

Stock Code: 5483



**Sino-American Silicon
Products Inc.**

2020 Annual Report

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Translation - In case of any discrepancy between Chinese and English versions,
the Chinese version shall prevail.

I. Spokesperson of the Company

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Acting Spokesperson

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**II. Address and Telephone Number of The Company
Headquarter, Subsidiaries, and Plants**

Headquarters and Plant

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Zhunan Branch and Plant

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Hsinchu Science Park

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Yilan Branch and Plant

Address: No. 1, Section 2, Ligong First Road, Wujie Township, Yilan
County

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Hsu-Hsin Branch and Plant

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Fax: 886-37-580-206

Subsidiaries and Plants

Name: Globalwafers Co., Ltd.

Address: No. 8, Industrial East Second Road, Hsinchu Science Park

Tel: 886-3-577-2255

Fax: 866-3-578-1706

III. Stock Transfer Agency

Name: Stock Agency Department of Yuanta Securities Co., Ltd.

Address: B1, No. 210, Section 3, Chengde Road, Taipei City

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Website: <http://www.yuanta.com.tw>

IV. External Auditor

Name of Accounting Firm: KPMG Taiwan

Name of CPAs: An-Chih Cheng, Cheng-Chien Chen

Address: 68F, No. 7, Sec. 5, Hsinyi Rd., Taipei City

Tel: 886-2-8101-6666

Website: <http://www.kpmg.com>

V. Global Depositary Receipt (GDR) Agency

Luxembourg Stock Exchange

Method of inquiring about overseas securities information

<http://www.bourse.lu>

VI. Company Website

<http://www.saswafer.com>

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Attachment 1 2020 Consolidated Financial Statements

Attachment 2 2020 Standalone Financial Statements

I. Letter to Shareholders

Dear Shareholders,

Thank you for attending the 2021 Shareholders' Meeting of Sino-American Silicon Products Inc. We appreciate the care and support extended by you to the Company.

The impacts from COVID-19 in 2020, with surges of infected cases, have forced countries to impose strict border control and curfew. Thus some projects were deferred, with various economic impacts at different levels in each industry. Other than the impacts from the pandemic, an occupational safety incident occurred in a major silicon material supplier at the mid-year. Thus, the solar energy industry had a tight supply that resulted in price raising broadly, also the cell and module exporters were under pressure from both upstream and downstream for the whole year. In the domestic market, Taiwan has planned the energy policies to establish a solar energy system for accumulative power of 20GW by 2025. Although the pandemic in Taiwan has been in check, the imported raw materials were mostly delayed due to COVID-19. The responsive measure taken by the government was to extend the date of meter installation for the feed-in tariff. This measure, however, resulted in the separation of the intensive installation tide that would have happened. With the new policy imposed by the Council of Agriculture on July 7th, the domestic land solar energy projects almost fully stalled. Such measures also forced some vendors to leave the industry or streamlined the workforce to enhance and improve their operational condition. In 2020, the domestic installation volume was about 1.3GW, far from the expected goal of 2.2GW by the government. In response to the market trends, other than adjusting the capacity, lowering inventory, and adjusting the product mix, the Company also actively grabs the domestic market and enhances the operating plans for reinvestments. With the collective efforts from our colleagues, and profit infusion from the subsidiary, GlobalWafers, Sino-American Silicon was able to overcome the challenges of the pandemic, achieved record-highs in terms of gross profit, operating profit, net income, and earnings per share (EPS). For 2020, the Group's consolidated revenue achieved NT\$61.40 billion, only 6.30% lower from the previous year's NT\$65.51 billion; the net profit attributable to the parent company was NT\$6.33 billion, and the EPS was NT\$10.82.

The operating results in 2020 and the business plan in 2021 are reported as follows:

I. Operation Performance in 2020

(I) Operation Performance

Unit: NT\$ thousands

Item \ Year	2020 (IFRSs)	2019 (IFRSs)	Percent Change (%)
Revenue	61,397,299	65,510,225	-6.28
Cost of Goods Sold	40,283,700	46,242,686	-12.89
Gross Profit	21,113,599	19,267,539	9.58
Operating Expense	6,181,502	5,752,118	7.46
Operating Income	14,932,097	13,515,421	10.48
Profit Before Tax	16,238,190	13,924,169	16.62
Net Profit	12,711,062	8,895,345	42.90
Net profit (Attributable to the parent company of the current period)	6,326,235	2,248,386	181.37

The operating environment in the whole solar energy industry was challenging in 2020. Externally, there were impacts from the pandemic; internally, there were impacts from new land policies imposed by the Council of Agriculture, in addition, the product size and efficiency of the monocrystal application also evolved rapidly. SAS continued to focus its solar power business on high-performance solar products with enhanced high-conversion efficiency and the differentiated application of polycrystalline ingots while improving cost control, discontinuing non-competitive products proactively and carefully selecting in choosing customers and strategic alliances, so as to boost operational efficiency and company competitiveness. In the reinvestment business, the Company also made outstanding achievements. The consolidated revenue of the semiconductor subsidiary GlobalWafers was NT\$55.36 billion, the net profit attributable to the parent company was NT\$13.10 billion, and the EPS was NT\$30.11.

(II) Budget Implementation: No financial forecast for 2020.

(III) Financial Income and Expenditure and Profitability Analysis

Item		2020	2019	
Financial structure	Debt to asset ratio (%)	54.83	55.55	
	Long-term funds to PPE (%) (PPE-plant, property, equipment)	182.30	196.70	
Profitability analysis	Return on assets (%)	11.67	8.45	
	Return on equity (%)	25.87	18.43	
	Percentage in paid-up capital (%)	Operating profit	254.72	230.55
		Pre-tax net profit	277	237.52
	Net Profit Margin (%)	20.70	13.58	
After-tax earnings per share (NT\$)	10.82	3.86		

(IV) Financial Structure

(Expressed in NT\$ thousands)

2020 revenue is NT\$ 61,397,299; cost of goods sold is NT\$ 40,283,700. Operating expense is NT\$ 6,181,502. Non-business expenditure is NT\$ 1,306,093. Net profit before tax is NT\$ 16,238,190. Net profit is NT\$ 12,711,062. The financial structure is healthy.

(V) Research & Development

1. 2020 Research & Development Expenditure

Unit: NT\$ thousands

Item/Year	2020	2019
Research and Development Expenses	1,742,108	1,844,789
Sales Revenue	61,397,299	65,510,225
R&D expenses as a percentage of net revenue (%)	2.84	2.82

2. 2020 Achievement

Technology/Product

- (1) High quality multi-crystalline silicon materials
- (2) High Efficiency P-Type Mono-Si Solar Cell

3. Future Plan:

- (1) Development of large size ultra-high efficiency mono-Si solar cell technology

II. 2021 Business Plan

(I) Business Guideline

- (1) Actively seek the blue ocean market, and use excellent materials and process technology to develop a niche application market.
- (2) The Company is the leader in manufacturing and supplying monocrystal PERC P-type cells, which will accelerate the development of next-generation cells with low-cost and high-efficiency cells to maintain market competitiveness.
- (3) Shift from a pure manufacturer to the current diversified energy applications and services supplier, including energy storage and green power.
- (4) Utilize the Group's resources for vertical integration to expand the market and make profitable investment plans for power plants.

(II) Sales Forecast

With the new green policies around the world, the self-announcements of environmental effects from enterprises, and the lowering prices of the solar modules, the global demands toward accelerated grid parity for solar energy will keep on growing. The domestic major power user act was also announced. Pv info Link analysts estimate that global solar power demand will reach 160GW in 2021 with 28% growth, and monocrystal high-efficiency products will become the mainstream trend. In view of this, the Company will closely grasp market and industry trends, adjust business strategies simultaneously, and develop the next generation super-efficient products to enhance the Company's operation competitiveness.

(III) Production & Marketing Strategy

- (1) Develop new customers and strengthen cooperation with non-Chinese market regions to improve the ability for responding market changes.
- (2) Strengthen R&D links with downstream customers to develop efficient niche products with core technological capabilities.
- (3) Enhancing the added value and actively reduce manufacturing costs to increase profit margins
- (4) Explore the downstream system business, strengthen vertical integration and global layout, further expand the product market, and increase operating profit margin.

(IV) Future Strategy

- (1) Continuously develop and enhance the quality-price ratio of solar products through technologies and product differentiation strategies, to solidify the competitive position.
- (2) Actively give play to the strategic layout of solar power plants, develop new solar energy system investment partners, and create the Group's terminal market to obtain long-term stable returns.
- (3) Establish a fully integrated supply chain in the upper, middle and lower reaches, spread operational risks through vertical integration and diversified business strategies, and become the world's provider of green energy solutions with leading technologies.

(V) Influences from External Competition, Regulations and Economy

- (1) In response to a number of competitors and oversupply, the Company has accelerated the exploration of new customers and continued to develop new products with high cost effectiveness. At the same time, we also accelerate the

integration of downstream system power stations to strengthen the downstream market of the Group's products.

- (2) In order to cope with the impact of oversupply in the market, which causes price dropping of products, the Company will strengthen its R&D links with downstream customers and develop efficient niche products through core technology capabilities to increase the added value.
- (3) To accommodate the liberalization of the green power transaction market, assistance services provided by Taiwan Power Company, and the corporates' demands toward green power, the new energy strategy and opportunity development workforce has been established to meet the clients' new demands with the internal transformation.
- (4) Enhance confidentiality control and establish global core patent distribution strategy to improve international competitiveness and respond to market changes.

As the climate changes intensify, governments of various countries increase the proportion of renewable energies in energy utilization, and stipulate such increases in policies and legislation while striving to reduce carbon dioxide content. More and more companies also promise to fully apply renewable energies to supply their power, and further become the "negative emission" companies. It is obvious that the international consensus is to counter the climate changes and lower the greenhouse effect collectively. Renewable energies have become an irreversible trend in the world. Sino-American Silicon has complete solar energy production lines and has abundant experience in power station construction, maintenance, and operation. We will fully exploit our advantages while actively positioning for the innovative green economics, including highly efficient cells, power station establishment, management of maintenance and operation, and solutions for energy storage. With the reinvestment in the major automotive electronics company, Actron Technology, major III-nitride materials and GaN supplier, Advanced Wireless Semiconductor, and high-quality semiconductor special gas supplier, TSCS, Sino-American Silicon deepens the key investor positioning in the semiconductor industrial chain, which in turns diversifies the industrial structural risks. It will be translated into future economic effects. Look to the future, the robust operation in the major business, solar energy, and the addition of the subsidiary, GlobalWafers' outstanding performance, Sino-American Silicon's overall performance will have solidified roots for profitability. It is expected to steadily and robustly improve the operating results, achieve another operating outperformance, and become a green enterprise with stable growth in revenue and profit and sustainable development for higher value contributed to our shareholders.

Finally, I would like to thank all shareholders for their long-term support and encouragement. I hope that all shareholders will continue to give the Company their love and support. On behalf of all our colleagues and the Board of Directors, I would like to express my sincere thanks.

I wish you good health and all the best.

Chairperson	Hsiu-Lan Hsu
President	Tang-Liang Yao
Chief Accounting	Hsiu-Ling Hsu

II. Company Profile

I. Date of Incorporation:

January 21, 1981

II. Business:

CC01080 Electronic Parts and Components Manufacturing

C801990 Other Chemical Materials Manufacturing

IG03010 Energy-related Technology and Service

F119010 Electronic Materials Wholesale (restricted to areas outside Hsinchu Science Park)

F219010 Electronic Materials Retail (restricted to areas outside Hsinchu Science Park)

F401010 International Trade

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

1. Silicon-based semiconductor materials and their components
2. Varistor
3. Photovoltaic and communication materials
4. Silicone Compound
5. The technology, management and advisory business related to the products listed above
6. Photovoltaic system integration and installation services
7. Import-export activities related to the above mentioned business

III. Company History:

- January 1981: The Company was officially established.
- August 1982: Trial production of silicon monocrystal rod and silicon wafer was successful.
- March 1984: Dr. Yan Dao served as Chairperson of the Board of Directors.
- April 1990: Cash capital increase to NT\$ 300 million was formally approved.
- June 1991: The mass production of automobile rectifiers was successful and they were officially sold.
- September 1991: The Company became the first company in China which independently developed and completed the mass production of zinc oxide surge absorber, namely zinc oxide rheostat.
- December 1991: The monthly production of automotive rectifiers exceeded 2 million, second only to Motorola.

- July 1995: Cash increased to NT\$ 400 million.
- October 1995: ISO-9002 certification was obtained.
- February 1997: Phase IV plant renovation and new works were completed.
- November 1997: Ms. Sun Lingling served as Chair of the Board.
- December 1997: Cash increased to NT\$600 million.
- March 1998: The Company invested in Songlong Electronics Co., Ltd. to manufacture surge absorbers.
- August 1998: The capital reserve converted into capital increase was NT\$630 million.
- November 1998: The Company invested in Actron Technology Corporation.
- June 1999: QS-9000 certification was passed.
- October 1999: The Company invested in Chinese Mainland and set up Kunshan Sino Silicon Technology Co., Ltd.
- December 1999: Cash increased to NT\$ 780 million.
- March 2000: The mass production of polished wafers was successful.
- September 2000: Zhongchen completed the construction of the plant and began mass production.
- March 2001: Official listing and launching.
- October 2001: "Ultrathin Wafer Processing Technology" won the Award of Research and Development Program of Innovative Technologies in Science Industrial Parks.
- June 2002: "The High-efficiency Monocrystal Lifting Technology Development" Plan obtained the subsidy of Special Science and Technology Case of the Ministry of Economy.
- November 2002: The Company invested in Topsil, Denmark.
- December 2003: The eight-inch long crystal technology was successfully developed.
- June 2004: "The Development Plan of 2.5mohm-cm Monocrystal Substrate Material with Ultra-low Resistance and Heavy Arsenic Doped Silicon" won the Award of Research and Development Program of Innovative Technologies in Science Industrial Parks.
- July 2004: "The Large-size and High-efficiency Solar PV Silicon Monocrystal Substrate Material Development Plan" obtained the R&D Subsidy of Leading New Products of the Ministry of Economy.
- July 2004: "The Sino-American Silicon Innovation Technology Research and Development Center" was established.
- September 2004: "The High-power Power and Electronics Wafer Technology Development Plan" was awarded the Science and Technology Project of the Ministry of Economy.

- September 2004:ISO 14001 certification was passed.
- October 2004: The Company won the 12th Industrial Science and Technology Development Award.
- November 2004:"Blue Diode Sapphire Substrate Material Development Plan" won the Award of Research and Development Program of Innovative Technologies in Science Industrial Parks.
- April 2005: The research and development of thick film bonded wafer (SOI wafer) was successful.
- June 2005: Zhunan Branch was established.
- July 2005: TS16949:2002 certification was passed.
- September 2005:"Deep Diffusion Polishing Wafer Development Plan" won the Award of Research and Development Program of Innovative Technologies in Science Industrial Parks.
- November 2005:Zhunan Branch held the Beam Raising Ceremony.
- November 2005:Phase II expansion of Zhongchen Plant was completed.
- May 2006: Trial production of Zhunan Branch was successful.
- July 2006: The mass production of Zhunan Branch officially started.
- October 2006: Opening ceremony of Zhunan Branch.
- April 2007: Mr. Ming-Kuang Lu served as the Chairperson of the Board.
- April 2008: Acquisition of 100% of stock equity of GlobiTech Incorporated from the US was completed.
- October 2008: The Company won the Outstanding Innovative Enterprise Award of the 16th "Industrial Science and Technology Development Award" of the Ministry of Economy.
- October 2009: The device of 100 MW Acquaviva 3 solar power plant was installed in Bari, Italy, via SilFab Spa, a reinvestment company.
- June 2010: The construction of Zhunan No. 2 Plant was completed.
- September 2010:The Company won the Excellent Industry Contribution Award for the Implementation of Industry Science and Technology Program issued by the Ministry of Economy.
- November 2010:With Shengyang Photoelectric Technology Corporation and Xindong Investment Corporation, the Company established Zhongyang PV Corporation.
- February 2011: The certification of Taiwan Intelligent Property Management System (TIPS) was passed.
- October 2011: The company division plan of three major business divisions was completed; Sino-American Silicon retained solar energy business, and

newly established Globalwafers (Semiconductor Division and Transfer) and Sino Sapphire (Sapphire Division and Transfer).

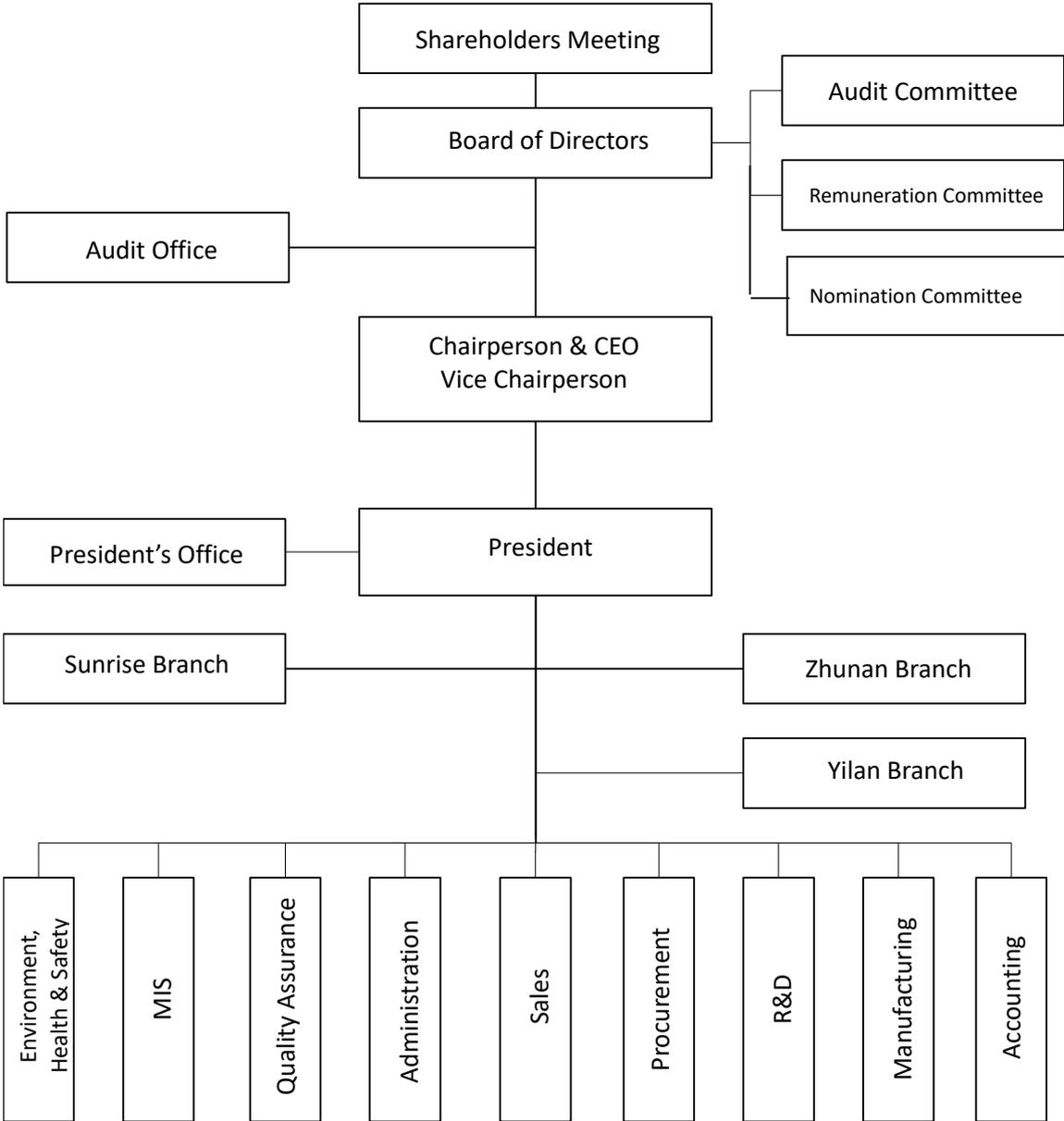
- April 2012: Globalwafers Corporation, a subsidiary of Sino-American Silicon, completed the acquisition of the semiconductor silicon wafer business division of Japanese company Covalent Materials Corporation.
- September 2012: Aegis® Wafer won the Solar Energy Industry Award/Silicon Material Innovation Award.
- January 2013: Sino Sapphire, a subsidiary of Sino-American Silicon, was formally merged into Crystalwise Corporation.
- February 2013: The further certification of Taiwan Intelligent Property Management System (TIPS) was passed.
- May 2013: Sino-American Silicon merged Zhongyang PV, and integrated solar energy business resources.
- September 2013: Sino-American Silicon was awarded the title of Top 50 Taiwan's Listed Enterprises In Terms of Patent Value of the United States.
- August 2014: The mergers and acquisition of Sunrise Global Solar Energy Co., Ltd. was completed.
- April 2015: The certification of Occupational Safety and Health Management System OHSAS 18001 was passed.
- April 2015: The Company won the title of "Top 5% of TPEX Listed Companies" of the First Corporate Governance Appraisal.
- July 2015: Sino-American Silicon was engaged in solar system, and the construction of Palo Power Plant in Philippines started.
- March 2016: The ISO 9001:2015 certification of Zhunan Plant was passed.
- March 2016: The ISO 14001:2015 certification of Zhunan and Yilan plants was passed.
- April 2016: The Company won the title of "Top 5% of TPEX Listed Companies" of the Second Corporate Governance Appraisal.
- May 2016: The 50MW solar power plant built on Wright Island in the Philippines was officially commercialized.
- August 2016: The Company won Laudise Prize of the International Organization of Crystal Growth (IOCG).
- December 2016: President Hsiu-Lan Hsu won the Award of National Outstanding Executive Award of Business Managers Association.
- December 2016: The Company won the Golden Energy Award awarded by the Energy Bureau of the Ministry of Economy.
- February 2017: The subsidiary FZtech Inc. won the Integration Output Award of Smart City Exhibition System in 2017.

- April 2017: The Company won the title of "Top 5% of TPEX Listed Companies" of the Third Corporate Governance Appraisal.
- April 2017: The Company won the National Invention and Creation Award in 2016.
- November 2017: The Company participated in the establishment of the Product Carbon Footprint Emission Coefficient Database of Environmental Protection Administration, Executive Yuan in 2017 and contributed a lot.
- November 2017: The Company won the Gold Award of Electronic and Information Manufacturing Industry Group of "Taiwan Company Sustainability Award (TCSA) in 2017".
- December 2017: The Company was selected as benchmark enterprise in Economic Daily's "Corporate Social Responsibility Yearbook in 2017".
- April 2018: The Company won the title of "Top 5% of TPEX Listed Companies" of the Fourth Corporate Governance Appraisal.
- April 2019: The Company won the title of "Top 5% of TPEX Listed Companies" of the Fifth Corporate Governance Appraisal.
- May 2019: The Solar Cell Product won The Taiwan-made Product MIT Smile logo Certification
- April 2020: The Company won the title of "Top 5% of TPEX Listed Companies" of the Sixth Corporate Governance Appraisal.
- September 2020: The Company won the Excellency Award of "2020 Outstanding Enterprise of Waste Reduction and Circular Economy" sponsored by the Science Park.
- April 2021: The Company won the title of "Top 5% of TPEX Listed Companies" of the Seventh Corporate Governance Appraisal.

III. Corporate Governance Report

I. Organization Structure

(I) Organization Chart



(II) Responsibilities of Major Departments

Department	Responsibilities
Chairperson	Set up business plans, strategies, and targets. Execute resolutions from Board of Directors Meeting and Shareholder Meeting
Audit Office	Inspect and assess the soundness, adequacy and effectiveness over the Company's internal control system. Responsible for the execution, audit and reports over the internal controls.
President and President's Office	Perform resolutions from meetings of Board of Directors. Execution of management and projects. Define business plans and strategies and ensure planned business targets achieved. Evaluate and analyze business and management performance.
MIS	<ol style="list-style-type: none"> 1. Maintain IT hardware & software 2. Plan and execute E-working
Environment, Health & Safety	Responsible for the formulation and management of the Company's occupational safety and health management norms and systems, identify and prevent accidents and disaster risks, promote the management, and improve the promotion of staff health and safety and other related business activities.
Quality Assurance	Establish and maintain products standards and its relevant inspection standards. Inspect on purchased materials, tools, production process, and finished products. Perform product quality improvement activities.
Administration	<ol style="list-style-type: none"> 1. Plan, recruit and train human resources, plan and perform annual training courses. 2. Legal related business, including compliance of laws and regulations, contracts and lawsuits.
Accounting Department	Capital, taxation, asset management, finance and management accounting.
Sales	<ol style="list-style-type: none"> 1. Market strategy, explore potential market, customer communication and after service. 2. Collect market information, customer service and product application, assist the R&D and promotion activities of new products.
Procurement	Procure and purchase. Evaluate new suppliers. Manage raw materials and suppliers.
R&D	Research, develop, test new products. Improve production technology, yield and capacity. Collaborate with academic institutions. Design and improve machineries.
Manufacturing	<ol style="list-style-type: none"> 1. Manage production and quality, abnormality, utilization of raw materials, scrap, maintain work environment and security, human resource arrangement and training, expansion preparation and execution. 2. Construct and maintain plant facilities of the Company, and execute environmental safety, sanitary and industrial safety issues 3. Evaluate and purchase new machineries and in charge of maintenance and improvement.

II. Information on the Company's Directors, Supervisors, President, Vice President, Assistant Vice President, and The Supervisors of All The Company's Divisions and Branch Units

(I) Directors and Supervisors

1. Directors' and Supervisors' Information

April 26, 2021 Unit: share; %

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Duration	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in Other Persons' Names		Principal Work Experiences and Academic Qualifications	Positions Held Concurrently in The Company and/or in Any Other Company	Other executives, Directors and supervisors who are spouses or within second-degree relative of consanguinity			
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation	Note
Chairperson	Republic of China	Hisu-Lan Hsu	Female	June 24, 2020	Three years	September 7, 1998	1,706,085	0.29%	2,971,085	0.51%	0	0	0	0	Master of Computer Science, University of Illinois/ President of the Company	Note 1	None	None	None	Note 11
Vice Chairperson	Republic of China	Tang-Liang Yao	Male	June 24, 2020	Three years	November 6, 1998	1,800,395	0.31%	3,300,395	0.56%	14,413	0	0	0	Master of Management and Research Institute of Tamkang University/ Assistant Manager of Manufacturing Department of Xuxing Technology Corporation/ President of the Company	Note 2	None	None	None	None
Director	Republic of China	Ming-Kung Lu	Male	June 24, 2020	Three years	September 7, 1998	11,600,00	2.00%	11,400,000	1.94%	1,171,685	0.20%	0	0	Honorary Doctor of Engineering of National Chiao Tung University/ Honorary Doctor of Engineering of Tatung University/ Academician of Industrial Technology Research Institute/ President of Lite-On Semiconductor Corporation/ President of Xuxing Science and Technology Corporation/ Vice President of Xuli Corporation	Note 3	None	None	None	None
Director	Republic	Wen-Huei Tsai	Male	June 24, 2020	Three	June 8,	2,976,191	0.51%	3,006,191	0.51%	30,490	0.01%	0	0	Department of	Note 4	None	None	None	None

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Duration	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in Other Persons' Names		Principal Work Experiences and Academic Qualifications	Positions Held Concurrently in The Company and/or in Any Other Company	Other executives, Directors and supervisors who are spouses or within second-degree relative of consanguinity			
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation	Note
	of China				years	2006								Accounting, National Chengchi University/ Director of Hongdian Medical Science and Technology Corporation/ Director of ENE Technology Inc.						
Director	Republic of China	Ming-Feng Chang	Male	June 24, 2020	Three years	June 24, 2020	3,333,639	0.57%	6,000,000	1.02%	0	0	0	0	Master of Computer Science, University of Southern California/ Master of Economics, Texas A&M University/ Director of TECO Corporation/ Director of Syntec Scientific Corporation	Note 5	None	None	None	None
Director	Republic of China	Representatives of Kaijiang Corporation: Hau Fang	Male	June 24, 2020 June 24, 2020	Three years Three years	June 26, 2014 June 27, 2017	2,000,000 0	0.34% 0	2,000,000 0	0.34% 0	0 0	0 0	0 0	0 0	Master of International Business Administration, National ChengChi University/ Bachelor of Business Administration, University of Arizona, USA/ Vice President, Asia Carbons & Technology Inc.	Note 6	None	None	None	None
Director	Republic of China	Representative of Kunchang Investment Corporation: Edward Andrew Ow	Male	June 24, 2020 June 24, 2020	Three years Three years	June 17, 2011 June 24, 2020	2,202,100 0	0.38% 0	2,202,100 0	0.38% 0	0 0	0 0	0 0	0 0	Department of Energy Economics, University of California, Berkeley/ Chairperson of Edison's Co., Ltd./ Director of VIA Faith and Love Charity Foundation/ Director of Chinese Christian Faith and Love Foundation	Note 7	None	None	None	None
Independent Director	Republic of China	Chin-Tang Liu	Male	June 24, 2020	Three years	June 24, 2020	0	0	0	0	0	0	0	0	Bachelor, Department of Accounting, Tamkang University/ CPA, KPMG/ Governor of 21th Term,	Note 8	None	None	None	None

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Duration	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in Other Persons' Names		Principal Work Experiences and Academic Qualifications	Positions Held Concurrently in The Company and/or in Any Other Company	Other executives, Directors and supervisors who are spouses or within second-degree relative of consanguinity			
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation	Note
														Taiwan Provincial CPA Association/ Independent Director of Min Aik Precision Industrial Co., Ltd.						
Independent Director	Republic of China	Hou-Chung Kuo	Male	June 24, 2020	Three years	June 24, 2020	0	0	0	0	0	0	0	0	PhD, Electrical Engineering and Computer Science, University of Illinois, Urbana-Champaign	Note 9	None	None	None	None
Independent Director	Republic of China	Shao-Lun Li	Male	June 24, 2020	Three years	June 24, 2020	0	0	0	0	0	0	0	0	PhD of Material Science, University of California / Executive VP, Lam Research Corporation/ Director of TVBS Media Inc./ Supervisor of HTC Corporation/ President of Chander Electronics Corporation	Note 10	None	None	None	None

Note 1: At present, she is also the Chairperson and CEO of GlobalWafers, Representative of Institutional Director of Actron Technology Corporation, Director of Crystalwise Technology Inc., Representative of Institutional Director of Advanced Wireless Semiconductor Company, Chairperson of Taiwan Specialty Chemicals Corporation, Representative of Institutional Director of SAS Sunrise Inc., Director of SAS Sunrise Pte. Ltd., Chairperson of Sunrise PV Three Co., Ltd., Chairperson of Sunrise PV Four Co., Ltd., Chairperson of SAS Holding Co., Ltd., Chairperson of GlobalWafers Holding Co., Ltd., Director of GlobalWafers Inc., Director of GlobalSemiconductor Inc., Chairperson & CEO of GlobiTech Incorporated, Chairperson of GlobalWafers Japan Co., Ltd., Vice Chairperson of Kunshan Sino Silicon Technology Co., Ltd., Chairperson of Topsil GlobalWafers A/S, Director of GWafers Singapore Pte., Ltd., Director of GlobalWafers Singapore Pte., Ltd., Director of GlobalWafers B.V., Chairperson of MEMC Japan Limited, and Director of MEMC Korea Company.

Note 2: At present, he is also the Vice Chairperson and President of Sino-American Silicon Products Inc., Representative of Institutional Director of GlobalWafers Co., Ltd., Representative of Institutional Director, Vice Chairperson and Vice CEO of Actron Technology Corporation, Chairperson and CEO of Crystalwise Technology Inc., Representative of Institutional Director of Taiwan Specialty Chemicals Corporation, Director of Shanghai Zhaoye Shenkai Electronic Materials Co., Ltd., Director of SY Company LLC, Director of Yuanhong (Shangdong) Photoelectric Material Co., Ltd., Director of SAS Sunrise Pte., Ltd. Representative of Institutional Director of Sunrise PV Three Co., Ltd., Representative of

Institutional Director of SAS Holding Co., Ltd., Representative of Institutional Director of GlobalWafers Holding Co., Ltd., Director of GlobiTech Incorporated, Director of GlobalWafers Japan Co., Ltd., Chairperson of Kunshan Sino Silicon Technology Co., Ltd., Director of GWafers Singapore Pte. Ltd.

Note 3: At present, he is also Director of Sino-American Silicon Products Inc., Representative of Institutional Director of GlobalWafers Co., Ltd., Chairperson and CEO of Actron Technology Corporation, Chairperson of Tatung Company, Representative of Institutional Director of Formerica Optoelectronics Inc., Representative of Institutional Director of REC Technology Corporation, Chairperson of Bigbest Solutions Inc., Representative of Institutional Director of SAS Holding Co., Ltd., Representative of Institutional Director of GlobalWafers Holding Co., Ltd.

Note 4: At present, he is concurrently Director of Xunjie Technology Corporation and Director of Advanced Wireless Semiconductor Company.

Note 5: At present, he is concurrently Chairperson of Merle Co., Ltd, General Affair Governor of The Wings Of Hope, and Vice Chairperson of Grand World Compassion.

Note 6: At present, he is concurrently Representative of Institutional Director of Actron Technology Corporation.

Note 7: At present, he is concurrently Chairperson of Edison's Co., Ltd., Vice President of Investment Department of Weilian Technology Corporation, Director of VIA Faith and Love Charity Foundation, Director of Chinese Christian Faith and Love Foundation

Note 8: At present, he is concurrently Independent Director of Prolific Technology Inc., and Independent Director of Unizyx Holding Corporation

Note 9: At present, he is concurrently Seminar Professor of National Yang Ming Chiao Tung University.

Note 10: At present, he is concurrently Director of IC Broadcasting Co., Ltd., Vice President of VIA Technologies, Director of Cross-Strait Peace Taiwan Trust, Hope and Love Culture and Education Foundation, and Chairperson of VTron Technology Consultancy Co., Ltd.

Note 11: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto: Under the consideration of the operating scale and in order to improve overall operating efficiency, the chairman of the Company is also the CEO. Other than the positions mentioned, the Company also has a position of the President, which is having different authorities. The CEO is more focused on the planning aspect (Responsible to develop the Company's business strategy, annual budget plan, important customer relationship maintenance, strategic alliance planning, investment layout planning and annual achievement tracking, etc.) and the President is responsible for the execution aspect of the Company's operation (Focus on coordination and supervision to achieve operational objectives, while implementing the Company's policies and the business strategy and related operational matters planned by the CEO), which complements on another. By having the Chairman also working as the CEO, the board of directors can plan the Company's development blueprint much practical for operating and managing as well as to have more clarity to the operating status of the Company. More than half of the Board members of the Company are not being employees or managers at the same time, and the Board of Directors has three independent directors. The functional committee members are chaired by independent directors to make recommendations to the Board after full discussion of important issues, which strengthens the supervisory functions of the Board of Directors and implements corporate governance.

2. Major shareholders of the institutional shareholders:

(1) Major shareholders of the institutional shareholders

April 26, 2021

Name of Institutional Shareholders	Major shareholders of the institutional` shareholders
Kaijiang Co., Ltd.	Ling-Ling Sun (69.72%), Kai-Jiang Fang (4.20%), Hao Fang (5.88%) and Hua Fang (4.20%)
Kunchang Investment Co., Ltd.	Christian Chinese Trust, Hope and Love Foundation (17.50%), Cross-Strait Peace Taiwan Trust, Hope and Love Culture and Education Foundation (17.50%), Social Welfare Charitable Trust Social Welfare Foundation (17.50%) and Weisheng Trust, Hope and Love Charity Foundation (17.50%).

(2) The Main shareholders are institutional shareholders: None.

3. Information of Directors and Supervisors

Name	Conditions (Note 1)	Meet one of the following professional qualification requirements, together with at least five years work experience			Compliance with independence criteria (Note 1)												Selected current positions/ number of other public companies concurrently serving as an Independent Director	
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, College or University	A judge, public prosecutor, attorney, certified public accountant or other professional or technical specialists who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10	11	12		
Director																		
Hsiu-Lan Hsu		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Ming-Kuang Lu		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Tang-Liang Yao		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Wen-Huei Tsai		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Feng-Ming Chang		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Kai Jiang Co., Ltd Representative: Hau Fang		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Kun Chang Investment Co., Ltd Representative: Edward Andrew Ow		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Independent Director																		
Chin-Tang Liu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Hou-Chung Kuo	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Shao-Lun Li		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None

Note 1: A “✓” is marked in the space beneath a condition number when a director or supervisor has met that condition during the two years prior to election and during his or her period of service; the conditions are as follows.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a Director or Supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an Independent Director of the Company, its parent Company, or any subsidiary in which the Company holds, in accordance with the law or local laws.

- (3) The Director, or his or her spouse or minor child, does not hold, in his or her own name or in another name, more than 1% of the Company's total issued shares, nor is one of the Company's top ten natural-person shareholders.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
- (5) A Director, Supervisor, or employee of a corporate shareholder that does not directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.(Do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)
- (6) Do not engage to a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company. (Do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)
- (7) Do not engage to the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.(Do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)
- (8) A director, supervisor, officer, or shareholder does not hold five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (Do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent. Also do not apply to whom holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.)
- (9) A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, does not provide auditing services to the company or any affiliate of the company, or that does not provide commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not a spouse or relative within the second degree of kinship of any other director of the Company.
- (11) Not a person of any conditions defined in Article 30 of the Company Act.
- (12) Not elected with the conditions of government, juristic person or its representative defined in Article 27 of the Company Act.

(II) Information on the Company's President, Vice President, Assistant Vice President, and the supervisors of all the Company's Divisions and Branch Units as follows

April 26, 2021 Unit: Share; %

Title (Note 1)	Nationality	Name	Gender	Date Elected	Current Shareholding		Spouse & Minor Shareholding		Shareholding in Other Persons' Names		Principal Work Experiences and Academic Qualifications (Note 2)	Positions Held Concurrently in The Company and/or in Any Other Company	Other executives, Directors and supervisors who are spouses or within second-degree relative of consanguinity			Remark
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationships	
CEO	Republic of China	Hsiu-Lan Hsu	Female	February 1, 2008	2,971,085	0.51%	0	0	0	0	Master of Computer Science, University of Illinois/President of Creative Sensors Inc./President of the Company	Note 1	None	None	None	Note 4
Vice Chairperson and President	Republic of China	Tang-Liang Yao	Male	October 1, 1998	3,300,395	0.56%	14,413	0	0	0	Master of Management and Research Institute of Tamjiang University/Assistant Manager of Manufacturing Department of Xuxing Technology Corporation/President of the Company	Note 2	None	None	None	None
Executive Vice President Manager	Republic of China	Hau-Chun Shih	Male	August 1, 2014	272,000	0.05%	0	0	0	0	Engineering Science Department of National Cheng Kung University/Vice President of SIBOND Science and Technology Manufacturing Center/Senior Vice President of Sunrise Global Solar Energy Co., Ltd.	None	None	None	None	None
Vice President of Marketing	Republic of China	Pei-Yi Chen	Female	August 1, 2017	247,035	0.04%	1,000	0	0	0	Department of Geopolitics, National ChengChi University/Director of Business of Sunrise Global Solar Energy Co., Ltd.	None	None	None	None	None
Vice President of Corporate Development	Republic of China	Chung-Wei Lee	Male	March 21, 2017	30,000	0.01%	0	0	0	0	Master of Business Administration, Meiji University, Japan/Executive Vice President and President of Covalent Materials Taiwan/Associate Manager of MITSUI & CO. (Taiwan), LTD.	Note 3	None	None	None	None
R&D Chief	Indonesia	BUDI TIAHJONO	Male	August 9, 2016	300,000	0.05%	0	0	0	0	Doctor of New South Wales University, Australia/CTO of Sunrise Global Solar Energy Co., Ltd.	None	None	None	None	None
Accounting Department Chief	Republic of China	Hsiu-Ling Hsu	Female	March 23, 2018	0	0	0	0	0	0	Enterprise Management Research Institute of Taipei University/Director of PwC Taiwan/Accounting Manager of Sunrise Global Solar Energy Co., Ltd./Accounting Manager of Globalwafers Corporation	None	None	None	None	None

Note 1: At present, she is also the Chairperson and CEO of GlobalWafers, Representative of Institutional Director of Actron Technology Corporation, Director of Crystalwise Technology Inc., Representative of Institutional Director of Advanced Wireless Semiconductor Company, Chairperson of Taiwan Specialty Chemicals Corporation, Representative of Institutional Director of SAS Sunrise Inc., Director of SAS Sunrise Pte. Ltd., Chairperson of Sunrise PV Three Co., Ltd., Chairperson of Sunrise PV Four Co., Ltd., Chairperson of SAS

Holding Co., Ltd., Chairperson of GlobalWafers Holding Co., Ltd., Director of GlobalWafers Inc., Director of GlobalSemiconductor Inc., Chairperson & CEO of GlobiTech Incorporated, Chairperson of GlobalWafers Japan Co., Ltd., Vice Chairperson of Kunshan Sino Silicon Technology Co., Ltd., Chairperson of Topsil GlobalWafers A/S, Director of GWafers Singapore Pte., Ltd., Director of GlobalWafers Singapore Pte., Ltd., Director of GlobalWafers B.V., Chairperson of MEMC Japan Limited, and Director of MEMC Korea Company.

Note 2: At present, he is also the Vice Chairperson and President of Sino-American Silicon Products Inc., Representative of Institutional Director of GlobalWafers Co., Ltd., Representative of Institutional Director, Vice Chairperson and Vice CEO of Actron Technology Corporation, Chairperson and CEO of Crystalwise Technology Inc., Representative of Institutional Director of Taiwan Specialty Chemicals Corporation, Director of Shanghai Zhaoye Shenkai Electronic Materials Co., Ltd., Director of SY Company LLC, Director of Yuanhong (Shangdong) Photoelectric Material Co., Ltd., Director of SAS Sunrise Pte., Ltd. Representative of Institutional Director of Sunrise PV Three Co., Ltd., Representative of Institutional Director of SAS Holding Co., Ltd., Representative of Institutional Director of GlobalWafers Holding Co., Ltd., Director of GlobiTech Incorporated, Director of GlobalWafers Japan Co., Ltd., Chairperson of Kunshan Sino Silicon Technology Co., Ltd., Director of GWafers Singapore Pte. Ltd.

Note 3: At present, he is concurrently Vice President of Corporate Development of GlobalWafers Co., Ltd.

Note 4: Where the Chairperson of the Board of Directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto: Under the consideration of the operating scale and in order to improve overall operating efficiency, the chairman of the Company is also the CEO. Other than the positions mentioned, the Company also has a position of the President, which is having different authorities. The CEO is more focused on the planning aspect (Responsible to develop the Company's business strategy, annual budget plan, important customer relationship maintenance, strategic alliance planning, investment layout planning and annual achievement tracking, etc.) and the President is responsible for the execution aspect of the Company's operation (Focus on coordination and supervision to achieve operational objectives, while implementing the Company's policies and the business strategy and related operational matters planned by the CEO), which complements on another. By having the Chairman also working as the CEO, the board of directors can plan the Company's development blueprint much practical for operating and managing as well as to have more clarity to the operating status of the Company. More than half of the Board members of the Company are not being employees or managers at the same time, and the Board of Directors has three independent directors. The functional committee members are chaired by independent directors to make recommendations to the Board after full discussion of important issues, which strengthens the supervisory functions of the Board of Directors and implements corporate governance.

(III) Compensation Paid to CEO, President and Vice Presidents

1. Remuneration Paid to Directors (Independent Directors included): 2020

December 31, 2020 Unit: NT\$ thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees						Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary		
		Base Compensation (A)		Severance Pay (B)		Bonus to Directors (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)						
		The company	All companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements			The company	Companies in the consolidated financial statements
														Cash	Stock	Cash	Stock					
Director	Hsiu-Lan Hsu																					
Director	Tang-Liang Yao																					
Director	Ming-Kuang Lu																					
Director	Wen-Huei Tsai																					
Director	Feng-Ming Chang																					
Director	Kaijiang Corporation Representative: Hau Fang	20,000	20,000	0	0	44,000	56,800	215	305	1.02%	1.22%	7,697	11,234	0	0	36,000	0	81,000	0	1.71%	2.68%	None
Director	Kun Chang Investment Co., Ltd Representative: Edward Andrew Ow Yu-Da Chang (Note)																					
Director	United Renewable Energy Co., Ltd. Representative : Chuan-Hsien Hong (Note)																					

Remuneration Paid to Directors

Remuneration Paid to Directors	Name of Directors			
	Total Remuneration (A+B+C+D)		Total Compensation (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	Independent Director Chin-Tan Liu, Hou-Chung Kuo, Shao-Lun Li, Ting-ko Chen, Shing-hsien Lin, Mong-hua Huang	Independent Director Chin-Tan Liu, Hou-Chung Kuo, Shao-Lun Li, Ting-ko Chen, Shing-hsien Lin, Mong-hua Huang	Independent Director Chin-Tan Liu, Hou-Chung Kuo, Shao-Lun Li, Ting-ko Chen, Shing-hsien Lin, Mong-hua Huang	Independent Director Chin-Tan Liu, Hou-Chung Kuo, Shao-Lun Li, Ting-ko Chen, Shing-hsien Lin, Mong-hua Huang
NT\$ 1,000,000 ~ NT\$1,999,999	—	—	—	—
NT\$ 2,000,000 ~ NT\$ 3,499,999	Director Feng-Ming Chang, Representative of United Renewable Energy Co., Ltd.: Chuan-Hsien Hong, Representative of Maoyang Corporation: Rong-Kang Sun, Representative of Hongmao Investment Corporation: Chu-Wang Chen	Director Feng-Ming Chang, Representative of United Renewable Energy Co., Ltd.: Chuan-Hsien Hong, Representative of Maoyang Corporation: Rong-Kang Sun, Representative of Hongmao Investment Corporation: Chu-Wang Chen	Director Feng-Ming Chang, Representative of United Renewable Energy Co., Ltd.: Chuan-Hsien Hong, Representative of Maoyang Corporation: Rong-Kang Sun, Representative of Hongmao Investment Corporation: Chu-Wang Chen	Director Feng-Ming Chang, Representative of United Renewable Energy Co., Ltd.: Chuan-Hsien Hong, Representative of Maoyang Corporation: Rong-Kang Sun, Representative of Hongmao Investment Corporation: Chu-Wang Chen
NT\$ 3,500,000 ~ NT\$ 4,999,999	—	—	—	—
NT\$ 5,000,000 ~ NT\$ 9,999,999	Director Hsiu-Lan Hsu, Wen-Huei Tsai, Representative of Kaijiang Corporation: Hau Fang, Representative of Kun Chang Investment Co., Ltd: Edward Andrew Ow	Director Wen-Huei Tsai, Representative of Kaijiang Corporation: Hau Fang, Representative of Kun Chang Investment Co., Ltd: Edward Andrew Ow	Director Wen-Huei Tsai, Representative of Kaijiang Corporation: Hau Fang, Representative of Kun Chang Investment Co., Ltd: Edward Andrew Ow	Director Wen-Huei Tsai, Representative of Kaijiang Corporation: Hau Fang, Representative of Kun Chang Investment Co., Ltd: Edward Andrew Ow
NT\$ 10,000,000~ NT\$ 14,999,999	—	—	—	—
NT\$ 15,000,000 ~ NT\$ 29,999,999	Director Tang-Liang Yao, Ming-Kuang Lu	Director Hsiu-Lan Hsu, Tang-Liang Yao, Ming-Kuang Lu	Director Hsiu-Lan Hsu, Ming-Kuang Lu	Director Ming-Kuang Lu

NT\$ 30,000,000 ~ NT\$ 49,999,999	—	—	Director Tang-Liang Yao	Director Tang-Liang Yao
NT\$ 50,000,000 ~ NT\$99,999,999	—	—	—	Director Hsiu-Lan Hsu
More than NT\$ 100,000,000	—	—	—	—
Total	16	16	16	16

2. Remuneration of supervisors: The Company has changed its Audit Committee, so there is no remuneration of supervisors.

3. Remuneration of President and Vice President

December 31, 2020 Unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Profit Sharing- Employee Bonus (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
CEO	Hsiu-Lan Hsu	18,595	21,628	427	427	4,168	4,673	37,700	0	84,500	0	0.96%	1.76%	None
Vice CEO and President	Tang-Liang Yao													
CEO	Ming-Kuang Lu (Resigned)													
Executive Vice President	Hau-Chun Shih													
Vice President	Chung-Wei Lee													
Vice President	Pei-Yi Chen													
R&D Chief	BUDI TIAHJONO													

- Note: 1. The actual amount of Severance Pay paid in 2020: NT\$ 0.
 2. The amount of withdrawal or funding of Severance Pay: NT\$ 427,000.

Range of Remuneration

Range of Remuneration of Presidents and Vice President of the Company	Name of Presidents and Vice President	
	The Company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	—	—
NT\$ 1,000,000~ NT\$ 1,999,999	—	—
NT\$ 2,000,000~ NT\$ 3,499,999	Chung-Wei Lee	—
NT\$ 3,500,000~ NT\$ 4,999,999	—	—
NT\$ 5,000,000~ NT\$ 9,999,999	Ming-Kuang Lu, Hau-Chun Shih, Pei-Yi Chen, BUDI TIAHJONO	Chung-Wei Lee, Ming-Kuang Lu, Hau-Chun Shih, Pei-Yi Chen, BUDI TIAHJONO
NT\$ 10,000,000~ NT\$ 14,999,999	Hsiu-Lan Hsu, Tang-Liang Yao	Tang-Liang Yao
NT\$ 15,000,000~ NT\$ 29,999,999	—	—
NT\$ 30,000,000~ NT\$ 49,999,999	—	—
NT\$ 50,000,000~ NT\$ 99,999,999	—	Hsiu-Lan Hsu
More than NT\$ 100,000,000	—	—
Total	7	7

4. Employee Profit Sharing Granted to Management Team

December 31, 2020 Unit: NT\$ thousands

	Title	Name	Employee Bonus - in Stock	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Manager	CEO	Hsiu-Lan Hsu	0	40,700	40,700	0.64%
	Vice CEO and President	Tang-Liang Yao				
	CEO	Ming-Kuang Lu (Resigned)				
	Executive Vice President	Hau-Chun Shih				
	Vice President	Chung-Wei Lee				
	R&D Chief	BUDI TJAHOJONO				
	Vice President	Pei-Yi Chen				
	Accounting Department Chief	Hsiu-Lin Hsu				

(IV) The proportions of total remuneration paid to Directors, Supervisors, Presidents and Vice President of the Company in net income after tax in the last two years are compared and explained. The policies, standards and combination of remuneration payment, the procedure of remuneration setting, the relationship between remuneration and operating performance, and the relationship between remuneration and future risks are explained.

