</p> <p>The 5th amendment was made on June 3, 2009.</p> <p>The 6th amendment was made on June 15, 2010.</p>	<p>The procedure was approved on May 29, 1990.</p> <p>The 1st amendment was made on March 19, 1999.</p> <p>The 2nd amendment was made on December 22, 1999.</p> <p>The 3rd amendment was made on June 13, 2003.</p> <p>The 4th amendment was made on June 19, 2008.</p> <p>The 5th amendment was made on June 3, 2009.</p> <p>The 6th amendment was made on June 15, 2010.</p> <p><u>The 7th amendment was made on June 25, 2013</u></p>	<p>Add amendment date</p>
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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 foreign currency forward contracts and option contracts .	Derivative products that the Company can buy or sell include foreign currency forward contracts , option contracts and swaps of foreign currency as well as interest rate .	To meet operation necessity
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.	The profit of the Company shall be derived from the operation. The Company engages in derivatives transactions based on the principle of hedging currency and interest rate risks , and not for the purpose of generating profit. The instruments shall meet the need of hedging .	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. “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. “Non-transaction-oriented” or “Hedge-oriented” refers to transactions for other purposes.	Modified according to regulations

7	Division of authority and duties (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>	Division of authority and duties (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	Performance assessments (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>	Performance assessments (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 1st amendment was made on June 13,2003.</p> <p>The 2nd 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 1st amendment was made on June 13,2003.</p> <p>The 2nd amendment was made on June 8,2006.</p> <p><u>The 3rd amendment was made on June 25, 2013.</u></p>	Add amendment date

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 1st, 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.

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	

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.

Valuation Method	Theoretical Price	Weight Range	(NT\$)	
			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	-4.29	-1.82

of Sunrise (NT\$) (C) = (B)-(A)		
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 :

A handwritten signature in black ink, appearing to read "Jzy-L. Lee". The signature is written in a cursive, flowing style.

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

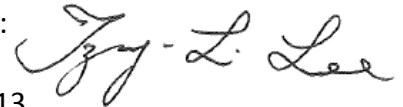
This service is engaged by Sino-American Silicon Products Inc. ("SAS") for the purpose to evaluate the fairness of the cash consideration and express an opinion in the proposed merger between SAS and Sinosolar Corporation ("Sinosolar").

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 2nd-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

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.