1. Total Remuneration to Net Income

Title	The ratio of total remuneration of 2020 to net income after tax (%)		The ratio of total remuneration of 2019 to net income after tax (%)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Director	1.08%	1.28%	2.98%	3.61%
President and Vice President	0.96%	1.76%	2.13%	4.59%

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance:

(1) The policies, standards, and portfolios for the payment of remuneration

The Company's remuneration for Directors is handled in accordance with the Company's Articles of Incorporation and the allocation rules of Directors' remuneration, which can be divided into three categories: Directors' compensation, Directors' remuneration and operating expenses; and the remuneration for Presidents and Vice President of the Company can be divided into three categories: salary, bonus and car allotment, employee remuneration,

which are authorized by the Board of Directors to be verified based on the relevant provisions of the Company's salary verification.

(2) Procedures of Remuneration

According to the Articles of Incorporation of the Company, if the Company is profitable in the year, it should allocate 3-15% as employees' remuneration. The Board of Directors decides to distribute the remuneration in stock or cash. The object of the distribution includes the employees of the subordinate company who meet certain conditions. If the Company can make profit with the above amount, the Board of Directors decides to allocate up to 3% as its Directors' remuneration. The distribution proposal of remuneration of employees and Directors should be submitted and reported to the shareholders' meeting.

If it has accumulative losses, the Company should reserve and make up the amount before distributing remuneration to the employees and Directors according to the percentage mentioned in the preceding paragraph. In addition, in the business execution cost, only the traffic allowance for each Directors' meeting is distributed. The procedures for determining Directors' remuneration should be based on the performance evaluation method of the Board of Directors of the Company, the participation in and contribution to the Company's operation should be considered, and reasonable remuneration should be given. The part of remuneration received by the President and Vice President of the Company is based on the operating performance quota of the annual budget approved by the Board of Directors each year. The payment method is based on "Measures for the Administration of Wages and Remuneration of the Company's Managers" and "Measures for Employee Remuneration Distribution".

The Company established Remuneration Committee at the end of 2011, which periodically examines performance of Directors and managers, as well as remuneration policy, system, standard and structure. Report if above-mentioned will be discussed in the Board of Directors.

(3) Connection between operation performance and future risk

Performance evaluation and remuneration of Directors and managers are measured based on market average, operating results, degree of participation (including the attendance rate, the frequency of communication, the suggestions provided, etc.) and contribution to the Company's performance (including financial indicators such as revenue and profit achievement rate, and non-financial indicators such as law and internal control compliance, or special achievements, etc.), and comprehensively consider the monetary amount, distribution method and future risk of the Company. It has a positive correlation with the performance and responsibility of the Company's business.

III. Implementation of Corporate Governance

(I) Attendance of Directors for Board Meetings

The Board of Directors was held for 6 sessions in 2020. The Attendance of Directors was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate in Person (%)	Remarks
Chairperson	Hsiu-Lan Hsu	6	0	100%	Reappointed on June 24, 2020
Vice Chairperson	Tang-Liang Yao	6	0	100%	Reappointed on June 24, 2020
Director	Ming-Kuang Lu	6	0	100%	Reappointed on June 24, 2020
Director	Wen-Huei Tsai	5	1	83%	Reappointed on June 24, 2020
Director	Feng-Ming Chang	4	0	100%	Elected on June 24, 2020
Director	Kaijiang Corporation Representative: Hau Fang	6	0	100%	Reappointed on June 24, 2020
Director	Kun Chang Investment Co., Ltd Representative: Edward Andrew Ow	4	0	100%	Elected on June 24, 2020
Director	Kun Chang Investment Co., Ltd Representative: Yu-Da Chang	2	0	100%	Relieved of his office on June 24, 2020
Director	United Renewable Energy Co., Ltd. Representative: Chuan-Hsien Hong	2	0	100%	Relieved of his office on June 24, 2020
Director	Maoyang Corporation Representative: Rong-Kang Sun	2	0	100%	Relieved of his office on June 24, 2020
Director	Hongmao Investment Corporation Representative: Chu-Wang Chen	2	1	50%	Relieved of his office on June 24, 2020
Independent Director	Chin-Tang Liu	4	0	100%	Elected on June 24, 2020
Independent Director	Hou-Chung Kuo	4	0	100%	Elected on June 24, 2020
Independent Director	Shao-Lun Li	4	0	100%	Elected on June 24, 2020
Independent Director	Ting-Ko Chen	2	0	100%	Relieved of his office on June 24, 2020
Independent Director	Shing-Hsien Lin	2	0	100%	Relieved of his office on June 24, 2020
Independent Director	Mong-Hua Huang	2	0	100%	Relieved of his office on June 24, 2020

Other mentionable items:

- I. If there are any of below circumstances, the dates of meetings, sessions, contents of motions, all Independent Directors' opinion and the Company's response to Independent Directors' opinion should be specified:
 - (I) The matters referred to in Article 14-3 of the Securities and Exchange Act:
Not applicable. The Company has set up an Audit Committee, which is governed by Article 14-5 of the Securities and Exchange Act.
 - (II) Despite issues previously mentioned, other resolutions of the Directors' meetings objected by Independent Directors or subject to qualified opinion and recorded or declared in writing: No such matter has occurred in the Company.
- II. If there is Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance and voting should be specified:
 1. On May 7, 2020, the Board meeting discussed to establish a joint venture with other investors; the Chairperson of United Renewable Energy Co., Ltd., Chuan-hsien Hong has a conflict of interest, so he recused himself as required by laws, not participating discussion and voting.
 2. On May 7, 2020, the Board meeting discussed the compensation of Directors. The proposal is voted one by one for each individual Director; and each Director recused him/herself for his/her own remuneration due to conflict of interest, not participating discussion and voting.
 3. On May 7, 2020, the Board meeting discussed the compensation of employees and managerial officers. Chairperson Ming-Kuang Lu, Vice Chairperson Tang-Liang Yao, and Director Hsiu-Lan Hsu are subject to the distributions, so they recused themselves as required by laws, not participating discussion and voting.
 4. On June 24, 2020, the Board meeting discussed the members of the Remuneration Committee. Independent Directors Chin-Tang Liu, Hou-Chung Kuo and Shao-Lun Li were the candidates, so they recused themselves as required by laws, not participating discussion and voting.
 5. On December 10, 2020, the Board of Directors discussed about the Letter of Support to be issued by the Company for Crystalwise Technology Inc. As Chairperson Hsiu-Lan Hsu and Vice Chairperson Tang-Liang Yao were Director and Chairperson of Crystalwise Technology Inc, and the interested party in the case, so they recused themselves as required by laws, not participating discussion and voting.
 6. On December 10, 2020, the Board of Directors discussed about the Letter of Support to be issued by the Company for Taiwan Specialty Chemicals Corporation. As Chairperson Hsiu-Lan Hsu and Vice Chairperson Tang-Liang Yao were Chairperosn and Director of Taiwan Speciality Chemicals Corporation and the interested partys in the case, so they

recused themselves as required by laws, not participating discussion and voting.

III. The Evaluation of the Board of Directors

Assessing Cycle	Assessing Period	Assessing Scope	Assessing Method	Content of the Assessment
Once A Year	From January 1, 2020 to December 31, 2020	<ul style="list-style-type: none"> ●Board of Directors ●Individual Members of the Board of Directors ●Functional Committee 	<ul style="list-style-type: none"> ●Self-assessment from the Board of Directors ●Self-assessment from Individual Members of the Board of Directors ●Self-assessment from the Functional Committee 	<p>Self-assessment from the Board of Directors</p> <ol style="list-style-type: none"> 1. Level of involvement in the Company's operations. 2. Promoted the quality of the resolution from the Board of Directors. 3. The composition and structure of the Board of Directors. 4. The election and advanced studies of Directors. 5. Internal control. <p>Self-assessment from Individual Members of the Board of Directors</p> <ol style="list-style-type: none"> 1. Mastering the company's goals and tasks. 2. The cognition to the responsibility of a Director 3. Level of involvement in the Company's operations. 4. Internal relationship management and communication. 5. Director's personal business and advanced studies. 6. Internal Control. <p>Self-assessment from the Functional Committee</p>

				<ol style="list-style-type: none"> 1. Level of involvement in the Company's operations. 2. The cognition to the responsibility of Functional Committee. 3. Promoted the quality of the resolution from the Functional Committee. 4. The composition and structure of the Functional Committee. 5. Internal Control.
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IV. Functional objectives (e.g. setting up Audit Committee, improving information transparency, etc.) and implementation evaluation:

Strengthen functional objectives of the Board of Directors	Implementation evaluation
Establish Independent Directors	Strengthen the independence and objective functions of Directors and supervise the operation of the Board of Directors.
Establish the Remuneration Committee	Assist the Board of Directors in implementing and evaluating the Company's overall compensation and benefits system, and regularly review the appropriateness of remuneration for Directors, Supervisors and managers.
Establish the Audit Committee	Exercise the functions and powers stipulated in the Securities and Exchange Law, Company Law and other relevant laws.
Establish the Nomination Committee	Improve the nomination system of the Company's Directors and senior manags.
Continuously improve the information transparency	The Company appointed a special person to be responsible for the disclosure of Company information and updating information on the Company website .

Actively make communication with stakeholders	The Company has spokespersons and acting spokespersons, and stakeholders can use them as channels of communication. Every year, the ann accepts the shareholders' proposals according to the schedule. The shareholders who have the right to submit proposals can apply to the Company during the period of acceptance. The Company will convene the meeting of Board of Directors to examine the proposals in accordance with the relevant provisions.
Improve the operational efficiency and decision-making ability of the Board of Directors	The Company has formulated "the Meeting Standards of Board of Directors" to strengthen the implementation of the functions of the Board of Directors, and promote the healthy development of the Board of Directors' participation in decision-making.
Strengthen professional knowledge	The Directors and Supervisors of the Company should study for a number of hours per year as prescribed by the competent authority, the relevant members of the Board of Directors should be encouraged to participate in various professional courses, and the relevant decrees should be promulgated at the meeting of the Board of Directors to comply with the provisions of the decree.
Set the position of Corporate Governance Supervisor	In order to implement corporate governance and enhance the effectiveness of the Board of Directors, on May 9, 2019, the Board of Directors set the position of Corporate Governance Supervisor to provide Directors with relevant information to perform their duties and other necessary assistance.

(II) The Operation of the Audit Committee:

A total of 5 Audit Committee meetings were held in 2020. The attendance of the Independent Directors was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Independent Director	Chin-Tang Liu	3	0	100%	Elected on June 24, 2020
Independent Director	Hou-Chung Kuo	3	0	100%	Elected on June 24, 2020
Independent Director	Shao-Lun Li	3	0	100%	Elected on June 23, 2020
Independent Director	Ting-Ko Chen	2	0	100%	Relieved of his office on June 24, 2020
Independent Director	Shing-Hsien Lin	2	0	100%	Relieved of his office on June 24, 2020
Independent Director	Mong-Hua Huang	2	0	100%	Relieved of his office on June 24, 2020

The Audit Committee of the Company is composed of 3 Independent Directors. The matters under consideration include:

- (I) The fair expression of the Company's financial statements.
- (II) Selection (relieving) of CPAs and their competence, independence and performance as well as certified expense.
- (III) Effective implementation of the Company's internal control.
- (IV) Major assets, derivatives, capital loans and endorsements or guaranteed transactions.
- (V) Amendment to the "Acquisition or Disposal of Assets Procedure", "Policies and Procedures for Financial Derivatives Transactions", "Procedures for Lending Funds to Other Parties" and "Procedures for Endorsement and Guarantee".

Other mentionable items:

- I. If there are the circumstances referred to in any of below, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified.
 - (I) The matters referred to in Article 14-5 of the Securities and Exchange Act and resolutions: The motions of 2020 were approved by all the members present in the Audit Committee and all the directors present in the Board of Directors. The operation of the Audit Committee in 2020 was as follows.

Date of meeting (session)	Content of motion	Matters listed in Article 14-5 of Securities and Exchange Law	Resolution results of the Audit Committee and the Company's Treatment of the Audit Committee's Opinions
March 19, 2020 (The First Regular Meeting in 2020)	Audit Business Report	√	Adopted with the consent of all the members present in the Audit
	Report on the evaluation of the competency and independence of CPAs	√	

	The Company's Business Report and Financial Statements of 2019	V	Committee
	The Company's Earnings Allocation of 2019	V	
	Discussion about cash distribution by capital reserve	V	
	Discussion about non-handling of the issuance of new shares through private placement upon expiration	V	
	Discussion about issuance of new shares through public offering or private placement in response to the Company's capital need	V	
	Declaration of Internal Control System of 2019	V	
	Amendment to the Company's "Internal Control System," "Internal Audit System," and "Operational Procedures of Self-Assessment for Internal Control System."	V	
	Discussion about intercompany loan to sub-subsidiary Sulu Electric Power and Light	V	
	The Company's 2019 certified fees of CPAs	V	
	Increase shareholding in Actron Technology Inc.	V	
May 7, 2020 (The Second Regular Session in 2020)	Audit Business Report	V	Adopted with the consent of all the members present in the Audit Committee.
	The Company's Consolidated Financial Quarterly Report for the First Quarter in 2020	V	
	Appointment of the Company's audit officer	V	
	Disposal of shareholding in Cathy Sunrise Corporation.	V	
	The Company intended to establish a joint venture with other investors	V	
August 6, 2020 (The Fourth Regular Meeting in 2020)	Audit Business Report	V	Adopted with the consent of all the members present in the Audit Committee.
	The Company's Consolidated Financial Quarterly Report for the Second Quarter in 2020	V	
	Lending funds to power plant subsidiaries	V	
	Amendment to the Company's "Ethical Management and Guidelines for Conduct"	V	
	Cancelled the proposal to establish a joint venture with other investors	V	
	The Company's intention to establish an investment company.	V	
	Whether transfer the Company and the subsidiaries' overdue receivable, exceeding 3 months, as lending funds to others	V	
	The Company intended to participate the subscription of the private placement of Advanced Wireless Semiconductor Company's common shares	V	
November 5, 2020 (The Fifth Regular Meeting in 2020)	Audit Business Report	V	Adopted with the consent of all the members present in the Audit Committee.
	The Company's Consolidated Financial Quarterly Report for the Third Quarter in 2020	V	
	Discussion about the Internal Audit Plan of 2020	V	
	Amendment to the Company's "Internal Control System"	V	
	Discussion about the interest rate adjustment for lending funds to sub-subsidiaries	V	
	Amendment to the Company's "Ethical Management and Guidelines for Conduct"	V	
	Whether transfer the Company and the subsidiaries' overdue receivable, exceeding 3 months, as lending funds to others	V	
December 10, 2020 (The Sixth Regular Meeting in 2020)	Making the Company's Operating Plan for 2020	V	Adopted with the consent of all the members present in the Audit Committee
	The Company's earnings allocation for the first half of 2020	V	
(II) Other resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all directors: None.			

- II. If there are Independent Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motion, causes for avoidance and voting should be specified: The Company has no such circumstance.
- III. Communications between the Independent Directors, the Company's chief internal auditor and CPAs (e.g. the items, methods and results of audits of corporate finance or operations, etc.).
- (I) The chief internal auditors have communicated the result of the audit reports to the members of the Audit Committee periodically, and have presented the findings of all audit reports in the quarterly meetings of the Audit Committee. In case of special circumstances, they will inform the members of the Audit Committee in a timely manner. There was no above special situation in 2020. The communication channel between the Audit Committee and the chief internal auditor of the Company has been functioning well.
- (II) The Company's CPAs have presented the findings or the comments for the quarterly corporate financial reports, as well as those matters communication of which is required by law, in the regular quarterly meetings of the Audit Committee. In case of special circumstances, they will inform the members of the Audit Committee in a timely manner: There was no above special circumstance in 2020. The communication channel between the Audit Committee and the CPAs of the Company has been functioning well.

The communication matters between Independent Directors, chief internal auditor and CPAs in 2020 were as follows:

Date	Focus of communication	Recommendations and results
March 19, 2020 Audit committee	<ol style="list-style-type: none"> 1. CPAs explained the audit of 2019 financial statements and its results, and discussed about the application of some accounting principles and the impact of the newly revised decree. 2. Accountants discussed and communicated about questions raised by participants. 3. Chief internal auditor made the Internal Audit Business Report. 4. Issued a declaration on the internal control system. 5. Chief internal auditor reported the revised content of Internal Control System. 	None
May 7, 2020 Audit committee	<ol style="list-style-type: none"> 1. CPAs explained the audit of 2020 Q1 financial statements and its results, and discussed about the application of some accounting principles and the impact of the newly revised decree. 2. Accountants discussed and communicated about questions raised by participants. 3. Chief internal auditor made the Internal Audit Business Report 	None
August 6, 2020 Audit committee	<ol style="list-style-type: none"> 1. CPAs explained the audit of 2020 Q2 financial statements and its results, and discussed about the application of some accounting principles and the impact of the newly revised decree. 2. Accountants discussed and communicated about questions raised by participants. 3. Chief internal auditor made the Internal Audit Business Report 	None

November 5, 2020 Audit committee	<ol style="list-style-type: none"> 1. CPAs explained the audit of 2020 Q1 financial statements and its results, and discussed about the application of some accounting principles and the impact of the newly revised decree. 2. Accountants discussed and communicated about questions raised by participants. 3. Chief internal auditor made the Internal Audit Business Report 4. Plan for internal audit 	
December 10, 2020 Communication meeting between Independent Directors and internal auditing officers	<ol style="list-style-type: none"> 1. Internal control self-assessment plan and execution description 2. Independence of audit, digitization of information, and issues of information security management 	None

Results: The above matters were examined and approved by the Audit Committee, and the Independent Directors had no objection.

(III) Corporate Governance Implementation Status, Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
I. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has established the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”. The information has been disclosed on the Company’s website and Corporate Governance Area of MOPS (http://mops.twse.com.tw/).	No significant difference.
II. Shareholding structure & shareholders’ rights				
(I) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(I) The Company entrusts Shareholders Service Dept. of Yuanta Securities Co., Ltd. to handle the problems posed by shareholders on behalf of it, and also establishes the spokesman system to deal with related matters, as well as the Investor Relation and Related Parties sections on the website dedicated to accepting any questions or suggestions.	No significant difference.
(II) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(II) The Company keeps abreast of the shareholding status of directors, managerial officers, and major shareholders holding more than 10% shareholding. The Company discloses the relevant information on the MOPS designated by Securities and Futures Bureau on a monthly basis.	No significant difference.
(III) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(III) The Company’s internal control covers the corporate risk management activities and operating activities. The Company establishes the “Regulations Governing Supervision on Subsidiaries of GlobalWafers” to fulfill the risk control mechanism against	No significant difference.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(IV) Does the company establish internal rules against insiders trading with undisclosed information?	V		<p>subsidiaries. Meanwhile, the Company also establishes the “Regulations Governing Management of Investment” and “Operating Procedure for Transactions of Group Members and Specific Companies with Related Parties” to govern the purchases/sales, acquisition or disposition of assets, endorsements/guarantees and loaning of fund by the affiliates.</p> <p>(IV) The Company establishes the “Operating Procedure for Prevention of Insider Trading” to prohibit insiders from trading securities based on non-public information.</p>	No significant difference.
<p>III. Formation and responsibilities of Board of Directors</p> <p>(I) Whether the Board of Directors has diversified policies regulated and implemented substantively according to the composition of the members?</p>	V		<p>(I) Article 18 of “the Code of Practice on Corporate Governance” of the Company has clearly regulated the diversification policy of board members, and formulated appropriate diversification policies on their own operation, operation patterns and development needs, such as basic composition (e.g. gender, age, nationality and culture), professional knowledge and skills, and industrial experience. At present, there are 10 board members, of which three are independent directors, accounting for 30%. The term of office of three independent directors is less than three years. Among the 10 board members, there are one female directors, accounting for 10%. The Company values gender equality in the Board of Directors, with the target of minimum one seat of female director. The board members have working experience and expertise in operation management, knowledge of industry, finance and strategy management to implement the</p>	No significant difference.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(II) Whether the Company, in addition to establishing the Remuneration Committee and Audit Committee, pursuant to laws, is willing to establish any other functional committees voluntarily?	V		<p>diversified policy of board members. The Company's diversified policy of board member and the implementation of diversification by individual board members have been disclosed on the Company's website. The implementation of diversification by board members is illustrated in Schedule 1.</p> <p>(II) The Audit Committee was established in 2014: All three members are independent directors; The Remuneration Committee was established in 2011: All three members are independent directors; The Commission for Sustainable Development of Enterprises was established in 2016: It is composed of management teams and reports the implementation status and results to the Board of Directors every year. The Company established the Nomination Committee in 2020. Members consist of five directors, including three independent directors</p>	No significant difference.
(III) Whether the Company has defined the regulations governing appraisal on performance of the Board of Directors and the approach to conduct the appraisal, whether it conducts the performance appraisal periodically each year, submit the results to BoD and apply as reference for re-nomination evaluation of each director and nomination for term renewal?	V		(III) After approval of the Board of Directors, the Company has formulated “the Performance Evaluation Measures for the Board of Directors and Functional Committees”. It makes the performance evaluation of the Board of Directors and the Functional Committee (including the Remuneration Committee and the Audit Committee) at least once a year, and submits the evaluation results to the Board of Directors. At the end of each year, the President Office is responsible for executing and coordinating the evaluation process. Internal questionnaires are collected. The evaluation is completed through the internal	No significant difference.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(IV) Whether the Company assesses the independence of the external auditor periodically?	V		<p>self-evaluation, and the self-evaluation of board members and functional members. The evaluation scope includes the performance evaluation of the whole Board of Directors, individual members of the Board of Directors, the Remuneration Committee and the Audit Committee.</p> <p>The performance evaluation standards of the Board of Directors and the functional committees of the Company mainly include participation in the operation of the Company, improvement of the decision-making quality of the Board of Directors and functional committees, composition and structure of the Board of Directors and functional committees, selection and continuing education of the Board of Directors and functional members, internal control, etc. The evaluation results are submitted to the Board of Directors for reference for individual director’s remuneration and when selecting or nominating directors. The performance evaluation results of 2020 were all good, and they were reported to the Board of Directors and disclosed on the Company’s website on March 18, 2021.</p> <p>(IV) The Company has established the “Regulations Governing Appraisal on Independence and Performance External Auditors”. The Company will assess the external auditors’ independence, competence and performance each year, and submit the assessment report to the Audit Committee and Board of Directors for approval. The Company has completed the 2020 appraisal on independence and performance of external auditors. The appraisal report was already reported to the Audit Committee meeting and the Board meeting on March 18, 2021.</p>	No significant difference.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			The scope of appraisal on independence covers the 15 indicators, including whether the external auditors hold the position as directors/supervisor or managerial officers of customers, or any other positions which may render material effect to the audited cases, whether the external auditors have direct or indirect material financial interest with the Company, whether the external auditors have significant business relations and employment relations with the Company, and whether the external auditors promote, or act as the broker for, the stock or other securities issued by the Company. The performance indicators include service quality, level of profession and timeliness.	
IV. Where the Company is a TWSE/TPEX listed company, has the Company designated a department or personnel that specializes (or is involved) in corporate governance affairs (including but not limited to, providing directors/supervisors with the information needed to perform their duties, convention of board meetings and shareholders’ meetings under laws, company registration and registration of changes, preparation of board meeting and shareholders’ meeting minutes, etc)?	V		In order to implement corporate governance and strengthen the function of directorship, after the approval of the Board of Directors on May 9, 2019, the Company appointed Section Chief Ming-Huei Chien as the Company's Governance Supervisor. He has more than three years' experience in finance, stock and meeting management of public issuing companies. The Corporate Governance Supervisor and members of the President Office are responsible for related matters of corporate governance and serve as the Secretary of the Board of Directors. The main responsibilities of the Corporate Governance Supervisor include providing the information needed by the directors to carry out their business, assisting directors to abide by the laws and regulations, assisting directors in taking office and continuing their studies, handling matters related to the meetings of the Board of Directors, committees and the Board of Shareholder, making minutes of meetings, etc.	No significant difference

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>The implementation of corporate governance in 2020 was as follows:</p> <ol style="list-style-type: none"> 1. Formulated and planned relevant measures for corporate governance, and implemented laws and regulations. 2. Provided the information needed by directors to carry out their business and assisted directors in complying with the decrees. 3. Planned the meeting of Board of Directors, notified all directors at least 7 days before the meeting, provided sufficient information for the meeting, and sent the minutes of the meeting of Board of Directors within 20 days after the meeting. 4. Registered the date of the shareholders' meeting in advance according to law, prepared the notice of meeting, meeting handbook and meeting records within the legal time limit, and changed the registration after amending of the articles of association or re-election of directors. 5. Provided directors' refresher courses and purchased liability insurance for directors and key employees. 6. Maintained the relationship with investors, organized the inventor conferences, and established diversified communication channels with investors. <p>The corporate governance officer should take at least twelve hours of continuing education courses per year. For his continuing education, please refer to (IX) continuing education of corporate governance for managerial officers. Set and plan the review on the corporate governance-related regulations, and add and amend the same to fulfill the</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>compliance.</p> <ol style="list-style-type: none"> 1. The Company has spokespersons, stock managers and business undertakers, establishes smooth communication channels, and respects and safeguards the legal rights and interests of all stakeholders. 2. The Company has a corporate responsibility area and a stakeholder area on its website. It also has established contact telephone and e-mail boxes for business personnel, investors, suppliers and employees' welfare. All stakeholders can communicate with each other by telephone or e-mail when necessary. In addition, in the social responsibility area of enterprise, the Company discloses information about stakeholders' concerns, communication channels and so on. Every year, the Board of Directors reports on the promotion and implementation of social responsibility of enterprise and the communication with stakeholders. 	
V. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		<ol style="list-style-type: none"> (I) The Company has spokespersons, stock managers and business undertakers, establishes smooth communication channels, and respects and safeguards the legal rights and interests of all stakeholders. (II) The Company has a corporate responsibility area and a stakeholder area on its website. It also has established contact telephone and e-mail boxes for business personnel, investors, suppliers and employees' welfare. All stakeholders can communicate with each other by telephone or e-mail when necessary. In addition, in the social 	No significant difference.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			responsibility area of enterprise, the Company discloses information about stakeholders' concerns, communication channels and so on. Every year, the Board of Directors reports on the promotion and implementation of social responsibility of enterprise and the communication with stakeholders.	
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company designates the professional Yuanta Securities Co., Ltd. to deal with shareholder affairs.	No significant difference.
VII. Information Disclosure				
(I) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(I) The Company has set up a website to disclose information regarding the Company's financials, business and corporate governance status.	No significant difference
(II) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(II) The Company has set up an English website and assigned an appropriate person to handle information collection and disclosure, as well as webcasting investor conferences (http://www.saswafer.com), to fully disclose company information and implement the spokesperson system in accordance with the regulations.	No significant difference
(III) Whether the Company announces and declare the annual financial statements within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial statements and the monthly revenue ahead of the prescribed period?		V	(II) Due to the numerous overseas subsidiaries result in complexity of transnational financial statements consolidation, the Company announces and declares its annual financial statements within the legal period of three months after the end of the fiscal year. The Company arranges early announcements and declares the first, second, and third quarter financial reports and monthly revenue before the prescribed deadline to enhance the transparency and	All consistent other than the annual financial statements.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			timeliness of company information disclosure.	
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		<p>(1) Status of employee rights: The Company has always treated its employees in good faith, focused on rational and human-based management, established smooth communication channels, maintained good relations between employer and employees, and safeguarded the legal rights and interests of employees in accordance with the Labor Standard Act and the Company's personnel regulations.</p> <p>(2) Status of employee wellness: The Company establishes a good relationship of mutual trust with employees through its welfare system and education and training system, such as establishing the Staff Welfare Committee, and providing staff travel, employee insurance, various subsidies and benefits and free annual regular health examination, etc.</p> <p>(3) Investor relations: The Company fully discloses information through MOPS and its website, enables investors to fully understand the Company's operating conditions, and communicates with investors through shareholders' meetings and spokespersons.</p> <p>(4) Supplier relations: The Company has formulated "Measures for Supplier Survey, Appraisal and Evaluation" to carefully define suppliers' quality, service level, green products, environmental safety risks, ethics and social responsibility, and select qualified suppliers. The Company deals with suppliers in accordance with its "Ethical</p>	No significant difference

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>Corporate Management Best-Practice Principles", maintains a good interactive relationship, and audits regularly to ensure supplier quality.</p> <p>(5) Rights of stakeholders: The Company has contact telephone and e-mail boxes for spokespersons and acting spokespersons, business personnel, investment relations, supplier relations and employee welfare relations, and can communicate directly with stakeholders. It has set up a company website (http:// www.saswafer.com) to disclose its information about finance, business, corporate governance and stock agency.</p> <p>(6) Status of directors' training: 1. See (IX) Status of Directors' Training. 2. Disclosed in the Corporate Governance Area of MOPS (http://mops.twse.com.tw).</p> <p>(7) Implementation of risk management policies and risk measurement standards: The Company has formulated "Risk Management Policies" and "Measures for Risk Management" in accordance with the law for various risk management and evaluation. Please refer to this year's report, review analysis of financial situation and operating results and risk management.</p> <p>(8) Implementation of customer policies: The Company always keeps close contact with customers and maintains stable and good relations to ensure the expected reliability and quality of products and create company profits.</p> <p>The Company's purchasing of liability insurance for directors: The</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			Company has purchased liability insurance for directors to strengthen the protection of shareholders' rights and interests. It is also disclosed in the Corporate Governance Area of MOPS (http://mops.twse.com.tw).	
<p>IX. Please state the improvement according to the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange Co., Ltd. in recent years, and put forward priority items to be improved and measures for those which have not yet been improved. Results of the first to the seventh "Corporate Governance Evaluation" of the Company ranked among the top 5% of TPEX Listed Companies. This shows the Company's efforts in corporate governance. Here are some improvements and possible improvements of this year.</p> <p>(I) Improvements</p> <ol style="list-style-type: none"> 1. Established the Nomination Committee with the majority are Independent Directors. 2. Adapted to the amendments of Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, announced and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline 3. The investor conference is convened at least once per quarter. 4. Define the successor cultivation planning for the Board members and key management. <p>(II) Possible improvements in the future</p> <p>Planned to set seats of Independent Directors more than required by laws.</p>				

Schedule 1: Implementation of Diversification by Board Members

Diversified Core Items Name of Directors	Nationality	Gender	Concurrently serving as an employee	Term of office for independent director		Business Management Ability	Crisis Handling Procedures	Industrial Knowledge	International Market View	Leadership Ability	Decision-making Ability
				Under 3 years	3-6 years						
Hsiu-Lan Hsu	Republic of China	Female	✓			✓	✓	✓	✓	✓	✓
Tang-Liang Yao	Republic of China	Male	✓			✓	✓	✓	✓	✓	✓
Ming-Kuang Lu	Republic of China	Male				✓	✓	✓	✓	✓	✓
Feng-Ming Chang	Republic of China	Male				✓	✓	✓	✓	✓	✓
Wen-Huei Tsai	Republic of China	Male				✓	✓	✓	✓	✓	✓
Kun Chang Investment Co., Ltd Representative: Edward Andrew Ow United States	United States	Male				✓		✓	✓	✓	✓
Kaijiang Corporation Representative: Hau Fang	Republic of China	Male				✓	✓	✓	✓	✓	✓
Chin-Tan Liu	Republic of China	Male		✓		✓	✓	✓	✓	✓	✓
Hou-Chung Kuo	Republic of China	Male		✓		✓		✓	✓	✓	✓
Shao-Lun Li	Republic of China	Male		✓		✓	✓	✓	✓	✓	✓

(IV) Operations of the Remuneration Committee:

1. Information of Remuneration Committee Members

Title	Conditions	If independent directors equip with over 5 years of working experience and below qualifications			Independence (Note 1)										Concurrently serving remuneration committee of other companies (Counting company)	Remarks (Note 2)	
		Owning qualification of national/private college instructor or above of commence, law, finance or corporal operation-related professions	Certified technicians or judge, prosecutor, lawyer, CPA or corporal operation-related national certifications	Experienced in commence, law, finance, accounting or other corporal operation-related business	1	2	3	4	5	6	7	8	9	10			
Independent Director	Chin-Tan Liu		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	None
Independent Director	Hou-Chung Kuo	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	None	None
Independent Director	Shao-Lun Li			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	None	None	None

Note 1: A “✓” is marked in the space beneath a condition number when a director or supervisor has met that condition during the two years prior to election and during his or her period of service; the conditions are as follows.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent Company, or any subsidiary in which the Company holds, directly or
- (3) The director, or his or her spouse or minor child, does not hold, in his or her own name or in another name, more than 1% of the company's total issued shares, nor is one of the company's top ten natural-person shareholders.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of any of the persons in the preceding three subparagraphs.
- (5) Not a director, supervisor, or employee of a institutional shareholder that directly holds 5% or more of the total number of issued shares of the Company or that holds shares ranking in the top five in holdings, or a director, supervisor or a legal person shareholder who appoints a representative to act as a director or supervisor of the company in accordance with paragraph 1 or 2 of Article 27 of the Company Act. The same does not apply, however, in cases where the person is an independent director of the Company, its parent Company, or any subsidiary in which the Company holds Pursuant to Taiwan or local regulations.
- (6) Not a director, supervisor or employee of a company that a majority of its director seats or voting shares and those of any other company are controlled by the same person. The same does not apply, however, in cases where the person is an independent director of the Company, its parent Company, or any subsidiary in which the Company holds Pursuant to Taiwan or local regulations.
- (7) Not a director (or governor), supervisor, or employee of that other company or institution whose chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses. The same does not apply, however, in cases where the person is an independent director of

the Company, its parent Company, or any subsidiary in which the Company holds Pursuant to Taiwan or local regulations.

- (8) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified Company or institution that has a financial or business relationship with the Company. The same does not apply, however, in cases where it holds 20% or more and no more than 50% of the total number of issued shares of a specific company or institution, and where the person is an independent director of the Company, its parent Company, or any subsidiary in which the Company holds Pursuant to Taiwan or local regulations.
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not a person of any conditions defined in Article 30 of the Company Act.

Note 2: If a remuneration committee member is director, please specify if matching item 5, Article 6 of "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is listed on the Stock Exchange or Traded Over the Counter".

2. Operations of the Remuneration Committee

(1) The Company's Remuneration Committee consists of 3 members and all Independent Directors.

(2) Term of office of the current members: from June 24, 2020 to June 23, 2023. In the most recent year (2020), the Remuneration Committee held meetings for 4 times (A). Membership and attendance were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Convener	Chin-Tang Liu	2	0	100%	Elected on June 24, 2020
Member	Hou-Chung Kuo	2	0	100%	Elected on June 24, 2020
Member	Shao-Lun Li	2	0	100%	Elected on June 23, 2020
Convener	Ting-Ko Chen	2	0	100%	Relieved of his office on June 24, 2020
Member	Shing-Hsien Lin	2	0	100%	Relieved of his office on June 24, 2020
Member	Mong-Hua Huang	2	0	100%	Relieved of his office on June 24, 2020

Other mentionable items:

I. If the board of directors declines to adopt or modifies a recommendation of the Remuneration Committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified): None.

II. Resolutions of the Remuneration Committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

III. The operation of the Remuneration Committee was as follows:

The competency of the Remuneration Committee is based on objective and professional position and provide advice to the Board of Directors about the remuneration policy and structure. As to their job scope :

- (1) Regularly review the remuneration committee's organizational procedures and the policies, systems, standards and structure of directors' and managers' performance evaluation and pay compensation.
- (2) Regularly assess and review the content and amount of compensation that paid to directors and managers.

Operations of Remuneration Committee:

Session/Date of the Remuneration Committee	Content of motion	Resolution results	The Company's response to the Remuneration Committee's opinion
The third session The first meeting in 2020	Director Remuneration and Employee Remuneration Distribution Plan of the Company of 2019	Agreed and approved by all the members	To be submitted to the Board of

March 19, 2020	Approval of employee promotions	present.	Directors after the approval of all the members present.
The third session The second meeting in 2020 May 7, 2020	Allocation of Directors' Remuneration of the Company of 2019	Agreed and approved by all the members present.	
	The Company's Allocation of Managerial Officers' Remuneration of 2019		
	Amendment to the Company's "Management Measures for Managers' Compensation"		
The fourth session The first meeting in 2020 August 6, 2020	The Company's managerial officers' remunerations	Agreed and approved by all the members present.	
The fourth session The second meeting in 2020 December 10, 2020	Amendment of the "Procedure for the Distribution of Directors' Compensation"	Agreed and approved by all the members present.	
	Amendment to the Company's "Management Measures for Managers' Compensation"		

(V) Composition, responsibilities and operation of the nomination committee:

1. Information of Nomination Committee Members

The nomination committee of the company consists of 5 Directors, of which 3 are Independent Directors. The convener of the committee is Director Hsiu-Lan Hsu, she has expertise in operation management, mergers and acquisitions and corporate governance, and meets the professional capabilities required by the committee.

Title	Name	Notes
Convener	Hsiu-Lan Hsu	Newly appointed on November 5, 2020
Board member	Tang-Liang Yao	
Board member (Independent Director)	Chin-Tang Liu	
Board member (Independent Director)	Hou-Chung Kuo	
Board member (Independent Director)	Shao-Lun Li	

2. Function of Nomination Committee

The Committee shall perform the following duties loyally with due diligence as a good administrator, and submit its suggestions to the Board of Directors for discussion:

- (1) Find, review and nominate candidates for Directors and senior managers based on the professional knowledge, skills, experience, gender and other diversified backgrounds and independence needs of the Company's Board members and senior managers.
- (2) Construct and develop the organizational structure of the Board of Directors and committees, conduct performance appraisals of the Board of Directors, committees, and Directors, and assess the independence of Independent Directors.
- (3) Formulate and review directors' continuing education plans and succession plans for directors and senior managers.
- (4) Other matters resolved by the Board of Directors to be handled by the committee.

3. Operations of the Nomination Committee

The Company established the Nomination Committee on November 5, 2020. The office of this term of Nomination Committee is from November 5, 2020 to June 23, 2023. In 2020, no official meeting was convened by the Nomination Committee.

(VI) Ethical Corporate Management and Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”::

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation (Note 2)	
I. Whether the company conducts business operations in accordance with the principle of materiality risk assessment of environmental, social and corporate governance issues, and formulates relevant risk management policies or strategies?	V		<p>The company legislates "Risk Management Policy" and "Risk Management Measures" and approved by the Board of Directors. The President Room should organize the integrity of planning and operating the risk management mechanisms such as corporate hazards, operations, finance, strategies, compliance and contracts, and monitor the related risks of each unit, which shall be assessed once every year and report the final assessment to the Board of Directors. Through the effective implementation of the risk management process (Risk management processes include risk identification, risk measurement, risk monitoring, risk reporting and disclosure, and risk response.), the Company's risk management strategy was implemented.</p> <p>In response to international trends, the Company also conducts risk assessments on environmental, social, corporate governance and climate change-related issues related to the Company's operations, and formulates relevant risk management strategies, which are provided for in the Company's CSR Report, Governance and Operation.</p>	No significant difference.
II. Whether the Company establishes a unit dedicated to (concurrently engaged in) promoting corporate social responsibility under supervision by the high-rank management authorized by the Board of Directors who shall be responsible for reporting the status thereof to the Board of Directors?	V		<p>The Company has established "the Sustainable Development Committee of the Enterprise" to become the decision-making and operation center of corporate social responsibility of Sino-American Silicon Products Inc. The President regularly reports to the Board of Directors on the implementation results of corporate social responsibility in the current year and the work plan for the next year. "Sustainable Development Committee of the Enterprise" is a cross-sectoral communication and coordination platform for the Company to fulfill corporate social responsibility. It is led by the President. Representatives are appointed by various functional</p>	No significant difference.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation (Note 2)	
			organizations to serve as members. It holds corporate social responsibility meetings from time to time. To implement environmental, social and governance activities, the Sustainable Development Committee of the Enterprise consists of three groups, which are environmental group, governance group and social group. It also discusses about various issues related to stakeholders such as employees, shareholders, customers, suppliers, governments and society, sets goals, makes plans, and tracks the progress of implementation, so as to systematically and effectively practice corporate social responsibility.	
<p>III. Environmental issues</p> <p>(I) Whether the Company establishes an appropriate environmental management system which suits its industrial characteristics?</p>	V		<p>(I) The Company abides by relevant domestic laws and regulations. Chunan plant and Ilan plant have passed and renewed the internationally recognized environmental and safety and health management system certification of ISO 14001 and ISO 45001 certification.</p> <p>The updated certifications information as below:</p> <ol style="list-style-type: none"> 1. ISO 45001 : 2018 Effective Date : 02 March 2020- 11 March,2022 Approved Date : 03 March, 2020 Certification No. : 196466-2016-ASA-RGC-JAS-ANZ 2. ISO 14001 : 2015 Effective Date : 02 March 20020- 11 March 2022 Approved Date: 03 March, 2020 Certification No. : 196463-2016-AE-RGC-UKAS <p>The company upholds the corporate social responsibility and aims to take care of environmental protection while serving customers, and provide a better and safer working environment. The implementation of ESH through the</p>	No significant difference.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation (Note 2)	
(II) Whether the Company is committed to improving the utilization efficiency of various resources and using recycled materials with low impact on environmental?	V		<p>"compliance with laws and regulations, environmental protection, hazard prevention, continuous improvement, all staff awareness" policy. The company has obtained environmental management system, energy management system, and occupational safety and health management system certifications, meanwhile, the company is responsible for boosting and execution of environmental protection problems, safety and health affairs for environmental management by promoting the environmental protection concept, strengthening the educational training, saving energy and reducing carbon internally, fulfilling the environmental management policies and establishing the unit dedicated to managing labor safety and health affairs.</p> <p>(I) As a member of the global citizen, in order to achieve the goal of sustainable utilization of environmental resources, the Company focuses on the improvement of the efficiency of the use of various resources, gives priority to the process reduction and reuse, and finally makes disposal; in the selection of raw materials, it will choose recycled materials with low impact on the environment as far as possible in order to reduce the impact on the environment.</p>	No significant difference.
(III) Whether the Company assesses the potential risks and opportunities of climate change to the company now and in the future, and take measures to deal with climate-related issues?	V		<p>(II) The Company follows the framework recommended by The Task Force on Climate-Related Financial Disclosures (TCFD) published by the Financial Stability Board (FSB), which includes governance, strategy, risk management and metrics & targets. As the result, the Company expose information related to climate change and identifies the potential risks and opportunities that casued by climate change as well as related countermeasures and objectives. For related information,</p>	No significant difference.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons												
	Yes	No	Abstract Explanation (Note 2)													
(IV) Whether the company counts greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy, carbon, greenhouse gas and water use reduction, or other waste management?	V		<p>please refer to the company's corporate social responsibility report "Chapter 2, Governance and Operations"</p> <p>(IV) The Company entrusted the Institute of Industrial Technology to complete the database, import energy management, greenhouse gas examination, carbon footprint examination, clean production process and other international system in Hsinchu Plant in 2017. In the future, the relevant systems can be checked according to the needs of customers or government agencies. Each year, the Company also confirms the accuracy of information disclosures through the confirmation and verification of CSR by third parties. For more related information, please refer to the Company's CSR Report, Sustainable Environment.</p> <p>According to results of the organizational examination, the greenhouse gas emissions from Hsinchu, Chunan and Yilan Plants of the Company from 2019 to 2020 are shown in the following table:</p> <p style="text-align: center;">Unit: metric ton of CO₂/year</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Plant Year</th> <th>Chunan Plant</th> <th>Yilan Plant</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>15,391</td> <td>29,931</td> <td>45,322</td> </tr> <tr> <td>2020</td> <td>15,544</td> <td>21,295</td> <td>36,839</td> </tr> </tbody> </table> <p>According to results of the organizational examination of greenhouse gas emissions, the main source of greenhouse gas emissions of the Company is electricity (Category 2). Therefore, the reduction of electricity usage and the improvement of energy efficiency are the top priorities of the</p>	Plant Year	Chunan Plant	Yilan Plant	Total	2019	15,391	29,931	45,322	2020	15,544	21,295	36,839	No significant difference.
Plant Year	Chunan Plant	Yilan Plant	Total													
2019	15,391	29,931	45,322													
2020	15,544	21,295	36,839													

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons												
	Yes	No	Abstract Explanation (Note 2)													
			<p>Company at present. Starting from the core of the Company, by introducing the environmental management system and the energy management system, the Company promotes various energy-saving improvement measures to achieve the goal of energy saving and carbon reduction. In 2015, the Company began to cooperate with BenQ, and introduced various improvement plans of energy-saving project, such as air conditioning and cooling water frequency conversion control in the plant, air conditioning system improvement, energy-saving lighting source replacement, waste heat recovery of air compressor, etc. The results of energy-saving measures for electricity are shown in the table below (Hsinchu Plant + Chunan Plant + Yilan Plant). After converted into greenhouse gas, the reduction is 1,117.7kgCO₂e.</p> <p style="text-align: center;">Unit: kWh of electricity / year</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Plant Year</th> <th style="text-align: center;">Chunan Plant</th> <th style="text-align: center;">Yilan Plant</th> <th style="text-align: center;">Total</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2020</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align: center;">Total energy saving</td> <td style="text-align: center;">1,598,751</td> <td style="text-align: center;">597,147</td> <td style="text-align: center;">2,195,898</td> </tr> </tbody> </table> <p>In addition to energy saving and carbon reduction, Sino-American Silicon Products Inc. has introduced the concept of product life cycle through the promotion of the new ISO 14001 environmental management system in other parts of environmental protection improvement, such as water saving and waste reduction, so that the reduction of raw materials at the source can be achieved from the improvement of</p>	Plant Year	Chunan Plant	Yilan Plant	Total	2020				Total energy saving	1,598,751	597,147	2,195,898	
Plant Year	Chunan Plant	Yilan Plant	Total													
2020																
Total energy saving	1,598,751	597,147	2,195,898													

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons								
	Yes	No	Abstract Explanation (Note 2)									
			<p>process and product design stages. In the prevention and control of air pollution and water pollution, with the promotion of environmental management system, it sets the target of energy saving, water saving, waste reduction and resource saving each year to reduce the use of energy resources and achieve the effect of reducing greenhouse gas emissions. In the aspect of waste management, the traditional concept of clean-up and disposal is transformed into the concept of effective management of resources, so as to reduce the output of waste. Target setting for 2021, targets for 2020 and the achievement are shown in the following table:</p> <table border="1"> <thead> <tr> <th>Major Themes</th> <th>Target for 2021</th> <th>Target for 2020</th> <th>Target achievement in 2020</th> </tr> </thead> <tbody> <tr> <td>Energy and resource consumption and reduction of greenhouse gas emissions</td> <td> 1. Power conservation for the year \geq 800,000 kW in Yilan Plant 2. Power conservation rate in Chunan Plant >1% 3. Chunan Branch </td> <td> 1. Power conservation for the year \geq 800,000 kW in Yilan Plant 2. Power conservation rate in Chunan Plant >1% </td> <td> 1. Achieved the target 2. Achieved the target </td> </tr> </tbody> </table>	Major Themes	Target for 2021	Target for 2020	Target achievement in 2020	Energy and resource consumption and reduction of greenhouse gas emissions	1. Power conservation for the year \geq 800,000 kW in Yilan Plant 2. Power conservation rate in Chunan Plant >1% 3. Chunan Branch	1. Power conservation for the year \geq 800,000 kW in Yilan Plant 2. Power conservation rate in Chunan Plant >1%	1. Achieved the target 2. Achieved the target	
Major Themes	Target for 2021	Target for 2020	Target achievement in 2020									
Energy and resource consumption and reduction of greenhouse gas emissions	1. Power conservation for the year \geq 800,000 kW in Yilan Plant 2. Power conservation rate in Chunan Plant >1% 3. Chunan Branch	1. Power conservation for the year \geq 800,000 kW in Yilan Plant 2. Power conservation rate in Chunan Plant >1%	1. Achieved the target 2. Achieved the target									

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation (Note 2)	
			<p>established the ISO50001 Energy Management System</p> <p>4. Chunan Branch obtained the green plant label</p> <p>5. Climate change risks and opportunities assessment mechanism</p> <p>6. Optimize the GHG inventory, improve the disclosure of the GHG emission from transportation and goods used by the organization</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons	
	Yes	No	Abstract Explanation (Note 2)		
			<p>Pollution prevention</p> <p>1. Chunan Branch reclaimed more than 50% of the waste water from the drilling process.</p> <p>2. Quality of drained waste water in Yilan Branch improved</p> <ul style="list-style-type: none"> - COD <200 mg/L (standard: 480) - SS<150 mg/L (standard:320) -Nitrate Nitrogen<40 mg/L (standard:50) 	<p>1. All operating parameters for preventive equipment are compliant with environmental protection permits and control standards requirements of the service center</p> <p>2. Established the “Emergency & Contingency Plan for Air Pollution Accidents”</p>	<p>1. Achieved the target</p> <p>2. Achieved the target</p> <p>3. Termination of program</p>

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons								
	Yes	No	Abstract Explanation (Note 2)									
			<table border="1"> <tr> <td></td> <td></td> <td>3. Yilan Plant established VOCs plant factors program</td> <td></td> </tr> <tr> <td>Waste control</td> <td>Yilan Branch’s frequency of replacing active carbon in the organic air-pollution treatment system decrease 30% (lower generation of wasted active carbon)</td> <td>The total volume of waste with recycling treatment \geq 85%</td> <td>Achieved the target</td> </tr> </table> <p>Following the Company's strategy, Sino-American Silicon Products Inc. has been active in raw material management, energy management, water resources management and waste management. In addition to achieving the target for 2020, the key achievements of Sino-American Silicon Products Inc. in environmental improvement in 2020 are summarized as follows:</p> <ol style="list-style-type: none"> 1. The energy-saving measures and management of the year, can reduce about 1,117.7 tons of CO2 emission. 2. The recycled raw materials used in the polycrystalline silicon ingot reaches 31.1% 			3. Yilan Plant established VOCs plant factors program		Waste control	Yilan Branch’s frequency of replacing active carbon in the organic air-pollution treatment system decrease 30% (lower generation of wasted active carbon)	The total volume of waste with recycling treatment \geq 85%	Achieved the target	
		3. Yilan Plant established VOCs plant factors program										
Waste control	Yilan Branch’s frequency of replacing active carbon in the organic air-pollution treatment system decrease 30% (lower generation of wasted active carbon)	The total volume of waste with recycling treatment \geq 85%	Achieved the target									

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation (Note 2)	
			<p>3. Through process transformation and optimization, the output of waste cutting sludge and sandblasting waste from Chunan Branch has been zero</p> <p>4. The acceptance of the solar power generation system was completed, and the total grid-connected operation capacity reached 11,649.335KW.</p> <p>For the solar energy system maintenance and operation management operations, in 2020, the global system operation (including 121 sites of maintenance and operation power plants in the Philippines and Taiwan) has a total annual power generation of 116,170,564 kWh. The estimated carbon reduction is 92,904.85 tons of CO2 emissions.</p>	
<p>IV. Society issues</p> <p>(I) Whether the Company establishes the related management policies and procedures in accordance with the relevant laws and international human rights conventions?</p>	V		<p>(I) The Company complies with all human rights disclosed by the United Nation conventions, such as the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, the Global Compact, the International Labor Convention, the Convention on the Elimination of All Forms of Discrimination against Women, and the Employment Services Act. Operations in every country also comply with the local labor laws and regulations. The Company implements safe working conditions, and will never tolerate any modern slavery, and insists that all commercial transactions, business relations, supply chain activities, personnel recruitment and appointment comply with</p>	No significant difference.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation (Note 2)	
(II) Whether the Company legislates and implement reasonable employee welfare measures (including compensation, vacations and other benefits), and appropriately reflect operating performance or results in	V		<p>ethical standards, with integrity as the top priority.</p> <p>Pursuant to the Employment Services Act, the Company has formulated personnel appointment methods, clearly expressed the prohibition of child labour and related remedial measures; and strictly prohibited any illegal discrimination of employees, including race, class, language, thought, religion, party, native place, place of birth, skin color, age, gender, sexual orientation, marriage, appearance, facial features, nationality, disability, pregnancy, trade union membership, and concealed veteran status in recruitment and actual work.</p> <p>The basic wages, working hours, vacations, pension payments, labor health insurance payments and occupational hazard compensation of employees in the Company comply with the relevant provisions of the Labor Standard Law. It has established the Staff Benefit Committee to handle various welfare matters through the Welfare Committee elected by the staffs. It regularly holds labor meetings to understand the ideas of both sides, in order to achieve a win-win situation.</p> <p>(II) The Company establishes the procedures of attendance, specifies the paid leaves entitled by employees. All employees of the Company are entitled to labor insurance, health insurance, group insurance, pension contribution and other fringe benefits. The fringe benefits include year-end bonus, gifts for birthday and festivities, year-end</p>	No significant difference.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation (Note 2)	
<p>employee compensation?</p> <p>(III) Whether the Company provides its employees with a safe and healthy work environment, and regularly implements employee safety and health education measures?</p>	V		<p>banquet, subsidies for matrimony, bereavement, and other celebration, tourist traveling in home country and abroad, emergency relief fund, scholarship, paternal subsidy, meals, stock offering for the employees, and complete set of education and training. The Company fairly decides and distributes employees’ remunerations from the annual profit based on the percentage set for in the Articles of Incorporation, and the performance of individual employee pursuant to the “Employee Remuneration Distribution Procedures.” It seeks to properly reflect the operating performance or results on the employees’ remunerations.</p> <p>(III) The Company abides by relevant domestic laws and regulations. All the plants have passed the internationally recognized environmental and safety and health management system certification of ISO 14001: 2015 / OHSAS 18001: 2007, in order to provide a safe and healthy working environment for employees.</p> <p>The Company regularly inspects the working environment, increases the number of health lectures, advocates anti-bullying in the workplace, annual employee physical check, adjusts the frequency of health examination of employees to once a year, and sends health information to all employees every week to create a happy, healthy and safe workplace environment.</p> <p>In addition, meetings of occupational safety and health</p>	No significant difference.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation (Note 2)	
(IV) Whether the Company establishes some effective career development training plan for employees?	V		<p>committees are held quarterly in various plants to discuss about safety and health management plan, improvement and response measures of working environment determination, safety and health education and training, safety and health audit, safety and health management performance, accident propaganda and prevention, health management and promotion and other matters. The matters discussed about in the meeting are recorded, and continuously tracked and improved.</p> <p>(IV) Each year the Company establishes annual education training program based on our operation strategies and short/mid/long term goals, and consider talent cultivation and technology inheritance as our key task. We strengthen our talent database in order to keep track of the talent dynamics and development direction in the group. We host various types of training courses, academia-industry collaboration and research projects, in order for our employees to stay tuned to real-time global political and economic trends and status, technology updates, while supplementing the training with job substitutes, job rotation and on-the-job training to strengthen different professional capacity of our employees. The Company provides diversified training system encompassing the following five categories: competency training for new recruits, professional competency training, general management competency training, intellectual property</p>	No significant difference.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation (Note 2)	
(V) With regard to customer health and safety, customer privacy, marketing and labeling of products and services, has the company followed relevant regulations and international standards, and formulated relevant consumer protection policies and appeal procedures?	V		<p>training, and health and safety management training. This system provides suitable training courses for employees in their different stages of career development, so that the Company and employees will be adaptive to the ever evolving world, and own the knowledge, skills, and capabilities go along with the time.</p> <p>(V) The Company’s product and service comply with related regulations and international rules for customers’ health and safety, privacy, sales, labelling all comply with relevant regulations and international standards. The products do comply with international environmental protection laws and regulations to ensure that the Company's product output conforms to RoSH and WEEZ green regulations and indicators. The Company established a compliance unit to ensure the observation of related regulations and standards.</p> <p>The Company has a confidentiality agreement with its major customers to protect the privacy and confidential information of both parties. At the same time, it also signs and observes the plant operation specifications required by the customers to maintain health and safety. The Company has established procedures for handling customer complaints to maintain good communications with its customers, as well as effective appealing procedures regarding products and service.</p>	No significant difference.
(VI) Whether the company formulates	V		(VI) The Company has a “External Supplier Evaluation and	No significant

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation (Note 2)	
supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights, and their implementation?			Appraisal Procedures “, including written evaluation, on-site evaluation, monthly evaluation, process monitoring, qualification evaluation, continuous evaluation and counseling, etc., and regularly or irregularly audit suppliers, and conducts an annual evaluation mechanism as a performance evaluation. The Company requires suppliers to sign the "Supplier Code of Conduct and Supplier Commitment", requiring suppliers to abide by relevant regulations in terms of anti-bribery and corruption, social and environmental responsibility, conflict-free minerals, compliance with trade laws, and no infringement. The "Purchase Order" also requires suppliers to comply with relevant policies and regulations on environmental protection and occupational safety and health, intellectual property rights, and labor human rights.	difference.
V. Whether the Company refers to internationally accepted report preparation standards or guidelines to prepare corporate social responsibility reports that disclose the Company's non-financial information? Does the referred report is verified or certified by the third-party verification unit?	V		The Company prepares the corporate social responsibility reports by referring to the “GRI Standards” issued by the Global Reporting Initiative (GRI) and the “Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies.” The Company’s 2020 Corporate Social Responsibility Report was inspected by DNV GL Business Assurance Co., Ltd. It complies with the GRI Standards. The 2020 Corporate Social Responsibility Report and the verification agency’s inspection statement are disclosed on the Company's website “Corporate Social Responsibility” and MOPS.	No significant difference.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation (Note 2)	
VI. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: The Company has "Corporate Social Responsibility Policies", "Code of Practice for Corporate Social Responsibility", "Code of Ethical Conduct" and "Operation Procedures and Guidelines for Ethical Corporate Management" as the basic criteria for the daily operation of all employees. It has also formulated "Procedures for Handling the Important Documents Reporting Illegal and Unethical Conducts", and provides the reporting mechanism for employees to convey their opinions in a safe and confidential manner. Please refer to the "Corporate Governance Policy" Area on the Company's website at http://www.saswafer.com .				
VII. Other important information to facilitate better understanding of the Company's corporate social responsibility practices:				
<ol style="list-style-type: none"> 1. Environmental protection: It is everyone's responsibility to promote environmental protection and low-carbon activities. In addition to strengthening energy-saving management and control of the process, the Company actively implements waste classification and resource recovery, promotes energy saving and carbon reduction, and has energy-saving and carbon-reduction equipment expenditure. 2. Encourage employees to participate in public welfare activities in 2020: <ol style="list-style-type: none"> (1) In January 2020, conduct blood donation event contributed to a total of 54,000 c.c. of blood. (2) In May 2020, the Group participated the “Disadvantaged Family and Children's Health and Pandemic Prevention Plan,” and donated for NT\$30,000. (3) In August 2020, the Group held the charity donation event: “Send Love to a Remote Countryside Activity: Helping Poor Children to Change Their Lives in Naluo Educational Classroom,” “Send Love to a Remote Countryside Activity: Invest in Rich Life-Plum Blossom for Children's Painting, Children's Fun”, and donation to Taiwan World Vision, totaling NT\$664,000. (4) In August 2020, hold the Nanliao Fishing Port beach cleaning activity, called on 41 people to participate, and clean up 18 large bags of garbage. The garbage included PET bottles, styrofoam chips, plastic baskets, fishing nets covered with seaweed, beverage cartons, and other man-made wastes that are extremely harmful to marine life. (5) In September 2020, the Group donate the Mid-Autumn Festival allowances: Private Xiang Yuan Memorial Correctional Institution, Shi-Guang Correctional Institution, Hua Guang Intelligent Development Center, and Holy Family for Special Education for totaling NT\$77,000 (6) In November 2020, the Group held the welfare event, “Friendly Earth-You and Me, Hand in Hand” beach cleaning and forest protection activity, calling on 108 people to participate and cleaning up about 2,000 kilograms of garbage. 				

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation (Note 2)	
<p>(7) In December 2020, the Group sponsored NT\$20,000 to “Warm Winter for Kindergarten” Garden Party of Hsinchu Family Support Center and donated caring goods for charity sale.</p> <p>3. Consumer rights and interests: The Company's main products are solar wafer materials. The main products are sold directly to downstream manufacturers, so it does not directly face consumers. For customers, the Company has "Customer Complaint Processing Operation" to provide customer with complaint channels. Externally, it has signed supply contracts, quality contracts, etc. with customers for perfect guarantee of customer rights and interests.</p> <p>4. Human rights: The Company attaches great importance to human rights. Regardless of race, gender and age, employees enjoy the same right to work, and the Company also provides opportunities for free expression and development to standalone, in order to achieve respect for personal dignity.</p> <p>5. Safety and health: With zero disaster as the goal, the Company is committed to the promotion of safety and health policy and the continuous improvement of process and working environment. Through the joint efforts of all staffs, we continuously improve the occupational safety and health performance.</p> <p>6. Employee health care: The Company carries out health examination for employees each year to let them know their health status each year, and then care for and strengthen their health. We also arrange professional medical specialists to visit our plant every month for consulting services. In the workplace, in order to grasp the status of employees' working environment and assess the exposure status of hazard factors, besides setting detection and alarm equipments at appropriate positions, work environment test is also done regularly as a basis for improving the workplace environment.</p> <p>7. Plant pandemic prevention: In 2020, the global COVID-19 pandemic spread, Globalwafers initiated the plant pandemic prevention measures at once. Under the side-by-side cooperation of various departments, pandemic prevention operations in the plant area were fully undertaken; the pandemic prevention strategies were formulated, and the management of hierarchical measures and inventory of resources for pandemic prevention were carried out. The Company has regularly held meetings to formulate pandemic prevention measures, to ensure healthy and safe workplace. The relevant pandemic prevention measures are as follows:</p> <p>(1) Pandemic prevention information: in order to enable employees to correctly grasp the real-time information of pandemic prevention, the health management center regularly issues global pandemic information and in-plant pandemic prevention measures, so that employees may quickly receive correct pandemic prevention information.</p> <p>(2) Health monitoring: Full body temperature monitoring is carried out at the accesses of each plant. If there is a fever or a history of</p>				

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation (Note 2)	
<p>suspected contact, entry into the plant is completely prohibited, and an internal electronic questionnaire survey will be conducted simultaneously with the central command center to track the confirmed case's footprint, as implementing the initiative of employees' report and voluntary health management.</p> <p>(3) Visitor management: use emails and hard-copy announcements to inform the supply chain vendors about the prevention measures for entering the plants, and require those who enter the plant to complete the entry health declaration form, and wear a mask for protection employee safety.</p> <p>(4) Office pandemic prevention: in order to avoid crowding of people that increases the risk of infection, office workers have taken a number of contingency measures, including: checkboard seating, isolation rooms, triage, working from home, among other measures, to reduce population density and reduce frequency of contact among employees.</p> <p>(5) Eat with peace of mind: in order to provide employees with a safe dining environment, pandemic prevention dining routes are planned, with plastic table partitions and disposable lunch boxes; the dining area are divided by unit to ensure that the safety of dining in the plants.</p> <p>(6) Disinfection in the plant area: formulate the disinfection and cleaning measures in public areas, increase internal ventilation and exhaust, encourage opening windows in confined spaces, and put plastic films on commonly used buttons, add partitions in canteens, add hand sanitizer dispensers, and post the correct hand-washing slogans in the restrooms.</p> <p>(7) Employee care: For high-risk groups , tracking is taken and the temperature re-examination and follow-up control is conducted. The outpatient services of psychologists is provided when necessary to help employees resolve negative emotions and stress.</p>				

Note 1: Regardless of whether the evaluation item is achieved or not, the company shall state an appropriate explanation.

Note 2: Companies who have compiled CSR reports may cite the source from specific pages of their CSR reports instead.

(VII) The Company's Performance of Ethical Corporate Management and the Measures Taken

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
<p>I. Establishment of ethical corporate management policies and programs</p> <p>(I) Has the Company formulated the ethical corporate management approved by the Board of Directors, and stated in the regulations and external documents the policies and practices of ethical corporate management, as well as the Board and senior management's commitment to actively implement the management policy?</p>	V		(I) The Company has the "Ethical Corporate Management Best-Practice Principles," "the Code of Ethical Conduct", as the guidelines adopted by the Board of Directors and "the Operational Procedures and Guidelines for Ethical Corporate Management" approved by the chairperson and "Reporting Illegal and Handling Measures for Cases of Unethical or Dishonest Conduct" to pursue ethical operation. The Company's standard contracts and external documents have informed the transaction counterparts to abide by the integrity management policy; the Board of Directors and senior management have signed a written statement to actively implement the commitment of the integrity management policy, and the Company has indeed implemented in internal management and business activities, including employment by specifying conditions to require employees to abide by the integrity management policy.	No significant difference.
<p>(II) Whether the Company has established an assessment mechanism for the risk of dishonesty, regularly analyzes and evaluates business activities with a high risk of dishonesty in the business scope, and</p>	V		(II) The Company has listed the dishonesty behavior in the second section of Article 7 of "the Ethical Corporate Management Best-Practice Principle" in "the Operational Procedures and Guidelines for Ethical Corporate Management", and has established a risk	No significant difference.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
<p>accordingly formulates a plan to prevent dishonesty, and at least covers the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies ” Article 7, paragraph 2 of the prevention measures?</p> <p>(III)Whether the Company specify the operating procedures, behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan?</p>	√		<p>assessment mechanism, including follow the self-assessment form and quality Interviews, e-mail tracking of MIS units ... and other control methods to collect data, regularly analyze and evaluate, identify those with higher risks, and supplement the internal audit unit's inspection mechanism to formulate prevention of bribery, and provide illegal political contributions or improper interests, infringement of intellectual property rights, unfair competition, etc.. Within the scope of business activities, the personnel of each unit of the Company have the obligation to cooperate with legal compliance department regarding the investigation of the above mentioned dishonesty.</p> <p>(III)The Company's plan for preventing dishonesty in accordance with "the Ethical Corporate Management Best-Practice Principle"" includes “Procedures for Ethical Management and Guidelines for Conduct”, “Codes of Ethical Conduct ”, and "Reporting Illegal and Handling Measures for Cases of Unethical or Dishonest Conduct" which clearly regulate no acceptance to any unrightful benefits, or to commit behaviors that violate integrity, and to encourage the reporting of any illegal or ethical conduct violations, the Copmany also stipulates the importance of integrity should be regularly announced to directors and employees. The above plan regularly reviews the appropriateness and effectiveness of the prevention plan according to the</p>	No significant difference.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			method set by the risk assessment mechanism of dishonesty behavior, and makes appropriate adjustments or amendments.	
<p>II. Fulfill operations integrity policy</p> <p>(I) Does the Company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?</p>	V		(I) The Company's “Ethical Corporate Management Best-Practice Principles” has clearly stated that before business transactions, the legality of business transactions and whether there is dishonesty should be considered, and transactions with persons involved in dishonesty should be avoided. In addition, according to the Company's "Procedures for Ethical Management and Guidelines for Conducts", it is necessary to undergo an integrity operation evaluation before establishing a business relationship with others. The customers evaluation (and its distributors/agents) is conducted by sales department; The suppliers’ evaluation (and its distributors/agents) is conducted by purchase department. The integrity management evaluation form is written and quantified; the contract signed with the business transaction partners should specify the integrity management clauses to ensure that the counterparty abides by the company's integrity management policy.	No significant difference.
<p>(II) Does the Company set up a special unit for promoting corporate integrity management under the Board of Directors, and regularly (at least once a year) report to the Board of</p>	V		(II) The company has established its own Legal Compliance unit in the Legal Department, which is responsible for coordinating the development and supervision of the implementation of the integrity management policy	No significant difference.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
Directors on its integrity management policies and plans to prevent dishonesty, and monitor implementation?			<p>and the prevention of dishonesty behaviors, and supervise the implementation. The Legal Compliance manager reports their finding to the Board of Directors once a year. If any abnormalities are found, they may also report to the board of directors at any time.</p> <p>Implementation Status of Current Year:</p> <p>(1) Establishing and reviewing policies related to ethical corporate management The Company has set up the "Ethical Corporate Management Best-Practice Principles", "Code of Ethical Conduct" and "Reporting Illegal and Handling Measures for Cases of Unethical or Dishonest Conduct", which clearly stipulates no acceptance to inrightful benefit, or violate integrity or dishonesty; the above internal regulations are examined by the legal compliance department with reference of changes in external regulations and the internal implementation, and are adjusted and revised from time to time.</p> <p>(2) Internal and external advocacy of Company policies Relevant important internal regulations such as the "Ethical Corporate Management Best-Practice Principles", "Code of Ethical Conduct" and "Reporting Illegal and Handling Measures for</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>Cases of Unethical or Dishonest Conduct" have been announced on the Company's official website and internal websites for inquiries from external and parties. In addition, the company requires suppliers to sign the "Supplier Code of Conduct and Supplier Commitment" which request suppliers to act in compliance with legal, ethical, environmental and quality standards, and the content of the standard contract signed with business partners also includes the relevant provisions for compliance with honest business practices.</p> <p>(3) Reporting channel and whistleblower protection The company has set up the "Reporting Illegal and Handling Measures for Cases of Unethical or Dishonest Conduct", established a disciplinary and appeal system for violations of the integrity management regulations, and set up and announced employee suggestion boxes, electronic mailboxes and complaint hotline to encourage internal and external personnel to report dishonesty or misconduct. The company allows anonymous reports. The identity and content of the reporter will be kept confidential, and the human resource department will be responsible for verification and handling. Anyone who violates the integrity management regulations will be</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>punished based on the seriousness of the circumstances, and if necessary, the matter shall be reported to the competent authority or transferred to the judicial bureaus for investigation.</p> <p>(4) Education and training The Company regularly holds education and training, and the targets and duration of courses in 2020 are as follows:</p> <ol style="list-style-type: none"> 1. New employees, “Orientation for New Employees,” for total 7.5 hours. 2. Supervisor-level staff, “Anti-Corruption Education” (centered at the FCPA of the U.S.) for total 1.5 hours. 3. Newly elected directors, “Overview of Laws Regarding Insider Trading and Stake Changes of the Insiders,” accumulated for 5 hours. 4. Newly elected directors, “Ethical Management Training,” accumulated for 10 hours. 5. Supervisor-level staff, “Training on Prevention of Concerted Actions” (Lesson learnt from Quanta Storage), accumulated for 0.5 hour. <p>The above courses accumulated in 2020: total 28 sessions, and 62 attendees.</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(III) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		(III) The company stipulates in the "Code of Ethical Conduct" that the personnel of the company should do business in an objective and efficient manner, avoiding the abuse of positions in the company to prevent their own, others or other companies from obtaining improper interests. In addition, the " Procedures for Ethical Management and Guidelines for Conduct" specifies how to recurse when there is a conflict of interest in the Board. In addition, the conflict of interest channels provided by the company are different according to the subjects as follows: Directors or Independent Directors should do so to the president's office or the chief of corporate governance; managers should do so to the legal compliance department.	No significant difference.
(IV) Whether the Company has established an effective accounting system and internal control system for the implementation of integrity management, and the internal audit unit has formulated relevant audit plans based on the results of the assessment of the risk of dishonesty, and checked the compliance with the plan to prevent dishonesty, or entrust an accountant to perform the audit?	V		(IV)The company has established and implemented the accounting system and internal control system which are audited by internal auditors on a regular basis pursuant to the audit plan that includes the subject, scope, item and frequency based on the results of the assessment of the risk of dishonesty to inspect the prevention actions effectiveness. The results shall be notified to the senior management team and the responsible department of ethical operation and be submitted to the Board of Directors in the form of audit report. In addition, the Company conducts inspections and revisions every year to ensure the	No significant difference.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(V) Does the company regularly hold internal and external educational trainings on operational integrity?	V		<p>effectiveness on the design and implementation of the system, and establish good corporate governance and risk management control mechanisms to serve as the basis on evaluating the overall efficacy of all internal control systems and for producing Internal Control System Statements.</p> <p>(V) The Company regularly formulate and conduct trainings, including laws and regulations related to corporate governance, ethical management, and business conducts. For “ethical management” and “prevention of insider trading” courses, the current directors, managerial officers, or other employees deemed in need of such trainings shall attend at least every two years. New Directors and managerial officers shall attend within three months upon taking positions. New employees shall attended in the consolidated orientation prepared by the human resources. In addition, pursuant to the “Operational Procedures and Guidelines for Ethical Corporate Management,” the Chairperson and the corporate governance officers are arranged to communicate the importance of ethic to Directors, managerial officers, and supervisors in the Board meetings or supervisors’ meetings. The related trainings offered by the Company in 2020 including: “Orientation for New Employees,” “Anti-Corruption Education” (centered at the FCPA of the U.S.), “Overview of Laws Regarding Insider Trading and Stake</p>	No significant difference.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			Changes of the Insiders,” “Ethical Management Training,” “Training on Prevention of Concerted Actions” (Lesson learnt from Quanta Storage). In total, 28 sessions were held with 62 attendees.	
<p>III. Operation of the integrity channel</p> <p>(I) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p>	V		(I) The Company has established the “Guidelines for Whistleblowing on Illegal, Immoral or Unethical Conduct”, set up an employee suggestion box and email, complaint hotline, principles in handling such matter and channel for external whistleblowing in order to fulfill good faith practice. Whistleblower cases are handled by the company’s spokesperson, HR manager or legal personnels, the case will be transferred to relevant departments for investigation after registration and processed pursuant to "Reporting Illegal and Handling Measures for Cases of Unethical or Dishonest Conduct." Appropriate rewards will be given to whistleblowers depending on the severity of the case.	No significant difference.
<p>(II) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?</p>	V		(II) The Company stipulates “Guidelines for Whistleblowing on Illegal, Immoral or Unethical Conduct” and specifies different investigation, procedure based on different cases and the accused. The whistleblowing case will be processed in the principles of confidentiality, full protection of the whistleblower, offering defense chance for the accused, etc to secure the rights of both whistleblowers and the accused. If the whistleblowing	No significant difference.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(III) Does the Company provide proper whistleblower protection?	V		<p>case is verified to be true, the whistleblower will be immediately required to stop and impose appropriate countermeasures, and instruct the relevant departments to review and propose improvement measures to prevent the same behavior from happening again; the legal department will separately report the whistleblowing case, handling and follow-up to the board of directors.</p> <p>(III) The Company handles whistle-blowing cases in a confidential manner in accordance with the “Guidelines for Whistleblowing on Illegal, Immoral or Unethical Conduct”, and offers full protection to the whistleblowers. Their identity will be kept absolutely confidential and will not face mistreatment due to the whistleblowing. The staff who handles the case will issue a written statement stating that the identity of the whistleblower and the content of the report will be kept confidential.</p>	No significant difference.
<p>IV. Enhanced information disclosure</p> <p>(I) Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company’s website and MOPS?</p>	V		<p>(I) The Company has an official website that disclose relevant information such as corporate culture, business policies and the “Ethical Corporate Management Best-Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct”, “Code of Ethical Conduct”, “Guidelines for Whistleblowing on Illegal, Immoral or Unethical Conduct” and the Copmany’s implementation on good</p>	No significant difference.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			faith management.	
<p>V. If the company has established the ethical corporate management policies based on the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the policies and their implementation: The Company has established the “Ethical Corporate Management Best-Practice Principles” which clearly regulates the matters to be followed by the Company's staff. Other accusation cases and penalties are also clearly set out in relevant measures. There is no significant difference between the policies and the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies”.</p>				
<p>VI. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (under situations such as review and revision of regulations):</p> <ol style="list-style-type: none"> 1. The Company complies with Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest as well as relevant regulations for the listed companies or other business entities as basic premise for fulfilling good faith management. The Company also fully dedicates in environmental and quality policies by adopting high standards. 2. The Company has set up the “Regulations Governing the Prevention of Insider Trading” which stipulated that directors, supervisors, managers and employees must not disclose any material information to others. They must not inquire or collect undisclosed material information within the Company that are not related to personal duties, and shall not disclose to others any undisclosed material insider information that is not obtained from the execution of business activities during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter. 3. The Company has set up the “Regulations Governing the Prevention of Insider Trading” which stipulates that upon actually knowing of any material information, the insiders, quasi-insiders and tippees shall not purchase or sell shares of the company that are listed on an exchange or an over-the-counter market, or any other equity-type security of the company after the information is precise, and prior to the public disclosure of such information or within 18 hours after its public disclosure in case accidentally violate insider trading because they are not familiar with the regulations. 4. The Company stipulates “Procedures for Handling Material Inside Information” to establish sound mechanisms for the handling and disclosure of material inside information in order to prevent improper information disclosures and to ensure the consistency and accuracy of information released by this Corporation to the public. The procedure regulates that no director, supervisor, managerial officer, or employee with knowledge of material inside information of the Company may divulge the information to others, nor inquire about or collect any non-public material inside 				

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
<p>information of this Company not related to their individual duties from a person with knowledge of such information, nor may they disclose to others any non-public material inside information of this Corporation of which they become aware for reasons other than the performance of their duties.</p> <p>5. The Company’s “Ethical Management and Guidelines for Conduct” was amended pursuant to the “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct” issued by TPEX at February 2020; based on the current organizational structure of the Company, it is specified that the Compliance Unit is the dedicate unit for ethical management. Moreover, to conform to Article 17 of the Guidelines, specifying that “Before the Company establish a business relationship with others, the legitimacy and ethical management policy of the agencies, suppliers, clients, or other counterparties, and if they have records involving unethical conducts shall be assessed, to ensure that they run the business in fair and transparent manner, an the Company never request, provide, or accept bribes,” the Company has design the “Evaluation Chart for Client/Distributor/Agency’s Ethical Management” for the Marketing Department, and the “Evaluation Chart for Suppliers’ (and Their Distributors/Agencies) Ethical Management” for the Procurement Department. By communicating the weights and methods with the two departments, the evaluation is implemented. The Company assigns the compliance unit to ensure the legitimacy of any political donation, charity donation or sponsorship that they comply with the local laws of the place where we operated, before reported to the Chairman. The contents above have been approved by the Board of Directors on November 5, 2020, for enforcement, to complete the fourth amendment.</p>				

Note 1: Regardless of whether the evaluation item is achieved or not, the company shall state an appropriate explanation.

(VIII) If the Company has formulated code of corporate governance and related regulations, it should disclose its inquiry methods: If the Company has formulated code of corporate governance practice, the relevant measures are implemented in accordance with the spirit and norms of “the Code of Practice for Corporate Governance of TWSE/TPEX Listed Companies”. Please refer to the Investor Service Area on the Company’s website (<http://www.saswafer.com>).

(IX) Other important information sufficient to enhance understanding of the operation of corporate governance should be disclosed together:

1. MOPS: <http://mops.twse.com.tw>
2. Website of the Company: <http://www.saswafer.com> Investor Area Directors’ continuing education.

3. Directors’ continuing education:

The Board of Directors of the Company had all complete their further education according to the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" specification.

Title	Name	Training Date	Sponsored by	Training Course	Number of Training Hours
Chairperson	Hsiu-Lan Hsu	August 6, 2020	Taiwan Corporation Governance Association	View the corporate governance from the latest operation right disputes	3
		November 5, 2020	Taiwan Corporation Governance Association	Operation right battle and case analysis	3
Director	Ming-Kuang Lu	August 6, 2020	Taiwan Corporation Governance Association	View the corporate governance from the latest operation right disputes	3
		November 5, 2020	Taiwan Corporation Governance Association	Operation right battle and case analysis	3
Director	Tang-Liang Yao	August 6, 2020	Taiwan Corporation Governance Association	View the corporate governance from the latest operation right disputes	3
		November 5, 2020	Taiwan Corporation Governance Association	Operation right battle and case analysis	3
Director	Wen-Huei Tsai	August 6, 2020	Taiwan Corporation Governance Association	View the corporate governance from the latest operation right disputes	3
		November 5, 2020	Taiwan Corporation Governance Association	Operation right battle and case analysis	3
Director	Feng-Ming Chang	August 6, 2020	Taiwan Corporation Governance Association	View the corporate governance from the latest operation right	3

Title	Name	Training Date	Sponsored by	Training Course	Number of Training Hours
				disputes	
		November 5, 2020	Taiwan Corporation Governance Association	Operation right battle and case analysis	3
Director	Kaijiang Corporation Representative: Hau Fang	August 6, 2020	Taiwan Corporation Governance Association	View the corporate governance from the latest operation right disputes	3
		November 5, 2020	Taiwan Corporation Governance Association	Operation right battle and case analysis	3
Director	Kun Chang Investment Co., Ltd Representative: Edward Andrew Ow	August 6, 2020	Taiwan Corporation Governance Association	View the corporate governance from the latest operation right disputes	3
		September 22, 2020	Taiwan Institute of Directors	Responding to sharp change risks, and improve the corporate governance	3
		September 24, 2020	Governance Professional Association	2020 Seminar of the legal system of substantial beneficiaries	3
		November 5, 2020	Taiwan Corporation Governance Association	Operation right battle and case analysis	3
Independent Director	Chin-Tan Liu	January 6, 2020	Institute for Information Industry	Promotion event of IP management obligation of the TWSE/TPEX listed boards of directors	2.5
		June 23, 2020	Taiwan Corporation Governance Association	Influential Investment, Do Well by Doing Good	1
		August 6, 2020	Taiwan Corporation Governance Association	Issues to be concerned by Directors and supervisors in terms of risk management, corporate sustainability, and ESG after the pandemic shock	1
		August 6, 2020	Taiwan Corporation Governance Association	View the corporate governance from the latest operation right disputes	3
		October 14, 2020	Taiwan Corporation Governance Association	Establishment and operation of an audit committee	3
		October 30, 2020	Taiwan Corporation Governance Association	How does an audit committee implement financial statements	3
		November 4, 2020	Taiwan Corporation Governance Association	Digital transformation, looking forward to the future, and new mindset for risk management	3
		November 5, 2020	Taiwan Corporation Governance Association	Operation right battle and case analysis	3
		November 10, 2020	Taiwan Corporation Governance Association	How does an audit committee supervise the effectiveness of the internal control	3
		November 27,	Taiwan Corporation	Sharing the advanced	3

Title	Name	Training Date	Sponsored by	Training Course	Number of Training Hours
		2020	Governance Association	practice of audit committees: advance to 3.0	
		December 11, 2020	Taiwan Corporation Governance Association	Sharing the advanced practice of audit committees: deliberation of M&A and responsibilities of directors	3
		December 22, 2020	Taiwan Corporation Governance Association	Roles of Independent Directors in the corporate operation and corporate governance	3
		December 31, 2020	Taiwan Corporation Governance Association	Strategy to leverage the capital market by enterprises amid the current circumstance	1
		March 15, 2021	Taiwan Corporation Governance Association	ESG/CSR and sustainable governance as the mainstream in 2021	3
Independent Director	Hou-Chung Kuo	August 6, 2020	Taiwan Corporation Governance Association	View the corporate governance from the latest operation right disputes	1
		November 5, 2020	Taiwan Corporation Governance Association	Operation right battle and case analysis	3
Independent Director	Shao-Lun Li	August 6, 2020	Taiwan Corporation Governance Association	View the corporate governance from the latest operation right disputes	3
		November 5, 2020	Taiwan Corporation Governance Association	Operation right battle and case analysis	3

4. Managers' Training on Corporate Governance:

Title	Name	Training Date	Sponsored by	Course Name	Number of Training Hours
President	Tang-Liang Yao	August 6, 2020	Taiwan Corporation Governance Association	View the corporate governance from the latest operation right disputes	3
		November 5, 2020	Taiwan Corporation Governance Association	Operation right battle and case analysis	3
Accounting Supervisor	Hsiu-Ling Hsu	August 6, 2020	Taiwan Corporation Governance Association	View the corporate governance from the latest operation right disputes	3
		November 5, 2020	Taiwan Corporation Governance Association	Operation right battle and case analysis	3
		December	Accounting Research	Continuous Training	12

		24-25, 2020	and Development Foundation	Course for Accounting Supervisors of Issuers, Securities Dealers and Stock Exchanges	
Audit Supervisor	Chi-Ya Liu	June 23, 2020	The Institute of Internal Auditors—Taiwan	Supervision to the group's subsidiaries and case study	3
		August 6, 2020	Taiwan Corporation Governance Association	View the corporate governance from the latest operation right disputes	3
		September 3, 2020	The Institute of Internal Auditors—Taiwan	Fraud approaches and audit skills	6
		November 5, 2020	Taiwan Corporation Governance Association	Operation right battle and case analysis	3
		November 23, 2020	The Institute of Internal Auditors—Taiwan	Analysis of the aggregated case study of auditing the fraudulent and false data in database	6
Corporate Governance Supervisor	Ming-Huei Chien	April 17, 2020	Taiwan Corporation Governance Association	Case introduction of Corporate governance and compliance	3
		April 24, 2020	Taiwan Corporation Governance Association	Effectiveness of the Board of Directors' operations and decision-making	3
		August 6, 2020	Taiwan Corporation Governance Association	View the corporate governance from the latest operation right disputes	3
		November 5, 2020	Taiwan Corporation Governance Association	Operation right battle and case analysis	3

(IX) Internal Control System Execution Status

1. Statement of Internal Control System

Sino-American Silicon Products Inc.
Internal Control Disclosure Statement

Date: March 18, 2021

Based on the findings of a self-assessment, Sino-American Silicon Products Inc. states the following with regard to its internal control system during the year 2020:

- I. Sino-American Silicon Products incorporation's Board of Directors and Management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability of our financial reporting, and compliance with applicable laws and regulations.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Sino-American Silicon Products Inc. takes immediate remedial actions in response to any identified deficiencies.
- III. Sino-American Silicon Products Inc. evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring.
- IV. Sino-American Silicon Products Inc. has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
- V. Based on the findings of such evaluation, Sino-American Silicon Products Inc. believes that on December 31, 2020, we have maintained, in all material respects an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable laws and regulations.
- VI. This Statement will be an integral part of Sino-American Silicon Products incorporation's Annual Report for the year 2020 and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
- VII. This Statement has been passed by the Board of Directors in the meeting held on March 18 2021, with none of the ten attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Sino-American Silicon Products Inc.

Chairperson: Hsiu-Lan Hsu
President: Tang-Liang Yao

Note 1: Design and implementation of a public company's internal control system, as there are significant deficiency in the year, the internal control system statement should be added explanatory note in the Article 4 that list and explain the significant lack discovery of self-assessment, and the company taken the corrective action to improve the situation before the data of balance sheet.

Note 2: Date of declaration as " the end of fiscal year ".

2. Internal audit organization and operation

The auditing unit of the Company is affiliated to the Board of Directors, and the appointment or removal of the chief internal auditor must be examined by the Audit Committee and sent to the Board of Directors for approval. The Company should report by the Internet Information System for reference in accordance with the provisions of the Financial Regulatory Commission 10 days in the next month after the approval of the Board of Directors. There is currently one chief internal auditor (department manager) and two auditors.

The auditing unit makes an annual audit plan based on the results of risk evaluation, including items to be audited each month. It does carry out audit operations in accordance with the annual audit plan, so as to check the internal control system of the Company.

The Company has set up an Audit Committee, all of which are composed of independent Directors. When submitting the annual audit plan to the Audit Committee for discussion according to regulations, the opinions of independent Directors have been fully taken into account. After each audit, the audit report is made, and the working manuscript and related information are attached. The deficiencies and improvement suggestions will be reported to the management. The audit findings are disclosed in the audit report according to the facts and tracked after the report has been audited at least on a quarterly basis. A tracking report is made until improvement, in order to confirm that the relevant units have taken appropriate improvement measures in time. Members of the Company's Audit Committee communicate well with the chief internal auditor.

The Company's CPAs report the results of the audit or review of the current quarter's financial statements at quarterly meetings of the Audit Committee, as well as other communication matters required by relevant laws and regulations. Members of the Company's Audit Committee communicate well with CPAs.

3. CPA audit report should be disclosed If CPA is entrusted to perform internal audit: Not applicable.

(XI) Punishment of the Company and its internal personnel according to law, the Company's punishment of internal personnel due to the violation of provisions of the internal control system, the main deficiencies and improvements in recent years and up to the date of publication of the annual report: None.

(XII) As of the date of this Annual Report, the following resolutions are adopted regarding annual shareholders' meeting and Board of Directors Meeting:

1. Important resolutions and implementation of 2020 Shareholders' Meeting (June 24, 2020):

Important resolutions	Implementation status
1. The revision of the Company's "Articles of Incorporation".	Approved by the Hsinchu Science Park Bureau of the Ministry of Science and Technology on July 7, 2020 after the resolution of the shareholders' meeting, and implemented according to revised provisions.
2. To meet the Company's financial needs, it is proposed to handle public or private offerings of securities.	The Board of Directors approved on March 18, 2021 that it will not be handled with the consideration of the overall funding plan.
3. Comprehensive re-election of the Board of Directors.	Approved for registration by the Hsinchu Science Park Bureau of the Ministry of Science and Technology on July 7, 2020. The announcement was made on the Company's website.
4. Approval of the lifting of non-competition restriction on the newly elected Directors	Lifted of non-competition restriction on the newly elected Directors.
5. The recognition of the Business Report and Financial Statements of 2019.	Resolved by the Annual General Shareholders' Meeting
6. Recognition of the Company's earnings distribution for 2019.	According to the content of the resolution, the distribution was made on August 14, 2020. (Profit distribution was NT\$2.5843 per share, and capital reserve distribution was NT\$2.4157 per share. Total distribution per share was NT\$ 5)

2. Important resolutions of the Board of Directors:

Date	Important resolutions
March 19, 2020	<ol style="list-style-type: none"> 1. Audit Business Report 2. Employee Remuneration and Director Remuneration Distribution Plan of the Company of 2019 3. The Company's Business Report and Financial Statements of 2019 4. The Company's Earnings Allocation of 2019 5. Discussion about Cash Distribution by Capital Reserve 6. Amendment to the Company's "Articles of Incorporation" 7. Amendment to the Company's "Measures for Compliance." 8. Discussion about non-handling of the issuance of new shares through private placement upon expiration 9. Discussion about issuance of new shares through public offering or private placement in response to the Company's capital need 10. Comprehensive re-election of the Board of Directors. 11. Request of releasing the prohibition on new Directors from participation in competitive business 12. Relevant matters concerning the agenda and accepting proposals from shareholders for the convening of the 2020 general meeting of shareholders 13. Cancellation of repurchased new shares that restrict employee rights and handle capital reduction 14. Declaration of Internal Control System of 2019 15. Amendment to the Company's "Internal Control System," "Internal Audit System," and "Operational Procedures of Self-Assessment for Internal Control System." 16. Discussion about the intercompany loan to sub-subsidiaries 17. The Company's 2019 Audited Fees of CPAs 18. Motion for Promotion. 19. Increase shareholding of investment company
May 7, 2020	<ol style="list-style-type: none"> 1. Audit Business Report 2. The Company's Consolidated Financial Quarterly Report for the First Quarter in 2020 3. Nomination of listed candidates for Directors (Independent Directors included) 4. Appointment of the Company's audit officer 5. Provision of credit quota and foreign exchange quota by financial institution 6. Disposal of shareholding in Cathay Sunrise Corporation. 7. The Company's Investment 8. Amendment to the Company's "Management Measures for Managers' Compensation" 9. Allocation of Directors' remuneration of the Company of 2019 10. The Company's allocation of managerial officers' remuneration of 2019
June 24, 2020	<ol style="list-style-type: none"> 1. Re-election of the Chairperson and CEO 2. Re-election of the Vice Chairperson and President 3. Appoint the member of the fourth term Remuneration Committee
August 6, 2020	<ol style="list-style-type: none"> 1. Report on the implementation of the internal audit 2. The Company's Consolidated Financial Quarterly Report for the Second Quarter in 2020 3. Provision of credit quota and foreign exchange quota by financial institution 4. Lending funds to power plant subsidiary 5. Amendment to the Company's "Ethical Management and Guidelines for Conduct"

	<ol style="list-style-type: none"> 6. Amendment of the Company's "Regulations Governing Procedure for Board of Directors Meetings" 7. Amendments to the "Audit Committee Charter." 8. Amendments to the "Remuneration Committee Charter". 9. Amendments to the "Scope of Powers of Independent Directors." 10. Cancelled the proposal to establish a joint venture with other investors 11. The Company's intention to establish an investment company. 12. Whether transfer the Company and the subsidiaries' overdue receivable, exceeding 3 months, as lending funds to others. 13. The Company intended to participate the subscription of the private placement of Advanced Wireless Semiconductor Company's common shares 14. The Company's managerial officers' remunerations 15. Report on the implementation of the corporate sustainable development committee of the Company
November 5, 2020	<ol style="list-style-type: none"> 1. Report on the implementation of the internal audit 2. The Company's Consolidated Financial Quarterly Report for the Third Quarter in 2020 3. Report on the renewal of Directors' and managers' liability insurance contracts 4. Provision of credit quota and foreign exchange quota by financial institution 5. The interest rate adjustment for intercompany loan to sub-subsidiaries 6. Discussion about the Internal Audit Plan of 2021 7. Amendment to the Company's "Internal Control System" 8. Amendment to the Company's "Ethical Management and Guidelines for Conduct" 9. Reappointed the staff holding custody of the specific seals for endorsement/guarantee 10. Whether transfer the Company and the subsidiaries' overdue receivable, exceeding 3 months, as lending funds to others. 11. Establishment of the "Nomination Committee Charter." 12. Establishment of the first term of the Nomination Committee
December 10, 2020	<ol style="list-style-type: none"> 1. The operating plan for 2021 2. The Company's earnings allocation for the first half year of 2020 3. Intention to issue Letter of Support by the Company 4. Amendment to the Company's "Directors' Remuneration Distribution Procedures" 5. Amendment to the Company's "Management Measures for Managers' Compensation" 6. Establish the employees' shareholding association
March 18, 2021	<ol style="list-style-type: none"> 1. Audit Business Report 2. Employee remuneration and Director remuneration distribution plan of the Company of 2020 3. The Company's Business Report and Financial Statements of 2020 4. Amendment to the Company's "Articles of Incorporation" 5. Amendments to the "Rules for Election of Directors" 6. Amendment to the Company's "Acquisition or Disposal of Assets Procedure" 7. Amendment to the Company's "Policies and Procedures for Financial Derivative Transactions" 8. Discussion about non-handling of the issuance of new shares through private placement upon expiration 9. Discussion about issuance of new shares through public offering or private placement in response to the Company's capital need 10. Relevant matters concerning the Agenda and Accepting Proposals from shareholders for the convening of the 2021 general meeting of shareholders

	<ol style="list-style-type: none"> 11. Declaration of Internal Control System of 2020 12. Intercompany loan to sub-subsidiaries 13. Provision of credit quota and foreign exchange quota by financial institution 14. The Company's 2020 audited fees of CPAs 15. The Company sets up a subsidiary 16. Motion for promotion.
May 6, 2021	<ol style="list-style-type: none"> 1. Audit Business Report 2. The Company's Consolidated Financial Quarterly Report for the First Quarter in 2021 3. The Company's earnings allocation for the latter half year of 2020 4. Amendment to the Company's "Internal Control System" 5. Acting as the warrantor of the subsidiary to lend from financial institutions. 6. Provision of credit quota and foreign exchange quota by financial institution 7. Amendment to the Company's "Articles of Incorporation" 8. In cooperation with the issuance of European Convertible Bonds, it is planned to sign a letter of commitment from major shareholders. 9. Director remuneration distribution plan of the Company of 2020 10. Employee remuneration distribution plan of the Company of 2020

(XIII) The main content when Directors and supervisors disagree with the adoption of important resolutions by the Board of Directors in recent years and up to the date of publication of the annual report and have recorded or written statements: There is no such situation.

(XIV) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's Chairperson, President, principal accounting officer, principal financial officer, chief internal auditor, corporate governance supervisor and principal research and development officer:

December 31, 2020

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Chairperson	Ming-Kuang Lu	April 2, 2007	June 24, 2020	Relieved from the position (Note 1)
President	Hsiu-Lan Hsu	February 1, 2008	June 24, 2020	Relieved from the position (Note 2)
Internal audit officer	Ci-Zhen Fan	January 1, 2006	June 1, 2020	Reappointed (Note 3)

Note 1: Relieved from the position in the Board meeting on June 24, 2020

Note 2: Elected as the Chairperson in the Board meeting on June 24, 2020

Note 3: Approved in the Board meeting on May 7, 2020.

IV. Information Regarding Audit Fees

(I) Information Regarding Audit Fees

1. Levels of Information Regarding Audit Fees

Name of Accounting Firm	Name of Accountant		Period of Verification	Remarks
KPMG United Accounting Firm	Cheng-Chien Chen	An-Chih Cheng	January 1, 2020 to December 31, 2020	

Unit of amount: NT\$ 1,000

Fee Range		Fee Items	Audit Fee	Non-audit Fee	Total
1	Under NT\$ 2,000,000		—	V	—
2	NT\$ 2,000,000 (including) ~NT\$ 4,000,000		—	—	—
3	NT\$ 4,000,000 (including) ~NT\$ 6,000,000		—	—	—
4	NT\$ 6,000,000 (including) ~NT\$ 8,000,000		V	—	V
5	NT\$ 8,000,000 (including) ~NT\$ 10,000,000		—	—	—
6	Over NT\$ 10,000,000 (including)		—	—	—

Unit of amount: NT\$ 1,000

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Period Covered by CPA's Audit	Remarks
			System of Design	Company Registration	Human Resource	Others (Note 2)	Subtotal		
KPMG United Accounting Firm	Cheng-Chien Chen	6,200	—	55	—	302	357	January 1, 2020 to December 31, 2020	Note 3
	An-Chih Cheng								

Note 1: When the Company changes its auditors and the accounting firm, shall separately specify audit period and reason in the Remarks column, and disclose information of audit and non-audit fees.

Note 2: Please record non-audit fees separately according to service item, if non-audit fees indicated under "Other" constitute 25 percent of total non-audit fees, the nature of those service items shall be indicated in the Remarks column.

(I) Non-audit fee paid to Auditors and the accounting firm accounted for more than one-fourth of total audit fee shall disclose the amount and the service item: None.

(II) When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous year, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefore shall be disclosed: None.

(III) When the audit fees paid for the current year are lower than those for the previous fiscal year

by 10% or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefore shall be disclosed: None.

Note 3: It is the expense of pricing service, direct deduction method for auditing and handling of subsidiary financial statements.

V. Information on Replacement of Independent Auditors: None.

VI. Name, professional title and employment in the firm of CPA or his/her related enterprise of the Chairperson, President, Finance or Accounting Manager Who Has Worked in the Accounting Firm or Affiliates in the Most Recent Year, the Name, Position and the Service Period Shall Be Disclosed: None.

VII. Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders in Last Year and as of the Date of this Annual Report:

(I) Changes in shareholding rights of directors, supervisors, managers and shareholders with a shareholding ratio of more than 10%.

Title	Name	2020		The year ended April 30, 2021		Remarks
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged	
Chairperson	Hsiu-Lan Hsu	0	0	0	0	CEO of the Company
Vice Chairperson	Tang-Liang Yao	(150,000)	0	0	0	President of the Company
Director	Ming-Kuang Lu	0	0	0	0	
Director	Wen-huei Tsai	0	0	0	0	
Director	Feng-Ming Chang	0 0	0 0	0 0	0 0	
Director	Representative of Kaijiang Corporation: Hao Fan	0 0	0 0	0 0	0 0	
Director	Kunchang Investment Co., Ltd. Representative : Edward Andrew Ow	0 0	0 0	0 0	0 0	
Independent Director	Chin-Tan Liu	0	0	0	0	
Independent Director	Hou-Chung Kuo	0	0	0	0	
Independent Director	Shao-Lun Li	0	0	0	0	
Manager	Hau-Chun Shih	(50,000)	0	0	0	
Manager	BUDI TIAHJONO	0	0	0	0	
Manager	Chung-Wei Lee	(30,000)	0	0	0	
Manager	Chien-Hong Liu	0	0	0	0	Relieved of his office on August 31, 2020.
Manager	Pei-Yi Chen	0	0	0	0	

Title	Name	2020		The year ended April 30, 2021		Remarks
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged	
Accounting Supervisor	Hsiu-Ling Hsu	0	0	0	0	
Corporate Governance Supervisor	Ming-Huei Chien	0	0	0	0	

Note 1: Shareholders holding more than 10% of the total shares of the Company should be identified as major shareholders and listed separately.

Note 2: If the relative person concerned in the transfer or pledge of shares is a related party, the following table should be filled out.

(II) Shares Trading with Related Parties: None.

(III) Shares Pledge with Related Parties: None.

VIII. Information Regarding the Relationship among the Top Ten Shareholders Who are Related Parties in the Financial Accounting Standards Bulletin No. 6:

April 26, 2021

Name	Shareholding		Shareholding under spouse or underage children		Shareholding under other		Top 10 shareholders among who are related parties		Remarks
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name	Relationship	
Hongwang Investment Co., Ltd.	25,050,000	4.27%	0	0	0	0	None	None	
Representative of Hongwang Investment Co., Ltd.: Su-Lan Jiang	0	0	0	0	0	0	None	None	
The 1st Time in 2007 of Capital investment by Nomura Co., Ltd. from New Labor Pension Fund	13,521,682	2.31%	0	0	0	0	None	None	
Nan Shan Life Insurance Co., Ltd	13,288,000	2.27%	0	0	0	0	None	None	
Representative of Nan Shan Life Insurance Co., Ltd.: Tan Chen	0	0	0	0	0	0	None	None	
Weilian Technology Co., Ltd.	13,114,000	2.24%	0	0	0	0	None	None	
Representative of Weilian Technology Co., Ltd.: Su-Lan Jiang	0	0	0	0	0	0	None	None	
Ming-Kuang Lu	11,400,000	1.94%	1,171,685	0.20%	0	0	None	None	
Fubon Life Insurance Co. Ltd.	10,796,000	1.84%	0	0	0	0	None	None	
Representative of Fubon Life Insurance Co. Ltd.: Ming-Xin Tsai	0	0	0	0	0	0	None	None	

Hongmao Investment Co., Ltd.	10,425,000	1.78%	0	0	0	0	None	None	
Representative of Hongmao Investment Co., Ltd.: Su-Lan Jiang	0	0	0	0	0	0	None	None	
Jpmorgan Chase Bank N.A. Taipei Branch in Custody For Jpmorgan Funds	8,802,163	1.50%	0	0	0	0	None	None	
China Life Insurance Co., Ltd.	8,319,000	1.42%	0	0	0	0			
Representative of China Life Insurance Co., Ltd.: Shu-Fan Huang	0	0	0	0	0	0	None	None	
Ching-Chao Chang	7,900,000	1.35%	0	0	0	0	None	None	

IX. Total Numbers and Equity of Shares Held in any Single Enterprise by the Company, Directors, Supervisors, Managers and Any Companies Controlled Either Directly or Indirectly by the Company:

December 31, 2020 Unit: thousand shares; %

Reinvestment (Note 1)	Investment by SAS		Investments directly or indirectly controlled by directors, supervisors and managers		Total investment	
	Number of Shares	Shareholding Proportion	Number of Shares	Shareholding Proportion	Number of Shares	Shareholding Proportion
Sino Silicon Technology Inc.	48,526	100.00%	—	—	48,526	100.00%
Globalwafers Co., Ltd.	222,727	51.17%	—	—	222,727	51.17%
AleoSolar GmbH	(Note 2)	100.00%	—	—	(Note 2)	100.00%
SAS Sunrise Inc.	24,500	100.00%	—	—	24,500	100.00%
SAS Holding Co., Ltd.	25,000	100.00%	—	—	25,000	100.00%
Crystalwise Corporation	86,923	41.93%	—	—	86,923	41.93%
AccuSolarPower Co., Ltd.	7,452	24.70%	—	—	7,452	24.70%
Cathay Sunrise Corporation	45,000	30.00%	—	—	45,000	30.00%
Taiwan Speciality Chemicals Corporation	90,000	30.93%	—	—	90,000	30.93%
Advanced Wireless Semiconductor Technology	45,000	22.53%	—	—	45,000	22.53%
Actron Technology Corporation	19,499	21.31%	—	—	19,499	21.31%
Sunrise PV Three Co., Ltd.	1,500	100.00%	—	—	1,500	100.00%
SAS Sunrise Pte. Ltd.	—	—	18,165	100.00%	18,165	100.00%
AMLED International Systems Inc.	—	—	—	—	—	—
Sulu Electric Power and Light Inc.	—	—	892,500	85.00%	892,500	85.00%
Aleo Solar Distribuzione Italia S.r.l	—	—	(Note 2)	100.00%	(Note 2)	100.00%

Note 1: The Company's investment is based on equity method.

Note 2: It is a limited company, so there is no number of shares.

December 31, 2020 Unit: thousand shares; %

Reinvestment (Note 1)	Investment by SAS		Investments directly or indirectly controlled by directors, supervisors and managers		Total investment	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
GlobalWafers Inc.	—	—	0.01	100.00%	0.01	100.00%
GlobalSemiconductor Inc.	—	—	25,000	100.00%	25,000	100.00%
GlobalWafers Japan Co., Ltd.	—	—	128	100.00%	128	100.00%
GWafers Singapore Pte. Ltd.	—	—	541,674	100.00%	541,674	100.00%
Sunrise PV Four Co., Ltd.	—	—	104,500	100.00%	104,500	100.00%
Sunrise PV Electric Power Five Co., Ltd	—	—	12,200	100.00%	12,200	100.00%
GlobalWafers Holding Co., Ltd.	—	—	25,000	100.00%	25,000	100.00%
Hongwang Investment Co., Ltd.			30,976	30.98%	30,976	30.98%
Kunshan Sino Silicon Technology Co., Ltd.			(註 2)	100.00%	(註 2)	100.00%
MEMC Japan Ltd.	—	—	750	100.00%	750	100.00%
TopsilGlobalWafers A/S	—	—	1,000	100.00%	1,000	100.00%
Topsil Semiconductor sp z o.o.	—	—	0.1	100.00%	0.1	100.00%
GlobalWafers Singapore Pte. Ltd.	—	—	299,445	100.00%	299,445	100.00%
GlobalWafers B.V.	—	—	0.1	100.00%	0.1	100.00%
MEMC Electronic Materials S.p.A.	—	—	65,000	100.00%	65,000	100.00%
MEMC Electronic Materials France SarL	—	—	0.5	100.00%	0.5	100.00%
MEMC Electronic Materials GmbH	—	—	0.002	100.00%	0.002	100.00%
MEMC Korea Company	—	—	25,200	100.00%	25,200	100.00%
GlobiTech Incorporated.	—	—	1	100.00%	1	100.00%
MEMC LLC	—	—	—	100.00%	—	100.00%
MEMC Electronic Materials Sdn. Bhd.	—	—	1,036	100.00%	1,036	100.00%
MEMC Ipoh Sdn. Bhd.	—	—	612,300	100.00%	612,300	100.00%
GlobalWafers GmbH	—	—	25	100.00%	25	100.00%

Note 1: The Company's investment is based on equity method.

Note 2: It is a limited company, so there is no number of shares.

IV. Capital Overview

I. Capital and Shares

(I) Source of Capital:

1. Issued Shares

Unit: NT\$/share

Month/ Year	Par Value	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
January 1981	10	10,800,000	108,000,000	6,044,663	60,446,630	Capital increased by cash 38,902,043	21,544,587	
August 1984	10	10,800,000	108,000,000	10,800,000	108,000,000	Capital increased by cash 111,946	47,441,424	
November 1984	10	14,000,000	140,000,000	14,000,000	140,000,000	Capital increased by cash 32,000,000	None	
April 1990	10	30,000,000	300,000,000	30,000,000	300,000,000	Capital increased by cash 160,000,000	None	Note (1)
November 1995	10	60,000,000	600,000,000	40,000,000	400,000,000	Capital increased by cash 100,000,000	None	Note (2)
February 1998	10	60,000,000	600,000,000	60,000,000	600,000,000	Capital increased by cash 200,000,000	None	Note (3)
August 1998	10	63,000,000	630,000,000	63,000,000	630,000,000	Conversion of capital reserve to capital increase 30,000,000	None	Note (4)
December 1999	10	78,000,000	780,000,000	78,000,000	780,000,000	Capital increased by cash 150,000,000	None	Note (5)
October 2000	10	86,421,000	864,210,000	86,421,000	864,210,000	Conversion of surplus, capital reserve and employee dividend to capital increase 84,210,000	None	Note (6)
October 2001	10	170,000,000	1,700,000,000	100,857,250	1,008,572,500	Conversion of surplus and employee dividend to capital increase 144,362,500	None	Note (7)
October 2002	10	170,000,000	1,700,000,000	105,350,000	1,053,500,000	Conversion of surplus and employee dividend to capital increase 44,927,500	None	Note (8)
September 2003	10	170,000,000	1,700,000,000	109,706,100	1,097,061,000	Conversion of surplus, capital reserve and employee dividend to capital increase	None	Note (9)

						43,561,000		
September 2004	10	170,000,000	1,700,000,000	114,593,000	1,145,930,000	Conversion of surplus and employee dividend to capital increase 48,869,000	None	Note (10)
September 2005	10	170,000,000	1,700,000,000	122,300,000	1,223,000,000	Conversion of surplus and employee dividend to capital increase 77,070,000	None	Note (11)
October 2005	10	170,000,000	1,700,000,000	152,300,000	1,523,000,000	Capital increased by cash 300,000,000	None	Note (12)
September 2006	10	250,000,000	2,500,000,000	161,000,000	1,610,000,000	Conversion of surplus, capital reserve and employee dividend to capital increase 87,000,000	None	Note (13)
October 2006	10	250,000,000	2,500,000,000	181,000,000	1,810,000,000	Capital increased by cash 200,000,000	None	Note (14)
October 2006	10	250,000,000	2,500,000,000	183,289,000	1,832,890,000	Warrants Conversion stock 22,890,000	None	Note (15)
March 2007	10	250,000,000	2,500,000,000	183,692,000	1,836,920,000	Warrants Conversion stock 4,030,000	None	Note (16)
May 2007	10	250,000,000	2,500,000,000	186,506,000	1,865,060,000	Warrants Conversion stock 28,140,000	None	Note (17)
September 2007	10	250,000,000	2,500,000,000	186,831,000	1,868,310,000	Warrants Conversion stock 3,250,000	None	Note (18)
September 2007	10	250,000,000	2,500,000,000	197,241,300	1,972,413,000	Surplus and employees Conversion of dividend to capital increase 104,103,000	None	Note (19)
December 2007	10	250,000,000	2,500,000,000	198,366,300	1,983,663,000	Warrants Conversion stock 11,250,000	None	Note (20)
February 2008	10	250,000,000	2,500,000,000	198,386,300	1,983,863,000	Warrants Conversion stock 200,000	None	Note (21)
May 2008	10	250,000,000	2,500,000,000	199,107,700	1,991,077,000	Warrants Conversion stock 7,214,000	None	Note (22)
September 2008	10	250,000,000	2,500,000,000	210,426,710	2,104,267,100	Surplus and employees Conversion of dividend to capital increase 110,860,100 Warrants Conversion stock 2,330,000	None	Note (23)
October 2008	10	250,000,000	2,500,000,000	220,426,710	2,204,267,100	Capital increased by cash 100,000,000	None	Note (24)

December 2008	10	250,000,000	2,500,000,000	221,177,710	2,221,777,100	Warrants Conversion stock 7,510,000	None	Note (25)
April 2009	10	250,000,000	2,500,000,000	221,233,710	2,212,337,100	Warrants Conversion stock 560,000	None	Note (26)
May 2009	10	250,000,000	2,500,000,000	221,923,110	2,219,231,100	Warrants Conversion stock 6,894,000	None	Note (27)
August 2009	10	350,000,000	3,500,000,000	267,929,276	2,679,292,760	Surplus and employees Conversion of dividend to capital increase 460,061,660	None	Note (28)
August 2009	10	350,000,000	3,500,000,000	299,179,276	2,991,792,760	Capital increased by cash 312,500,000	None	Note (29)
September 2009	10	350,000,000	3,500,000,000	299,317,276	2,993,172,760	Warrants Conversion stock 1,380,000	None	Note (30)
November 2009	10	350,000,000	3,500,000,000	299,441,276	2,994,412,760	Warrants Conversion stock 1,240,000	None	Note (31)
March 2010	10	350,000,000	3,500,000,000	299,479,276	2,994,792,760	Warrants Conversion stock 380,000	None	Note (32)
April 2010	10	350,000,000	3,500,000,000	299,626,276	2,996,262,760	Warrants Conversion stock 1,470,000	None	Note (33)
July 2010	10	350,000,000	3,500,000,000	321,025,580	3,210,255,800	Surplus and employees Conversion of dividend to capital increase 213,993,040	None	Note (34)
October 2010	10	500,000,000	5,000,000,000	382,025,580	3,820,255,800	Capital increased by cash 610,000,000	None	Note (35)
May 2011	10	500,000,000	5,000,000,000	402,132,190	4,021,321,900	Stock exchange 201,066,100	None	Note (36)
August 2011	10	600,000,000	6,000,000,000	423,119,081	4,231,190,810	Surplus and employees Conversion of dividend to capital increase 209,868,910	None	Note (37)
November 2011	10	600,000,000	6,000,000,000	443,119,081	4,431,190,810	Cash capital increase 200,000,000	None	Note (38)
August 2012	10	800,000,000	8,000,000,000	523,119,081	5,231,190,810	Cash capital increase 800,000,000	None	Note (39)
May 2014	10	800,000,000	8,000,000,000	523,143,081	5,231,430,810	Warrants Conversion stock 240,000	None	Note (40)
August 2014	10	800,000,000	8,000,000,000	580,031,151	5,800,311,510	Merger of Sunrise Global Issue of new shares 568,880,700	None	Note (41)
October 2017	10	800,000,000	8,000,000,000	592,093,651	5,920,936,510	Warrants Conversion stock 60,625,000 New shares	None	Note (42)

						restricting staffs' rights 60,000,000		
January 2018	10	800,000,000	8,000,000,000	592,058,651	5,920,586,510	Cancellation of new shares restricting staffs' rights 350,000	None	Note (43)
October 2018	10	800,000,000	8,000,000,000	586,503,651	5,865,036,510	Capital injection and reduction of treasury stock 55,550,000	None	Note (44)
December 2018	10	800,000,000	8,000,000,000	586,320,651	5,863,206,510	Cancellation of new shares restricting staffs' rights 1,830,000	None	Note (45)
April 2019	10	800,000,000	8,000,000,000	586,287,651	5,862,876,510	Cancellation of new shares restricting staffs' rights 330,000	None	Note (46)
August 2019	10	800,000,000	8,000,000,000	586,236,651	5,862,366,510	Cancellation of new shares restricting staffs' rights 510,000	None	Note (47)
March 2020	10	800,000,000	8,000,000,000	586,221,651	5,862,216,510	Cancellation of new shares restricting staffs' rights 150,000	None	Note (48)

Note (1) Tai Cai Zheng (1) Approval Letter No. 02824 of October 26th, 1990 (1990) of the Securities Management Committee, Ministry of Finance.

Note (2) Tai Cai Zheng (1) Approval Letter No. 39204 of December 4th, 1995 (1995) of the Securities Management Committee, Ministry of Finance.

Note (3) Tai Cai Zheng (1) Approval Letter No. 85459 of November 27th, 1997 (1997) of Securities and Futures Commission, Ministry of Finance.

Note (4) Tai Cai Zheng (1) Approval Letter No. 58663 of July 10th, 1998 (1998) of Securities and Futures Commission, Ministry of Finance.

Note (5) Tai Cai Zheng (1) Approval Letter No. 93634 of October 26th, 1999 (1999) of Securities and Futures Commission, Ministry of Finance.

Note (6) Tai Cai Zheng (1) Approval Letter No. 83396 of October 6th, 2000 (2000) of Securities and Futures Commission, Ministry of Finance.

Note (7) Tai Cai Zheng (1) Approval Letter No. 140364 of June 26th, 2001 (2001) of Securities and Futures Commission, Ministry of Finance.

Note (8) Tai Cai Zheng Yi Zi Approval Letter No. 0910144515 of August 9th, 2002 (2002) of Securities and Futures Commission, Ministry of Finance.

Note (9) Tai Cai Zheng Yi Zi Approval Letter No. 0920133758 of July 25th, 2003 (2003) of Securities and Futures Commission, Ministry of Finance.

Note (10) Tai Cai Zheng Yi Zi Approval Letter No. 0930132046 of July 19th, 2004 (2004) of Financial Supervisory Commission, Executive Yuan.

Note (11) Tai Cai Zheng Yi Zi Approval Letter No. 0940126037 of June 29th, 2005 (2005) of Financial Supervisory Commission, Executive Yuan.

Note (12) Tai Cai Zheng Yi Zi Approval Letter No. 0940125440 of July 1st, 2005 (2005) of Financial Supervisory Commission, Executive Yuan.

Note (13) Tai Cai Zheng Yi Zi Approval Letter No. 0950128446 of July 10th, 2006 (2006) of Financial Supervisory Commission, Executive Yuan.

Note (14) Tai Cai Zheng Yi Zi Approval Letter No. 0950128620 of July 12th, 2006 (2006) of Financial Supervisory Commission, Executive Yuan.

Note (15) Yuan Shang Zi Approval Letter No. 0950028768 of October 27th, 2006 of Taiwan Science

- Park Administration.
- Note (16) Yuan Shang Zi Approval Letter No. 0960006570 of March 13th, 2007 of Taiwan Science Park Administration.
- Note (17) Yuan Shang Zi Approval Letter No. 0960011004 of May 1st, 2007 of Taiwan Science Park Administration.
- Note (18) Jin Guan Zheng Yi Zi Approval Letter No. 0960036973 of July 17th, 2007 of Financial Supervisory Commission, Executive Yuan.
- Note (19) Yuan Shang Zi Approval Letter No. 0960025181 of September 13th, 2007 of Taiwan Science Park Administration.
- Note (20) Yuan Shang Zi Approval Letter No. 0960033158 of December 5th, 2007 of Taiwan Science Park Administration.
- Note (21) Yuan Shang Zi Approval Letter No. 0970007484 of February 15th, 2008 of Taiwan Science Park Administration.
- Note (22) Yuan Shang Zi Approval Letter No. 0970012289 of May 14th, 2008 of Taiwan Science Park Administration.
- Note (23) Yuan Shang Zi Approval Letter No. 0970023820 of September 1st, 2008 of Taiwan Science Park Administration.
- Note (24) Yuan Shang Zi Approval Letter No. 0970031254 of November 5th, 2008 of Taiwan Science Park Administration.
- Note (25) Yuan Shang Zi Approval Letter No. 0970033918 of December 1st, 2008 of Taiwan Science Park Administration.
- Note (26) Yuan Shang Zi Approval Letter No. 0980010288 of April 13th, 2009 of Taiwan Science Park Administration.
- Note (27) Yuan Shang Zi Approval Letter No. 0980012552 of May 13th, 2009 of Taiwan Science Park Administration.
- Note (28) Yuan Shang Zi Approval Letter No. 0980021402 of August 14th, 2009 of Taiwan Science Park Administration.
- Note (29) Yuan Shang Zi Approval Letter No. 0980024305 of August 28th, 2009 of Taiwan Science Park Administration.
- Note (30) Yuan Shang Zi Approval Letter No. 0980027608 of September 28th, 2009 of Taiwan Science Park Administration.
- Note (31) Yuan Shang Zi Approval Letter No. 0980033989 of November 30th, 2009 of Taiwan Science Park Administration.
- Note (32) Yuan Shang Zi Approval Letter No. 0990012116 of April 29th, 2010 of Taiwan Science Park Administration.
- Note (33) Yuan Shang Zi Approval Letter No. 0990015583 of June 4th, 2010 of Taiwan Science Park Administration.
- Note (34) Yuan Shang Zi Approval Letter No. 0990018384 of July 2nd, 2010 of Taiwan Science Park Administration.
- Note (35) Yuan Shang Zi Approval Letter No. 0990031133 of October 15th, 2010 of Taiwan Science Park Administration.
- Note (36) Yuan Shang Zi Approval Letter No. 1000011943 of May 5th, 2011 of Taiwan Science Park Administration.
- Note (37) Yuan Shang Zi Approval Letter No. 1000025568 of August 31st, 2011 of Taiwan Science Park Administration.
- Note (38) Yuan Shang Zi Approval Letter No. 1000033672 of November 8th, 2011 of Taiwan Science Park Administration.
- Note (39) Yuan Shang Zi Approval Letter No. 1010024319 of August 7th, 2012 of Taiwan Science Park Administration.
- Note (40) Zhu Shang Zi Approval Letter No. 1030012459 of May 8th, 2014 of the Administration of Hsinchu Science Industrial Park, Ministry of Science and Technology.
- Note (41) Zhu Shang Zi Approval Letter No. 1030025712 of August 27th, 2014 of the Administration of Hsinchu Science Industrial Park, Ministry of Science and Technology.

- Note (42) Zhu Shang Zi Approval Letter No. 1060029808 of October 27th, 2017 of the Administration of Hsinchu Science Industrial Park, Ministry of Science and Technology.
- Note (43) Zhu Shang Zi Approval Letter No. 1070000085 of January 4th, 2018 of the Administration of Hsinchu Science Industrial Park, Ministry of Science and Technology.
- Note (44) Zhu Shang Zi Approval Letter No. 1070028752 of October 5th, 2018 of the Administration of Hsinchu Science Industrial Park, Ministry of Science and Technology.
- Note (45) Zhu Shang Zi Approval Letter No. 1070034774 of December 4th, 2018 of the Administration of Hsinchu Science Industrial Park, Ministry of Science and Technology.
- Note (46) Zhu Shang Zi Approval Letter No. 1080009195 of April 2nd, 2019 of the Administration of Hsinchu Science Industrial Park, Ministry of Science and Technology.
- Note (47) Zhu Shang Zi Approval Letter No. 1080024365 of August 22nd, 2019 of the Administration of Hsinchu Science Industrial Park, Ministry of Science and Technology.
- Note (48) Zhu Shang Zi Approval Letter No. 1090008694 of March 30th, 2020 of the Administration of Hsinchu Science Industrial Park, Ministry of Science and Technology.

2. Type of Stock

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total	
Registered common stock	586,221,651	213,778,349	800,000,000	This stock belongs to TPEX listed stock.

3. Shelf Registration: not applicable.

(II) Status of Shareholders

April 26, 2021

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Individuals	Foreign Institution & Persons	Total
Number of Shareholders	7	69	320	80,515	453	81,364
Ownership (Share)	23,968,450	66,846,000	91,038,094	232,041,933	172,327,174	586,221,651
Ownership (%)	4.09%	11.40%	15.53%	39.58%	29.40%	100.00%

(III) Diffusion of Ownership

1. Common Shares

April 26, 2021

Class of Shareholding	Number of Shareholders	Ownership (Share)	Ownership (%)
1 ~ 999	37,512	3,393,671	46.1%
1,000 ~ 5,000	37,608	65,738,581	46.22%
5,001 ~ 10,000	3,156	24,488,570	3.88%
10,001 ~ 15,000	933	11,797,843	1.15%
15,001 ~ 20,000	576	10,618,865	0.71%
20,001 ~ 30,000	505	12,764,019	0.62%
30,001 ~ 40,000	210	7,492,308	0.26%
40,001 ~ 50,000	143	6,654,200	0.18%
50,001 ~ 100,000	302	22,044,431	0.37%
100,001 ~ 200,000	155	22,116,317	0.19%
200,001 ~ 400,000	108	31,548,493	0.13%
400,001 ~ 600,000	38	18,886,666	0.05%
600,001 ~ 800,000	19	13,223,786	0.02%
800,001 ~ 1,000,000	16	14,702,502	0.02%
1,000,001 or over	83	320,751,399	0.1%
Total	81,364	586,221,651	100.00%

2. Special shares: None.

(IV) List of Major Shareholders

The name, amount and proportion of the major shareholders whose equity ratio is more than 5% or among top 10

April 26, 2021

Name of Major Shareholders	Shares	Shareholding (shares)	Shareholding Ratio (%)
Hongwang Investment Co., Ltd.		25,050,000	4.27%
The 1st Time in 2007 of Capital investment by Nomura Co., Ltd. from New Labor Pension Fund		13,521,682	2.31%
NAN SHAN LIFE INSURANCE CO. LTD		13,288,000	2.27%
Weilian Technology Co., Ltd.		13,114,000	2.24%
Ming-Kuang Lu		11,400,000	1.94%
FUBON LIFE INSURANCE CO. Ltd.		10,796,000	1.84%
Hongmao Investment Co., Ltd.		10,425,000	1.78%
Jpmorgan Chase Bank N.A. Taipei Branch In Custody For Jpmorgan Funds		8,802,163	1.50%
CHINA LIFE INSURANCE CO. LTD.		8,319,000	1.42%
Ching-Chao Chang		7,900,000	1.35%

(V) Market Price, Net Worth, Earnings, and Dividends per Share for the Last Two Years

Unit: Yuan

Item	Year		2019	2020	As of March 31, 2021
Market Price per Share	Highest Market Price		105.00	178.5	184
	Lowest Market Price		58.60	73.6	143
	Average Market Price		79.77	112.13	166.27
Net Worth per Share	Before Distribution		45.49	48.04	48.53
	After Distribution		43.13	39.53	Not applicable
Earnings per Share	Weighted Average Shares (thousand shares)		583,210	584,916	586,222
	Earnings per Share	Before Adjustment	3.86	10.82	2.49
		After Adjustment	3.86	10.82	Not applicable
Dividends per Share	Cash Dividends		5.00	9.00	Not applicable
	Free Dividends	Dividends from Retained Earnings	—	—	Not applicable
		Dividends from Capital Surplus	—	—	Not applicable
	Accumulated Undistributed Dividends		—	—	Not applicable
Return on Investment	Price / Earnings Ratio		20.67	10.86	Not applicable
	Price / Dividend Ratio		15.95	12.46	Not applicable
	Cash Dividend Yield Rate		6.27	8.03	Not applicable

(VI) Dividend Policy and Implementation Status

1. Dividend Policy

If there is surplus in the annual final accounts of the Company, after paying taxes and making up for accumulated losses according to law, 10% is accrued as the statutory surplus reserve, but when the statutory surplus reserve has reached the amount of the Company's paid-in capital, it should not be listed, and the rest should be listed or turned back to the special surplus reserve according to the law. If there is still a surplus and the accumulated undistributed surplus, the Board of Directors should make a surplus allocation proposal, which should be submitted to shareholders' meeting to decide to distribute dividends. According to the 5th Provision of Article 240 from the Company Act, the Company will authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The distributable dividends and bonuses in whole or in part may be paid in new stock after a resolution has been adopted by the shareholders.

In order to maintain continuous operation and steady growth of EPS, dividend for shareholders shall be more than 50% of the profit after tax deducting the appropriation of special surplus of the year by the regulations, and the shareholder dividend distribution rate shall be no less than 50% of the cash dividend.

2. Dividend allocation

SAS' Annual Shareholders' Meeting approved the amendments to its Articles of Incorporation on June 24, 2020 to authorize the Board of Directors to approve cash dividends at the close of each half fiscal year. The respective amounts and payment dates of 2020 cash dividends of each half year approved by the Board of Directors are demonstrated in the table below:

2020	Approval Date (month/date/year)	Payment Date (month/date/year)	Cash Dividends Per Share (NT\$)	Total Amount (NT\$)
First Half	12/10/2020	02/26/2021	3.5	2,051,775,779
Second Half	05/06/2021	08/13/2021	5.5	3,224,219,081
Total			9.0	5,275,994,860

3. Description of expected significant changes in dividend policy: None.
- (VII) Impact of the Stock Dividend Proposal of this Shareholders meeting on Operational Performance and Earning per Share: Not applicable.
- (VIII) Employee Bonus and Directors' and Supervisors' Remuneration
1. The percentage or scope of remuneration for employees and directors contained in the articles of association of the Company:
If the Company is profitable in the year, it should allocate 3-15% as employees' remuneration. The Board of Directors decides to distribute the remuneration in stock or cash. The object of the distribution includes the employees of the subordinate company who meet certain conditions. If the Company can make profit with the above amount, the Board of Directors decides to allocate up to 3% as its directors' remuneration. The distribution proposal of remuneration of employees and directors should be submitted and reported to the shareholders' meeting.
If it has accumulative losses, the Company should reserve and make up the amount before distributing remuneration to the employees and directors according to the percentage mentioned in the preceding paragraph.
 2. The Estimated Basis for Calculating the Employee Bonus and Directors' Remuneration as well as Employee Stock Bonus, Accounting Treatment if the Actual Distribution Is Different from Estimation:
 - (1) Allocation for employee stock bonus and directors' remuneration: In compliance with Articles of Incorporation.
 - (2) Ratio of employee stock bonus to capitalization of earnings: If employee remuneration is distributed via stock, this will be calculated based on the total equity attributable to owners of parent in the latest financial statement audited by CPA. The Company does not distribute employee remuneration via stock this year.
 - (3) Accounting Treatment if the Actual Distribution Is Different from Estimation: If shareholder resolution is different from the estimation, it will be deemed as changes in accounting estimates and recognized in current profit and loss.
 3. Remuneration distribution approved by board meeting:
 - (1) If the recommended distribution of employees' bonus and directors' remuneration has differences with estimation, therefore, its reason, variance and dealing should be disclosed.
Employees' bonus and directors' remuneration are approved in Board Meeting dated March 18, 2021.

Employees' bonus: NTD 506,993,000, all will be issued in cash

Directors' remuneration: NTD 45,740,000, all will be issued in cash

There is no difference in actual distribution of employee bonus and directors' remuneration with the recognition in 2020 financial statements.

(2) Ratio of recommended employee stock bonus to net income in the current standalone or consolidated financial statements, and the total amount of employees to remuneration: None

4. Actual distribution of employees' bonus, directors' and supervisors' remuneration in the previous year (including shares numbers, amount and price), if there is any difference with estimation, its variation, reason and handling should be specified:

Unit : NTD

Item	The Amount BoD Agreed to Distribute	The Amount that Actually Distribute	Quantity Variance	Explanation for the Variance
Employees' Bonus	196,400,000	196,400,000	None	NA
Directors' Remuneration	41,79,000	41,790,000	None	NA

(IX) Repurchase of Company Shares: None.

II. Status of Corporate Bonds: None.

III. Status of Preferred Stocks: None.

IV. GDR Issuance:

March 31, 2021

Issue date	September 8, 2010
Item	
Date of Issuance	September 8, 2010
Issuance and Listing	Luxembourg Stock Exchange
Total Amount	US\$ 177,192,800
Offering Price per GDS	US\$ 2.9048.
Units Issued	61,000,000 units of GDR Issuance
Underlying Securities	Common shares of Sino-American Silicon Products Inc.
Common Shares Represented	61,000,000 shares
Rights and Obligations of GDS Holders	<ol style="list-style-type: none"> 1. An global depositary receipt holder exercises the voting rights of ordinary shares of Sino-American Silicon in the depositary receipt on the basis of depositary receipt agreement and the relevant provisions of the Law of the Republic of China. 2. An global depositary receipt holder enjoys the same share allocation and other allotment rights as existing common shareholders in accordance with the Law of Republic of China and other relevant laws. If Sino-American Silicon issues stock dividends or shares for other reasons in the future, the depositary institution will issue the global depositary receipt to global depositary receipt holder in accordance with provisions of the depositary convention and relevant laws with the proportion of the original holding unit of the global depositary receipt, or increase the number of common shares of Sino-American Silicon for each unit of global depositary receipt. Or the depositary institution will sell the stock dividends and allocate the net income (deducting relevant taxes and fees) to the global depositary receipt holder on a pro rata basis. <p>When Sino-American Silicon increases its capital by cash or other warrants, the global depositary receipt holder should have the same rights to subscribe for new shares and other rights as shareholders of ordinary shares in accordance with the Law of Republic of China and other relevant laws. The depositary institution should provide such rights to the global depositary receipt holder or sell them in accordance with the Law of the Republic of China and other relevant laws, and distribute the net income (after deduction of taxes and expenses) to the global depositary receipt holder according to the ratio.</p>
Trustee	Not applicable
Depositary Bank	Citibank, N.A.
Custodian Bank	Citibank Taiwan Ltd.
GDSs Outstanding	1,496,330
Apportionment of expenses for the issuance and maintenance	<ol style="list-style-type: none"> 1. Costs related to the issuance of global depositary receipts: The expenses incurred in connection with the issuance of global depositary receipts, including legal fees, listing fees, financial consulting fees and any other related fees, should be borne by the issuing company and the selling shareholders unless otherwise stipulated by the law or agreed by the issuing company, sponsoring underwriter and depositary institution. 2. Related expenses in the period of existence: Unless otherwise

		stipulated by the law or agreed by the issuing company, sponsoring underwriter and depository institution, related expenses in the period of existence, including disclosure of information and other expenses, should be borne by the issuing company.	
Terms and Conditions in the Deposit Agreement and Custody Agreement		—	
Closing Price per GDS	2020	Highest	US\$6.30
		Lowest	US\$2.42
		Average	US\$ 3.53
	As of March 31, 2021	Highest	US\$ 6.30
		Lowest	US\$ 5.35
		Average	US\$ 5.83

V. Employee Stock Options: None.

VI. Status of New Shares Issuance of Limited Stocks for Employees

(I) Status of New Shares Issuance of Limited Stocks for Employees:

Type of New Restricted Employee Shares	2017 New Restricted Employee Shares
Date of Effective Registration	September 21, 2017
Issue date	October 13, 2017
Number of New Restricted Employee Shares Issued	6,000,000 股
Par Value	NT\$ 20
New Restricted Employee Shares as a Percentage of Shares Issued	1.01%
Vesting Conditions of New Restricted Employee Shares	Those who are still in service upon expiration of the following processes after new restricted employee shares are allocated and obtain the performance evaluation of Grade A (including) or above can obtain the proportion of shares under the vesting conditions as follows: Have worked for 1 year: 40% Have worked for 2 years: 70% Have worked for 3 years: 100%
Restricted Rights of New Restricted Employee Shares	<ol style="list-style-type: none"> 1. Employees should not sell, pledge, transfer, give, set or otherwise dispose of allocated or subscribed shares before the vesting conditions are met. 2. New restricted employee shares have the right to participate in dividend distribution, and the allocation of shares and dividends obtained is not limited by the vested period. The allocated shares and dividends will be allotted to the personal account of employees from a trust account within one month after the date of issuance. 3. The proposals, speeches, voting rights and other matters concerning the rights and interests of shareholders before the employees have met the vested conditions are entrusted to a trust custodian bank to exercise them on their behalf. 4. After the status of New Shares Issuance of Limited Stocks for Employees, they should be immediately delivered to the trust, and the trustee should not be asked to return them in any way or for any reason until the vested conditions have not been met.

Custody Status of New Restricted Employee Shares	Shares are delivered to trust for custody
Measures to be Taken When Vesting Conditions are not Met in Allocation or Subscription for New Shares by Employees	<p>(1) Voluntary dimission, dismissal and lay-off: The Company should withdraw the new restricted employee shares which have not yet been acquired from employee at the issuing price from the effective date of resignation.</p> <p>(2) Retirement: The new restricted employee shares which have not yet been acquired should be deemed to be acquired in full on the day of retirement.</p> <p>(3) Disability or death due to occupational disasters or general death: A. If a person is unable to continue his post due to physical disability caused by occupational disasters, the new restricted employee shares which have not yet been acquired should be deemed to be fully acquired on the effective date of dimission. B. On the day of the death of an employee, the heirs should be deemed to have acquired all the new restricted employee shares which have not yet been acquired for death due to occupational disasters or general death.</p> <p>(4) On leave without pay: A. New restricted employee shares which have not yet been acquired of employees who leave without pay on duty should acquire all the shares if they have resumed their posts before the expiration date of acquiring new restricted employee shares; and those who have not have resumed their posts should acquired after resuming. B. New restricted employee shares which have not yet been acquired of employees who do not leave without pay on duty should be recovered by the Company at the issuing price on the effective date of salary stopping.</p> <p>(5) Transfer: A. New restricted employee shares which have not yet been acquired of employees who are transferred on duty should acquire all the shares if they still work in the unit which they are transferred to on the expiration date of acquiring new restricted employee shares; and those who leave after the transfer should be considered as separated employees of the Company. B. New restricted employee shares which have not yet been acquired of employees who are not transferred on duty should be recovered by the Company at the issuing price on the effective date of transfer.</p> <p>(6) The Company will cancel any new restricted employee shares recovered by the Company.</p> <p>(7) Before the vested conditions are met, if an employee terminates</p>

	or revokes the agency authorization of the Company in violation of the provisions of Paragraph 6 of this article, the Company should buy at the issuing price from the employee.
Number of New Restricted Employee Shares that have been Redeemed or Bought Back	317,000 Shares
Number of Released New Restricted Employee Shares	5,683,000 Shares
Number of Unreleased New Restricted Shares	0 Shares
Ratio of Unreleased New Restricted Shares to Total Issued Shares (%)	0%
Impact on possible dilution of shareholdings	Based on 574,476,151 shares circulated at the time of issuance in the three-year vested period stipulated in the measures and 2017 (excluding 5,555,000 shares of treasury stocks), the annual cost's dilution of earnings per share in 2017, 2018, 2019 and 2020 is about NT\$ 0.08, NT\$ 0.08, NT\$ 0.08 and NT\$ 0.02, respectively. The dilution of earnings per share of the Company is still limited, so there should be no significant impact on shareholders' rights and interests.

(II) List of Executives Receiving New Restricted Employee Shares and the Top Ten Employees with New Restricted Employee Shares

May 15, 2021; unit: NT\$ thousands; thousand shares

	Title	Name	No. of New Restricted Shares	New Restricted Shares as a Percentage of Shares Issued	Released			Unreleased				
					No. of Shares	Issued Price (NT\$)	Amount	Released Restricted Shares as a Percentage of Shares Issued	No. of Shares	Issued Price (NT\$)	Amount	Unreleased Restricted Shares as a Percentage of Shares Issued
Manager	CEO	Ming-Kuang Lu (Note)	3,555	0.61%	3,555	20	71,100	0.61%	0	20	0	0%
	Vice CEO	Tang-Liang Yao										
	President	Hsiu-Lan Hsu										
	President of Yilan Branch	Hau-Chun Shih										
	R&D Chief	BUDI TJAHJONO										
	Vice President	Chung-Wei Lee										
	Vice President	Yu-Tse Lin (Note)										
	Associate	Pei-Yi Chen										
	Associate	Dai-Long Ma (Note)										
	Associate	Chong-Wen Wu (Note)										
	Chief	Chien-Hong Liu (Note)										
	Accounting Manager	Mei-Ying Qiu (Note)										
Staff	Staff	Zheng-Hong Huang	570	0.10%	570	20	11,400	0.10%	0	20	0	0%
	Staff	Jyh-Shyng Lu										
	Staff	Ming-Rui Yang										
	Staff	Song-Lin Xu										
	Staff	Yu-Jun Peng										
	Staff	Qi-Shun Chen										
	Staff	Wen-Huai Yu										
	Staff	Jun-He Chen										
	Staff	Shi-Long Zheng										
	Staff	Zhong-Wen Huang										

Note: Resigned.

VII. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

VIII. Financing Plans and Implementation: None.

V. Operational Highlights

I. Business Activities

(I) Business Scope:

1. Main areas of business operations:

CC01080 Electronic Parts and Components Manufacturing

C801990 Other Chemical Materials Manufacturing

IG03010 Energy-related Technology and Service

F119010 Electronic Materials Wholesale

(Restricted to areas outside Hsinchu Science Park)

F219010 Electronic Materials Retail

(Restricted to areas outside Hsinchu Science Park)

F401010 International Trade

Develop, design, manufacturing and selling of the following products:

- (1) Semiconductor silicon materials and components
- (2) Varistor
- (3) Photovoltaic and communication materials
- (4) Silicone Compound
- (5) **The technology, management and advisory business related to the products listed above**
- (6) Photovoltaic system integration and installation services
- (7) Import-export activities related to the above mentioned business

2. Revenue distribution in 2020

Unit: NT\$ thousands; %

Trade name	Total Sales in Year 2020	(%) of Total Sales
Semiconductor wafer	55,145,945	89.82%
Solar wafer	170,789	0.28%
Solar cell	1,937,190	3.16%
Solar module	1,593,096	2.59%
Solar ingot	928,837	1.51%
Semiconductor ingot	113,541	0.18%
Other	1,507,901	2.46%
Total	61,397,299	100.00%

3. The Company's current products and service items:
 - (1) High quality multi-crystalline silicon materials products for silicon-based application
 - (2) High Efficiency Mono-Si Solar Cell
 - (3) High efficiency mono-Si bi-facial solar cell
 - (4) High-efficiency mono-Si Metal-Wrap-Through back-contact solar cells
 - (5) High-efficiency mono-Si multi-busbar solar cell
 - (6) High-efficiency mono-Si Busbar-less solar cells
 - (7) Customized special design high efficiency mono-si solar cell

4. New technologies and products planned for development
 - (1) Development of large size ultra-high efficiency mono-Si solar cell technology
 - (2) Development of ultra-high efficiency mono-si bi-facial solar cell technology
 - (3) Development of customized special design high efficiency mono-si solar cell

(II) Industry Overview

1. Industrial Current Status and Future Development

(1) Solar energy industry

In the recent year, the rapid climate changes forced more than 100 governments around the world to jointly issue an emergency declaration in 2019, and begin to take concrete actions to face the dreadful climate crisis. Other than renowned Kyoto Protocol and Paris Agreement, facing the climate changes and eco degradation, Europe Commission announced the European Green Deal, aiming to be climate-neutral by 2050. The new U.S president, Joe Biden, at the moment of deepening crisis, plans the modernized future with sustainable infrastructure and fair, clean energies, so that the U.S will be 100% utilize clean energies by 2050, and achieve the full net-zero emissions. Japan, on the other hand, has set the goal “Green Growth Strategy” in 2050 with positive cycles of economy and environment, aiming carbon neutrality. The renewable energy development is maximized to promote the electricity to fully get rid of carbon, while non-power industries are centered at electrification with hydrogen and reclaim CO₂ to achieve decarbonization. Many countries actively respond to the challenges of climate changes; as a global member, Taiwan should bear the responsibility of reducing greenhouse gases even though it has not

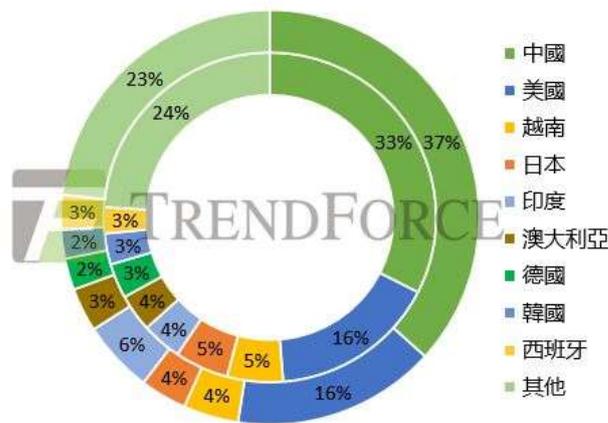
participated in “the United Nations Framework Convention on Climate Change”. Taiwan has established the “Greenhouse Gas Reduction and Management Act” on July 1, 2015, to specify the long term reduction goal by 2050. The Taiwan government has actively promoted the energy transformation, aiming to achieve a total installed solar energy capacity of 20GW by 2025. It can also be seen that Taiwanese manufacturers are trying to break away from only producing and supplying battery pieces in the past and challenge the transformation to component end and system integration.

Looking back to the impacts from COVID-19 in 2020, with spreading pandemic and surges of infected cases, have forced countries to impose strict border control and curfew. Thus some projects were deferred, with various economic impacts at different levels in each industry. China, the United States, Vietnam, Japan and India won the top five positions in the solar energy market. Other than the said event, an occupational safety incident occurred in a major silicon material supplier at the mid-year, which resulted in price raising broadly at the production locations. The cell and module exporters were under pressure from both upstream and downstream for the whole year. In the domestic market, Taiwan has planned the energy policies to establish a solar energy system for accumulative power of 20GW by 2025. Although the pandemic in Taiwan has been in check, the imported raw materials were mostly delayed due to the pandemic. The responsive measure taken by the government was to extend the date of meter installation for the wholesale fare. This measure, however, resulted in the separation of the intensive installation tide that would have happened. With the new policy imposed by the Council of Agriculture on July 7th, the domestic land solar energy projects almost fully stalled. Taiwan's estimated 2.2GW market reached only 1.2GW. Globally, it would be around 127 GW.

For 2021 outlook, the solar energy market will keep on growing. There are several major reasons: 1. More than 25 countries simultaneously clearly stated the expectation of zero-emission in the next decades, and the carbon neutrality becomes the consensus among major countries around the world. Therefore the renewable energies, representing by the solar energy, is promising. 2. Since slashing the subsidies, the first year of parity in China dominates the volume increasing room of solar energy. The U.S. extends the current tax credit under the Solar Investment Tax Credit (ITC) policy to 2022. And Taiwan has official enforced the renewable regulations for these major power consumers. And in Middle East, the tender volume is gigantic, and it possibly become a new major market. Based on the

forecasts of major institutions, the new installations of solar energy overseas in 2021, are expected to keep the growth rate of 20%-25%, or to 158GW. The markets like India, France, Italy, and Middle East, may realize the growth more than 50%. The said risks including pandemic and policies are still to be monitored. If the global pandemic worsens, the demands in India, the U.S., and other emerging markets may be short of expectation. During the development process of solar energy, the impacts from policies and economy shall not be overlooked.

2020-2021年全球太陽能市場需求概況



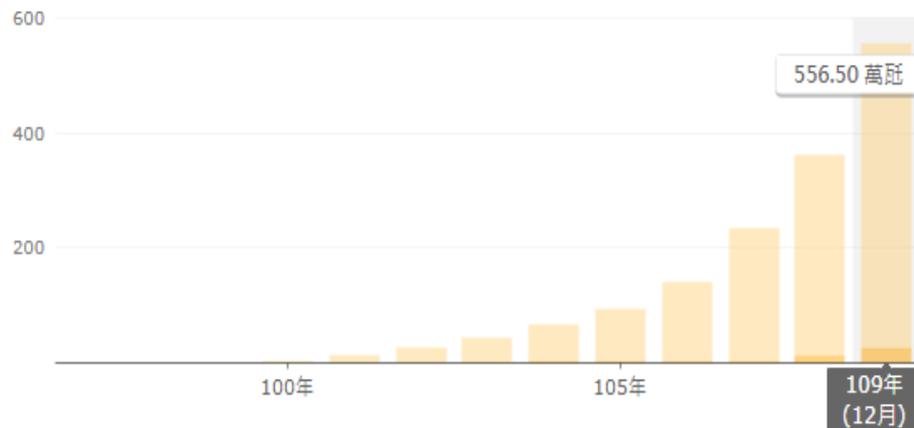
Source: Energy Trend, January 19, 2021

In 2016, Taiwan announced the energy transition policy, aiming to achieved non-nuclear homeland and 20% of renewable power generation by 2025, and the core values are energy security, green economy, environmental sustainability, and social fairness. MOEA also stated that it has been planning the block development policy as 10GW for 10 year (as 1GW per year) from 2026 to 2035.

Based on the statistic of Taipower, as of the end of 2020, the accumulated solar power generator capacity was about 5.6GW, far less than the second phase policy goal of 6.5GW. Therefore, MOEA has inventoried the rooftops of industrial, public, and agricultural facilities, solar sharing, polluted land and parking lots at ports. In 2020, MOEA issued the “Operation Mechanism of Review Meeting for Environmental and Social Examination of the Priority Sites for Solar Sharing and the Recommended Review Principles,” to assist the Council of Agriculture’s feasibility assessment to these “priority sites for combining fishery and green energy”

(priority sites). The aim is to reach the accumulated installed capacity of 8.75GW by the end of 2021.

Accumulated solar power generator installed capacity
Unit: 10 MW

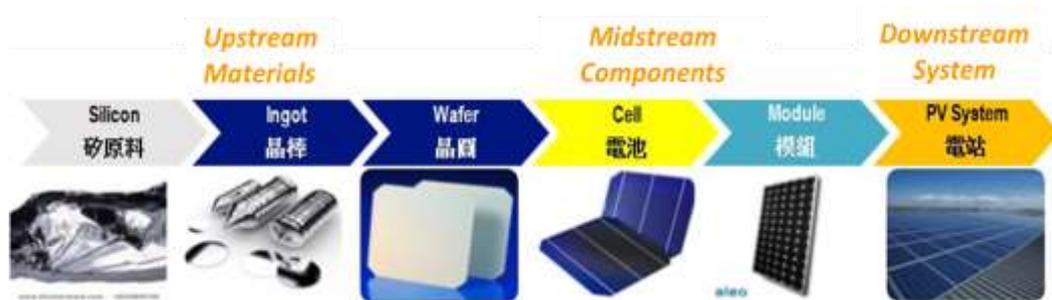


Source: Statistical data by Taipower

(2) Semiconductor industry (Please find more information in the annual report of GlobalWafers, the Company's subsidiary (stock code: 6488))

2. Relevance of upper, middle and lower reaches of the industry

(1) Relevant map of solar energy industry



Source: SAS Interanl

(2) Relevant map of semiconductor Industry (Please find more information in the annual report of GlobalWafers, the Company's subsidiary (stock code: 6488))

3. Industrial development trend and competition

(1) Solar energy industry

- Although in 2020, the pandemic influenced a lot, but to the top 10 makers, the vertical integration and plant expansion plans were not halted. In 2021, both global battery and module capacity look to 350

GW. To these 2nd and 3rd tier makers who neither upgrade the equipment with the market, nor have any cost competitive edges, the market is very challenging.

- The single crystalline products become the market mainstream in 2020, G1's share is 42%; M6 will become the top in 2021, with the growth rate of 42%. M10 and G12 are expected to expand the market shares in the next two to three years. As the mainstream chip sizes are enlarged, it confirms how much the end market favors the high-watt products.
- The impact of trade barriers, such as US 201 and India's survey of defense measures, and the patent war, will have a linkage to the relevant layout of the market.
- The promotion of Taiwan's green energy policy announced that planning to reach the installation of 2.2GW in 2020, which the implementation of the green energy promotion of each county or city will have certain impact on market supply and demand.
- Bureau of Energy officially announced the wholesale fare of renewable energies early in year 2021. For the solar energy, the biggest decline is the land-type for 3.5%. However, the incentive fares was raised for the parking lots of highway service areas , and to "double usage of one piece of land" such as solar sharing with fishery and agriculture. Also, for the first time in response to the environmental inspection, to give the fishery and electricity symbiosis "fishery environment friendly provident fund." In addition to maintaining high-performance modules, north and remote regional bonuses, additional incentives include:
 - a. Extra fares to the UHV power supply grid
 - b. For green energy integrating agriculture or fishery facilities, the fare of "double usage of one piece of land" for NTD 0.1862/kWh is applicable.
 - c. For the parking lots of highway service areas, the fare of "double usage of one piece of land" for NTD 0.2234/kWh is applicable.
 - d. Extra fare charged for the covered playground formats.

(2) Semiconductor industry (See details in annual report of GlobalWafers, the Company's subsidiary (stock code: 6488)

(III) Overview of Technology and R&D

In recent years, the Company has devoted itself to improving the production of silicon wafer, precision processing and battery module. The increase of productivity of polycrystal wafer, the increase of yield of crystal rod, the reduction of density of crystal defects, the improvement of crystal quality, the improvement of the efficiency of wafer conversion and the efficiency of battery conversion, etc. have exceeded international indicators. Many technical indicators have become international benchmarks. In addition, in recent years, they have actively carried out patent distribution to protect the Company's intellectual property rights. The R&D achievements are brilliant and have won many international awards. In recent years, the Company exploits the deep technology foundation and rigorous process technologies to improve the crystalline quality continuously, and expands to the silicon material application products. Customization based on clients' need is available, as an expansion of product applications.

1. The proportion of research and development expenditure in net operating income in the last two years is as follows:

Unit: NT\$ thousands

Year	2019	2020	As of March 31, 2021
R&D expenses	1,844,789	1,742,108	520,154
Net operating revenues	65,510,225	61,397,299	16,052,078
R&D expenses as a percentage of net revenue (%)	2.82%	2.84%	3.24%

2. Technologies or products successfully developed in recent years and up to the date of publication of the annual report

Name of Program	Description of Program	Expected R&D Costs
Development of high quality multi-crystalline silicon materials products for silicon-based application	High quality multi-crystalline silicon materials products for silicon-based application are based on the accumulated R&D technology in the development of solar high efficiency multi-crystalline, and rigorous process technology is used to continuously improve the crystal quality and develop products that meet the specifications of semiconductor polycrystalline silicon materials.	NT\$ 5,000,000
Development of high efficiency CelcoN mono-Si Solar Cell	In this project, we collaborated with international equipment venders to develop mass-production scale N-type solar cell technology, which combined advanced "Passivated Contact" and "Bifacial Solar Cell" technologies. Bifacial CelcoN solar cells (cell efficiency> 23.00%) are formed into N-type module, and backside	NT\$ 300,000,000

	generation power can be 10~20% high according to the environments.	
Development of high efficiency G1 size CelcoP+ mono-Si Solar Cell	<ol style="list-style-type: none"> 1. Upgrade solar cell mass production to G1 size. 2. CelcoP+ solar cell combined advanced “Laser Doping Selective Emitter” and “Printing alignment” technologies, solar cell efficiency can be enhanced over 22.50%. 	NT\$ 250,000,000
Development of high efficiency G1 size CelcoP+ back-contact mono-Si Solar Cell	<ol style="list-style-type: none"> 1. Upgrade back-contact solar cell mass production to G1 size 2. CelcoP+ back-contact solar cell combined advanced “Laser Drilling” 、 “Laser Doping Selective Emitter” and “Printing alignment” technologies, back-contact solar cell efficiency can be enhanced over 22.60%. 	NT\$ 30,000,000

(IV) Long-term and Short-term Development

1. Long-term Development

- (1) Actively seeing the blue sea market to maintain the Company’s competitiveness. Responding to the new energy transition and the needs of de-carbonized and circular economy in the international supply chain. Outlook: Sino-American Silicon will provide the green energy solutions, to “serve clients by providing green power and energy storage related product application and plans,” while keep on pursue the maximum interest of the organization as the goal.
- (2) Integrate the upstream, midstream and downstream resources, give full play to the advantages of vertical and efficient products, further promote the long-term healthy development of the solar industry and enhance the international competitive advantage. In the long run, the future strategic direction of the Company is to develop towards the system end.
- (3) Power station maintenance and operation service is a key section in the development strategy for the system end. The solar power station has signed a wholesale contract with Taipower for 20 years; thus the stable power generation and operation is a critical factor to achieve the investment effect. With the long-time experience of maintenance, operation, and management experience in solar power stations, and the development of software for analyzing performance variance of power stations, Sino-American Silicon Group achieves the active and timely preventive maintenance. This enhances the operational availability/uptime, and protects the long-term investment effects of investors, while making the Company a maintenance and operation service provider with value.

(4) The renewable energy power generation is intermittent and variable, and solar power generators do not have the inertia reaction capability as the conventional generator, so the extra backup capacity is needed. In the future, the energy-storage system will be set up in the self-owned sites, while establishing the ancillary services participating mechanism, to meet the demands of system deployment and fast response to accidents. The installation of energy-storage system will help the optimization of grid quality. In addition, the legislation regarding the gigantic power consumer took effect this year. The power users who have 5,000kW or more contracted capacity apply the energy storage system to meet their statutory obligations. Sino-American Silicon has installed the compounded energy system on the rooftops of the Company's plants. The system integrated the solar energy, energy storage, adjustable grid-connected generators, and energy management system, to cope with the future demands of integrated energy management.

2. Short-term program

- (1) The Company is a leader in manufacturing and supplying of single crystal high-efficiency cells, which will simplify product categories and develop single crystal PERC maintain market competitiveness.
- (2) Aggressively searching for proper goals and developing solar photovoltaic systems.

II. Market and Sales Overview:

(I) Market Analysis

1. Distribution areas of major commodities

(1) Solar energy industry

Unit: NT\$ thousands

Region		2019		2020	
		Sales	Rate (%)	Sales	Rate (%)
Sales in Domestic Market		1,721,425	23%	1,955,101	32%
Export Sales	Asia	2,415,389	33%	940,414	16%
	America	1,511,115	20%	1,423,332	23%
	Others	1,772,343	24%	1,729,857	29%
Total		7,420,272	100%	6,048,704	100%

(2) Semiconductor industry (Please find more information in the annual report of GlobalWafers, the Company's subsidiary (stock code: 6488))

2. Market share

(1) Solar energy industry

- A. Yilan Plant has planned 300MW, which includes the new products like large-size M6 cells with high-efficiency and cost-effective. It has become a leading high-efficiency single crystal cell plant in Taiwan, with a market share of about 25.9% of the high-efficiency and large-size single crystal battery piece market in Taiwan.
- B. As of now, Sino-American Silicon Group has installed the solar energy systems in Taiwan for more than 90MW, including 77MW of grid connection. Based on the accumulated solar energy installed capacity of 5.6GW in Taiwan at the end of 2020, the Company's market share is about 1.4%. The objective of this year, other than the rooftop of the plants, the Company will actively participate the public tenders of local government or state-owned lands, as well as the solar sharing project with the indoor fishery farms.

(2) Semiconductor industry (Please find more information in the annual report of GlobalWafers, the Company's subsidiary (stock code: 6488))

3. The future supply and demand and growth of the market

(1) Solar energy market

- A. With the global initiatives of carbon neutrality and voluntary sustainability of enterprises, solar energy has become an unanimously recognized alternative

energy source in the world. As the price of solar modules decreases, the global market demand for solar power will continue to grow. It is estimated that the global demand for solar power will reach 158GW in 2021. It will gradually replace the general power generation and other convertible power generation forms and become the mainstream.

- B. It is anticipated that the global solar energy supply and demand in 2021 will continue to be dominated by highly efficient and competitive products. However, due to the continuously decreased subsidy rates, or even provided subsidies in countries which have developed solar power, the price of solar cells and modules will be easy to fall and difficult to rise. In recent years, the trend of solar supply chain "size does matter" has remained unchanged, and the trend of industrial integration will not stop in 2021.
- C. The goal of solar installation of the year has been announced. MOEA determined that by the end of 2021, the accumulated installed capacity shall reach 8.75GW, meaning 3GW more solar installation is needed. This is a challenging goal. MOEA has inventoried the rooftops of industrial, public, and agricultural facilities, solar sharing, polluted land and parking lots at ports. Meanwhile, MOEA and Council of Agriculture jointly announced from November 2020, 4,783 hectares of fishery ponds in Tainan, Chiayi, Kaohsiung, Pingdong, Yunlin, and Changhua are deemed the priority sites. Therefore, governmental agencies will release more tenders, and the priority sites of solar sharing will be a battlefield for market players.
- D. In 2021, the wholesale fare is declining. But to encourage the diversified development of solar energy, the government has added more items for extra fares; other than the existing green energy rooftop, regional fare, remote island fare, and the native tribal areas, the additional extra fare mechanism is applicable to solar sharing with agriculture and fishery, and the parking lots at the high way service areas. As a whole, the outlook of diversified solar energy types are optimistic. Taiwan's solar power market in 2021 will follow two major directions:

One: Priority is given to the small fishery ponds with 2MW or less capacity.

Although the Council of Agriculture prioritizes the solar sharing with fishery, and inventoried 4GW capacity to be installed, the long development of large project, and the uncertainties due to land leveling, feeders, and skill of culture farming will make the small fields of fishery ponds with 2MW or less capacity the desirable targets.

Two: International circumstance and the gigantic power user policy accelerate the green power development.

Many leading international corporates have joined RE100, and announced their energy management objectives. This green tide also impacts the green power

planning in the supply chain. With the gigantic power user legislation is enforced, approximately more than 300 enterprises are subject to this regulation. It is presumed that within five years, a renewable energy market with 1GW shall be created. As the installation space is limited in Taiwan, and the efficacy of power-storage is also limited, the quickest and most effective solution is to buy the green energy and renewable energy certificate to enterprises. Purchasing green energy is a sure trend.

- (2) Semiconductor market (Please find more information in the annual report of GlobalWafers, the Company's subsidiary (stock code: 6488))

4. Competitive niche

- (1) Long-term R&D investment creates core competitive advantages and holds patents.
- (2) Extensive cooperation between industry, government and university has a high level of product innovation capability.
- (3) Work closely with downstream customers to grasp market demands and development trend.
- (4) Long-term cooperation with raw material suppliers to grasp the stable supply of key raw materials and cost advantages.
- (5) Abundant experience in establishment, maintenance, operation, and management of solar power stations.
- (6) Vertically integrated company with the robustest financial position in the solar energy industry.

5. Advantages and disadvantages of development prospect

A. Advantages

Solar energy industry

- (1) Although the solar PV industry is still not completely separated from the stage of government subsidies, renewable energy is the world trend, which has the value of sustainable operation and long-term development.
- (2) The ability of R&D and process improvement is of international standard, which can help to improve product quality and competitiveness.
- (3) Vertical integration and layout of marine outfalls are complete. Combined with the government's vigorous promotion of green energy, it has comparative advantages.
- (4) The government has set a long-term goal of non-nuclear home, and the

development of renewable energy is also an established policy. Among them, solar PV is a key development project.

- (5) The experience of managing power station with more than 120MW capacity enable the Company to accelerate the maintenance and operation business.
- (6) The outstanding reputation and achievement brings confidence to EPC companies.
- (7) The international green tide and the gigantic power user policy accelerate the green power industry's development.
- (8) Experienced in energy storage integration which could develop the market of solar energy and energy storage.

Semiconductor industry (See details in annual report of GlobalWafers, the Company's subsidiary (stock code: 6488))

B. Disadvantages and response measures

Solar energy industry

- (1) There are a large number of competitors, and the market generally has the trend of oversupply.
- (2) Only a few players have pricing power of upstream materials.
- (3) Various uncertainties regarding setting up fields in Taiwan, including the environment evaluation, feeders, and lands.
- (4) The solar energy industry is still an industry that relies on subsidies from governments around the world. The changes of policies generate significant volatility.
- (5) While the government has announced the priority sites of solar sharing, but photoelectricity and fish farming are completely different area. The owners have to deal with feeders, land consolidation, and communication to fish farmers. How to to clarify and balance is an issue.
- (6) The rooftops of industrial and animal husbandry facilities are almost saturated. But the available rooftops in other industries are fewer, with rising development costs.
- (7) The rooftops of industrial and animal husbandry facilities are almost saturated. But the available rooftops in other industries are fewer, with rising development costs.

Coping measures

- (1) Aggressively develop new customers and cost-effective new products
- (2) Strengthen R&D links with downstream customers, develop efficient niche

products with core technological capabilities, increase added value, and actively reduce manufacturing costs to increase profit margins.

- (3) Establish market value, deeply cultivate the Taiwan market, and actively integrate downstream system of power plants and strategic alliances to consolidate business opportunities.
- (4) Continue to communicate with land lords and fish farmers; select suitable species for farming, and the field design shall meet the farming demands. The existing farmers have the priority to lease first.
- (5) Develop diversified power stations, and provide one-stop energy solutions to clients, for enhancing our own competitiveness.
- (6) Cultivate the sales teams who are able to develop market on their own, to promote the engineering and project management services.

Semiconductor industry (Please find more information in the annual report of GlobalWafers, the Company's subsidiary (stock code: 6488))

(II) Important Uses and Production Processes of Major Products

1. Important uses of products

Product Name	Statement of Important Uses
High quality multi-crystalline silicon materials products for silicon-based application	Application of silicon material products and customized according to customer's needs.
A5+ ultra-high cell efficiency multi-crystalline silicon wafer	For PERC cell process, the efficiency can reach 21.2%.
Multi-crystalline solar bricks	For solar PV substrate material, it can be reprocessed into solar cells
High Efficiency Mono-Si Solar Cell	<ol style="list-style-type: none"> 1. The conversion efficiency of high-efficiency single crystal solar cells is greater than 22.50%. 2. The conversion efficiency of high-efficiency double-sided single crystal silicon solar cells is greater than 22.50% and double-sidedness is greater than 65%. 3. The conversion efficiency of high-efficiency single crystal silicon metal-penetrating back-electrode solar cells is greater than 22.60%. 4. The conversion efficiency of high-efficiency single crystal solar cells without main conflux is greater than 22.50%.

2. Process

Solar wafer

Silicon raw materials → crystal growth → opening → crystal quality evaluation → grinding → slicing → cleaning → inspection → packaging of finished products

Solar cells

Wafer production → surface roughening → surface diffusion layer formation → surface cleaning and edge insulation → formation of anti-reflection layer and passivation layer on the surface → metallization and sintering → solar cell efficiency measurement and classification

(III) Supply of main raw materials

Product Item	Main Raw Materials	Major Suppliers	Supply Situation
Wafer	Polysilicon	Company A, Company B, Company C	Good

(IV) List of major purchasing and selling customers in the last two years

1. List of Main Purchasing Customers in the Last Two Years

Unit: NT\$ thousands

Item	2019				2020			
	Company Name	Amount	Percent in the Total Annual Net Purchases	Relation with Issuer	Company Name	Amount	Percent in the Total Annual Net Purchases	Relation with Issuer
1	A	1,881,362	9.20	None	A	2,024,347	10.47	None
2	B	1,321,938	6.47	None	B	1,069,073	5.53	None
3	C	1,080,588	5.29	None	C	891,061	4.61	None
4	Other	16,157,478	79.04	None	Other	15,347,435	79.39	None
	Net purchase	20,441,366	100.00		Net purchase	19,331,916	100.00	

Note 1: The name and purchasing amount of suppliers whose proportion of purchasing is higher than 10% of the total purchases in the last two years should be listed. However, if the contract stipulates that the name of the supplier or the object of the transaction is an individual and non-related person, it can be coded.

Note 2: Up to the date of publication of the annual report, companies listed or whose stocks have been bought and sold in the securities firm's business premises should disclose the latest financial information which has been audited and verified by the accountant

2. List of Main Purchasing Customers in the Last Two Years

Unit: NT\$ thousands

Item	2019				2020			
	Company Name	Amount	Percent in the Total Annual Net Sales	Relation with Issuer	Company Name	Amount	Percent in the Total Annual Net Sales	Relation with Issuer
1	B	10,253,312	15.65	None	B	10,936,309	17.81	None
	Other	55,256,913	84.35	None	Other	50,460,990	82.19	None
	Net sales	65,510,225	100.00		Net sales	61,397,299	100.00	

Note 1: The name and selling amount of customers whose proportion of selling is higher than 10% of the total sales in the last two years should be listed. However, if the contract stipulates that the name of the customer or the object of the transaction is an individual and non-related person, it can be coded.

Note 2: Up to the date of publication of the annual report, companies listed or whose stocks have been bought and sold in the securities firm's business premises should disclose the latest financial information which has been audited and verified by the accountant.

(V) Production in the Last Two Years

Unit: NT\$ thousands

Output Major Products	Year	2019			2020		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Solar Energy Ingot (thousand kg)		2,707	778	792,895	943	695	925,780
Solar Silicon Wafer (thousand pieces)		24,948	0	0	0	0	0
Semiconductor Crystal Rod (thousand pieces)		367	267	1,352,145	354	233	1,257,199
Semiconductor Wafer (thousand pieces)		56,122	51,852	33,795,720	57,744	52,792	34,012,309
Solar Cells (thousand pieces)		122,000	97,796	3,020,157	80,256	73,571	2,095,820
Total		—	—	38,960,917	—	—	38,291,108

Note 1: Capacity refers to the amount of production that the Company can reach under normal operation by using existing production equipments after measuring factors such as necessary shutdown and holidays.

(VI) Sales in the Last Two Years

Unit: NT\$ thousands

Sales Major Products	Year	2019				2020			
		Local		Export		Local		Export	
		Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity
Solar Energy Ingot (thousand kg)		6	2,161	532	790,761	—	—	288	928,837
Solar Silicon Wafer (thousand pieces)		9,974	144,716	—	—	24,282	169,864	200	925
Semiconductor Crystal Bar and Wafer (thousand pieces)		10,132	12,555,238	30,347	45,441,556	10,065	9,925,728	32,539	45,333,758
Solar Cells (thousand pieces)		21,489	645,512	70,310	2,231,909	64,352	1,318,436	30,201	618,754
Solar Modules (thousand pieces)		19	71,450	295	1,482,127	6	19,446	325	1,573,650
Other		—	870,888	—	1,273,907	—	600,477	—	907,423
Total		41,621	14,289,965	101,484	51,220,260	98,705	12,033,951	63,553	49,363,348

III. Employee Data for the Last Two Years:

Year		2019	2020	As of March 31, 2021
Number of Employees	Staffs	263	260	257
	Operators	582	407	400
	Total	845	667	657
Average Age		38	39	39.5
Average Years of Service		7	8	8
Education	Masters or above	11.1%	28.93%	30.62%
	Junior College	64%	54.09%	52.24%
	Senior High School	22%	15.44%	15.83%
	Senior High School or below	2.9%	1.50%	1.32%

IV. Environmental Protection Expenditures:

- (I) According to the Law, a Company Shall Apply Permission for Pollution Facilities Placement, Pollutant Emission; Pay Prevention Fee; Set up Environmental Department, above Explanations are as below: the Company Has Applied Permission for Pollution Facilities Placement and Set up Environmental Department to Deal with Related Matters.
- (II) Investment of pollution preventing main facilities, and the purposes and possible benefits:
1. Pollution and its improvement

In order to prevent the occurrence of environmental pollution, we have successively carried out the renovation and improvement of old pollution prevention and control equipments in plants, and continuously strengthened the education and training of operators.
 2. Capital expenditure on environmental protection in the last three years
 - A. Environmental protection expenditures in 2018

The total cost of air pollution prevention and maintenance was NT\$ 70,493,000.

The total cost of treatment and maintenance of industrial wastewater was NT\$ 148,387,000.

The total cost of industrial waste treatment and maintenance was NT\$ 89,052,000.

The total cost of other environmental protection expenditures was NT\$ 3,757,000.
 - B. Environmental protection expenditures in 2019

The total cost of air pollution prevention and maintenance was NT\$ 30,242,000.

The total cost of industrial wastewater discharge, treatment and maintenance was NT\$ 76,179,000.

The total cost of industrial waste treatment and maintenance was NT\$ 76,735,000.

The total cost of other environmental protection expenditures was NT\$ 185,000.

C. Environmental protection expenditures in 2020

The total cost of air pollution prevention and maintenance was NT\$ 18,977,000.

The total cost of industrial wastewater discharge, treatment and maintenance was NT\$ 34,683,000.

The total cost of industrial waste treatment and maintenance was NT\$ 13,291,000.

The total cost of other environmental protection expenditures was NT\$ 16,700.

3. Expected improvement

The investment of the above pollution prevention and control equipments can effectively respond to the amendment to environmental protection laws and regulations, and the environmental pollution of wastewater and waste gas can be more effectively treated and reduced to ensure its discharge quality.

(III) The Company Shall Specify if There's Any Conflict Related to Pollution in the Last Two Years to the Date Issued Annual Report:

There was no pollution dispute in 2019 and 2020.

(IV) The Company Shall Specify the Total Amount of Loss (Including Compensation), Punishment of Environment Pollution, and Disclose Future Countermeasures (Including Improvement) and Possible Expenditures (Including Estimate of Possible Loss, Punishment, Compensation, or Specify Facts if Cannot Be Estimated) in the Last Two Years to the Date Issued Annual Report:

AAS was not fined in 2020 and fined once in 2019. The total amount of the fines was NT\$ 120,000. Most of the violations of laws and regulations were in the field of safety and environmental protection. In this regard, we not only need to strengthen internal consolidation, but also require cross audit among the plants in the group to explore potential risks from different perspectives and improve internal management.

Punishment Time	Punished Plant	Penalty Amount	Violation	Corrective Measures
July 17, 2019	Yilan Plant	120,000	1. Chemical warehouse in first plant: Failure to transport liquid via pneumatic press and the pressure gauge broke. (Violet Regulations for the Occupational Safety and Health Equipments and Measures) 2. Waste water plant in	1. Immediately replaced the pressure Sensor complete, confirmed the gauge showed normal, and did the inventory as well as set up the instrumentand of the plant system with the alarm function and checking list 2. Immediate maintenance of

			<p>first plant: Waste water area sulfuric acid storage tank worked site sulfuric acid alarm loss alarm function was immediately at risk. (Viloet Specific Chemical Hazard Prevention Standards)</p> <p>3. Waste water plant in first plant: The use of sulfuric acid work site did not set up emergency flushing equipment. (Viloet Specific Chemical Hazard Prevention Standards)</p>	<p>sulphuric acid alarms in wastewater plants, and a comprehensive inventory of air contamination, chemical storage tanks. Equipped alarm systems in wastewater systems and inspection forms to regularly check whether the alarm system worked properly</p> <p>3. Comprehensive inspection of air pollution, waste water system. Also, installed emergency flushing equipment and immediately after the installation, which checked accordingly per month and regular maintenance to ensure the function worked properly.</p>
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(V) Effects of Current Pollution Condition and Improvement to Company Profit, Competition and Capital Expense, With Anticipated Major Environmental Protection Expenditures in the Next Two Years: None.

(VI) Relevant information of the Company complying with the European Union Environmental Protection Directive (RoHS): Samples of banned and restricted substances of wafer based on RoHS were sent for testing in accordance with the business demands.

V. Labor Relations:

(l) The Company's employee welfare measures, further education, training, retirement system and its implementation, as well as labor agreements and various measures to safeguard employees' rights and interests

1. Employee welfare measures:

A. High-quality salary, and fair and just incentive and promotion methods are provided to recognize the contributions of all colleagues to the Company. In addition to general benefits such as labor insurance, health insurance, group insurance and pension payment, the benefits provided by the Company to staffs include festival bonuses, birthday and festival gifts, year-end party, weddings and funerals, domestic and foreign tourism, emergency relief, scholarship, birth allowance, group lunch, equity incentive plan, complete education and training, etc.

B. 0.1% of the monthly turnover and 40% of the sales income is allocated to the Employee Welfare Committee each month, which is operated by its members in accordance with relevant regulations.

C. The company fully recognizes that the health of all employees is critical to work efficiency, and hopes to create a safe working environment by caring for employees. Since 2020, the Employee Caring Program has been established. Through the formation of cross-departmental teams, an overall plan has been formulated to provide employees with health, life, and welfare, and improve overall employee welfare.

2. Employees' further education and training and their implementation:

The Company provides diversified training courses and various professional on-the-job training and self-development courses, including new entrant training, on-the-job training courses, labor safety and health education training, professional courses and various post-related assignment training courses, in order to cultivate professionally competent and challenging talents.

3. Retirement system and its implementation:

A. There are two types of retirement: voluntary retirement and compulsory retirement.

Voluntary retirement: Those who have worked for more than 15 years and are over 55 years old, those who have worked for more than 25 years or those who have worked for more than 10 years and are over 60 years old.

Compulsory retirement: The Company may compel a person who is over 65 years old from May 14, 2008 or who is mentally or physically disabled and incompetent to retire.

B. The calculation of seniority: Calculated from the date of arrival: The seniority in the period of leaving without pay should be deducted.

C. Standards of pension payment:

Old system: Two bases are given for each year of service. For over 15 years of service, a base is given every year, but the maximum number of the base is 45. Less than half a year is counted as half a year, and more than half a year is counted as one year. If the mental loss or physical disability of a compulsorily retired worker is caused by the performance of his duties, the base of his pension should be increased by 20% in accordance with provisions of the preceding paragraph.

New system: If the new system was chosen after July 2005, the seniority should be calculated by the old system before July 2005, and by the new system after July 2005.

D. The pension of employees arriving after July 2005 is calculated according to the new system (The employer allocates 6% of salary each month and deposits in the personal account of the Labor Insurance Bureau).

4. Labor agreements:

The Company's provisions are based on the Labor Standard Law as a guideline. In accordance with the implementation measures of the Labor Conference, labor meetings are held regularly. Labor relations have always been quite harmonious, and communication channels are unblocked. At the same time, through the joint discussion of the Labor Conference and the Staff Welfare Committee, the mutual benefit and other issues between the two sides are negotiated. In addition to further understanding of each other's needs and expectations, all our colleagues work together to create the future of the Company based on the business philosophy of coexistence and co-prosperity.

5. Protection measures of employees' rights and interests:

The Company has a sound management system, which sets out various management measures, stipulates the rights and obligations of colleagues and welfare items, and irregularly reviews and revises the welfare content to safeguard the rights and interests of all colleagues. Content clearly sets out the rights and obligations of colleagues and welfare items, and does not regularly review and revise the welfare content to safeguard the rights and interests of all colleagues

(II) Losses incurred as a result of labor disputes in recent years and up to the date of publication of the annual report, and disclosure of current and future possible estimated amounts and response measures:

The Company's labor relations are harmonious and labor disputes are mediated in accordance with the adjustment procedures.

(III) Employees' Behaviors or Ethical Codes:

In order to let all employees understand employees' behaviors and ethics as well as enhance internal cohesion, the Company has formulated relevant measures and regulations to be

followed by the Company's management and all employees. The relevant measures and codes are summarized as follows:

1. Provisions of layered responsibilities and delegation of authorization: The Company implements layered responsibilities. There are also substitutes staff at all levels, all departments comply with provisions of delegation of authorization to ensure the normal operation of the Company's business.
2. Formulate reward and punishment methods: Except for those in the rules of the Company, the rewards can be divided into three categories: reward, small merit and big merit. The punishment can be divided into three categories: admonition, small demerit and big demerit.
3. Implement measures for maintaining business secrets: In order to ensure the Company's business secrets and intellectual property rights, employees are asked to follow the non-compete clause in business. Employees are required to sign contracts for keeping business secrets and attribution of intellectual property rights.
4. Employees' annual performance evaluation methods: To enhance the morale and performance of the Company's employees, explore outstanding talents, and make employee promotion, rewards and punishments fair and reasonable.
5. Sexual harassment prevention and treatment measures: In order to safeguard gender equality in work and personal dignity, the Company strictly prohibits sexual harassment in the workplace, and specifies rules and employee complaint channels to regulate employees' behaviors in the workplace.
6. Principles of work and codes of conduct for colleagues: In order to clearly regulate the rights and obligations of both employer and employees, improve the management system of modern operation, and urge all employees to work together to achieve the goal of high utilization of human resources and seek for business development, the Company has formulated these rules with reference to relevant laws and decrees. The main contents are as follows:

Chapter 1 Personnel Appointment

Chapter 2 Attendance

Chapter 3 Working Overtime and Duty on Holidays

Chapter 4 Salaries, Allowances and Bonuses

Chapter 5 Performance Evaluation, Rewards and Punishments, Promotion and Mobilization

Chapter 6 Resignation, Leaving without Pay, Lay-off, Removal and Retirement

Chapter 7 Labor, Health, Group and Employment Insurance

Chapter 8 Employee Welfare Committee

Chapter 9 Marriage, Funeral, Birthday Celebration, Emergency Relief and Assistance

Chapter 10 Compensation and Pension for Occupational Disasters

Chapter 11 Labor Safety and Health

Chapter 12 Communication System and Others

7. The rewards and punishments in plant regulations and the rules to be followed by employees of plant: The plant has formulated "Code of Work for Colleagues" for behaviors and ethics of employees in the plant. It ensures the quality of products of the Company and conforms to the operating standards. Rules for entering and leaving the plant, establishing a good working environment and providing work efficiency to maintain the image of the Company as well as improving the quality of employees should be followed.

- (1) Follow the rules of work and all laws, regulations and rules.
- (2) Obey the distribution, guidance, management and assignment of supervisors at all levels without putting off.
- (3) Do not operate business related to the Company's business or use the name of the Company without authorization.
- (4) Do not seek personal interests through the use of power or official status or information.
- (5) The Company's colleagues should abide by the rules and not disclose the Company's technology, management and business secrets.
- (6) Without the consent of the Company, no company information should be released to the communication industry without authorization.
- (7) Confidential information of the Company should not be collected or disseminated privately.
- (8) No contraband or inflammable articles should be brought into the Company or production area.
- (9) Do not enter the prohibited area with warning slogans or bring relatives, friends and employees who have left the Company into the workplace without permission.
- (10) The salaries of our colleagues should be treated as confidential. Also, it should not be arbitrarily told to others, and the compensation of other colleagues should not be asked about.
- (11) Do not gamble, take drugs, smoke, eat betel nut or act indecent in the workplace.
- (12) Alcoholic beverages should not be consumed during working hours.
- (13) Public property should be cherished, and should not be wasted, damaged, changed or used privately.
- (14) Pay attention to appearance, and wear overalls and company service certificates.

General rules formulated to standardize all employees' compliance, ensure that the quality of our products meets the operating standards, and provide work efficiency to maintain the image of the Company and improve the quality of employees. The above measures and regulations should be trained upon the arrival of new employees, and the latest edition should be announced on the bulletin board in the plant for staffs to enquire at any time.

(IV) Measures to Protect the Working Environment and Personal Safety of Employees:

According to the Labor Safety and Health Law, the Company has established “the Labor Safety and Health Management Unit”, set up the management personnel of the Labor Safety and Health Business, and formulated “the Labor Safety and Health Management Guidelines”. The main contents related to the working environment of the plant area and the protection of personal safety of employees are summarized as follows:

1. Work environment regulations and measures

- (1) Staffs should always pay attention to self-adjustment of physical and mental health and develop good hygienic habits.
- (2) The workplace should be tidied up in proper time and kept clean and tidy.
- (3) Smoking, eating betel nut and drinking alcoholic beverages are strictly prohibited in the plant.
- (4) Smoking should be in the prescribed smoking room and the cigarette butt should not be discarded at will.
- (5) Protective devices should be correctly used when hazardous substances are disposed of.
- (6) Hazardous substances should be clearly marked and should not be damaged arbitrarily.
- (7) Water drinking equipment that meets the drinking water standards should be installed in appropriate places in the workplace and regularly cleaned, and the water quality should be tested.
- (8) Disinfect the whole plant area every year.
- (9) Toilets should be well ventilated, cleaned and disinfected.
- (10) All employees must keep the 6S environment clean and hygienic in the plant area and form good habits.
- (11) No spitting, drowning, throwing of cigarette butts or littering is allowed.

2. Protection of personal safety of employees

- (1) All work should be carried out and audited in accordance with relevant safety standards, operating procedures and safety checklist of working procedures.
- (2) If temporary or non-regular operations do not have such safety standards to follow, they should not be conducted. Flexibly use existing safety standards and decide on the safety steps and methods to be adopted after discussion with the person in charge of the operation.
- (3) Safety hats and belts should be worn by those who are engaged in elevated work with a height of more than two meters or work with objects fallen or fallen apart, inspectors and supervisors.
- (4) Safety belts and auxiliary ropes or safety ropes should be used correctly in the operation on pipes, towers or racks which are not installed with platforms and guardrails and are above two meters above the ground or at the edges and openings of workplaces.
- (5) When partial blackout operation is implemented for substation equipment or plant

area, the blackout operation scope should be enclosed and isolated by the iron network or construction warning belt, and the signs of "blackout operation" or "power danger" should be suspended separately for warning purposes. After the completion of the operation, it should be confirmed that the employees who are engaged in the operation have left without the risk of induction before removal.

- (6) Personal protective devices should be worn in accordance with the regulations of each station in work. If unsafe conditions, equipment and operation methods are found, they should be reported immediately.
- (7) Chasing, bantering or other unsafe acts are prohibited in work.
- (8) The maximum operating load of machines and tools should not be exceeded in use.

VI. Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Land Lease Agreement	Bureau of Hsinchu Science Park	2008.01.26~ 2027.12.31	The area is 13,000 square meters.	Limited-purpose business use
Land Lease Agreement	Bureau of Hsinchu Science Park	2020.05.26~ 2039.12.31	The area is 9,985.7 square meters.	Limited-purpose business use
Sales Contract	Customer B B-2	2009~2025	Sales contract	None
Sales Contract	Customer B B-3	2009~2025	Sales contract	None
Sales Contract	Customer B B-4	2010~2025	Sales contract	None
Sales Contract	Customer B B-5	2011~2025	Sales contract	None
Sales Contract	Customer D D-2	2006~2025	Sales contract	None
Sales Contract	Customer D D-3	2009~2025	Sales contract	None
Sales Contract	Customer D D-4	2009~2025	Sales contract	None
Sales Contract	Customer F F-2	2009~2020	Sales contract	None
Supplier Contract	Supplier A A-4	2013~2031	Silicon Raw Material Contract	None
Supplier Contract	Supplier B B-3	2013~2027	Silicon Raw Material Contract	None

VI. Financial Information

I. Five-year Concise Balance Sheet, Profit and Loss Statement and Audit Opinions of Accountants

(I) Concise Balance Sheet

1. Concise Balance Sheet- Based on IFRS (Consolidated)

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years					Financial information for the year ended March 31, 2021 (Note 1)
		2016	2017	2018	2019	2020	
Current assets		30,143,619	41,006,059	57,260,849	55,165,633	52,691,024	37,718,240
Funds and investments		3,031,504	3,499,459	3,528,186	3,943,497	7,760,645	26,201,691
Property, plant and equipment (Note 2)		41,397,828	37,528,808	37,438,555	40,276,715	42,455,037	40,606,631
Intangible assets		4,436,073	3,939,134	3,649,397	3,227,583	2,797,463	2,692,931
Other assets (Note 2)		4,005,384	3,369,074	2,108,328	6,770,068	4,248,612	4,388,665
Total assets		83,014,408	89,342,533	103,985,315	109,383,496	109,952,781	111,608,158
Current liabilities	Before distribution	31,901,665	17,328,624	30,153,693	30,160,394	32,557,129	35,695,502
	After distribution	33,300,772	21,237,705	31,510,656	31,675,367	35,781,348	38,919,721
Non-current liabilities		23,885,656	23,885,656	25,917,757	30,607,061	27,726,170	25,676,928
Total liabilities	Before distribution	55,787,321	45,565,622	56,071,450	60,767,455	60,283,299	61,372,430
	After distribution	57,186,428	45,565,622	57,428,413	62,282,428	63,507,518	64,596,649
Equity attributable to shareholders of the parent		20,898,541	27,140,872	26,881,716	26,670,241	28,160,826	28,448,488
Capital stock		5,800,312	5,920,587	5,862,877	5,862,217	5,862,217	5,862,217
Capital surplus		18,821,483	24,205,831	21,757,292	21,072,595	19,481,234	19,481,234
Retained earnings	Before distribution	(740,873)	507,252	2,332,634	3,566,891	6,213,241	7,674,272
	After distribution	(2,139,980)	507,252	975,671	2,051,918	2,989,022	4,450,053
Other equity interest		(2,812,520)	(3,322,937)	(3,071,087)	(3,831,462)	(3,395,866)	(4,569,235)
Treasury stock		(169,861)	(169,861)	—	—	—	—
Non-controlling interest		6,328,546	16,636,039	21,032,149	21,945,800	21,508,656	21,787,240
Total equity	Before distribution	27,227,087	43,776,911	47,913,865	48,616,041	49,669,482	50,235,728
	After distribution	25,827,980	43,776,911	46,556,902	47,101,068	46,445,263	47,011,509

Note 1: The financial data of the first quarter of 2021 have been audited by accountants.

Note 2: The Company has not conducted asset revaluation.

Note 3: The earnings distribution of 2020 had resolved by Board of Directors on 10th December, 2020 and 6th May, 2021.

2. Concise Balance Sheet- Based on IFRS (standalone)

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years (Note 1)					Financial information for the year ended March 31, 2021
		2016	2017	2018	2019	2020	
Current assets		6,873,213	5,545,531	3,786,845	2,744,744	4,278,965	—
Funds and investments		14,555,750	22,253,878	26,965,810	28,067,953	30,594,192	—
Property, plant and equipment (Note 2)		7,114,781	6,333,415	3,589,549	3,226,668	3,265,859	—
Intangible assets		—	—	—	—	—	—
Other assets (Note 2)		1,063,399	719,375	150,695	249,009	307,934	—
Total assets		29,607,143	34,852,199	34,492,899	34,288,374	38,446,950	—
Current liabilities	Before distribution	4,863,770	4,490,335	3,936,996	1,717,781	5,094,531	—
	After distribution	5,725,484	4,490,335	5,293,959	3,232,754	8,318,750	—
Non-current liabilities		3,844,832	3,220,992	3,674,187	5,900,352	5,191,593	—
Total liabilities	Before distribution	8,708,602	7,711,327	7,611,183	7,618,133	10,286,124	—
	After distribution	9,570,316	7,711,327	8,968,146	9,133,106	13,510,343	—
Equity attributable to shareholders of the parent		20,898,541	27,140,872	26,881,716	26,670,241	28,160,826	—
Capital stock		5,800,312	5,920,587	5,862,877	5,862,217	5,862,217	—
Capital surplus		18,821,483	24,205,831	21,757,292	21,072,595	19,481,234	—
Retained earnings	Before distribution	(740,873)	507,252	2,332,634	3,566,891	6,213,241	—
	After distribution	(1,602,587)	507,252	975,671	2,051,918	2,989,022	—
Other equity interest		(2,812,520)	(3,322,937)	(3,071,087)	(3,831,462)	(3,395,866)	—
Treasury stock		(169,861)	(169,861)	—	—	—	—
Non-controlling interest		—	—	—	—	—	—
Total equity	Before distribution	20,898,541	27,140,872	26,881,716	26,670,241	28,160,826	—
	After distribution	20,036,827	27,140,872	25,524,753	25,155,268	24,936,607	—

Note 1: The financial data of the last five years have been audited by the accountants.

Note 2: The Company has not conducted asset revaluation.

Note 3: The earnings distribution of 2020 had resolved by Board of Directors on 10th December, 2020 and 6th May, 2021.

(II) Concise Profit and Loss Statement and Concise Comprehensive Profit and Loss Statement

1. Concise Consolidated Profit and Loss Statement- Based on IFRS (Consolidated)

Unit: NT\$ thousands; only the unit of earnings per share is NT\$

Item	Year	Financial Summary for The Last Five Years (Note 1)					Financial information for the year ended March 31, 2021 (Note 2)
	2016	2017	2018	2019	2020		
Operating revenues	31,599,040	59,371,198	69,238,945	65,510,225	61,397,299	16,052,078	
Gross profit from operations	3,435,013	11,403,236	18,641,853	19,267,539	21,113,599	5,404,637	
Operating profit and loss	42,060	6,325,002	13,177,505	13,515,421	14,932,097	3,960,865	
Non-operating income and expenses	(898,438)	(1,199,261)	140,728	408,748	1,306,093	(348,364)	
Income before income tax	(856,378)	5,125,741	13,318,233	13,924,169	16,238,190	3,612,501	
Net income of the unit continuing business in the current period	(1,289,006)	3,518,628	8,635,480	8,895,345	12,711,062	2,768,959	
Loss from the unit out of business	—	—	—	—	—	—	
Net income (loss) in the current period	(1,289,006)	3,518,628	8,635,480	8,895,345	12,711,062	2,768,959	
Other comprehensive income in the current period (Net after-tax amount)	(328,410)	(64,089)	(53,850)	(896,474)	498,604	(2,203,198)	
Total comprehensive income in the current period	(1,617,416)	3,454,539	8,581,630	7,998,871	13,209,666	565,761	
Net income attributable to shareholders of the parent	(1,589,225)	1,035,505	1,950,503	2,248,386	6,326,235	1,461,031	
Net income attributable to non-controlling interest	300,219	2,483,123	6,684,977	6,646,959	6,384,827	1,307,928	
Comprehensive income attributable to shareholders of the parent	(1,832,339)	971,676	1,604,225	1,774,007	6,627,194	287,177	
Comprehensive income attributable to non-controlling interest	214,923	2,482,863	6,977,405	6,224,864	6,582,472	278,584	
Earnings per Share	(2.77)	1.8	3.36	3.86	10.82	2.49	

Note 1: The financial information of the last five years have been audited by the accountants.

Note 2: Financial data for the first quarter of 2021 has been reviewed by accountants.

2. Concise Consolidated Profit and Loss Statement-Based on IFRS (Standalone)

Unit: NT\$ thousands; only the unit of earnings per share is NT\$

Item	Year	Financial Summary for The Last Five Years (Note 1)					Financial information for the year ended March 31, 2021
		2016	2017	2018	2019	2020	
Operating revenues		10,390,005	11,282,980	8,430,747	6,002,885	5,430,346	—
Gross profit from operations		(908,211)	(676,632)	(3,787,340)	(3,892,165)	182,287	—
Operating profit and loss		(1,275,282)	(1,090,541)	(4,270,921)	(4,362,878)	(493,050)	—
Non-operating income and expenses		(317,602)	2,115,992	6,296,677	6,689,226	6,797,708	—
Income before income tax		(1,592,884)	1,025,451	2,025,756	2,326,348	6,304,658	—
Net income of the unit continuing business in the current period		(1,589,225)	1,035,505	1,950,503	2,248,386	6,326,235	—
Loss from the unit out of business		—	—	—	—	—	—
Net income (loss) in the current period		(1,589,225)	1,035,505	1,950,503	2,248,386	6,326,235	—
Other comprehensive income in the current period (Net after-tax amount)		(243,114)	(63,829)	(346,278)	(474,379)	300,959	—
Total comprehensive income in the current period		(1,832,339)	971,676	1,604,225	1,774,007	6,627,194	—
Net income attributable to shareholders of the parent		(1,589,225)	1,035,505	1,950,503	2,248,386	6,326,235	—
Net income attributable to non-controlling interest		—	—	—	—	—	—
Comprehensive income attributable to shareholders of the parent		(1,832,339)	971,676	1,604,225	1,774,007	6,627,194	—
Comprehensive income attributable to non-controlling interest		—	—	—	—	—	—
Earnings per Share		(2.77)	1.8	3.36	3.86	10.82	—

Note 1: The financial information of the last five years have been audited by the accountants.

(III) Names of CPAs and Opinions of Audit in the Last Five Years

Year	CPA	Content of Opinions	Remarks
2016	Mei-Yu Zeng Yong-Hua Huang	Unqualified opinions	Note 1
2017	Chen-Chien Chen An-Chih Cheng	Unqualified opinions	Note 1
2018	Chen-Chien Chen An-Chih Cheng	Unqualified opinions	Note 1
2019	Chen-Chien Chen An-Chih Cheng	Unqualified opinions	Note 1
2020	Chen-Chien Chen An-Chih Cheng	Unqualified opinions	Note 1

Note 1: The financial statements of the invested company in the previous financial statements have not been audited by this accountant, but by other accountants. Therefore, in the opinions expressed by this accountant in the previous financial statements, the amount listed in the financial statements of the invested company is based on the audit report of other accountants.

II. Five-Year Financial Analysis

(I) Financial Analysis-Based on IFRS (Consolidated)

Item (Note 2)		Year	Financial Analysis for the Last Five Years					Financial information for the year ended March 31, 2021 (Note 1)
		2016	2017	2018	2019	2020		
Financial structure (%)	Debt ratio	67	51	54	56	55	55	
	Ratio of long-term capital to property, plant and equipment	123	162	197	197	182	187	
Solvency (%)	Current ratio	94	145	190	183	162	106	
	Quick ratio	61	105	161	157	136	84	
	Interest earned ratio (times)	(4.25)	11.05	57.86	88.22	153.71	111.08	
Operating performance	Accounts receivable turnover (times)	4.29	6.84	7.40	7.13	7.26	7.06	
	Average collection period	85.08	53.86	49.32	51.19	50.27	51.70	
	Inventory turnover (times)	3.64	4.86	5.64	6.05	5.26	5.43	
	Accounts payable turnover (times)	6.08	8.21	9.56	9.82	9.61	9.95	
	Average days in sales	100.27	75.1	64.71	60.33	69.39	67.22	
	Property, plant and equipment turnover (times)	1.05	1.5	1.85	1.69	1.48	1.55	
	Total assets turnover (times)	0.49	0.69	0.72	0.61	0.56	0.58	
Profitability	Return on assets (%)	(1.77)	4.57	9.11	8.45	11.67	10.09	
	Return on equity (%)	(4.62)	9.91	18.84	18.43	25.87	22.17	
	Pre-tax income to paid-in capital (%) (Note 7)	(14.76)	86.57	227.15	237.52	277.00	246.49	
	Net profit ratio (%)	(4.08)	5.93	12.47	13.58	20.70	17.25	
	Earnings per share (NT\$)	(2.77)	1.79	3.36	3.86	10.82	2.49	
Analysis of Cash Flow	Cash flow ratio (%)	7.82	54.43	119.68	62.44	44.79	42.68	
	Cash flow adequacy ratio (%)	52.47	107.54	192.05	181.54	159.60	230.92	
	Cash reinvestment ratio (%)	1.78	13.88	28.29	13.42	8.90	10.19	
Leverage	Operating leverage	186.54	3.76	2.33	2.27	2.20	2.17	
	Financial leverage	(0.32)	1.09	1.02	1.01	1.01	1.01	

Please explain the reasons for the changes in financial ratios in the last two years. (If the increase or decrease is less than 20%, it can be exempted from analysis.)

1. Interest earned ratio (times): Impairment from the business group of solar energy last year, increasing relative net profit before tax, resulting in a relative increase in interest earned ratio.
2. Return on assets (%): Impairment from the business group of solar energy last year, increasing relative net profit before tax, resulting in a relative increase in return on assets.
3. Return on equity (%): Impairment from the business group of solar energy last year, increasing relative net profit after tax, resulting in a relative increase in return on equity.
4. Net profit ratio (%): Impairment from the business group of solar energy last year, increasing relative net profit after tax, resulting in a relative increase in net profit ratio.
5. Earnings per share (NT\$): Impairment from the business group of solar energy last year, increasing relative net profit after tax, resulting in a relative increase in earnings per share.
6. Cash flow ratio (%): Decrease in long-term contract liabilities for semiconductor write-off with accounts receivable, resulting in a relative decrease in operating cash flow.
7. Cash reinvestment ratio (%): Decrease in long-term contract liabilities for semiconductor write-off with accounts receivable, and profit increase, resulting in a relative decrease in operating cash flow and increase in dividend pay out.

Note 1: The financial data of the last five years have been audited by accountants, and the financial data of the first quarter of 2021 have been audited by accountants.

Note 2: At the end of this table in the annual report, the following calculation formulas should be listed:

1. Financial structure
 - (1) Debt ratio = total liabilities/total assets.
 - (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
 - (1) Current ratio = current assets/current liabilities.
 - (2) Quick ratio = (current assets-inventory-prepaid expenses)/ current liabilities.
 - (3) Interest earned ratio (times) = net income before income tax and interest expense/ interest expenditure of the current period.
3. Operating performance
 - (1) Accounts receivable (including receivables and notes receivable arising from business) turnover = net sales/ average receivable balance of different periods (including receivables and notes receivable arising from business).
 - (2) Average collection period = 365/receivables turnover.
 - (3) Inventory turnover (times) = cost of sales/average inventory.
 - (4) Accounts payable (including accounts payable and notes payable arising from business) turnover = cost of sales/ average payable balance of different periods (including accounts payable and notes payable arising from business).
 - (5) Average days in sales = 365/inventory turnover.
 - (6) Property, plant and equipment turnover (times) = net sales/average net property, plant and equipment turnover.
 - (7) Total assets turnover (times) = net sales/total average assets.
4. Profitability
 - (1) Return on total assets (%) = after-tax profits and losses + interest expenses × (1-tax rate)/ average total assets.
 - (2) Return on stockholders' equity (%) = after-tax profits and losses/total average equity.
 - (3) Profit ratio (%) = after-tax profits and losses /net sales.
 - (4) Earnings per share = profits and losses attributable to shareholders of the parent - special dividend) / weighted average number of issued shares. (Note 3)
5. Cash flow
 - (1) Cash flow ratio = net cash flow of business activities/current liabilities.
 - (2) Cash flow adequacy ratio = net cash flow of business activities in the last five years/ (capital expenditure + inventory increase + cash dividend) of the last five years.
 - (3) Cash reinvestment ratio= (net cash flow of business activities - cash dividend)/(gross property, plant and equipment + long-term investment + other non-current assets + working capital). (Note 4)
6. Leverage:
 - (1) Operating leverage = (net operating income - variable operating costs and expenses) / operating

benefits (Note 5).

(2) Financial leverage = operating benefits/ (operating benefits-interest expense).

Note 3: In the above formula for calculating the earnings per share, the following items should be paid special attention to in measurement:

1. Based on the weighted average number of common shares, rather than the number of issued shares at the end of the year.
2. Where there are cash increases or treasury stock transactions, the weighted average number of shares should be calculated by taking into account the circulation period.
3. For those who have earnings or capital reserve converted to increase capital, when calculating earnings per share in previous years and half a year, they should be adjusted retrospectively according to the proportion of capital increase, without considering the issuance period of the capital increase.
4. If special shares are non-convertible cumulative special shares, their current-year dividend (whether it is issued or not) should be deducted from their net after-tax profit or increase their net after-tax loss. If special shares are non-cumulative, with net after-tax profits, special dividends should be deducted from net after-tax profits; if they are losses, they need not to be adjusted.

Note 4: In cash flow analysis, the following items should be paid special attention to in measurement:

1. Net cash flow of business activities refers to the net cash inflow of business activities in the statement of cash flows.
2. Capital expenditure refers to the cash outflow of capital investment each year.
3. Inventory increase is only counted when the end-of-period balance is greater than the beginning-of-period balance. If the end-of-year inventory decreases, it is counted as zero.
4. Cash dividends include cash dividends for common shares and special shares.
5. Gross property, plant and equipment refers to the total amount of property, plant and equipment before the accumulated depreciation is deducted.

Note 5: The issuer should divide the operating costs and operating expenses into fixed and variable ones according to their nature. If estimates or subjective judgments are involved, their reasonableness should be paid attention to and consistency should be maintained.

Note 6: The ratio of paid-in capital of a foreign company is calculated by the ratio in net value.

Note 7: Where the Company's shares have no par value or par value per share is not NT\$10, the above ratio in paid-in capital should be calculated based on the equity ratio of the balance sheet attributable to shareholders of the parent.

(II) Financial Analysis-Based on IFRS (standalone)

Item (Note 2)		Year	Financial Analysis for the Past Five Years (Note 1)					The year ended March 31, 2021
		2016	2017	2018	2019	2020		
Financial structure (%)	Debt ratio	29	22	22	22	27	—	
	Ratio of long-term capital to property, plant and equipment	347.77	479.39	851.25	1,009.42	1,021.24	—	
Solvency (%)	Current ratio	141.31	123.5	96.19	159.78	83.99	—	
	Quick ratio	90.1	67.73	67.56	137.79	74.12	—	
	Interest earned ratio (times)	(22.98)	23.25	50.02	88.79	909.94	—	
Operating performance	Accounts receivable turnover (times)	5.83	10.25	9.27	10.14	12.12	—	
	Average collection period	62.61	35.61	39.37	36.00	30.12	—	
	Inventory turnover (times)	5.65	5.64	8.65	21.38	13.25	—	
	Accounts payable turnover (times)	7.72	9.84	16.52	21.19	10.28	—	
	Average days in sales	64.6	64.7	42.2	17.1	27.5	—	
	Property, plant and equipment turnover (times)	1.44	1.68	1.70	1.76	1.67	—	
	Total assets turnover (times)	0.34	0.35	0.24	0.17	0.15	—	
Profitability	Return on assets (%)	(4.96)	3.33	5.72	6.60	17.41	—	
	Return on equity (%)	(7.24)	4.31	7.22	8.40	23.08	—	
	Pre-tax income to paid-in capital (%) (Note 7)	(27.46)	17.32	34.55	39.68	107.55	—	
	Net profit ratio (%)	(15.3)	9.18	23.14	37.46	116.50	—	
	Earnings per share (NT\$)	(2.77)	1.80	3.36	3.86	10.82	—	
Analysis of Cash Flow	Cash flow ratio (%)	16.26	2.07	0.11	68.36	0.26	—	
	Cash flow adequacy ratio (%)	(5.41)	(6.3)	0.69	15.36	18.23	—	
	Cash reinvestment ratio (%)	(0.22)	(2.04)	(4.56)	(1.56)	(7.66)	—	
Leverage	Operating leverage	0.19	0.05	0.56	0.69	(2.01)	—	
	Financial leverage	0.95	0.96	0.99	0.99	0.98	—	

Please explain the reasons for the changes in financial ratios in the last two years. (If the increase or decrease is less than 20%, it can be exempted from analysis.)

1. Debt ratio (%): Earnings distribution of 2020 first half year, resulting in increase the amount of liability.
2. Current ratio (%): Earnings distribution of 2020 first half year, resulting in increase the amount of liability.
3. Quick ratio (%): Earnings distribution of 2020 first half year, resulting in increase the amount of liability.
4. Interest earned ratio (times): Impairment from the business group of solar energy last year, increasing relative net profit before tax, resulting in a relative increase in interest earned ratio.
5. Accounts receivable turnover (times): Decrease of average accounts receivable resulting in a relative increase in accounts receivable turnover.
6. Inventory turnover (times): Impairment from the business group of solar energy last year, decreasing relative cost of goods sold, resulting in decrease of inventory turnover.
7. Accounts payable turnover (times): Impairment from the business group of solar energy last year, decreasing relative cost of goods sold, resulting in decrease of accounts payable turnover.
8. Average days in sales: Impairment from the business group of solar energy last year, decreasing relative cost of goods sold, decreasing inventory turnover, resulting in a relative increase in average days in sales.
9. Return on assets (%): Impairment from the business group of solar energy last year, increasing relative net profit before tax, resulting in a relative increase in return on assets.
10. Return on equity (%): Impairment from the business group of solar energy last year, increasing relative net profit after tax, resulting in a relative increase in return on equity.
11. Pre-tax income to paid-in capital (%): Impairment from the business group of solar energy last year, increasing relative net profit after tax, resulting in a relative increase in pre-tax income to paid-in capital.
12. Net profit ratio (%): Impairment from the business group of solar energy last year, increasing relative net profit after tax, resulting in a relative increase in net profit ratio.
13. Earnings per share (NT\$): Impairment from the business group of solar energy last year, increasing relative net profit after tax, resulting in a relative increase in earnings per share.
14. Cash flow ratio (%): Decrease in inventory from the business group of solar energy and actively adjust production and sales strategy, resulting in a relative decrease in operating cash flow, and decrease in cash flow ratio.
15. Cash reinvestment ratio (%): Decrease in inventory from the business group of solar energy and actively adjust production and sales strategy, resulting in a relative decrease in operating cash flow, and decrease in cash reinvestment ratio.
16. Operating Leverage: Active transformation of the solar energy business group and aim on high-margin products, resulting in net operating cash flow, decreasing operating leverage.

Note 1: The financial information of the last five years have been audited by the accountants.

Note 2: At the end of this table in the annual report, the following calculation formulas should be listed:

1. Financial structure
 - (1) Debt ratio = total liabilities/total assets.
 - (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
 - (1) Current ratio = current assets/current liabilities.
 - (2) Quick ratio = (current assets-inventory-prepaid expenses)/ current liabilities.
 - (3) Interest earned ratio (times) = net income before income tax and interest expense/ interest expenditure of the current period.
3. Operating performance
 - (1) Accounts receivable (including receivables and notes receivable arising from business) turnover = net sales/ average receivable balance of different periods (including receivables and notes receivable arising from business).
 - (2) Average collection period = 365/receivables turnover.
 - (3) Inventory turnover (times) = cost of sales/average inventory.
 - (4) Accounts payable (including accounts payable and notes payable arising from business) turnover = cost of sales/ average payable balance of different periods (including accounts payable and notes payable arising from business).
 - (5) Average days in sales = 365/inventory turnover.
 - (6) Property, plant and equipment turnover (times) = net sales/average net property, plant and equipment turnover.
 - (7) Total assets turnover (times) = net sales/total average assets.

4. Profitability

- (1) Return on total assets (%) = after-tax profits and losses + interest expenses \times (1-tax rate)/ average total assets.
- (2) Return on stockholders' equity (%) = after-tax profits and losses/total average equity.
- (3) Profit ratio (%)= after-tax profits and losses /net sales.
- (4) Earnings per share = profits and losses attributable to shareholders of the parent - special dividend) / weighted average number of issued shares. (Note 3)

5. Cash flow

- (1) Cash flow ratio = net cash flow of business activities/current liabilities.
- (2) Cash flow adequacy ratio = net cash flow of business activities in the last five years/ (capital expenditure + inventory increase + cash dividend) of the last five years.
- (3) Cash reinvestment ratio= (net cash flow of business activities - cash dividend)/(gross property, plant and equipment + long-term investment + other non-current assets + working capital). (Note 4)

6. Leverage:

- (1) Operating leverage = (net operating income - variable operating costs and expenses) / operating benefits (Note 5).
- (2) Financial leverage = operating benefits/ (operating benefits-interest expense).

Note 3: In the above formula for calculating the earnings per share, the following items should be paid special attention to in measurement:

1. Based on the weighted average number of common shares, rather than the number of issued shares at the end of the year.
2. Where there are cash increases or treasury stock transactions, the weighted average number of shares should be calculated by taking into account the circulation period.
3. For those who have earnings or capital reserve converted to increase capital, when calculating earnings per share in previous years and half a year, they should be adjusted retrospectively according to the proportion of capital increase, without considering the issuance period of the capital increase.
4. If special shares are non-convertible cumulative special shares, their current-year dividend (whether it is issued or not) should be deducted from their net after-tax profit or increase their net after-tax loss. If special shares are non-cumulative, with net after-tax profits, special dividends should be deducted from net after-tax profits; if they are losses, they need not to be adjusted.

Note 4: In cash flow analysis, the following items should be paid special attention to in measurement:

1. Net cash flow of business activities refers to the net cash inflow of business activities in the statement of cash flows.
2. Capital expenditure refers to the cash outflow of capital investment each year.
3. Inventory increase is only counted when the end-of-period balance is greater than the beginning-of-period balance. If the end-of-year inventory decreases, it is counted as zero.
4. Cash dividends include cash dividends for common shares and special shares.
5. Gross property, plant and equipment refers to the total amount of property, plant and equipment before the accumulated depreciation is deducted.

Note 5: The issuer should divide the operating costs and operating expenses into fixed and variable ones according to their nature. If estimates or subjective judgments are involved, their reasonableness should be paid attention to and consistency should be maintained.

Note 6: The ratio of paid-in capital of a foreign company is calculated by the ratio in net value.

Note 7: Where the Company's shares have no par value or par value per share is not NT\$10, the above ratio in paid-in capital should be calculated based on the equity ratio of the balance sheet attributable to shareholders of the parent.

III. Audit Committee's Report in the Most Recent Years

Audit Committee's Audit Report

The Board of Directors has prepared the Company's 2020 Business Report, Consolidated and Standalone Financial Statements and Earnings Distribution Proposal. Sino-American Silicon Products Inc. Consolidated and Standalone Financial Statements have been audited and certified by Chen-Chien Chen, CPA, and An-Chih Cheng, CPA, of KPMG and audit review reports relating to the Financial Statements have been issued. The above business report, consolidated financial statements, individual financial statements and earnings distribution proposal have been audited by the Audit Committee. It is considered that there is no inconsistency. The above report is submitted in accordance with Clause 4 of Article 14 of the Securities and Exchange Law and Article 219 of the Company Law. Please examine and approve.

Sincerely

Shareholders' Regular Meeting in 2021

Sino-American Silicon Products Inc.

Convenor of the Audit Committee:

Ching-Tan Liu

May 06 , 2021

- IV. Consolidated Financial Statements Audited by Independent Auditor:
Please refer to Annex I of the annual report.**
- V. Standalone Financial Statements Audited by Independent Auditor:
Please refer to Annex II of the annual report.**
- VI. Difficulties in Financial Turnover in the Most Recent Years and Up to the
Date of Publication of the Annual Report of the Company and Its
Affiliated Company: None.**

VII. Review of Financial Conditions, Operating Results, and Risk Management

I. Analysis of Financial Status

Unit: NT\$ thousands

Item	Year	2020	2019	Difference	
				Amount	%
Current assets		52,691,024	55,165,633	-2,474,609	-4.49
Financial assets measured based on fair value through other comprehensive profits and losses		484,630	332,185	152,445	45.89
Financial assets measured by post-amortization costs		-	267,612	-267,612	-100
Investment measured by using equity method		7,158,811	3,248,537	3,910,274	120.37
Property, plant and equipment		42,455,037	40,276,715	2,178,322	5.41
Intangible assets		2,797,463	3,227,583	-430,120	-13.33
Other assets		4,365,816	6,865,231	-2,499,415	-36.41
Total assets		109,952,781	109,383,496	569,285	0.52
Current liabilities		32,557,129	30,160,394	2,396,735	7.95
Non-current liabilities		27,726,170	30,607,061	-2,880,891	-9.41
Total liabilities		60,283,299	60,767,455	-484,156	-0.80
Equity capital (including equity capital to be written off)		5,862,217	5,862,217	-	-
Capital surplus		19,481,234	21,072,595	-1,591,361	-7.55
Retained earnings		6,213,241	3,566,891	2,646,350	74.19
Other equity interest		-3,395,866	-3,831,462	435,596	-11.37
Non-controlling interest		21,508,656	21,945,800	-437,144	-1.99
Total shareholder's equity		49,669,482	48,616,041	1,053,441	2.17

Note 1:

Explain the main reasons for the major changes in assets, liabilities and shareholders' equity in the last two years (those with changes of more than 20% in the early and late stages and the amount of changes of NT\$ 10 million) and their effects and future plans.

Description:

1. Current Assets: Decrease of long-term contract liabilities of semiconductor write-off with accounts receivable, resulting in a relative decrease in cash and cash equivalents.
2. Financial assets measured based on fair value through other comprehensive profits and losses (Non-Current): Evaluation profit of share investment from reinvestment company.
3. Financial assets measured by post-amortization costs (Non-Current): Classified non-current financial asset measured by post-amortization costs to current by time.
4. Investment measured by using equity method: Increase reinvestment in Advanced Wireless Semiconductor Company.
5. Property, plant and equipment: Plant Expansion of solar energy business group's overseas subsidiary, resulting in a relative increase in fixed assets.
6. Intangible assets: The appreciation of NT dollar against US dollar, resulting in an exchange loss of intangible assets.
7. Other assets: Repatriated offshore funds classified to current assets by time.
8. Current liabilities: Earnings distribution of 2020 first half year, resulting in a relative increase in the amount of current liabilities-dividend payable.

9. Non-current liabilities: Classified the long-term contract liabilities of semiconductor to current by time.
10. Retained earnings: Impairment from the business group of solar energy last year, increasing relative net profit after tax, resulting in a relative increase in retained earnings.
11. Other equity interest: Evaluation profit of share investment from reinvestment company.
12. Non-controlling interest: The appreciation of NT dollar against US dollar, resulting in a relative decrease in equity of subsidiary and the conversion of non-controlling interests based on the shareholding ratio.

II. Analysis of Operation Results

(I) Comparative analysis of operation results

Unit: NT\$ thousands

Item \ Year	2020	2019	Variation ratio	
			Increased or decreased amount	(%)
Operating revenues	61,397,299	65,510,225	-4,112,926	-6.28
Operating costs	40,283,700	46,242,686	-5,958,986	-12.89
Gross profit from operations	21,113,599	19,267,539	1,846,060	9.58
Operating expenses	6,181,502	5,752,118	429,384	7.46
Net operating profit	14,932,097	13,515,421	1,416,676	10.48
Non-operating income and expenses	1,306,093	408,748	897,345	219.54
Pre-tax net income	16,238,190	13,924,169	2,314,021	16.62
Income tax expenses	3,527,128	5,028,824	-1,501,696	-29.86
Net income for the current period	12,711,062	8,895,345	3,815,717	42.9
Total comprehensive income in the current period	13,209,666	7,998,871	5,210,795	65.14

Description of analysis on the change in the ratio of increase to decrease:

1. Non-operating income and expenses: Decrease of long-term contract liabilities of semiconductor write-off with accounts receivable, resulting in decrease in cash and cash equivalents. Stock and forex market were affected by the epidemic, resulting in a relative decrease in interest of deposit.
2. Income tax expenses: Repatriated offshore funds of semiconductor business group, resulting in a relative reversal of deferred tax liabilities and tax deduction for machinery and equipment of plant expansion.

III. Analysis of Cash Flow

(I) Liquidity analysis in the last two years

Item \ Year	2020	2019	Variance (%)
Cash Flow Ratio (%)	44.79%	62.44%	(17.65%)
Cash Flow Adequacy Ratio (%)	159.60%	181.54%	(21.94%)
Cash Reinvestment Ratio (%)	8.90%	13.42%	(4.52%)

Description of analysis on the change in the ratio of increase to decrease:

1. Cash flow ratio (%): Decrease of long-term contract liabilities of semiconductor write-off with accounts receivable, resulting in a relative decrease in operating cash flow.
2. Cash reinvestment ratio (%): Decrease of long-term contract liabilities of semiconductor write-off with accounts receivable, and the profit increase, resulting in a relative decrease in operating cash flow and increase in dividends pay out.

(II) Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

Cash, Beginning of Year	Net Cash Flow from Operating Activities	Cash Outflow	Cash Surplus (Deficit)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
23,812,590	11,555,365	(4,816,706)	30,551,249	—	—

1. Cash Flow Analysis of 2021:

- A. Operating activities: With the change in the solar product portfolio, the aggressive development of power plants, and the profit from the operation of the semiconductor business, this year will result in a net cash inflow from operating activities.
- B. Investment activities: The Company receives cash dividends from the investment company and pay for domestic investment, capital expenditure and distributed dividends with them.
- C. Financial activities: Mainly via repayment (borrowing) of loans and payment of dividends.

2. The remedial measures and liquidity analysis of the anticipated cash shortfall: None.

IV. Major Capital Expenditure Items influence on Financial Business

(I) The use of major capital expenditures and sources of funds: None.

(II) Major capital expenditures are expected to yield benefits: None.

V. Recent Reinvestment Policy, Major Reasons for Profits or Losses, Improvement Plan and Investment Plan for the Following Year

1. Reinvestment policy

The Company's reinvestment policy is based on the Company's future direction of operation and implemented step by step. At this stage, the strategy alliance or reinvestment of various business links with higher added value in the supply chain of solar energy industry is used to provide comprehensive operation results.

2. Major reasons for profits or losses of reinvestment, improvement plan and investment plan for the next year

Unit: NT\$ thousands

Reinvestment Company	2020 Recognized (Losses) Profits	Main Causes of Profits or Losses	Improvement Plan	Investment Plan for the Next Year
Sino Silicon Technology Inc.	18,959	This is mainly the interest generated by fixed deposit and exchange of banks.	None	None
Globalwafers Co., Ltd.	6,705,118	Profit decreased in semiconductor market is mainly due to the epidemic.	None	None
Crystalwise Co., Ltd.	(83,080)	Mainly due to reduction of market demand of LED/LT/LN	Accelerate the development of new products to enhance added value.	None
Zhenmeijing Energy Co., Ltd.	(10,896)	Mainly due to a small number of tenders in the power plant	Accelerate tenders of the power plant	None
Aleo Solar GmbH	56,372	Increasing in localized revenue of the solar modules in european market is affected by the epidemic.	None	None
Aleo Solar Distribuzione Italia S.r.l	(2,029)	The development of solar modules in the European market is stable	Develop new products.	None
SAS Sunrise Inc.	(73,824)	Cayman Holdings, an overseas power plant	None	None
SAS Sunrise Pte. Ltd.	(28,389)	Singapore Holding, an overseas power plant	None	None
Sulu Electric Power and Light Inc.	(77,455)	Power plant in Philippines have been affected by the epidemic. The electricity tariff decreased and resulted in loss before tax..	Actively seek strategic investment partners, combine with local energy companies, and confirm electricity tariff as soon as possible.	None
Sunrise PV World Co.	1,674	Reorganized and merged into Sino-American Silicon Products Inc. in February 2020.	None	None
Cathay Sunrise Corporation	24,480	Sold equity of Cathy Sunrise Corporation on October 2020.	None	None
Taiwan Specialty Chemicals Co., Ltd.	(60,726)	Product sales are not up to the scale	Actively develop new customers and create turnover	None
Actron Tecnology Corporation	56,032	Automotive semiconductor market slightly decreased due to the epidemic.	None	None
Advanced Wireless Semiconductor Company	12,013	Automotive semiconductor market is active.	None	None
Sunrise PV Three Co., Ltd.	900	Power generation business	None	None
SAS Holding Co., Ltd.	(28)	Investment Company. There was no investment targets until year ended of 2020.	None	None
Sunrise PV Electric Power Five Co., Ltd.	(143)	Sold to GlobalWafers Co., Ltd. On July 2020.	None	None

Unit: NT\$ thousands

Name of Reinvestment Undertakings	Investment (Losses) Profits Recognized in 2020	Main Causes of Profits or Losses	Improvement Plan	Investment Plan for the Next Year
GlobalWafers Inc.	22,123	The business condition is normal	None	None
GlobalSemiconductor Inc.	343,004	The business condition is normal	None	None
GlobalWafers Japan Co., Ltd.	1,662,236	Business and profits are stable	None	None
GWafers Singapore Pte. Ltd.	6,478,384	The business condition is normal	None	None
Topsil GlobalWafers A/S	120,147	The business condition is normal	None	None
Hongwang Investment Co., Ltd.	36,809	The business condition is normal	None	None
Taisil Electronic Materials Corp.	239,186	Business and profits are stable	None	None
Sunrise PV Four Co., Ltd.	859	Power generation business	None	None
Kunshan Sino Silicon Technology Co., Ltd.	342,602	The business condition is normal	None	None
MEMC Japan Ltd.	239,045	Business and profits are stable	None	None
Topsil Semiconductor sp z o.o.	—	The business condition is normal	None	None
GlobalWafers Singapore Pte. Ltd.	6,739,840	Business and profits are stable	None	None
GlobalWafers B.V.	4,465,267	The business condition is normal	None	None
MEMC Electronic Materials, SpA	1,017,366	Business and profits are stable	None	None
MEMC Electronic Materials France SarL	738	The business condition is normal	None	None
MEMC Electronic Materials GmbH	(17)	The business condition is normal	None	None
MEMC Korea Company	1,508,160	Business and profits are stable	None	None
GlobiTech Incorporated	350,282	Business and profits are stable	None	None
MEMC LLC	(171,320)	The business condition is normal	None	None
MEMC Electronic Materials Sdn. Bhd.	58,956	The business condition is normal	None	None
MEMC Ipoh Sdn Bhd	(63)	The business condition is normal	None	None
SunEdison Semiconductor Technology (Shanghai) Ltd	(7,312)	The business condition is normal	None	None
GlobalWafers GmbH	(428)	The business condition is normal	None	None
GlobalWafers Holding Co., Ltd.	(65)	Investment Company, no investment target until the year ended of 2020.	None	None

VI. Risk Management and Assessment

(I) The organizational structure of the Company's risk management, its implementation and responsible units are as follows:

1. Board of Directors: Pay attention to relevant government decree at all times, review relevant company management measures, and ensure the effectiveness of company management rights and operational risk management.
2. President's Office: It is mainly responsible for evaluation and execution of response strategies of business decision-making risks, legal risks of the Company, and employee crisis risk management.
3. Audit Office: Mainly link the Company's objectives, risk tolerance and strategies, and actively assist company managers to deal with all the interrelated risks of the whole enterprise.
4. MIS: The responsible unit for the evaluation and execution of network information security and operational risks.
5. Administration: Responsible unit for the evaluation and control of human resources allocation and response, and the evaluation and execution of response strategies of relevant legal business and compliance.
6. Accounting Dept.: Responsible unit for the evaluation and execution of response strategies of relevant financial risk management of the Company, mainly for the evaluation and control of interest rate, exchange rate and financial risk, liquidity risk and credit risk.
7. Procurement: The executing unit which avoids the risk that the purchaser will drive up the price because of monopoly and avoids the risk of concentration of the purchasers.
8. Sales: Responsible unit for the evaluation and execution of response strategies of market risks, and customer accounts receivable management, in order to reduce risks of the Company's order receiving process.
9. Manufacturing: mainly responsible for product production, yield and abnormality management, use and scrap of raw materials, and capacity expansion planning and implementation.
10. R&D: Responsible unit for the evaluation and execution of response strategies for product design and process risks and product life cycle risks.
11. The Company systematically manages and controls risks of the products and processes.

Execution and responsible units: R&D unit is responsible for new product development, risk identification, evaluation and control of

derivative products and other activities. Business unit is responsible for information monitoring after product launching, collection and customer feedback. The quality assurance, manufacturing, legal and intellectual property units are responsible for assisting the relevant processes of the process.

Responding measures: In the early stage of new product development, R&D unit began to analyze the patent distribution of international competitors based on TIPS and APQP operating system, formulated R&D strategies to avoid patent infringement, ensured the rights and interests of the Company and customers, and continuously grasped the world's technological trends in the process of product development and production, so as to respond to changes in product life cycle in advance.

The process unit regularly reviews whether it should introduce new processes or overcome the deficiencies of existing processes according to the functions of products and customer complaints, in order to prevent product risks.

(II) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures:

(1) Changes in interest rates

The Company and its subsidiaries have a sound financial health and good credit history, so financial institutions credit conditions are more favorable, which the Company can enjoy better conditions on the cost of borrowing. The content of the loan according to the real capital needs divided into short-term loans and medium- and long-term borrowings. The Company bases on the cost of funds and repayment conditions as the benchmarks for the evaluation to the term of a loan. The Company will adjust financing tools to reduce the risk of interest rate fluctuation according to the fluctuation of interest rate.

(2) Exchange rate fluctuation

The foreign currency positions of the Company's and subsidiaries' purchase and sale transactions are based on the principle of natural hedging between the liabilities and asset positions. To minimize the net positions exposed to the fluctuation risk of exchange rates, the finance department closely observes the exchange rate trend. If necessary, the Company will also work with foreign exchange operation tools for the purpose of hedging to reduce the impact of exchange rate fluctuations on operating costs.

(3) Inflation

There has been no significant change in the Company's purchasing cost in

recent years due to inflation, so in terms of cost, inflation did not have a significant impact in 2020. The Company will continue to pay attention to the situation of inflation, take corresponding measures and make adjustments when necessary.

(III) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

- (1) According to policy considerations, the Company is not engaged in high-risk and highly leveraged investment.
- (2) The Company and its subsidiaries are engaged in capital lending, endorsement guarantee and derivative commodity transactions in accordance with the Operating Procedures for Loan to Others, Measures for Endorsement Guarantees, Treatment Procedures for Derivative Commodity Transactions and relevant regulations of the competent authorities. The executing unit also makes internal audit and supervision in accordance with relevant management measures based on regular audit and announcement, which will not result in risks to operation.

(IV) Future Research & Development Projects and Corresponding Budget

Recent Annual Plan	Expected Research Expenditure	Expected Completion Schedule	Main Influencing Factors of the Success of Future R&D
Technique Development of Ultra High Efficiency P-Type Mono-Si Solar Cell	NTD 400,000,000	March 2022	Introduction of advanced process technology and materials

(V) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales in Recent Years at Home and Aboard:

Except that our daily operations are regulated by the relevant laws and regulations at home and abroad, we always pay attention to the development trend and change of policies and regulations at home and abroad, in order to fully grasp the changes of market environment, and timely take the initiative to propose response measures. Up to the date of publication of the prospectus, our group has not been affected by major changes in policies and laws at home and abroad.

(VI) Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales in Recent Years:

Looking forward to this year, large plants will continuously expand single

crystal PERC production. It will cause short-term fluctuations in price of upstream materials, and on the other hand, it will lead to oversupply of terminals. Taiwanese factories are inclined to vertical integration, and the cost of supply chain continue to drop, so that solar energy will gradually get rid of subsidies and parity, the price will move in the upward direction. Popularity of system without subsidy and actual levelized cost of energy (LCOE) will become the price indicator of the future supply chain. At present, there is a strong wait-and-see atmosphere in the market. The Company will continuously observe the market situation and take the following response measures.

- (1) Maintaining the leading advantages of solar cell technology will simplify product categories and develop low-cost and high-efficiency cells, and enhance the product competitiveness, thereby increasing customers' willingness to switch to use.
- (2) Rapidly increase the development energy of new technologies and new products, and continuously invest in the growth of high-efficiency polycrystal silicon crystal and the development of precision processing technology of custom-made silicon ingot, in order to create the core competitive advantages.
- (3) Actively expand the layout of solar power generation system, respond to the government's policy of vigorous promotion of renewable energy, invest in new business opportunities after Taiwan's installation tide in a large number, and accumulate the integration capacity of after-sales maintenance and operation of power plant through the investment of the Group in Taiwan's solar power plant.

(VII) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures in Recent Years:

Since its establishment, the Company has adhered to the business philosophy of "honesty, professionalism, team and innovation", emphasizes the principle of honesty, stimulates individual creativity with cordiality, dedication, activeness and professionalism, and demonstrates the Company's unique culture through the tacit understanding of the team, and continuous innovation of technologies and management. In April 2021, the Company was awarded "Top 5% of TPEX Listed Companies" in the 7th (2020) Corporate Governance Evaluation Ranking, which witnessed the Company's determination to strive for transparency, honesty and sustainable operation. At the same time, the Company will continue to adhere to the principle of good faith to show the blueprint of corporate governance, and strengthen the Company's physique to improve business performance and implement corporate social responsibility.

(VIII) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans in Recent Years:

Up to the date of publication of the annual report, the Company has no plan for merger and acquisition.

(IX) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans in Recent Years:

In December 2019, the board of directors of the company approved the purchase of plant and equipment that attached from affiliated company Crystalwise Technology Inc. To face the continued downturn in the solar energy market, the Company will continue to introduce innovative products with high conversion efficiency and stability. Based on technology refinement and product differentiation production and marketing policy, the Company is equipped with advantages of accurate grasp of customer demand and providing customers with a full range of products and services, which the Company determined in striving for more business opportunities as well as planning the use of plants depending on the future operation and development.

(X) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration in Recent Years: None.

(XI) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10% in Recent Years: No such situation.

(XII) Effects of, Risks Relating to and Response to the Changes in Management Rights in Recent Years: None.

(XIII) Litigation or Non-litigation Matters in Recent Years: major litigation, non-litigation or administrative litigation matters in which the Company and its directors, supervisors, Presidents, substantive responsible persons, major shareholders with over 10% shareholdings and affiliated companies which have been judged or are still in attribution should be listed. If the results may have a significant impact on shareholders' rights and interests or securities prices, the facts of the dispute, the amount of the subject matter, the date of commencement of the litigation, the principal parties involved and the handling of the case up to the date of publication of the annual report should be

disclosed:

In March 2015, Hemlock Semiconductor Pte. Ltd. filed a lawsuit against the Company in New York State Court to claim compensation for breach of some silicon raw material supply contracts by the Company. In this case, agreement was reached between the two parties in May 2016, March 2018, February 2019, July 2019, December 2019, March 2020, July 2020 and December 2020. The two parties stopped litigation until May 31, 2021.

VII. Other Major Events:

(I) Information security risk evaluation and response measures:

The Company's information system is subject to annual information system and information security inspection led by the auditing unit, and the status of information security governance is regularly reported to the Board of Directors.

The main axis of information security strategy includes information security governance (executed according to the management measures for information security policy with timely introduction of new technologies to improve information security governance ability), compliance with laws (regular review of new regulations, and introduction of new technology products to enhance information security management), and application of science and technology (cooperation with well-known professional information security manufacturers to improve information security management ability). Through close combination, mutual support, and continuous improvement and optimization, the overall information security defense ability is improved.

In view of the current emerging trends of information security, such as DDoS attacks, extortion software, social engineering software, website record and bugs, the Company exchanges with well-known information security manufacturers every year (has become a member of SP-ISAC). Through project cooperation, it focuses on information security issues, makes response plan, conducts DDoS and APT offensive and defensive drill for different information security situations, and improve the responsiveness of the handling personnel, in order to detect and block in the first time.

In the first half of 2019, KPMG was commissioned to conduct an offensive and defensive drill of information security. The result of the drill was submitted to the Board of Directors (19 recommendation items, no finding). In 2021, information collection and analysis technology will be introduced to incorporate and the detection of corporate network weaknesses will include in daily management work.

Considering that information security insurance is still a new type of insurance, which involves the relevant supporting facilities such as information security grade testing institutions, claim recognition and non-payment conditions, it

needs to be evaluated before deciding whether to purchase information security insurance. The follow-up objectives will be to give priority to complete related norms of information security, make regular information security inspections, continuously strengthen information security protection and establish the joint defense mechanism, to be more active in the training of information security talents, and increase the training hours of information security-related courses year by year, so as to improve the ability of information security control and management.

(II) Intellectual property management and risk countermeasures:

Intellectual property management strategy

"Enhancing Innovation Capability" and "Strengthening Confidentiality Mechanism" is the two main management strategies of SAS. Not only performing independent research and development base on innovation capabilities but also via technological-industrial cooperation or strategic alliances to stimulate technological capabilities. As for the confidentiality mechanism, strengthen the control of various business secrets as well as establish specifications for the use of electronic mail and electronic storage devices in order to reduce the risk of confidential leakage.

Intellectual property management system

SAS began to introduce the "Taiwan Intellectual Property Management System (TIPS)" system in 2010, and gradually established an intellectual property management system, which included a patent management system for e-management and the use of a patent search system to improve the effectiveness of previous cases. At the same time, the Company conducts internal audits regularly to implement the management system. The Company successfully passed TIPS in-depth verification in 2012 and revised AA level verification in 2016, and has continued to import TIPS until now.

Possible risks and countermeasures

The Company practice confidential control of personnel, equipment, environment, documents, etc., such as holding business secret lectures, strengthening the concept of personnel confidentiality protection; E-mail sending out to whom outside of the Company, the use of Universal Serial Bus(USB), camera shooting in the control area, etc.; Define the file classified level in detail and implement authority management. Many methods make the confidential information to be kept properly and reduce the risk of leakage in order to avoid the technical leakage of the company's research and development, which has put much effort for, and cause losses to the company.

Key achievements of intellectual property

The company accumulated a total of 75 valid patents, including 70 valid patents, 5 patents in applications. The subsidiary, GlobalWafers Co., Ltd., the volume of globally effective patent has exceeded 1,400 and the totaled number of certified patents reached 952 (till the end of December 31, 2020).

The company reports the implementation of intellectual property management to the Board of Directors at least once a year, and the most recent report date is on November 5, 2020.

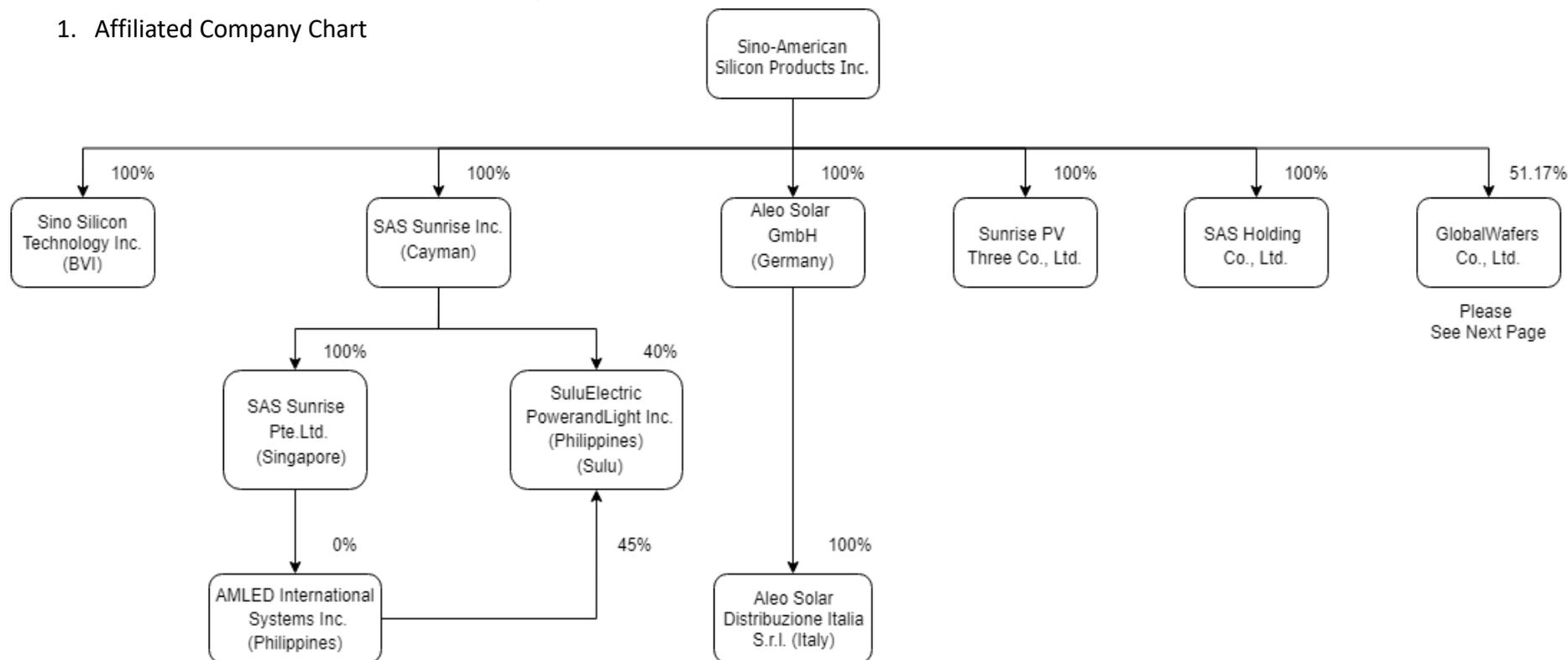
VIII. Special Disclosure

I. Affiliated Businesses

(I) Affiliated Business Consolidated Business Report

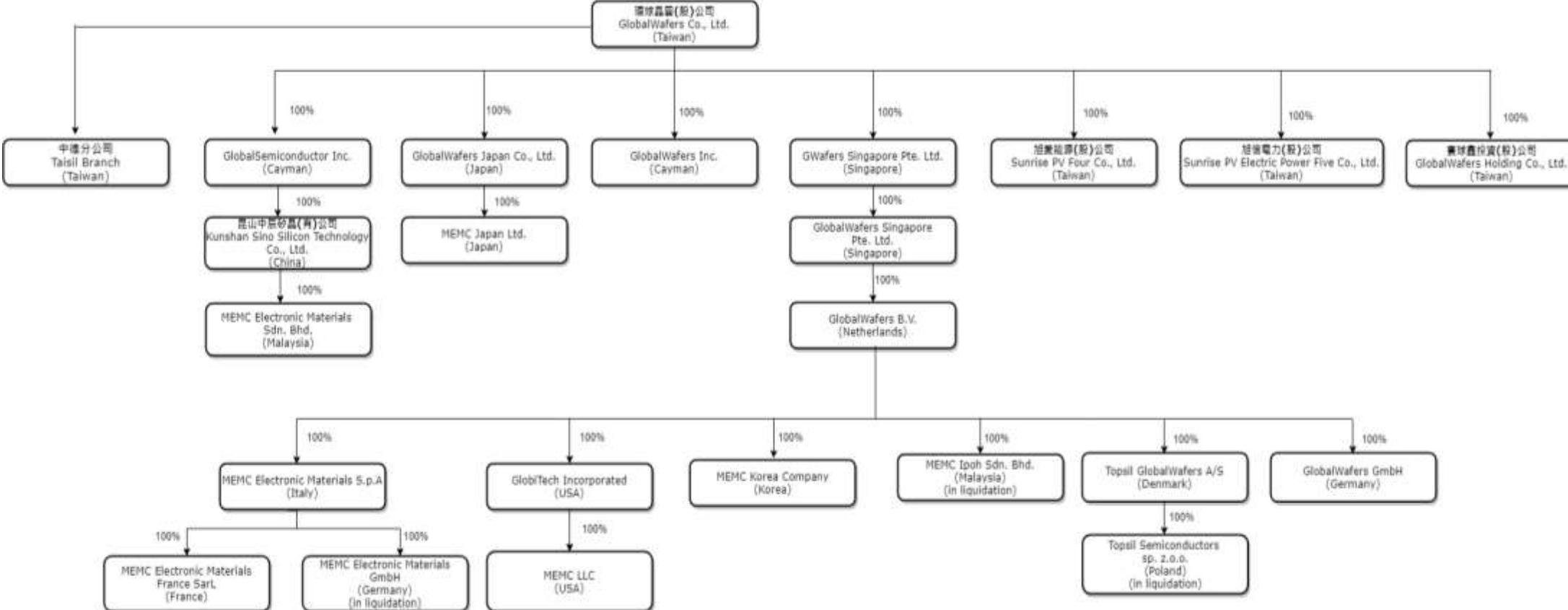
December 31, 2020

1. Affiliated Company Chart



Note 1: Although the merger company has less than 50% of Sulu's voting rights, it can control the Company's financial and operational strategies through effective agreements with other investors of Sulu, so Sulu is regarded as a subsidiary company.

Note 2: Although the merger company does not hold the owner's rights and interests of AMLED, AMLED is regarded as a subsidiary company because it can control the Company's financial and operational strategy and obtain all the benefits of its operation and net assets in accordance with the terms and conditions of the agreement signed by such individuals.



2. Basic Information of Affiliated Companies

December 31, 2020 Unit: NT\$ thousands

Enterprise Name	Date of Incorporation	Address	Paid-in Capital	Major Business or Production Items
Sino Silicon Technology Inc.	1999/08/05	3rd Floor, Omar Hodge building, Wickhams Cay 1, P.O. Box 362, Road Town, Tortola British Virgin Islands	USD 48,526	Investment holding and international trade business
Globalwafers Co., Ltd.	2011/10/01	No. 8, Industrial East Second Road, Hsinchu Science Park, Hsinchu 30075, Taiwan, R.O.C.	NTD 4,372,500	Manufacturing and sales of semiconductor silicon materials and components
Aleo Solar GmbH	2014/01/23	Marius-Eriksen-Str.1,17291 Prenzlau, Germany	EUR 13,500	Manufacturing and sales of solar modules
Aleo Solar Distribuzione Italia S.r.l.	2014/05/16	Viale Trento e Trieste 12/A 31100 Treviso, Italy	EUR 100	Sales of solar modules
SAS Sunrise Inc.	2015/06/04	Floor 4, Willow House, Cricket Square, P O Box 2804, Grand Cayman KY1-1112, Cayman Island	USD 24,500	Investment in various businesses
SAS Sunrise Pte. Ltd.	2015/12/01	8 Wilkie Road #03-01 Wilkie edge Singapore	USD 13,000	Investment in various businesses
Sulu Electric Power and Lights Inc.	2014/01/17	Eastwood, New National Highway, Barangay Salvacion, Municipality of Palo, Leyte, Philippines	PHP 1,050,000	Power generating business
AMLED International Systems Inc.	2016/01/09	3B Bakawan Bldg., Westmont Village, 8227 Dr. Santos Ave., Paranaque city, Philippines	PHP 187,500	Investment in various businesses
Sunrise PV Three Co., Ltd.	2017/04/14	2F, No. 1, Second Section, Ligong First Road, Chengxing Village, Wujie Township, Yilan County, Taiwan, R.O.C	NTD 15,000	Power generating business
SAS Holding Co., Ltd.	2020/09/18	2F, No. 1, Second Section, Ligong First Road, Wujie Township, Yilan County, Taiwan, R.O.C	NTD 250,000	Investment in various businesses

December 31, 2020 Unit: NT\$ thousands

Enterprise Name	Date of Incorporation	Address	Paid-in Capital	Major Business or Production Items
GlobalWafers Inc.	2011/05/03	2nd Floor, The Grand Pavilion Commercial Centre, 802 West Bay Road, P.O. Box 10338, Grand Cayman KY1-1003, Cayman Islands	USD 0.001	Investment in various businesses and triangular trade center with subsidiaries in China
GlobalSemiconductor Inc.	2011/05/03	2nd Floor, The Grand Pavilion Commercial Centre, 802 West Bay Road, P.O. Box 10338, Grand Cayman KY1-1003, Cayman Islands	USD 26,555	Investment in various businesses
GlobalWafers Japan Co., Ltd.	1991/06/18	6-861-5 Seiro-machi Higashiko, Kitakanbara-gun, Niigata 957-0197 Japan	JPY 6,967,000	Manufacturing and trading of semiconductor silicon wafer
GWafers Singapore Pte. Ltd.	2016/02/02	120 Robinson Road, #08-01, Singapore 068913	USD 541,674	Investment in various businesses
Topsil GlobalWafers A/S	2016/07/01	Siliciumvej 1, 3600 Frederikssund, Copenhagen, Denmark	DKK 1,000	Manufacturing and trading of semiconductor silicon wafer
Kunshan Sino Silicon Technology Co., Ltd.	1999/08/17	No. 303, Hanpu Road, Chengbei High-tech Industrial Park, Kunshan City, Jiangsu Province, China	USD 26,555	Processing trade of silicon ingot, silicon wafer, etc.
MEMC Japan Ltd.	1979/12/11	11-2 Kiyohara Industrial Park, Utsunomiya City, Tochigi 3213296 Japan	JPY 100,000	Manufacturing and sales of semiconductor silicon wafer
Topsil Semiconductor sp. z.o.o.	2008/10/01	133 Wolczynska St., 01-919 Warsaw, Poland	PL 5	Manufacturing and trading of semiconductor silicon wafer
GlobalWafers Singapore Pte. Ltd.	2013/12/20	120 Robinson Road, #08-01, Singapore 068913	SGD 0.001 USD 544,875	Investment, marketing and trade business
GlobalWafers B.V.	2013/11/26	Evert van de Beekstraat 1-104, 1118 CL Schiphol, The Netherlands	USD 0.1	Investment in various businesses
MEMC Electronic Materials, S.p.A.	1960/01/29	Viale Gherzi, 31 28100 Novara, Italy	EUR 31,200	Manufacturing and sales of semiconductor silicon wafer
MEMC Electronic Materials France SarL	1998/07/27	5-7 BLD EDGAR QUINET 92700 COLOMBES, France	EUR 16	Trade business
MEMC Electronic Materials GmbH	1998/02/10	c/o Rene Schaeffler-Steinsdorfstr, 13, D-80538 Muenchen, Germany	EUR 0.2	Trade business
MEMC Korea Company	1990/12/18	854, Manghyang-ro, Sunggeo-eup, Cheonan-si, Chungchongnam-do, Korea	KRW 126,000	Manufacturing and sales of semiconductor silicon wafer
GlobiTech Incorporated	1998/12/15	200 FM 1417 West/Sherman, TX 75092, U S A	USD 0.001	Epitaxial silicon wafer production, epitaxy processing and other trades
MEMC LLC	2013/08/28	501 Pearl Drive St. Peters, MO	USD	R&D, manufacturing and

Enterprise Name	Date of Incorporation	Address	Paid-in Capital	Major Business or Production Items
		63376, USA	0.01	sale of semiconductor silicon wafers
MEMC Electronic Materials, Sdn. Bhd.	1972/06/15	Sungai Way Free Industrial Zone, 47300 Petaling Jaya, Selangor Darul Ehsan, Malaysia	MYR 1,036	R&D, manufacturing and sale of semiconductor silicon wafers
MEMC Ipoh Sdn. Bhd.	2007/10/10	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No 8, Jalan Kerinchi, Kuala Lumpur	MYR 612,300	R&D, manufacturing and sale of semiconductor silicon wafers
GlobalWafers GmbH	2020/01/17	Theresienhöhe 30, c/oYouco24 Corporate Services GmbH, 80339 Munich	EUR 25	Investment in various businesses
Sunrise PV Four Co., Ltd.	2017/04/14	2F, No. 1, Second Section, Ligong First Road, Wujie Township, Yilan County, Taiwan, R.O.C	NTD 1,045,000	Power generating business
Sunrise PV Electric Power Five Co., Ltd.	2019/11/12	2F, No. 1, Second Section, Ligong First Road, Wujie Township, Yilan County, Taiwan, R.O.C	NTD 122,000	Power generating business
GlobalWafers Holding Co., Ltd.	2020/09/21	2F, No. 1, Second Section, Ligong First Road, Wujie Township, Yilan County, Taiwan, R.O.C	NTD 250,000	Investment in various businesses

3. The same shareholder information presumed to have a controlling and subordinate relationship: None.
4. Industries covered by the operation of affiliated companies: Detailed information of affiliated companies please find in the basic information that listed.

5. Information of directors, supervisors and managers of affiliated companies

December 31, 2020

Enterprise Name	Title	Name or Representative	Shareholding	
			Number of Shares	Proportion
Sino Silicon Technology Inc.	Director	Sino-American Silicon Products Corporation Representative: Hsiu-Ling Hsu	48,526	100%
Globalwafers Co., Ltd.	Chairperson and CEO	Hsiu-Lan Hsu	222,727	51.17%
	Director	Sino-American Silicon Products Corporation Representative: Ming-Kuang Lu		
	Director	Sino-American Silicon Products Corporation Representative: Tang-Liang Yao		
	Director	Kuo-Chow Chen		
	Independent Director	Chi-Hsiung Cheng		
	Independent Director	Jeng-Ywan Jeng		
	Independent Director	Hsien-Chin Chiu		
Aleo Solar GmbH	No Board of Directors		—	100%
Aleo Solar Distribuzione Italia S.r.l.	No Board of Directors		—	100%
SAS Sunrise Inc.	Director	Sino-American Silicon Products Corporation Representative: Hsiu-Lan Hsu	24,500	100%
SAS Sunrise Pte. Ltd.	Director	Sino-American Silicon Products Corporation Representative: Hsiu-Lan Hsu	18,165	100%
	Director	Sino-American Silicon Products Corporation Representative: Tang-Liang Yao		
	Director	Sino-American Silicon Products Corporation Representative: Zheng-Hong Huang		
	Director	Sino-American Silicon Products Corporation Representative: Hsiu-Ling Hsu		
	Director	Sino-American Silicon Products Corporation Representative: Ye-Huang Chen		
Sulu Electric Power and Lights Inc.	Chairperson	Sino-American Silicon Products Corporation Representative: Zheng-Hong Huang	892,500	85%
	Director and President	Sino-American Silicon Products Corporation Representative: Michael Da Silva		
	Director	Sino-American Silicon Products Corporation Representative: Gilbert S. Castro		
	Director	Sino-American Silicon Products Corporation Representative: Maritess Quicho		
	Director	Sino-American Silicon Products Corporation Representative: Magdalena Dela Cruz		
AMLED international System	Director and President	Mike Da Silva	—	0%
	Director	Gilberto S. Castro		
	Director	Magdalena Dela Cruz		

Enterprise Name	Title	Name or Representative	Shareholding	
			Number of Shares	Proportion
	Director	Alfonso De la Cruz		
	Director	Thess Quicho		
Sunrise PV Three Co., Ltd.	Chairperson	Sino-American Silicon Products Corporation Representative: Hsiu-Lan Hsu	1,500	100%
	Director	Sino-American Silicon Products Corporation Representative: Tang-Liang Yao		
	Director	Sino-American Silicon Products Corporation Representative: Zheng-Hong Huang		
	Supervisor	Sino-American Silicon Products Corporation Representative: Ming-Hui Chien		
SAS Holding Co., Ltd.	Chairperson	Sino-American Silicon Products Corporation Representative: Hsiu-Lan Hsu	25,000	100%
	Director	Sino-American Silicon Products Corporation Representative: Tang-Liang Yao		
	Director	Sino-American Silicon Products Corporation Representative: Ming-Kuang Lu		

Enterprise Name	Title	Name or Representative	Shareholding	
			Number of Shares (Thousands)	Proportion
GlobalWafers Inc.	Director	Hsiu-Lan Hsu	0.01	100%
GlobalSemiconductor Inc.	Director	Hsiu-Lan Hsu	25,000	100%
GlobalWafers Japan Co., Ltd.	Chairperson	Hsiu-Lan Hsu	128	100%
	Vice Chairperson	Takashi Araki		
	Director and President	Katsuaki Koutari		
	Director	Mark Lynn England		
	Director	Tang-Liang Yao		
	Supervisor	Wei-Wen Chen		
GWafers Singapore Pte. Ltd.	Chairperson	Hsiu-Lan Hsu	541,674	100%
	Director	Mark Lynn England		
	Director	Tang-Liang Yao		
	Director	Ye-Huang Chen		
Topsil GlobalWafers A/S	Chairperson	Hsiu-Lan Hsu	1,000	100%
	Director and President	Hans Peder Mikkelsen		
	Director	Wei-Wen Chen		
	Director	Mauro Pedrotti		
	Director	Liang Shi		
Kunshan Sino Silicon Technology Co., Ltd.	Chairperson	Tang-Liang Yao	—	100%
	Vice Chairperson	Hsiu-Lan Hsu		
	Director and President	Ching-Chang Chin		
	Director	Sheng-Hsiung Hung		
	Director	Ming-Hui Chien		
	Supervisor	Wei-Wen Chen		
MEMC Japan Ltd.	Chairperson	Hsiu-Lan Hsu	750	100%
	Director and President	Katsuaki Koutari		
	Director	Toru Kobayashi		
	Director	Hironobu Nakazawa		
	Director	Toshiharu Kondo		
	Supervisor	Wei-Wen Chen		
Topsil Semiconductor sp. z.o.o.	Director	Hans Peder Mikkelsen	0.1	100%
GlobalWafers Singapore Pte. Ltd.	Director	Hsiu-Lan Hsu	299,445	100%
	Director	Mark Lynn England		
	Director	Ye-Huang Chen		
GlobalWafers B.V.	Director	Hsiu-Lan Hsu	0.1	100%
	Director	Liang Shi		
MEMC Electronic Materials S.p.A.	Chairperson and CEO	Mauro Pedrotti	65,000	100%
	Director	Ming-Hui Chien		
	Director	Jyh-Shyng Lu		
	Director	Prof. Gianluigi Tosato		
	Supervisor	Richard Murphy		

Enterprise Name	Title	Name or Representative	Shareholding	
			Number of Shares (Thousands)	Proportion
	Supervisor	PierMario Barzaghi		
	Supervisor	Eleonora Guerriero		
MEMC Electronic Materials France SarL	Director	Marco Maffè	0.5	100%
MEMC Electronic Materials GmbH	Director	Marco Sciamanna	0.002	100%
MEMC Korea Company	Chairperson	Charlie Cho	25,200	100%
	Director	Hsiu-Lan Hsu		
	Director	Mark Lynn England		
	Supervisor	Jyh-Shyng Lu		
GlobiTech Incorporated	Chairperson and CEO	Hsiu-Lan Hsu	1	100%
	Director and President	Mark Lynn England		
	Director	Tang-liang Yao		
	Director	Ming-Hui Chen		
	Director	Curtis Hall		
MEMC LLC	President	Mark Lynn England	—	100%
	Vice President	Rick Boston		
MEMC Electronic Materials, Sdn. Bhd.	Director	Ching-Chang Chin	1,036	100%
	Director	Tony Wang		
	Director	Joanne Leung		
	Director	Ming-Hui Chen		
MEMC Ipoh Sdn. Bhd.	Director	Ching-Chang Chin	612,300	100%
	Director	Tony Wang		
	Director	Joanne Leung		
GlobalWafers GmbH	Director	Ming-Hui Chen	25	100%
Sunrise PV Four Co., Ltd.	Chairperson	Hsiu-Lan Hsu	104,500	100%
	Director	Ming-Hui Chen		
	Director	Hsiu-Ling Hsu		
	Supervisor	Jyh-Shyng Lu		
Sunrise PV Electric Power Five Co., Ltd.	Chairperson	Ming-Hui Chen	12,200	100%
GlobalWafers Holding Co., Ltd.	Chairperson	Hsiu-Lan Hsu	25,000	100%
	Director	Ming-Kuang Lu		
	Director	Tang-liang Yao		

6. General situation of operation of affiliated companies

Financial status and operating results of affiliated companies

December 31, 2020 Unit : NT\$ thousands

Enterprise Name	Capital	Total Assets	Total Liabilities	Net Value	Operating revenues	Operating profit	After-tax Profits and Losses in the Current Period	After-tax Earnings Per Share (NT\$)
Sino Silicon Technology Inc.	1,425,603	1,034,297	13,543	1,020,754	—	(2,475)	18,959	—
Globalwafers Co., Ltd.	4,372,500	94,851,617	50,696,717	44,154,900	55,358,788	15,286,849	13,103,631	30.11
Aleo Solar GmbH	558,139	851,503	391,167	460,336	1,530,438	81,973	56,371	—
Aleo Solar Distribuzione Italia S.r.l	4,078	88,478	87,462	1,015	225,720	(1,826)	(2,028)	—
SAS Sunrise Inc.	697,760	493,710	164,373	329,337	—	(2,403)	(73,824)	—
Sulu Electric Power and Light Inc.	640,800	2,161,462	1,877,054	284,408	105,718	(48,328)	(91,123)	—
SAS Sunrise Pte. Ltd.	391,639	123,316	2,100	121,216	—	(502)	(167,236)	—
Sunrise PV Three Co., Ltd.	15,000	76,133	59,950	16,183	8,597	2,265	900	—
Sunrise PV Electric Power Five Co., Ltd.	250,000	249,972	—	249,972	—	(75)	(28)	—

Enterprise Name	Capital	Total Assets	Total Liabilities	Net Value	Operating revenues	Operating profit	After-tax Profits and Losses in the Current Period	After-tax Earnings Per Share (NT\$)
GlobalWafers Inc.	—	1,823	—	1,823	—	—	22,123	
GlobalSemiconductor Inc.	756,286	1,832,883	—	1,832,883	—	(3,189)	339,834	
GlobalWafers Japan Co., Ltd.	756,286	2,171,530	401,860	1,769,671	2,037,277	279,273	342,600	
GWafers Singapore Pte. Ltd.	15,426,873	43,838,012	301	43,837,711	—	(5,332)	6,659,202	
Topsil GlobalWafers A/S	4,610	2,197,482	354,412	1,843,070	1,192,066	141,437	120,147	
Taisil Electronic Materials Corp. (Note 1)	—	—	—	—	919,283	258,032	239,186	
Kunshan Sino Silicon Technology Co., Ltd.	756,286	2,171,530	401,860	1,769,671	2,037,277	279,273	342,600	
MEMC Japan Ltd.	27,630	3,064,880	1,500,496	1,564,384	4,535,975	374,663	239,045	
Topsil Semiconductor sp. z o.o.	38	—	—	—	—	—	—	
GlobalWafers Singapore Pte. Ltd.	15,518,043	58,671,858	19,958,867	38,712,991	21,663,864	2,614,567	6,739,840	
GlobalWafers B.V.	3	44,092,669	2,969,566	41,123,104	-	(11,276)	4,465,267	
MEMC Electronic Materials S.p.A.	1,092,624	11,180,495	2,366,907	8,813,587	10,443,708	1,138,359	1,017,366	
MEMC Electronic Materials France SarL	0	4,884,854	1,099,959	3,784,895	2,004,609	(682,013)	(171,320)	
MEMC Electronic Materials GmbH	7	5,155	143	5,011	—	—	(17)	
MEMC Korea Company	—	—	—	—	919,283	258,032	239,186	
GlobiTech Incorporated	0	9,972,926	978,852	8,994,074	5,842,194	592,617	350,282	
MEMC LLC	1,924,982	21,351,307	4,389,722	16,961,586	11,010,707	1,937,094	1,659,904	
MEMC Electronic Materials Sdn. Bhd.	7,310	1,075,295	256,921	818,374	1,703,413	90,643	58,956	
MEMC Ipoh Sdn. Bhd.	4,319,652	3,630	74	3,556	—	(86)	(63)	

Sunrise PV Four Co., Ltd.	1,045,000	1,082,421	36,477	1,045,944	4,239	(390)	859	—
Sunrise PV Electric Power Five Co., Ltd	122,000	121,897	51	121,846	—	(193)	(143)	—
GlobalWafers GmbH	876	876	444	431	—	(277)	(428)	—
GlobalWafers Holding Co., Ltd.	250,000	249,935	0	249,935	—	(75)	(65)	—

Exchanges rate on December 31, 2020 US Dollar: NTD = 28.48: 1 JPY: NTD = 0.2763: 1 EUR: NTD = 35.02: 1

Note 1: All affiliated companies should be disclosed, regardless of their size.

Note 2: If an affiliated company is a foreign company, the relevant figures should be converted to NT\$ at the exchange rate on the reporting date.

Note 3: Taisil Electronic Materials Corporation was eliminated on February 1st, 2020 as a result of the merger with GlobalWafers Co., Ltd.

(III) Consolidated Statements of Affiliated Companies: Please refer to Annex I of this annual report (Consolidated Financial Report of 2020 Audited and Checked by Accountants)

(IV) Report of Affiliated Companies: Not applicable

- II. Private Placement Securities in the Most Recent Years: None.**

- III. The Shares in the Company Held or Disposed of By Subsidiaries in the Most Recent Years: None.**

- IV. Other Necessary Supplement: None.**

- V. Any Events and as of the Date of this Annual Report that Had Significant Impacts on Shareholders' Rights or Security Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None.**

Sino-American Silicon Products Inc. and Subsidiaries
Consolidated Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

Address: No.8, Industrial East Road 2, Science-Based Industrial
Park, Hsinchu, Taiwan, R.O.C.
Telephone: (03)577-2233

The independent auditors' report and the accompanying consolidated 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 independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of Sino-American Silicon Products Inc. as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements", as endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements are included in the consolidated financial statements. Consequently, Sino-American Silicon Products Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Sino-American Silicon Products Inc.
Chairman: Doris Hsu
Date: March 18, 2021

Independent Auditors' Report

To the Board of Directors of Sino-American Silicon Products Inc.:

Opinion

We have audited the consolidated financial statements of Sino-American Silicon Products Inc. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC"), and the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows:

1. Revenue recognition

Please refer to note 4(15) "Revenue recognition" for accounting policy and note 6(22) "Revenue from contracts with customers" of the consolidated financial statements for further information.

Description of key audit matter:

The Group's semiconductor segment revenues are derived from the sales of semiconductor materials and components. Revenue recognition is also dependent on whether the specified sales terms in each individual contract are met. In consideration of the high volume of sales transactions generated from world-wide operations, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included understanding of revenue recognition policies and assessing whether revenue recognition policies are appropriate based on sales terms and revenue recognition criteria; understanding the design and process of implementation of internal controls and testing operating effectiveness; testing selected sales samples and agreeing to customer orders, delivery note and related documentation supporting sales recognition; testing sales cut-off, on a sample basis, for transactions incurred within a certain period before or after the balance sheet date by reviewing related sales terms, inspecting delivery documents, and other related supporting document to evaluate whether the revenue was recorded in proper period.

2. Impairment assessment of property, plant and equipment (including right-of-use assets)

Please refer to note 4(13) "Impairment of non-financial assets" for accounting policy; note 5(1) "Significant accounting assumptions and judgment, and major sources of estimation uncertainty" for property, plant and equipment impairment assessment, and note 6(10) "Property, plant and equipment" and 6(11) "Right of use assets for further details".

Description of key audit matter:

The industry in which the solar power business unit of the Group is located is subjected to fluctuations due to the market environment and the energy policies of various governments, accompanied by fierce market competition and continuous price reduction of products. Therefore, the assessment of impairment loss on property, plant and equipment is critical. The impairment assessment of assets includes the identification of cash-generating units. The assessment is one of the key audit matters because it is complicated and contains subjective judgment from the management, such as determining the method of evaluation, selecting key assumptions and calculating recoverable amounts.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included assessing whether the cash generating unit and its related tested assets identified by the management to impair show possible indicators of impairment, and further understanding and testing the evaluation models and key assumptions such as future cash flow projections, useful lives and weighted average cost of capital that the management used in the impairment test, including expected product revenue, costs and expenses, and assessing the accuracy of prior years management forecasts; and performing sensitivity analysis based on key factors. Furthermore, performing inquiries with top management is in place in order to identify whether there are any events capable of affecting the impairment test result after year end. We also assessed whether the Group has properly disclosed the policy of long-term non-financial asset impairment and other related information.

3. Goodwill impairment assessment

Please refer to the note 4(13) “Impairment of non-financial assets” for accounting policy, note 5(2) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty” for impairment assessment, and note 6(12) “Intangible assets” for further details.

Description of key audit matter:

The Group is in a capital intensive industry, with goodwill arising from business combinations. Moreover, the Group operates in an industry in which the operations are easily influenced by various external factors, such as market conditions and governmental policies. Therefore, the assessment of impairment of goodwill is necessary. The assessment procedures, including identification of cash-generating units, valuation models, selection of key assumptions and calculations of recoverable cash inflows, depend on the management’s subjective judgments, which contained uncertainty in accounting estimations. Consequently, this is one of the key areas in our audit.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included assessing triggering events identified by management for impairment indicators existing in a cash-generating unit, assessing whether the assumptions used for evaluating the recoverable amount are reasonable; evaluating the achievement of prior year financial forecasts; inspecting the calculations of recoverable amounts; assessing the assumptions used for calculating recoverable amounts and cash flow projections; performing sensitivity analysis based on key factors; assessing whether the accounting policies for goodwill impairment and other relevant information have been appropriately disclosed.

Other Matter

Sino-American Silicon Products Inc. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unqualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group’s financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 2020 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Chien Chen and An-Chih Cheng.

KPMG

Taipei, Taiwan (Republic of China)
March 18, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance 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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated 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 independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)
Sino-American Silicon Products Inc. and subsidiaries

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019				December 31, 2020		December 31, 2019	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(1))	\$ 23,812,590	22	34,901,425	32	2100	Short-term borrowings (notes 6(13) and 8)	\$ 10,771,000	10	11,465,075	11
1110	Financial assets at fair value through profit or loss— current (note 6(2))	5,656,668	5	1,883,576	2	2120	Financial liabilities at fair value through profit or loss— current (note 6(2))	45,953	-	216,700	-
1136	Financial assets measured at amortized cost— current (notes 6(4) and 7)	277,895	-	240,068	-	2130	Contract liabilities— current (notes 6(22) 7, and 9)	3,763,986	3	4,128,893	4
1170	Notes and accounts receivable, net (note 6(5))	8,332,156	8	8,434,249	7	2170	Notes and accounts payable	4,182,542	4	4,171,687	4
1180	Accounts receivable due from related parties, net (note 7)	75,253	-	72,965	-	2180	Accounts payable to related parties (note 7)	21,852	-	8,008	-
130X	Inventories (note 6(6))	7,928,638	7	7,398,293	7	2201	Payroll and bonus payable	3,183,647	3	2,851,934	3
1476	Other financial assets— current (notes 8 and 9)	5,588,505	5	913,823	1	2250	Provisions-current (notes 6(16) and 9)	243,646	-	232,256	-
1479	Other current assets	1,019,319	1	1,321,234	1	2230	Current tax liabilities	2,092,828	2	2,692,745	2
	Total current assets	<u>52,691,024</u>	<u>48</u>	<u>55,165,633</u>	<u>50</u>	2216	Dividends payable	3,751,986	3	-	-
Non-current assets:						2322	Long-term borrowings, current portion (notes 6(14) and 8)	32,752	-	-	-
1513	Financial assets at fair value through profit or loss— non-current (note 6(2))	117,204	-	95,163	-	2399	Other current liabilities (notes 6(15) and 7)	4,466,937	3	4,393,096	4
1517	Financial assets at fair value through other comprehensive income— non-current (note 6(3))	484,630	-	332,185	-			<u>32,557,129</u>	<u>28</u>	<u>30,160,394</u>	<u>28</u>
1535	Financial assets at amortized cost— non-current (notes 6(4) and 7)	-	-	267,612	-	Non-Current liabilities:					
1550	Investments accounted for using equity method (note 6(7))	7,158,811	6	3,248,537	3	2527	Contract liabilities— non-current (notes 6(22), 7 and 9)	14,132,126	13	17,280,344	16
1600	Property, plant and equipment (notes 6(10) and 8)	42,455,037	39	40,276,715	37	2540	Long-term borrowings (notes 6(14) and 8)	1,048,064	1	-	-
1755	Right-of-use assets (note 6(11))	832,865	1	913,609	1	2550	Provisions— non-current(notes 6(16) and 9)	4,041,851	4	4,674,648	4
1780	Intangible assets (note 6(12))	2,797,463	3	3,227,583	3	2570	Deferred tax liabilities (note 6(18))	4,974,407	5	4,813,876	4
1840	Deferred tax assets (note 6(18))	2,312,821	2	1,927,636	2	2600	Other non-current liabilities (note 6(15))	1,045,615	1	887,803	1
1980	Other financial assets— non-current (note 8)	306,137	-	3,140,806	3	2640	Net defined benefit liabilities (note 6(17))	2,484,107	2	2,950,390	3
1990	Other non-current assets (note 8)	796,789	1	788,017	1			<u>27,726,170</u>	<u>26</u>	<u>30,607,061</u>	<u>28</u>
	Total non-current assets	<u>57,261,757</u>	<u>52</u>	<u>54,217,863</u>	<u>50</u>		Total liabilities	<u>60,283,299</u>	<u>54</u>	<u>60,767,455</u>	<u>56</u>
						Equity (notes 6(19) and (20)):					
						3110	Ordinary shares	5,862,217	5	5,862,367	5
						3170	Share capital awaiting retirement	-	-	(150)	-
								<u>5,862,217</u>	<u>5</u>	<u>5,862,217</u>	<u>5</u>
						3200	Capital surplus	19,481,234	18	21,072,595	19
							Retained earnings:				
						3310	Legal reserve	721,476	1	462,354	-
						3320	Special reserve	1,330,419	1	513,302	1
						3350	Unappropriated retained earnings	4,161,346	4	2,591,235	2
								<u>6,213,241</u>	<u>6</u>	<u>3,566,891</u>	<u>3</u>
						3400	Other equity interest	(3,395,866)	(3)	(3,831,462)	(3)
							Total equity attributable to shareholders of the Company	<u>28,160,826</u>	<u>26</u>	<u>26,670,241</u>	<u>24</u>
						36XX	Non-controlling interests (note 6(8))	21,508,656	20	21,945,800	20
							Total equity	<u>49,669,482</u>	<u>46</u>	<u>48,616,041</u>	<u>44</u>
							Total liabilities and equity	<u>\$ 109,952,781</u>	<u>100</u>	<u>109,383,496</u>	<u>100</u>
	Total assets	<u>\$ 109,952,781</u>	<u>100</u>	<u>109,383,496</u>	<u>100</u>						

See accompanying notes to consolidated financial statements.

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)
Sino-American Silicon Products Inc. and subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(22) and 7)	\$ 61,397,299	100	65,510,225	100
5000	Operating costs (notes 6(6), (15), (17), (23) and 7)	40,283,700	66	46,242,686	71
	Gross profit from operations	21,113,599	34	19,267,539	29
	Operating expenses (notes 6(15), (17), (23) and 7):				
6100	Selling expenses	1,431,684	2	1,396,627	2
6200	Administrative expenses	3,020,051	5	2,513,345	4
6300	Research and development expenses	1,742,108	3	1,844,789	3
6450	Expected credit losses (reversal gains) (note 6(5))	(12,341)	-	(2,643)	-
	Total operating expenses	6,181,502	10	5,752,118	9
	Net operating income	14,932,097	24	13,515,421	20
	Non-operating income and expenses:				
7100	Interest income (notes 6(24) and 7)	259,875	-	757,732	2
7020	Other gains and losses (note 6(25))	1,177,485	2	145,853	-
7050	Finance costs	(105,939)	-	(150,407)	-
7060	Share of profit (loss) of associates accounted for using equity method (note 6(7))	(25,328)	-	(344,430)	(1)
		1,306,093	2	408,748	1
	Income before income tax	16,238,190	26	13,924,169	21
7950	Less: Income tax expense (note 6(18))	3,527,128	5	5,028,824	7
	Net income	12,711,062	21	8,895,345	14
8300	Other comprehensive income:				
8310	Items that may not be reclassified subsequently to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(17))	(254,213)	-	179,386	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	88,257	-	5,450	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(18))	(38,521)	-	120,951	-
		(127,435)	-	63,885	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	(139,362)	-	(1,535,230)	(2)
8370	Share of other comprehensive income of associates accounted for using equity method (note 6(26))	731,896	1	269,600	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(18))	(33,505)	-	(305,271)	-
		626,039	1	(960,359)	(2)
8300	Other comprehensive income (after tax)	498,604	1	(896,474)	(2)
	Total comprehensive income	\$ 13,209,666	22	7,998,871	12
	Net income attributable to:				
	Shareholders of Sino-American Silicon Products Inc.	\$ 6,326,235	11	2,248,386	4
	Non-controlling interests	6,384,827	10	6,646,959	10
		\$ 12,711,062	21	8,895,345	14
	Total comprehensive income attributable to:				
	Shareholders of Sino-American Silicon Products Inc.	\$ 6,627,194	11	1,774,007	3
	Non-controlling interests	6,582,472	11	6,224,864	9
		\$ 13,209,666	22	7,998,871	12
	Earnings per share (NT dollars) (note 6(21))				
	Basic earnings per share	\$ 10.82		3.86	
	Diluted earnings per share	\$ 10.71		3.83	

See accompanying notes to consolidated financial statements.

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)
Sino-American Silicon Products Inc. and subsidiaries

Consolidated Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Other equity interest					Total	Non-controlling interests	Total equity	
	Ordinary shares	Share capital awaiting retirement	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Gains (losses) on equity instrument measured at fair value through other comprehensive income	Unearned compensation cost	Others				Total other equity interest
Balance at January 1, 2019	\$ 5,863,207	(330)	21,757,292	311,579	513,302	1,507,753	2,332,634	(1,586,241)	(1,406,132)	(75,334)	(3,380)	(3,071,087)	26,881,716	21,032,149	47,913,865
Net income for the year	-	-	-	-	-	2,248,386	2,248,386	-	-	-	-	-	2,248,386	6,646,959	8,895,345
Other comprehensive income for the year	-	-	-	-	-	29,819	29,819	(638,103)	133,905	-	-	(504,198)	(474,379)	(422,095)	(896,474)
Comprehensive income for the year	-	-	-	-	-	2,278,205	2,278,205	(638,103)	133,905	-	-	(504,198)	1,774,007	6,224,864	7,998,871
Appropriation and distribution of retained earnings:															
Legal reserve	-	-	-	150,775	-	(150,775)	-	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(1,356,963)	(1,356,963)	-	-	-	-	-	(1,356,963)	-	(1,356,963)
Cash dividends distribution from capital surplus	-	-	(401,900)	-	-	-	-	-	-	-	-	-	(401,900)	-	(401,900)
Changes in equity of associates accounted for using equity method	-	-	(279,229)	-	-	-	-	-	-	-	112	112	(279,117)	1,984	(277,133)
Changes in non-controlling interests	-	-	(21)	-	-	-	-	-	-	-	-	-	(21)	(447)	(468)
Due to donated assets received	-	-	228	-	-	-	-	-	-	-	-	-	228	-	228
Compensation cost of issued restricted stock awards	-	-	(3,115)	-	-	-	-	-	-	56,726	-	56,726	53,611	-	53,611
Share retirement and awaiting retirement due to expiration of restricted stock awards	(840)	180	(660)	-	-	-	-	-	-	-	-	-	(1,320)	-	(1,320)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	313,015	313,015	-	(313,015)	-	-	(313,015)	-	-	-
Cash dividends from subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,312,750)	(5,312,750)
Balance at December 31, 2019	\$ 5,862,367	(150)	21,072,595	462,354	513,302	2,591,235	3,566,891	(2,224,344)	(1,585,242)	(18,608)	(3,268)	(3,831,462)	26,670,241	21,945,800	48,616,041
Net income for the year	-	-	-	-	-	6,326,235	6,326,235	-	-	-	-	-	6,326,235	6,384,827	12,711,062
Other comprehensive income for the year	-	-	-	-	-	(113,136)	(113,136)	(100,694)	514,789	-	-	414,095	300,959	197,645	498,604
Comprehensive income for the year	-	-	-	-	-	6,213,099	6,213,099	(100,694)	514,789	-	-	414,095	6,627,194	6,582,472	13,209,666
Appropriation and distribution of retained earnings:															
Legal reserve	-	-	-	259,122	-	(259,122)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	817,117	(817,117)	-	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(3,566,749)	(3,566,749)	-	-	-	-	-	(3,566,749)	-	(3,566,749)
Cash dividends from capital surplus	-	-	(1,416,136)	-	-	-	-	-	-	-	-	-	(1,416,136)	-	(1,416,136)
Changes in equity of associates accounted for using equity method	-	-	(176,098)	-	-	-	-	-	-	-	2,893	2,893	(173,205)	-	(173,205)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,252)	(6,252)
Due to donated assets received	-	-	873	-	-	-	-	-	-	-	-	-	873	-	873
Compensation cost of issued restricted stock awards	-	-	-	-	-	-	-	-	-	18,608	-	18,608	18,608	-	18,608
Share retirement and awaiting retirement due to expiration of restricted stock awards	(150)	150	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends from subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,013,364)	(7,013,364)
Balance at December 31, 2020	\$ 5,862,217	-	19,481,234	721,476	1,330,419	4,161,346	6,213,241	(2,325,038)	(1,070,453)	-	(375)	(3,395,866)	28,160,826	21,508,656	49,669,482

See accompanying notes to consolidated financial statements.

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)
Sino-American Silicon Products Inc. and subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from operating activities:		
Income before income tax	\$ 16,238,190	13,924,169
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	5,791,202	5,030,426
Amortization expenses	356,495	364,830
Expected credit loss (reversal gains)	(12,341)	(2,643)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(457,709)	286,287
Interest expenses	105,939	150,407
Interest income	(259,875)	(757,732)
Dividend income	(13,216)	(9,477)
Share-based compensation cost	18,608	53,611
Shares of loss of associates accounted for using equity method	25,328	344,430
Losses on disposal of property, plant and equipment	1,126	23,276
Gains on disposal of investments	(34,165)	(72,584)
Losses on disposal of intangible assets	-	1,141
Recognition (reversal) of impairment losses on financial assets	(22,519)	25,973
Recognition (reversal) of write-down of inventory	79,390	(109,158)
Recognition (reversal) of impairment losses on non-financial assets	444,064	(8,779)
Recognition (reversal) of losses on liability provision	(632,014)	3,883,063
Total adjustments	5,390,313	9,203,071
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	112,146	1,374,487
Inventories	(609,735)	592,232
Prepayments	59,349	4,248
Other financial assets	(20,104)	70,638
Other operating assets	257,359	(325,743)
Notes and accounts payable (including related parties)	24,699	(1,055,681)
Contract liabilities	(3,513,125)	(2,037,234)
Net defined benefit liabilities	(173,424)	(3,293)
Other operating liabilities	(146,809)	(229,612)
Total changes in operating assets and liabilities	(4,009,644)	(1,609,958)
Total adjustments	1,380,669	7,593,113
Cash inflow generated from operations	17,618,859	21,517,282
Interest received	258,838	782,061
Dividends received	13,216	9,477
Interest paid	(106,332)	(159,532)
Income taxes paid	(3,203,771)	(3,318,168)
Net cash flows generated from operating activities	14,580,810	18,831,120

(Continued)

See accompanying notes to consolidated financial statements.

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)
Sino-American Silicon Products Inc. and subsidiaries

Consolidated Statements of Cash Flows(Continued)

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(95,357)	(197,610)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	553,385
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	12,561	28,239
Acquisition of financial assets at amortized cost	-	(250,000)
Proceeds from disposal of financial assets at amortized cost	250,000	-
Acquisition of financial assets at fair value through profit or loss	(5,611,917)	(1,907,850)
Proceeds from disposal of financial assets at fair value through profit or loss	2,103,746	194,245
Acquisition of investments accounted for using equity method	(3,958,110)	(1,132,310)
Proceeds from disposal of investments accounted for using equity method	516,948	-
Cash dividends from investment accounted for using equity method	99,406	55,068
Net cash inflow from disposal of subsidiaries	-	166,668
Acquisition of property, plant and equipment	(9,168,800)	(7,719,440)
Proceeds from disposal of property, plant and equipment	105,647	105,349
Acquisition of intangible assets	(3,631)	-
Increase in other financial assets	(1,816,568)	(3,067,397)
Net cash flows used in investing activities	(17,566,075)	(13,171,653)
Cash flows from financing activities:		
Increase in short-term loans	676,375	2,163,041
Repayments of long-term borrowings	(237,741)	(2,040,200)
Decrease in guarantee deposits	(156,243)	(145,179)
Repayment of the principal portion of lease liabilities	(198,464)	(201,027)
Cash dividends and capital surplus distribution cash dividends paid	(2,931,109)	(1,758,863)
Share capital retirement due to expiration of restricted stock awards	-	(1,320)
Change in non-controlling interests	(6,252)	(468)
Donation surplus	873	228
Distribution of cash dividends for non-controlling interests	(5,313,154)	(5,312,750)
Net cash flows used in financing activities	(8,165,715)	(7,296,538)
Effect of exchange rate changes on cash and cash equivalents	62,145	(290,635)
Net (decrease) in cash and cash equivalents	(11,088,835)	(1,927,706)
Cash and cash equivalents at beginning of period	34,901,425	36,829,131
Cash and cash equivalents at end of period	\$ 23,812,590	34,901,425

See accompanying notes to consolidated financial statements.

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)
Sino-American Silicon Products Inc. and subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history

Sino-American Silicon Products Inc. (“SAS” or “the Company”) was incorporated in accordance with the Company Act of the Republic of China in January 1981. The address of its registered is No.8, Industrial East Road 2, Science Based Industrial Park, Hsinchu, Taiwan, R.O.C. The Company, as well as its subsidiaries (together referred to as the “Group”), mainly engages in the design, production, and sale of semi-conductor silicon materials and components, rheostat, optical and communications wafer materials; also the related technology, management consulting business, and technical services of the photo-voltaic power system generation and installation.

The Company’s common stocks have been officially listed and traded on Taipei Exchange since March 2001.

For reorganization and specialization of professional work to enhance competitiveness and business performance, a resolution was approved at the shareholders’ meeting of the Company on June 17, 2011, to have the semiconductor business and sapphire business (including the related assets, liabilities, and business operations) spun off from the Company to establish two new entities which became the Company’s 100% owned subsidiaries, GlobalWafers Co., Ltd. (hereinafter referred to as “GlobalWafers”) and Sino Sapphire Co., Ltd. (hereinafter referred to as “Sino Sapphire”) with the demerger date as scheduled on October 1, 2011. Based on the net carrying value of the semiconductor business, the Company exchanged 180,000 thousand shares of GlobalWafers’ common stock valued at NT\$ 38.50 per share with each share at NT\$ 10 par value; also, based on the sapphire business net assets, the Company exchanged 40,000 thousand shares of Sino Sapphire’s common stock valued at NT\$ 40 per share with each share at NT\$ 10 par value per share.

GlobalWafers’s common shares have been listed on Taipei Exchange (“TPEX”) since September 25, 2015, and were delisted from the Emerging Market at the same date.

The Group acquired all outstanding ordinary shares of SunEdison Semiconductor Limited (hereinafter referred to as SunEdison) on December 2, 2016 so that it acquired the control over SunEdison Semiconductor Limited and its subsidiaries. SunEdison is the world’s leading semiconductor wafer manufacturer and supplier. Since its inception, SunEdison has been a leader in wafer design and R&D technology. SunEdison’s R&D and manufacturing bases are located throughout the United States, Europe and Asia to develop next generation high performance semiconductor wafers. Through this acquisition, the Group will be able to increase its global market share, customer base, other wafer technology and capacity and expand operations.

2. Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issue by the Board of Directors on March 18, 2021.

Sino-American Silicon Products Inc. and subsidiaries
Notes to the Consolidated Financial Statements

3. New standards, amendments and interpretations adopted:

- (1) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

- (2) The impact of IFRS issued by the FSC but not yet effective

The Group assessed that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”

- (3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	January 1, 2023

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<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”	<p>The amendments clarify that the ‘ costs of fulfilling a contract’ comprises the costs that relate directly to the contract as follows:</p> <ul style="list-style-type: none"> ● the incremental costs – e.g. direct labor and materials; and ● an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. 	January 1, 2022

The Group is evaluating the impact of its initial adoption of the above mentioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

4. Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as the Regulations), International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C (hereinafter referred to as the “IFRSs endorsed by the FSC”).

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(2) Basis of preparation

A. Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- (a) Financial instruments at fair value through profit or loss are measured at fair value;
- (b) Financial assets at fair value through other comprehensive income are measured at fair value;
- (c) Cash-settled-shared-based payment liability is measured at fair value;
- (d) The defined benefit liabilities (assets) are measured at fair value of the plan assets, less the present value of the defined benefit obligation and the asset ceiling, as explained in note 4(16).

B. Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(3) Basis of consolidation

A. Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for alike transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

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When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ;and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

B. List of subsidiaries in the consolidated financial statements:

Name of Investor	Name of subsidiary	Business	Percentage of Ownership		Note
			December 31, 2020	December 31, 2019	
Sino-American Silicon Products Inc.	Sino Silicon Technology Inc. (SSTI)	Investment and triangular trade center with subsidiaries in China	100%	100%	
Sino-American Silicon Products Inc.	GlobalWafers	Manufacturing and trading of semiconductor silicon materials and components,	51.17%	51.17%	
Sino-American Silicon Products Inc.	Aleo Solar GmbH (Aleo Solar)	Solar cell manufacturing and sale and wholesale of electronic materials	100%	100%	
Sino-American Silicon Products Inc.	SAS Sunrise Inc.	Investment activities	100%	100%	
Sino-American Silicon Products Inc.	Sunrise PV World Co. (Sunrise PV World)	Power generating business	-	100%	Note 3(6)
Sino-American Silicon Products Inc.	Sunrise PV Electric Power Five Co., Ltd. (Sunrise PV Electric Power Five)	Power generating business	-	100%	Note 4
Sino-American Silicon Products Inc.	Sunrise PV Three Co., Ltd. (Sunrise PV Three)	Power generating business	100%	-	Note 3(6)
Sino-American Silicon Products Inc.	SAS Holding Co., Ltd. (SASH)	Investment activities	100%	-	Note 5
SAS Sunrise Inc.	SAS Sunrise Pte. Ltd.	Investment activities	100%	100%	
SAS Sunrise Pte. Ltd.	Sulu Electric Power and Light Inc. (Sulu)	Power generating business	40%	-	Note 1

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Name of Investor	Name of subsidiary	Business	Percentage of Ownership		Note
			December 31, 2020	December 31, 2019	
SAS Sunrise Pte. Ltd.	Sulu	Power generating business	-	40%	Note 1
SAS Sunrise Pte. Ltd.	AMLED International Systems Inc. (AMLED)	Investment activities	-	-	Note 2
AMLED	Sulu	Power generating business	45%	45%	
Aleo Solar	Aleo Solar Distribuzione Italia S.r.l	Solar cell manufacturing and sale and wholesale of electronic materials	100%	100%	
Sunrise PV World Co.	Sunrise PV Three Co., Ltd. (Sunrise PV Three)	Power generating business	-	100%	Note 3(6)
Sunrise PV World Co.	Sunrise PV Four Co., Ltd. (Sunrise PV Four)	Power generating business	-	100%	Note 3(1)
GlobalWafers	GlobalSemiconductor Inc. (GSI)	Investment activities	100%	100%	
GlobalWafers	GlobalWafers Inc. (GWI)	Investment activities	100%	100%	
GlobalWafers	GlobalWafers Japan Co., Ltd. (GWJ)	Manufacturing and trading of semiconductor silicon materials	100%	100%	
GlobalWafers	GWafers Singapore Pte. Ltd. (GWafers Singapore)	Investment activities	100%	67.2%	Note 3(2)
GlobalWafers	Topsil GlobalWafers A/S (Topsil A/S)	Manufacturing and trading of semiconductor silicon materials	-	100%	Note 3(3)
GlobalWafers	Taisil Electronic Materials Corp. (Taisil)	Manufacturing and trading of semiconductor silicon materials	-	99.99%	Note 3(4)
GlobalWafers	Sunrise PV Four	Power generating business	100%	-	Note 3(1)
GlobalWafers	Sunrise PV Electric Power Five	Power generating business	100%	-	Note 4
GlobalWafers	GlobalWafers Holding Co., Ltd. (GWH)	Investment activities	100%	-	Note 5
GSI	Kunshan Sino Silicon Technology Co., Ltd. (SST)	Processing and trading of ingots and wafers	100%	100%	
GWJ	GWafers Singapore	Investment activities	-	32.8%	Note 3(2)
GWJ	MEMC Japan Ltd. (MEMC Japan)	Manufacturing and trading of semiconductor silicon materials	100%	100%	
SST	Shanghai GrowFast Semiconductor Technology Co., Ltd. (Shanghai GrowFast)	Sales and marketing business	-	60%	Note 6
SST	MEMMC Electronic Materials, Sdn Bhd (MEMMC Sdn Bhd)	Semiconductor silicon wafer R&D, manufacturing and sales	100%	-	Note 3(5)

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Name of Investor	Name of subsidiary	Business	Percentage of Ownership		Note
			December 31, 2020	December 31, 2019	
Topsil A/S	Topsil Semiconductor sp z o.o. (Topsil PL)	Manufacturing and trading of semiconductor silicon materials	100%	100%	
GWafers Singapore	GlobalWafers Singapore Pte Ltd. (formerly known as SunEdison Semiconductor Limited, GWS)	Investment holding and trading	100%	100%	
GWS	GlobalWafers Pte Ltd. (formerly known as SunEdison Semiconductor B.V., GWBV)	Investment activities	100%	100%	
GWBV	MEMC Electronic Materials, SpA (MEMC SpA)	Manufacturing and trading of semiconductor silicon materials	100%	100%	
MEMC SpA	MEMC Electronic Materials France SarL (MEMC SarL)	Trading	100%	100%	
MEMC SpA	MEMC Electronic Materials GmbH (MEMC GmbH)	Trading	100%	100%	
GWBV	MEMC Korea Company (MEMC Korea)	Manufacturing and trading of semiconductor silicon materials	100%	100%	
GWBV	MEMC Sdn Bhd	Semiconductor silicon wafer R&D, manufacturing and sales	-	100%	Note 3(5)
GWBV	SunEdison Semiconductor Technology (Shanghai) Ltd. (SunEdison Shanghai)	Trading	-	100%	Note 6
GWBV	MEMC Ipoh Sdn Bhd (MEMC Ipoh)	Manufacturing and trading of semiconductor silicon materials	100%	100%	
GWBV	GlobiTech Incorporated (GTI)	Epitaxial silicon wafer production and trade of epitaxy foundry business	100%	100%	
GWBV	Topsil A/S	Manufacturing and trading of semiconductor silicon materials	100%	-	Note 3(3)
GWBV	Global Wafers GmbH (GW GmbH)	Manufacturing and trading of semiconductor silicon materials	100%	-	Note 5
GTI	MEMMC LLC	Semiconductor silicon wafer R&D, manufacturing and sales	100%	100%	

Note 1: The Group can control the financial and operating strategies of Sulu through effective agreements with its other investors, so Sulu is considered as a subsidiary. The ownership of Sulu was transferred from SAS Sunrise Pte. Ltd. to SAS Sunrise Inc. since December 2020.

Note 2: The Group does not have an owners' equity of AMLED. However, the Group controls the financial and operating strategies of AMLED and receives all benefits of its operations and net assets based on terms of the agreement. AMLED is considered a subsidiary.

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Note 3: The Group adjusted its organizational structure as follows:

- (1) Sunrise PV Four was transferred on January 2020 to become a 100% held subsidiary of Global Wafers.
- (2) GWafers Singapore was transferred from both GlobalWafers and GWI to GlobalWafers only.
- (3) Topsil A/S was transferred from GlobalWafers to GWBV.
- (4) Taisil was merged into GlobalWafers on February 1, 2020, wherein GlobalWafers became the surviving company and Taisil as the dissolved entity.
- (5) MEMC Sdn Bhd was transferred from GWBV to SST.
- (6) The Company merged with Sunrise PV World on February 1, 2020. After the merge, Sunrise PV Three became a 100% held subsidiary of the Company.

Note 4: The Group invested in Sunrise PV Electric Power Five in December 2019 due to its operating strategy. The subsidiary was transferred to and 100% owned by Global-Wafers in July 2020.

Note 5: GW GmbH was established in February 2020. SASH and GWH were established in September 2020.

Note 6: SunEdison Shanghai completed the liquidation process in July 2020; Shanghai GrowFast completed the liquidation process on November 19, 2020.

C. Subsidiaries excluded from the consolidated financial statements: None.

(4) Foreign currencies

A. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an equity investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into New Taiwan Dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into New Taiwan Dollars at the average rate. Exchange differences are recognized in other comprehensive income.

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When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(5) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

- A. It is expected to be realized, or intends to be sold or consumed, in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is expected to be realized within twelve months after the reporting period; or
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

- A. It is expected to be settled in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is due to be settled within twelve months after the reporting period; or
- D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(6) Cash and cash equivalent

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

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(7) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost, FVOCI, and FVTPL. Financial assets are not reclassified subsequently to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Fair value through other comprehensive income (FVTOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

(c) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVTOCI described as above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVTOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(d) Assess whether the contractual cash flow is entirely for the payment of the principal and interest on the outstanding principal amount

For the purposes of this assessment, principal is defined as the fair value of the financial assets on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

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(e) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized costs, notes and accounts receivable, guarantee deposits and other financial assets) and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured by 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12-month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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ECLs are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls, i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. An evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of assets.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amount due.

(f) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

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B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreements and the definitions of a financial liability and an equity instrument.

(b) Equity instruments

An equity instrument is any contract that evidences the residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued is recognized as the amount of consideration received, less the direct cost of issuing.

(c) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(d) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(e) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

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(f) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to offset the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

C. Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

(8) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted average cost method and includes expenditure incurred in acquiring the inventories, production or conversion cost, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses necessary to make the sale.

(9) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under additional paid in capital. If the additional paid in capital resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(10) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- (a) Buildings and improvements: 2~50 years
- (b) Machinery and equipment: 1~15 years
- (c) Other equipment and leased assets: 1~25 years

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- (d) Buildings constitute mainly building, mechanical and electrical power equipment, and related engineering, wastewater treatment and sewage system, etc. Each such part is depreciated based on its useful life of 25 to 40 years, 25 years, and 4 to 15 years, respectively.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(11) Lessee

A. Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- (a) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- (b) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- (c) the customer has the right to direct the use of the asset throughout the period of use only if either:
- the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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B. As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (a) fixed payments, including in-substance fixed payments;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable under a residual value guarantee; and
- (d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- (a) there is a change in future lease payments arising from the change in an index or rate; or
- (b) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- (c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- (d) there is a change of its assessment on whether it will exercise an extension or termination option; or
- (e) there are any lease modifications

When the lease liability is remeasured, other than lease modifications a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

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When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases with 12 months or less and leases of low-value assets, including other equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

C. As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(12) Intangible assets

A. Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

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C. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

D. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

- (a) goodwill and trademarks: 4~6 years
- (b) development costs: 10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(13) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or a CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then, to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized for the assets in prior years.

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(14) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A. Site restoration

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land and the related expense are recognized when the land is contaminated. A provision for site restoration of lease land and the related expense are recognized over the term of the lease.

B. Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract or the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(15) Revenue recognition

A. Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(a) Sale of goods

The Group engages mainly in the research, development, production, design, and sales of semiconductor ingots and wafers, varistors, optoelectronics and communication wafer materials. The Group recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered, as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

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(b) Product processing services

The Group provides processing of products and recognizes the relevant revenue during the financial reporting period of the labor service.

Revenue recognition for fixed price contracts is based on the ratio of services actually provided to total services as of the reporting date, which is determined by the percentage of labor performed to the total amount of labor to be performed.

If the situation changes, the estimates of revenue, cost, and degree of completion will be revised, and the increase or decrease in the period when the management is aware of the change in the situation will be reflected in profit or loss.

Under the fixed price contract, the customer pays a fixed amount in accordance with the agreed time schedule. When the services provided exceed the payment, the contract assets are recognized; if the payment exceeds the services provided, the contract liabilities are recognized.

If the contract is valued based on the number of hours in which the service is provided, the revenue is recognized by the amount in which the Group has the right to open an invoice. The Group will ask for a monthly payment from the customer and will receive the consideration after opening the invoice.

The Group recognizes the accounts receivable when the goods are delivered, because the Group has the right to unconditionally collect the consideration at that time.

(c) Engineering contract

The Group is engaged in the contracting business of solar power plants. Since the assets are controlled by the customers at the time of construction, the revenue is gradually recognized over time based on the proportion of the engineering costs incurred to date to the estimated total contract costs. A fixed amount paid by the customer in accordance with the agreed time schedule. Certain changes in consideration are estimated using expectations from past experience; other changes are estimated at the most probable amount. The Group recognizes revenue only within the scope of the cumulative revenue level where it is highly probable that no significant reversal will occur. If the amount of revenue recognized has not been billed, it is recognized as a contract asset and the contract asset is transferred to the accounts receivable when there is an unconditional right to the consideration.

If the degree of completion of the performance obligation of the construction contract cannot be reasonably measured, the contract revenue is recognized only within the range of expected recoverable costs.

When the Group expects that the inevitable cost of performance of an engineering contract exceeds the economic benefit expected from the contract, the liability provision for the loss-making contract is recognized.

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If the circumstances change, the estimates of revenue, cost and completion will be revised and the changes will be reflected in gain or loss when the management is informed of the change in circumstances and the amendment is made.

(d) Services

The Group provides services to its customers. Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

Revenue recognition for fixed price contracts is based on the ratio of services actually provided to total services as of the reporting date, which is determined by the percentage of labor performed to the total amount of labor to be performed.

If the situation changes, the estimates of revenue, cost, and degree of completion will be revised, and the increase or decrease in the period when the management is aware of the change in the situation will be reflected in profit or loss.

(e) Electric power revenue

The Group recognized its electric power revenue based on the actual electric units and electric rate.

B. Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(16) Employee Benefits

A. Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

B. Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefit are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(17) Share-based payment

The grant date fair value of equity-settled share-based payment awards granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards whose related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service conditions at the vesting date.

The non-vested conditions relating to the share-based payment incentives are reflected in the measurement of the fair value of the share-based payment and the difference between the expected and actual results is not subject to verification adjustment.

Grant date of a share-based payment award is the approval date which the Board of directors reach a consensus in the subscription price and number of shares.

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The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss. Please refer to note 6(20) for its grant date of share-based payment award.

(18) Income tax

Income taxes comprise current taxes and deferred taxes. Except for items related to business combinations, or items recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized except for:

- A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- B. temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- C. taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- A. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

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- (a) the same taxable entity; or
- (b) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(19) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee remuneration that could be settled in the form of stock. The Company's potential diluted ordinary share includes non-vested shares of restricted employee right and employee remuneration that has not been resolved by the board of directors and has been issued in the form of shares.

(20) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimations and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in the accounting estimates during the period and the impact of those changes in the following period.

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Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(1) Impairment assessment of property, plant and equipment (including right-to-use assets)

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years. Refer to note 6(10) for further description of the key assumptions used to determine the recoverable amount.

(2) Impairment assessment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amount of relevant CGUs. Refer to note 6(12) for details of the impairment of goodwill.

(3) Judgment of whether the Group has substantial control over investees

The Group holds 41.93% of the voting shares of Crystalwise Technology Inc. (“Crystalwise”), and the remaining specific shareholders still hold significant voting shares, and it is impossible to exclude the possibility of a joint exercise of rights. The Group and other shareholders’ size and distribution of voting rights show that the Group has no power and does not have over half of the Broad seats and potential voting rights or other contractual arrangements. The Group evaluated that the activities of Crystalwise are not determined based on the votes of the majority voting rights holders. Rather, it is based on the majority of the members of the management. Therefore, the investors who have voting rights can not control the relevant activities of Crystalwise. The Group had received a variable return from the investee due to holding the ordinary share of Crystalwise. The source of return is dividends. The Group evaluated that it does not have the ability to influence Crystalwise’s return due to the lack of the power to control it. The Group concluded that it has no substantive power to decide the relevant activities from the beginning. Therefore, the Group determined that it has significant influence but not control over Crystalwise.

The Group’s finance and accounting departments conduct independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This finance and accounting departments also periodically adjust valuation models, conduct back testing, renew input data for valuation models, and make all other necessary fair value adjustments to assure the rationality of fair value.

The Group strives to use the observable market inputs when measuring assets and liabilities. The hierarchy of the fair value categorized by the valuation techniques used is as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For any transfer within the fair value hierarchy, the Group recognizes the transfer on the reporting date. For the assumption used in fair value measurement, please refer to note 6(27) of the financial instruments.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	\$ 8,799	12,884
Demand deposits	19,039,070	20,497,057
Time deposits	3,604,213	13,646,957
Repurchase agreement	<u>1,160,508</u>	<u>744,527</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 23,812,590</u>	<u>34,901,425</u>

Please refer to note 6(27) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

(2) Financial Assets and Liabilities at Fair Value through Profit or Loss (“FVTPL”)

	December 31, 2020	December 31, 2019
Financial assets mandatorily measured at fair value through profit or loss – current:		
Overseas securities held	\$ 5,604,312	1,876,656
Forward exchange contracts	<u>52,356</u>	<u>6,920</u>
	<u>\$ 5,656,668</u>	<u>1,883,576</u>
Financial assets mandatorily measured at fair value through profit or loss – non-current:		
Privately offered funds	<u>\$ 117,204</u>	<u>95,163</u>
Held-for-trading financial liabilities:		
Forward exchange contract	\$ 11,672	216,632
Swap exchange contract	<u>34,281</u>	<u>68</u>
	<u>\$ 45,953</u>	<u>216,700</u>

During the year ended December 31, 2020, the dividends of \$2,210 thousand were incurred from investments in financial assets mandatorily measured at fair value through profit or loss.

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The Group uses derivative instruments to hedge certain currency risk arising from the Group's operating activities. The Group held the following derivative instruments, which were not qualified for hedging accounting and accounted them as financial assets mandatorily measured at fair value through profit or loss and held for trading financial liabilities as of December 31, 2020 and 2019:

	December 31, 2020			
	Contract amount (in thousands)		Currency	Maturity date
Forward exchange contracts:				
Forward exchange contracts sold	USD	24,100	USD to EUR	January 26, 2021~ February 25, 2021
Forward exchange contracts sold	USD	2,560	USD to KRW	January 29, 2021
Forward exchange contracts purchased	JPY	20,000,000	JPY to NTD	January 20, 2021~ June 11, 2021
Forward exchange contracts purchased	EUR	50,000	JPY to EUR	February 25, 2021
Forward exchange contracts purchased	EUR	245,381	JPY to KRW	January 29, 2021
Forward exchange contracts purchased	EUR	111	EUR to KRW	January 29, 2021
Forward exchange contracts purchased	EUR	80,000	USD to NTD	January 29, 2021~ February 3, 2021
	December 31, 2019			
	Contract amount (in thousands)		Currency	Maturity date
Forward exchange contracts:				
Forward exchange contracts sold	USD	21,050	USD to EUR	January 24, 2020~ February 26, 2020
Forward exchange contracts sold	USD	2,838	USD to KRW	January 23, 2020
Forward exchange contracts purchased	JPY	19,000,000	JPY to NTD	January 14, 2020~ June 29, 2020
Forward exchange contracts purchased	EUR	1,632,949	JPY to KRW	January 23, 2020
Forward exchange contracts purchased	EUR	50,000	JPY to EUR	February 26, 2020
Forward exchange contracts purchased	EUR	3,508	EUR to KRW	January 23, 2020
Swap exchange contracts:				
Currency exchange	EUR	3,000	USD to NTD	March 17, 2020

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Remeasurement at fair value recognized in profit or loss is disclosed in note 6(25).

For the disclosure of market risk, please refer to note 6(27).

The financial assets mentioned above were not pledged as collateral.

(3) Financial assets at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Equity investments at fair value through other comprehensive income:		
Equity investment in foreign entities	\$ 377,060	326,090
Equity investment in domestic entities	107,570	6,095
Total	\$ 484,630	332,185

The Group designated the equity investments shown above as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.

In considering the Group's operating performance, the Group sold the shares of URE and Phoenix Silicon International Corporation, which were measured at fair value through other comprehensive income. The fair value of URE shares at the disposition date was \$313,662 thousand with a cumulative disposal loss of \$34,708 thousand and the fair value of Phoenix Silicon International Corporation shares at the disposition date was \$239,723 thousand with a cumulative disposal gain of \$126,095 thousand, respectively. The aforementioned cumulative disposed gain and loss have been transferred from other equity to retained earnings.

As of December 31, 2020 and 2019, the Group recognized dividend income of \$11,006 thousand and \$5,248 thousand, respectively.

Powtec ElectroChemical Corp. (hereinafter referred to as Powtec ElectroChemical) filed for bankruptcy on February 26, 2020. The Group assessed the Powtec ElectroChemical's financial difficulties and recognized the unrealized loss on financial assets at fair value through other comprehensive income.

No strategic investments were disposed for the year ended December 31, 2019, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

For the disclosure of market risk, please refer to note 6(27).

The financial assets mentioned above were not pledged as collateral.

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(4) Financial assets measured at amortized cost — current and non-current

	December 31, 2020	December 31, 2019
Current:		
Corporate bonds — Crystalwise Technology Inc.	\$ 277,895	240,068
Non-current:		
Corporate bonds — Crystalwise Technology Inc.	\$ -	267,612

The Group has assessed that these financial assets are held to maturity to collect contractual cash flows, which consist solely of payments of principal and interest on the principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

In January 2019, the Group purchased the private equity corporate bonds of Crystalwise Technology Inc. for a one-year period at a principal amount of \$250,000 thousand. The coupon rate and effective interest rate were 2.00%, and the bond is due on January, 2020.

As of December 31, 2020 and 2019, the Group has estimated the impairment losses (reversal gains) amounted to \$(22,519) thousand and \$25,973 thousand, respectively.

For the disclosure of credit risk, please refer to note 6(27).

The financial assets mentioned above were not pledged as collateral.

(5) Notes and accounts receivable, net

	December 31, 2020	December 31, 2019
Notes receivable	\$ 149,634	168,881
Accounts receivable	8,193,728	8,315,492
Accounts receivable at fair value through other comprehensive income	-	7,487
Less: Allowance for doubtful accounts	(11,206)	(57,611)
	\$ 8,332,156	8,434,249

The Group assesses a portion of its accounts receivables that had been held within a business model whose objective was achieved by selling financial assets; therefore, such accounts receivables were measured at fair value through other comprehensive income.

The Group applied the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

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The loss allowance provision of solar energy segment (including related parties) was determined as follows:

	December 31, 2020		
	Gross amount of notes and accounts receivable	Weighted-average loss rate	Credit loss allowance
Current	\$ 313,750	0%	-
1 to 30 days past due	57,776	0%	-
More than 181 days past due	3,861	100%	3,861
	\$ 375,387		3,861
	December 31, 2019		
	Gross amount of notes and accounts receivable	Weighted-average loss rate	Credit loss allowance
Current	\$ 327,675	0%	-
1 to 30 days past due	35,248	0%	-
More than 91 days past due	43,482	96%	41,935
	\$ 406,405		41,935

The loss allowance provision of semiconductor segment (including related parties) was determined as follows:

	December 31, 2020		
	Gross amount of notes and accounts receivable	Weighted-average loss rate	Credit loss allowance
Current	\$ 7,955,764	0%	-
1 to 30 days past due	76,019	0%	-
31 to 60 days past due	1,755	33%	577
61 to 90 days past due	83	0%	-
More than 181 days past due	6,768	100%	6,768
	\$ 8,040,389		7,345

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	December 31, 2019		
	Gross amount of notes and accounts receivable	Weighted-average loss rate	Credit loss allowance
Current	\$ 7,871,268	0%	-
1 to 30 days past due	241,061	0%	-
31 to 60 days past due	17,797	0%~15%	325
61 to 90 days past due	1,385	30%	416
91 to 120 days past due	13,626	50%	6,806
More than 151 days past due	8,269	90%~100%	8,129
	\$ 8,153,406		15,676

The movement of the credit loss allowance for notes and accounts receivable (including related parties) was as follows:

	2020	2019
Balance on January 1	\$ 57,611	61,221
Expected credit loss (reversed gain) recognized	(12,341)	(2,643)
Amounts written off	(34,663)	-
Foreign exchange gains (losses)	599	(967)
Balance on December 31	\$ 11,206	57,611

The Group factored its accounts receivable to manage credit risks as of each reporting date as follows:

The Group entered into an agreement with banks to factor certain of its accounts receivable without recourse. According to the agreement, within the factoring line, the Group does not have to ensure the ability of debtors to pay when transferring the rights and obligations. The Group derecognized the above accounts receivables because it had transferred substantially all of the risks and rewards of their ownership, and it did not have any continuing involvement in them.

As of the December 31, 2020, the Group did not have any accounts receivable factoring.

As of the December 31, 2019, details of accounts receivable factoring were as follows:

(In Thousands of Japanese Yen)

	December 31, 2019					
Purchaser	Divide by column amount	Factoring Line	Advanced Amount	Declassified to other receivables	Range of Interest Rate	Collateral
Mitsubishi UFJ, etc.	\$ 329,440	-	329,440	-	1.175%~ 1.475%	None

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The factoring agreements were entered into by the Group with individual purchasers.

The Group's notes and accounts receivable were not pledged as collateral.

(6) Inventories

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Finished goods	\$ 2,597,587	2,096,373
Work in progress	1,513,496	2,085,206
Raw materials	<u>3,817,555</u>	<u>3,216,714</u>
	<u>\$ 7,928,638</u>	<u>7,398,293</u>

Components of operating costs were as follows:

	<u>2020</u>	<u>2019</u>
Cost of sales	\$ 40,028,000	42,202,259
Impairment loss of property, plant and equipment (note 6 (10))	431,196	-
Recognition (reversal) of provisions for inventory valuation loss	79,390	(109,158)
Unallocated fixed manufacturing expense	377,128	266,522
Recognition (reversal) of provision loss (note 6(12))	<u>(632,014)</u>	<u>3,883,063</u>
	<u>\$ 40,283,700</u>	<u>46,242,686</u>

The Group's inventories mentioned above were not pledged as collateral.

(7) Investments accounted for using equity method

A summary of financial information for investments accounted for using equity method that are individually insignificant at the reporting date was as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Associates	<u>\$ 7,158,811</u>	<u>3,248,537</u>

<u>Names of affiliated companies</u>	<u>Relationship with the Group</u>	<u>Main location/ country registered in</u>	<u>Percentage of equity ownership interests and voting rights</u>	
			<u>December 31, 2020</u>	<u>December 31, 2019</u>
Actron Technology Corporation	Mainly engages in the manufacturing of electronic component	Taiwan	21.31%	15.50%

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<u>Names of affiliated companies</u>	<u>Relationship with the Group</u>	<u>Main location/ country registered in</u>	<u>Percentage of equity ownership interests and voting rights</u>	
			<u>December 31, 2020</u>	<u>December 31, 2019</u>
Taiwan Special Chemicals Corporation (hereinafter referred to as Taiwan Special Chemicals)	The main business is manufacturing of semiconductor special gas and chemical materials.	Taiwan	30.93%	30.93%
Cathay Sunrise Corporation (hereinafter referred to as Cathay Sunrise)	The main business is manufacturing of power generation, transmission and distribution machinery.	Taiwan	-	30.00%
Crystalwise Technology Inc.	Mainly engages in the manufacturing and trading of optoelectronic wafers and substrate material.	Taiwan	41.93%	41.93%
Hongwang Investment Co., Ltd. (Hongwang)	The main business is general trading	Taiwan	30.98%	30.98%
Accu Solar Corporation (TSCS)	The main business is providing solar modules.	Taiwan	24.70%	24.70%
ADVANCED WIRELESS SEMICONDUCTOR COMPANY (Advanced Wireless)	Mainly engages in the Manufacturing and trading of GaAs wafers.	Taiwan	22.53%	-
			<u>2020</u>	<u>2019</u>
Attributable to the Group:				
	Net loss		\$ 25,328	344,430
	Other comprehensive loss		731,896	269,600
	Total comprehensive loss		<u>\$ 757,224</u>	<u>614,030</u>

- A. The Group acquired 22.53% of the private placement of shares in Advance Wireless Semiconductor Company (Advanced Wireless) with cash consideration of \$3,496,500 thousand. The Group had significant influence over Advanced Wireless.
- B. The difference between the investment cost of the new investment and the fair value of the identifiable net assets of the investee is mainly attributable to intangible assets, tangible assets, and goodwill.
- C. The Group's Board of Directors resolved to dispose of the entire 30% ordinary shares, 45,000 thousand shares, of Cathay Sunrise to San Ching Engineering Corp. at \$11.5 per share on May 7, 2020, and the Group has lost significant influence since then. The disposal price was \$517,500 thousand, and the gain was \$34,165 thousand.

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- D. In considering the group's operating performance, the Group increased its investment in Crystalwise Technology Inc. by \$204,960 thousand in May 2019. The excess difference between the investment cost and the net equity value of \$12,101 thousand was recognized as a deduction of capital surplus, and the shares held increased from 40.13% to 41.93%.
- E. The Group has obtained significant influence since it was elected as corporate director of Actron Technology Corporation in May 2019. Therefore, the original account under fair value through other comprehensive income financial assets was removed and reclassified to investment accounted for using the equity method based on the fair value. The amount of profit related to the investment that was previously recognized in other comprehensive income of \$237,118 thousand that will not be reclassified to profit or loss was reclassified to retained earnings. In addition, between October and December 2019, the Group increased investment in Actron Technology Corporation through capital increase in cash and a purchase of existing shares. The difference between the investment cost and the net equity value was \$364,538 thousand, which was recognized as capital surplus. The shareholding of Actron Technology Corporation increased from 6.62% to 15.50%. The Group further purchased outstanding shares of Actron Technology Corporation in the publicly traded market in the year of 2020 amounting to \$461,610 thousand. As of December 31, 2020, the accumulated shareholding is 21.31%.
- F. The Group acquired equity interests of Hongwang Investment Co., Ltd. for \$109,760 thousand in 2019, which was recognized as additions to investments accounted for using the equity method. The difference of \$4,063 thousand between the investment cost and the equity is recognized in additional paid in capital. Ownership increased from 24.39% to 30.98% as a result of the acquisition.
- G. As of December 31, 2020 and 2019, the cash dividends from the investees were \$99,406 thousand and \$55,068 thousand, respectively, which were recognized as deductions of investments accounted for using the equity method.

H. Collateral

The Group did not pledge any investments accounted for using the equity method as collateral.

(8) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Name of subsidiary	Main business place / company registered country	% of ownership interests under non-controlling interests as well as the voting rights	
		December 31, 2020	December 31, 2019
GlobalWafers	Taiwan	48.83 %	48.83 %

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The following information of the aforementioned subsidiary was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The financial information included the fair value adjustments made at the acquisition date. Intragroup transactions between the Company and GlobalWafers were not eliminated in this information.

	December 31, 2020	December 31, 2019
Current assets	\$ 49,586,369	51,492,745
Non-current assets	45,265,248	45,093,008
Current liabilities	(29,331,386)	(26,910,651)
Non-current liabilities	<u>(21,365,331)</u>	<u>(24,601,852)</u>
Net assets	\$ 44,154,900	45,067,015
Net assets attributable to non-controlling interests	<u>\$ -</u>	<u>6,235</u>
Net assets attributable to the owner of the investee	\$ 44,154,900	45,067,015
Non-controlling interests	\$ 21,561,201	22,006,587
	2020	2019
Sales revenue	\$ 55,358,788	58,094,331
Net income	\$ 13,103,631	13,635,656
Other comprehensive income	347,092	(841,189)
Comprehensive income	\$ 13,450,723	12,794,467
Net profit attributable to non-controlling interests	\$ 6,398,496	6,662,412
Total comprehensive income, attributable to non-controlling interests of the investee	\$ 6,567,979	6,252,420
Profit attributable to non-controlling interests	\$ 17	(8,439)
Comprehensive income, attributable to non-controlling interests	\$ 17	(9,996)
Net cash flows from operating activities	\$ 14,563,559	17,388,898
Net cash flows from investing activities	(13,471,752)	(12,434,497)
Net cash flows from financing activities	(11,217,706)	(6,784,347)
Effects of changes in foreign exchange rates	<u>(256,132)</u>	<u>(562,865)</u>
Net decrease in cash and cash equivalents	\$ (10,382,031)	(2,392,811)

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(9) Loss control of subsidiaries

The Group disposed all of its shares in Sunrise PV Five with a consideration of \$144,241 thousand at the end of March 2019 and recognized net gain on disposal of \$69,104 thousand under other gains and losses in consolidated statements of comprehensive income and consequently the Group lose its control on Sunrise PV Five.

The carrying amount of assets and liabilities of Sunrise PV Five at the end of March 2019 was as follow:

Cash and cash equivalents	\$	6,564
Accounts receivable		1,976
Current assets		302
Property, plant and equipment		231,584
Non-current assets		36,202
Current liabilities		(165,269)
Non-current liabilities		<u>(36,222)</u>
Carrying amount of net assets	\$	<u>75,137</u>

The Group disposed all of its shares in Sunrise PV Electric Power Two with a consideration of \$47,770 thousand at the end of July 2019 and recognized net gain on disposal of \$3,480 thousand under other gains and losses in consolidated statements of comprehensive income and consequently the Group lose its control on Sunrise PV Electric Power Two.

The carrying amount of assets and liabilities of Sunrise PV Electric Power Two at the end of July 2019 was as:

Cash and cash equivalents	\$	18,779
Accounts receivable		1,265
Current assets		5,988
Property, plant and equipment		121,932
Non-current Assets		36,812
Current liabilities		(104,050)
Non-current liabilities		<u>(36,436)</u>
Carrying amount of net assets	\$	<u>44,290</u>

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(10) Property, plant and equipment

A. The movement of cost, depreciation and impairment of the property, plant and equipment of the Group were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Construction in progress and equipment awaiting inspection</u>	<u>Total</u>
Cost:						
Balance at January 1, 2020	\$ 3,407,360	18,779,888	56,216,092	5,170,147	8,850,371	92,423,858
Additions	-	912,217	463,186	377,145	6,771,969	8,524,517
Disposals	-	(39,561)	(1,546,251)	(261,780)	-	(1,847,592)
Reclassification and transfer	(23,626)	1,770,153	11,067,440	999,494	(13,885,042)	(71,581)
Effect of changes in exchange rates	<u>(89,721)</u>	<u>(285,374)</u>	<u>1,600,755</u>	<u>(507,074)</u>	<u>(116,065)</u>	<u>602,521</u>
Balance at December 31, 2020	<u>\$ 3,294,013</u>	<u>21,137,323</u>	<u>67,801,222</u>	<u>5,777,932</u>	<u>1,621,233</u>	<u>99,631,723</u>
Balance at January 1, 2019	\$ 3,466,034	18,593,462	60,038,560	4,634,177	3,379,135	90,111,368
Additions	-	16,715	143,401	416,447	8,514,621	9,091,184
Disposals	-	(41,964)	(4,364,736)	(80,522)	(9,845)	(4,497,067)
Reclassification and transfer	3,238	521,618	1,328,160	280,044	(2,766,637)	(633,577)
Effect of changes in exchange rates	<u>(61,912)</u>	<u>(309,943)</u>	<u>(929,293)</u>	<u>(79,999)</u>	<u>(266,903)</u>	<u>(1,648,050)</u>
Balance at December 31, 2019	<u>\$ 3,407,360</u>	<u>18,779,888</u>	<u>56,216,092</u>	<u>5,170,147</u>	<u>8,850,371</u>	<u>92,423,858</u>
Depreciation and impairment loss:						
Balance at January 1, 2020	\$ -	9,765,738	39,762,324	2,619,081	-	52,147,143
Depreciation for the year	-	782,938	4,431,317	394,158	-	5,608,413
Impairment loss	-	-	423,739	7,457	-	431,196
Disposals	-	(30,627)	(1,535,698)	(174,494)	-	(1,740,819)
Reclassification and transfer	-	(18,960)	(550,903)	590,777	-	20,914
Effect of changes in exchange rates	<u>-</u>	<u>(172,846)</u>	<u>1,345,646</u>	<u>(462,961)</u>	<u>-</u>	<u>709,839</u>
Balance at December 31, 2020	<u>\$ -</u>	<u>10,326,243</u>	<u>43,876,425</u>	<u>2,974,018</u>	<u>-</u>	<u>57,176,686</u>
Balance at January 1, 2019	\$ -	9,150,708	41,208,206	2,312,194	1,705	52,672,813
Depreciation for the year	-	763,046	3,653,004	422,887	-	4,838,937
Disposals	-	(41,716)	(3,906,267)	(65,238)	(1,705)	(4,014,926)
Reclassification and transfer	-	177	(686,945)	11,461	-	(675,307)
Effect of changes in exchange rates	<u>-</u>	<u>(106,477)</u>	<u>(505,674)</u>	<u>(62,223)</u>	<u>-</u>	<u>(674,374)</u>
Balance at December 31, 2019	<u>\$ -</u>	<u>9,765,738</u>	<u>39,762,324</u>	<u>2,619,081</u>	<u>-</u>	<u>52,147,143</u>
Carrying amounts:						
Balance at December 31, 2020	<u>\$ 3,294,013</u>	<u>10,811,080</u>	<u>23,924,797</u>	<u>2,803,914</u>	<u>1,621,233</u>	<u>42,455,037</u>
Balance at January 1, 2019	<u>\$ 3,466,034</u>	<u>9,442,754</u>	<u>18,830,354</u>	<u>2,321,983</u>	<u>3,377,430</u>	<u>37,438,555</u>
Balance at December 31, 2019	<u>\$ 3,407,360</u>	<u>9,014,150</u>	<u>16,453,768</u>	<u>2,551,066</u>	<u>8,850,371</u>	<u>40,276,715</u>

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B. Impairment loss

The Group evaluated that the production line of the solar energy division was affected by the global economy resulting to the decline in production output. Therefore, the recoverable amount of the production line must be evaluated.

The Group's solar energy production line is a cash-generating unit (CGU) and its recoverable amount is estimated on the basis of its value of use. The recoverable amount is higher than the carrying amount of the property, plant and equipment as assessed on December 31, 2020 and 2019, therefore, no impairment loss was recognized.

The estimated value of pre-tax discount rate in 2020 and 2019 were 8.57% and 7.39%, respectively.

As of December 31, 2020, the Group recognized impairment loss of some machinery amounted to \$431,196 thousand due to the changes in production technology, which incurred as operating costs in the statement of comprehensive income.

C. Collateral

The property, plant and equipment of the Group had been pledged as collateral for long-term and short-term loans and credit lines. Please refer to note 8.

(11) Right-of-use assets

The Group leases many assets including land, buildings, machinery and other equipment. The carrying amounts on right-of-use assets were presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2020	\$ 611,124	291,816	37,494	153,879	1,094,313
Additions	84,257	2,386	-	45,622	132,265
Disposal	(39,852)	(2,859)	(116)	(4,556)	(47,383)
Reclassification	-	-	(35,358)	35,358	-
Transfer and others	(3,510)	(2,235)	-	(4,514)	(10,259)
Effect of changes in exchange rates	173	(902)	(611)	2,740	1,400
Balance at December 31, 2020	<u>\$ 652,192</u>	<u>288,206</u>	<u>1,409</u>	<u>228,529</u>	<u>1,170,336</u>
Balance at January 1, 2019	\$ -	-	-	-	-
Retroactive adjustment for IFRS 16	629,229	316,600	39,047	155,383	1,140,259
Additions	-	935	-	9,529	10,464
Disposal	(15,370)	(29,560)	-	(389)	(45,319)
Transfer and others	(2,077)	5,476	(80)	(8,881)	(5,562)
Effects of changes in exchange rates	(658)	(1,635)	(1,473)	(1,763)	(5,529)
Balance at December 31, 2019	<u>\$ 611,124</u>	<u>291,816</u>	<u>37,494</u>	<u>153,879</u>	<u>1,094,313</u>

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	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Total</u>
Accumulated depreciation:					
Balance at January 1, 2020	\$ 41,880	53,210	10,237	75,377	180,704
Depreciation for the year	45,294	52,530	730	84,235	182,789
Disposal	(9,182)	(2,859)	(116)	(5,389)	(17,546)
Reclassification	-	-	(9,735)	9,735	-
Effects of changes in exchange rates	(4,291)	(3,008)	(187)	(990)	(8,476)
Balance at December 31, 2020	<u>\$ 73,701</u>	<u>99,873</u>	<u>929</u>	<u>162,968</u>	<u>337,471</u>
Balance at January 1, 2019	\$ -	-	-	-	-
Depreciation for the year	44,068	54,700	11,316	81,404	191,488
Disposal	(204)	(607)	-	(349)	(1,160)
Effects of changes in exchange rates	(1,984)	(883)	(1,079)	(5,678)	(9,624)
Balance at December 31, 2019	<u>\$ 41,880</u>	<u>53,210</u>	<u>10,237</u>	<u>75,377</u>	<u>180,704</u>
Carrying amount:					
Balance at December 31, 2020	<u>\$ 578,491</u>	<u>188,333</u>	<u>480</u>	<u>65,561</u>	<u>832,865</u>
Balance at December 31, 2019	<u>\$ 569,244</u>	<u>238,606</u>	<u>27,257</u>	<u>78,502</u>	<u>913,609</u>
Balance at January 1, 2019	<u>\$ 629,229</u>	<u>316,600</u>	<u>39,047</u>	<u>155,383</u>	<u>1,140,259</u>

The Group impairment loss assessment for the years ended December 31, 2020 and 2019, please refer to note 6(10).

(12) Intangible assets

The cost and amortization of the intangible assets of the Group for the years ended December 31, 2020 and 2019 were as follows:

	<u>Goodwill</u>	<u>Patents and trademarks</u>	<u>Development costs</u>	<u>Computer software</u>	<u>Total</u>
Cost:					
Balance at January 1, 2020	\$ 2,421,056	1,702,745	104,671	-	4,228,472
Additions	-	-	-	3,631	3,631
Reclassification	-	61,616	185,985	69,827	317,428
Effect of changes in exchange rates	(93,692)	(6,630)	6,185	(3,619)	(97,756)
Balance at December 31, 2020	<u>\$ 2,327,364</u>	<u>1,757,731</u>	<u>296,841</u>	<u>69,839</u>	<u>4,451,775</u>
Balance at January 1, 2019	\$ 2,488,317	1,704,483	160,515	-	4,353,315
Disposals	-	-	(50,711)	-	(50,711)
Effect of changes in exchange rates	(67,261)	(1,738)	(5,133)	-	(74,132)
Balance at December 31, 2019	<u>\$ 2,421,056</u>	<u>1,702,745</u>	<u>104,671</u>	<u>-</u>	<u>4,228,472</u>

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	<u>Goodwill</u>	<u>Patents and trademarks</u>	<u>Development costs</u>	<u>Computer software</u>	<u>Total</u>
Amortization:					
Balance at January 1, 2020	\$ -	997,181	3,708	-	1,000,889
Amortization for the year	-	331,480	14,436	2,866	348,782
Reclassification	-	61,616	185,985	69,827	317,428
Effect of changes in exchange rates	-	(5,737)	3,812	(10,862)	(12,787)
Balance at December 31, 2020	<u>\$ -</u>	<u>1,384,540</u>	<u>207,941</u>	<u>61,831</u>	<u>1,654,312</u>
Balance as of January 1, 2019	\$ -	666,222	37,696	-	703,918
Current amortization	-	332,113	15,767	-	347,880
Current amortization	-	-	(49,570)	-	(49,570)
Effect of changes in exchange rates	-	(1,154)	(185)	-	(1,339)
Balance at December 31, 2019	<u>\$ -</u>	<u>997,181</u>	<u>3,708</u>	<u>-</u>	<u>1,000,889</u>
Carrying amounts:					
Balance at December 31, 2020	<u>\$ 2,327,364</u>	<u>373,191</u>	<u>88,900</u>	<u>8,008</u>	<u>2,797,463</u>
Balance at January 1, 2019	<u>\$ 2,488,317</u>	<u>1,038,261</u>	<u>122,819</u>	<u>-</u>	<u>3,649,397</u>
Balance at December 31, 2019	<u>\$ 2,421,056</u>	<u>705,564</u>	<u>100,963</u>	<u>-</u>	<u>3,227,583</u>

As of December 31, 2020 and 2019, the amortization expenses of intangibles assets recognized under operating expenses in the statements of comprehensive income amounted to \$348,782 thousand and \$347,880 thousand, respectively.

For the purpose of impairment testing, goodwill was allocated to the semiconductor business segment. The Group's goodwill has been tested for impairment at least once at the end of each annual reporting period and the recoverable amount is determined based on discounted cash flows.

Based on the result of the Group's assessment, no goodwill impairment losses were recognized.

The intangible assets mentioned above were not pledged as collateral.

(13) Short-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Unsecured borrowings	<u>\$ 10,771,000</u>	<u>11,465,075</u>
Unused credit lines	<u>\$ 21,721,439</u>	<u>28,430,716</u>
Range of interest rates at the year end	<u>0.56%~ 0.64%</u>	<u>0.70%~ 3.00%</u>

Please refer to note 8 for details of the related assets pledged as collateral.

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(14) Long-term borrowings

The details of long-term borrowings were as follows:

	December 31, 2020			
	Currency	Interest	Maturity	Amount
Unsecured borrowings	NTD	1.22%	118.12	\$ 1,080,816
Less: current portion				(32,752)
Total				<u>\$ 1,048,064</u>
			December 31,	December 31,
			2020	2019
Unused credit lines			<u>\$ 300,000</u>	<u>400,000</u>

Please refer to note 8 for details of the related assets pledged as collateral.

(15) Lease liabilities

The carrying amounts of lease liabilities of the Group was as follows:

	December 31,	December 31,
	2020	2019
Current (recognized under other current liabilities)	<u>\$ 117,759</u>	<u>178,913</u>
Non-current (recognized under other non-current liabilities)	<u>\$ 728,314</u>	<u>752,484</u>

For the maturity analysis, please refer to note 6(27) "Financial instruments".

The amounts recognized in profit or loss were as follows:

	2020	2019
Interest on lease liabilities	<u>\$ 10,911</u>	<u>12,051</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 2,279</u>	<u>880</u>
Expenses relating to short-term leases	<u>\$ 9,838</u>	<u>15,564</u>
Expenses relating to leases of low value assets, excluding short term leases of low value assets	<u>\$ 2,926</u>	<u>6,054</u>

The amounts recognized in the statement of cash flows were as follows:

	2020	2019
Total cash outflow for leases	<u>\$ 224,418</u>	<u>235,576</u>

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A. Land and Buildings lease

The Group leases land and buildings for its facility and office space. The leases of office space typically run for a period of 7 to 20 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Land leases' additional rent payments that are based on changes in local price indices and the public facilities construction costs re invested annually in each park will be adjusted after being assessed.

B. Other leases

The Group leases vehicles and other equipment, with lease terms of two to five years. In some cases, the Group has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

(16) Provisions

The details of the movement in the Group's provisions were as follows:

	Site restoration	Onerous contracts	Total
Balance of January 1, 2020	\$ 62,005	4,844,899	4,906,904
Provisions made during the year	7,839	-	7,839
Provisions reversed during the year	(9,798)	(630,055)	(639,853)
Effect of changes in exchange rates	10,607	-	10,607
Balance of December 31, 2020	<u>\$ 70,653</u>	<u>4,214,844</u>	<u>4,285,497</u>
Current	\$ 21,697	221,949	243,646
Non-current	48,956	3,992,895	4,041,851
Total	<u>\$ 70,653</u>	<u>4,214,844</u>	<u>4,285,497</u>
Balance of January 1, 2019	\$ 64,651	960,292	1,024,943
Provisions made during the year	9,688	4,193,975	4,203,663
Provisions reversed during the year	(11,232)	(309,368)	(320,600)
Effect of changes in exchange rates	(1,102)	-	(1,102)
Balance of December 31, 2019	<u>\$ 62,005</u>	<u>4,844,899</u>	<u>4,906,904</u>
Current	\$ 10,307	221,949	232,256
Non-current	51,698	4,622,950	4,674,648
Total	<u>\$ 62,005</u>	<u>4,844,899</u>	<u>4,906,904</u>

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A. Site restoration

Under the lease contract, if the Group does not intend to extend its leasehold, the Group needs to restore the plants. The Group estimates the provision based on the lease terms and in accordance with the Group's published environmental policy and applicable legal requirements. A provision for site restoration is made in respect of environmental cleanup costs.

B. Onerous contract

The Group entered into several non-cancellable long-term material supply agreements with the suppliers of silicon materials. The Group agrees to purchase the required quantity of raw materials on schedule based on the contractual price during the commitment periods and makes a non-refundable prepayment to the suppliers. The suppliers need to deliver the required quantity of raw materials to the Group according to the contract. Provisions for the onerous contracts were made based on contractual terms and were recognized as cost of sales. For the related agreement, please refer to note 9.

(17) Employee benefits

A. Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value was as follows:

	December 31, 2020	December 31, 2019
Total present value of obligations	\$ (8,155,583)	(8,436,845)
Fair value of plan assets	<u>5,671,476</u>	<u>5,489,559</u>
Recognized (liabilities) assets for defined benefit obligations	<u>\$ (2,484,107)</u>	<u>(2,947,286)</u>
	December 31, 2020	December 31, 2019
Net defined benefit asset (recognized under other non-current assets)	\$ -	3,104
Net defined benefit liabilities	<u>(2,484,017)</u>	<u>(2,950,390)</u>
	<u>\$ (2,484,017)</u>	<u>(2,947,286)</u>

The plans entitle a retired employee to receive a pension benefit based on years of service prior to retirement.

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(a) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations of the Group for the years ended December 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Defined benefit obligations at January 1	\$ 8,436,845	8,164,777
Current service costs and interest cost	231,465	489,118
Remeasurements for defined benefit obligations		
— Actuarial gains and losses arising from experience adjustments	161,262	11,528
— Actuarial gains and losses resulting from changes in demographic assumptions	280,853	371,933
— Actuarial gains and losses resulting from changes in financial assumptions	84,229	78,187
Past service credit	6,459	-
Benefits paid	(463,540)	(493,490)
Expected settlement of benefit obligations	(424,645)	(185,208)
Effects of changes in exchange rates	<u>(157,345)</u>	<u>-</u>
Defined benefit obligations at December 31	<u>\$ 8,155,583</u>	<u>8,436,845</u>

(b) Movements in the fair value of the plan assets

The movements in the fair value of the defined benefit plan assets of the Group for the years ended December 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Fair value of plan assets at January 1	\$ 5,489,559	4,994,981
Interest income	125,720	160,435
Remeasurements for defined benefit obligations		
—Return on plan asset (excluding current interest)	492,356	641,034
Contributions made	254,051	174,797
Benefits paid	(308,756)	(336,313)
Expected settlement of benefit obligations	(191,699)	-
Effect of changes in exchange rates	<u>(189,755)</u>	<u>(145,375)</u>
Fair value of plan assets at December 31	<u>\$ 5,671,476</u>	<u>5,489,559</u>

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The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks. The Group's Bank of Taiwan labor pension reserve account balance amounted to \$256,357 thousand as of December 31, 2020. For information on the utilization of the labor pension fund assets, including the assets allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

Under the employee defined benefit plans of the Group's subsidiary in Korea, the plan assets comprised of time deposits bearing annual interest rates ranging from 1.74%~2.20%.

In Italy, the Group's subsidiary contributes an amount to the National Social Security Pension Fund (INPS) for the employee defined benefit plan.

Under the employee defined benefit plans of the entities located in the United States, plan assets are comprised of trust funds with different grades of risks and returns. Plan asset portfolio consists of a variety of financial instruments including cash, equity securities, and income funds.

(c) Changes in the effect of the asset ceiling

As of December 31, 2020 and 2019, there was no effect of the asset ceiling.

(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group for the years ended December 31, 2020 and 2019, were as follows:

	<u>2020</u>	<u>2019</u>
Current service costs	\$ 100,934	472,005
Net interest of defined benefit obligation	11,270	(143,322)
	<u>\$ 112,204</u>	<u>328,683</u>
Operating Costs	\$ 78,220	282,476
Selling expenses	11,007	27,854
Administrative expenses	12,001	8,847
Research and development expenses	10,976	9,506
	<u>\$ 112,204</u>	<u>328,683</u>

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(e) Actuarial assumptions

The Group's principal actuarial assumptions at the reporting date were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate	0.03%~3.06%	0.32%~3.04%
Future salary increase rate	0.8%~5.75%	1.33%~9.96%

The estimated amount of contribution to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$227,260 thousand.

The weighted average duration of the defined benefits obligation are 3 years to 16.87 years.

(f) Sensitivity analysis

The following table summarizes the impact of a change in the assumptions on the present value of the defined benefit obligation as of December 31, 2020 and 2019.

<u>Actuarial assumptions</u>	<u>Impact on defined benefit obligations</u>	
	<u>Increased by 0.25%</u>	<u>Decreased by 0.25%</u>
December 31, 2020		
Discount rate	\$ (189,487)	201,145
Future salary increase rate	\$ 68,394	(62,640)
December 31, 2019		
Discount rate	\$ (203,951)	212,482
Future salary increase rate	\$ 93,533	(87,128)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in previous periods. There was no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

There was no change in the method and assumptions used in the preparation of the sensitivity analysis for 2020 and 2019.

B. Defined contribution plans

The Group contributes at the rate of 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group's contribution to the Bureau of Labor Insurance requires no additional legal or constructive obligations thereafter.

The Company's domestic subsidiaries' pension costs incurred from contributions to the defined contribution plan were \$95,533 thousand and \$85,230 thousand for the years ended December 31, 2020 and 2019, respectively. Such contributions were made to the Bureau of the Labor Insurance.

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The total periodic pension costs of other subsidiaries were recognized as current expenses in accordance with the local regulations of their respective jurisdictions where they are domiciled. The Group recognized the pension costs of \$189,711 thousand and \$97,203 thousand for its overseas subsidiaries in the years of 2020 and 2019, respectively.

(18) Income tax

A. Income tax expense

The components of income tax expenses in 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Current tax expense (profit)		
Current tax expense	3,450,406	4,117,829
Deferred tax expense		
Origination of temporary differences	<u>76,722</u>	<u>910,995</u>
Income tax expense	<u>\$ 3,527,128</u>	<u>5,028,824</u>

The amounts of income tax (benefit) recognized in other comprehensive income in 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit obligations	<u>\$ (38,521)</u>	<u>120,951</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	<u>\$ (33,505)</u>	<u>(305,271)</u>

Reconciliations of income tax and income before income tax for 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Income before income tax	<u>\$ 16,238,190</u>	<u>13,924,169</u>
Income tax using the Company's domestic tax rate	3,247,638	2,784,834
Effect of tax rates in foreign jurisdiction	457,100	504,291
Shares of profit of foreign subsidiaries accounted for using equity method	1,797,820	1,697,507
Tax effect of permanent differences	(294,504)	163,919
Basic income tax	-	4,840
Tax refunded for repatriated offshore funds to Taiwan	(547,941)	(390,785)
Investment tax credits	(606,077)	(144,840)
Changes in unrecognized temporary differences and others	<u>(526,908)</u>	<u>409,058</u>
	<u>\$ 3,527,128</u>	<u>5,028,824</u>

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B. Deferred tax assets and liabilities

(a) The deferred tax assets have not been recognized in respect of the following items:

	December 31, 2020	December 31, 2019
Tax effect of deductible temporary differences	\$ 1,906,037	1,721,216
Carryforward of unused tax losses	723,032	679,200
	\$ 2,629,069	2,400,416

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

As of December 31, 2020, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused tax losses	Expiry date
2012 (verified)	\$ 1,403,648	2022
2013 (verified)	9,728	2023
2017 (verified)	1,021,784	2027
2018 (estimated)	1,180,000	2028
	\$ 3,615,160	

(b) Deferred tax liabilities have not been recognized with respect of the following items:

	December 31, 2020	December 31, 2019
Aggregate amount of temporary differences related to investments in subsidiaries	\$ (1,535,975)	(997,762)

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as at December 31, 2020 and 2019. Also, the management considers it is probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences were not recognized as deferred tax liabilities.

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(c) Recognized deferred tax assets and liabilities

Deferred tax assets:

	<u>January 1, 2020</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehen sive income</u>	<u>Effect of changes in exchange rates</u>	<u>December 31, 2020</u>
Assets:					
Allowance for inventory valuation	\$ 177,678	64,335	-	25,654	267,667
Loss carryforwards	109,042	(107,450)	-	(1,592)	-
Defined benefit obligations	448,658	(158,926)	13,609	29,400	332,741
Equity-method investments	170,672	(134,576)	(23,540)	-	12,556
Expected credit loss of accounts receivable	93,280	-	-	57,550	150,830
Depreciation life differences of property, plant and equipment	163,567	304,418	-	33,332	501,317
Unrealized exchange losses	130,446	(60,084)	-	(47,343)	23,019
Others	<u>634,293</u>	<u>355,150</u>	<u>-</u>	<u>35,248</u>	<u>1,024,691</u>
	<u>\$ 1,927,636</u>	<u>262,867</u>	<u>(9,931)</u>	<u>132,249</u>	<u>2,312,821</u>
Liabilities:					
Equity method investments	\$ (2,932,566)	(224,907)	81,957	-	(3,075,516)
Depreciation differences of property, plant and equipment and others	<u>(1,881,310)</u>	<u>38,762</u>	<u>-</u>	<u>(56,343)</u>	<u>(1,898,891)</u>
	<u>\$ (4,813,876)</u>	<u>(186,145)</u>	<u>81,957</u>	<u>(56,343)</u>	<u>(4,974,407)</u>

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	<u>January 1, 2019</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehen sive income</u>	<u>Effect of changes in exchange rates</u>	<u>December 31, 2019</u>
Assets:					
Allowance for inventory valuation	\$ 198,554	(16,189)	-	(4,687)	177,678
Loss carryforwards	29,726	83,084	-	(3,768)	109,042
Defined benefit obligations	395,594	(44,377)	101,353	(3,912)	448,658
Equity-method investments	109,783	40,399	20,490	-	170,672
Expected credit loss of accounts receivable	112,479	(13,458)	-	(5,741)	93,280
Depreciation life differences of property, plant and equipment	166,495	107	-	(3,035)	163,567
Unrealized exchange losses	114,144	17,625	-	(1,323)	130,446
Others	<u>388,068</u>	<u>258,352</u>	<u>-</u>	<u>(12,127)</u>	<u>634,293</u>
	<u>\$ 1,514,843</u>	<u>325,543</u>	<u>121,843</u>	<u>(34,593)</u>	<u>1,927,636</u>
Liabilities:					
Equity method investments	\$ (2,487,625)	(710,856)	265,915	-	(2,932,566)
Depreciation life differences of property, plant and equipment	(729,816)	(148,850)	-	26,633	(852,033)
Fair value adjustment for the net assets acquired in business combinations	(435,519)	15,224	-	9,963	(410,332)
Others	<u>(11,704)</u>	<u>(392,056)</u>	<u>(203,438)</u>	<u>(11,747)</u>	<u>(618,945)</u>
	<u>\$ (3,664,664)</u>	<u>(1,236,538)</u>	<u>62,477</u>	<u>24,849</u>	<u>(4,813,876)</u>

C. Assessment of tax filings

The Company's income tax returns for the years through 2018 have been examined and approved by the R.O.C. income tax authorities.

(19) Capital and other equity

As of December 31, 2020 and 2019, the authorized common stock of the Company amounted to \$8,000,000 thousand, which was divided into 800,000 thousand shares, with a par value of \$10 per share, of which \$200,000 thousand was reserved for employee stock options, convertible preferred stock, and convertible corporate bonds. The issued and outstanding shares of common stock both amounted to \$5,862,367 thousand.

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The reconciliation of shares outstanding for the years ended December 31, 2020 and 2019 was as follows (in thousands of shares):

	Common stock	
	2020	2019
Opening balance at January 1	584,573	582,880
Restricted employee shares	1,649	1,693
Closing balance at December 31	586,222	584,573

A. Issuance of common stock

The Company increased capital in GDRs of \$610,000 thousand, and issued 61,000 thousand shares of common stock on the Luxembourg on September 9, 2010. The price issued per share was US\$2.9048. The total issuance amount is US\$177,193 thousand. The cash increase was approved by the Financial Supervisory Commission No. 0990041383. Letter on August 13, 2010. All shares issued were paid and registered on September 9, 2010. The total amount issued was US\$177,193. The net amount issued was US\$174,931 thousand after deducting the related agent cost US\$2,262 thousand, was equivalent to \$5,580,288 thousand on the day's closing exchange rates. The total premium amounting to \$4,958,757 thousand was recognized on capital surplus after deducting the related issuance cost of \$11,531 thousand.

As of December 31, 2020 and 2019, a total of nil thousand shares and 317 thousand shares, respectively, of employee restricted shares were rescinded and subjected to cancellation due to resignation of employees. As of December 31, 2020 and 2019, there were still nil thousand and 15 thousand shares, respectively, whose legal registration procedures are uncompleted and recognized as share capital awaiting for retirement.

B. Capital surplus

The balances of capital surplus were as follows:

	December 31, 2020	December 31, 2019
Additional paid in capital	\$ 10,285,706	11,641,320
Difference between the consideration and the carrying amount of subsidiaries' share acquired or disposed	1,887,671	2,065,254
Capital surplus recognized under the equity method	6,667,167	6,665,682
Treasury stock transactions	33,314	33,314
New restricted employee shares	-	60,522
Employee stock options	607,376	606,503
	\$ 19,481,234	21,072,595

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The Company's resolutions to distribute cash dividends out of capital surplus for an amount of \$1,416,136 thousand (\$2.42 per share) and \$401,900 thousand (\$0.6855 per share), respectively, were approved during the shareholders' meeting held on March 19, 2020 and June 27, 2019. Relevant information can be found on the Market Observation Post System website.

C. Legal reserve

According to the R.O.C Company Act Section 241, the legal reserve and capital surplus may be distributed as cash dividends or stock dividends to the shareholders in proportion to the number of shares held. Distribution of legal reserve and capital surplus, by way of cash dividends, should be approved by the board of directors in a meeting attended by two thirds of the total number of directors, with half of the directors' agreement; thereafter, be reported in the shareholders' meeting. The distribution of legal reserve and capital surplus through issuance of new shares shall be resolved during the shareholders' meeting.

D. Special reserve

When the Company adopted the International Financial Reporting Standards (IFRSs) approved by the FSC for the first time, the Company had chosen to apply IFRS 1 "First time Adoption of the IFRSs" exemptions. Retained earnings was increased by \$161,317 thousand due to the adjustment of accumulated translation adjustment under the shareholders' equity, which exceeded the net increase of \$102,349 thousand in retained earnings on the conversion date for the first time adoption of IFRSs approved by the FSC. In accordance with Regulatory Permit No. 1010012865 as issued by the FSC on April 6, 2012, a special reserve is appropriated from retained earnings based on the net increase of retained earnings arising from the first adoption of IFRSs. Under such regulation, the Company is also required to set aside an additional special reserve, as part of the distribution of its annual earnings, equal to the difference between the amount of the above mentioned special reserve and the net debit balance of other components of the stockholders' equity. The only distributable special reserve is the portion that exceeds the net debit balance of the other components of the shareholders' equity. The carrying amount of special reserve amounted to \$102,349 thousand as of December 31, 2020 and 2019.

According to the rule referred to above, while distributing the distributable earnings, the Company had additional special reserve appropriated from the current year net income and unappropriated earnings of the prior period for the difference between the net amount debited to other shareholder's equity and the balance of the special reserve appropriated in the preceding paragraph. For the amount debited to other shareholders' equity attributable to prior period accumulation, the special reserve was appropriated from the unappropriated earnings of the prior period and could not be distributed. The amount debited to the shareholders' equity reversed subsequently can be distributed as earnings.

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E. Earnings distribution and dividend policy

On June 23, 2020, the amendment to the Company's Articles of Incorporation was approved during the shareholders' meeting. The proposal of surplus earning distribution or loss off-setting for the first half fiscal year, together with the business report and financial statements, shall be forwarded to the audit committee for auditing before the end of the second half of the fiscal year; thereafter, be submitted to the board of directors for approval.

Distribution of earnings, by way of cash, shall be approved in the board of directors' meeting. The distribution of earnings through issuance of new shares shall be resolved in the stockholders' meeting.

The Company's Article of Incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as a legal reserve, and subsequently any remaining profit together with any undistributed retained earnings shall be distributed, in form of cash dividends, according to the distribution plan approved by the Board of Directors with two-thirds of directors present and approved by one-half of the present directors and further submitted to the shareholders' meeting, in accordance with the R.O.C. Company Act Section 240(5). The distribution plan to issue new shares should be proposed by the Board of directors and submitted to the shareholders' meeting for approval.

After considering both the long-term development of the business and the goal of stable growth of earnings per share, the distribution of dividends to shareholders should not be less than 50% of the distributable earnings, which is calculated using the net income of the current year, minus, legal reserve and special reserve. The distribution of cash dividends should not be less than 50% of the total dividends.

On March 19, 2020, the appropriation of the earnings in 2019 was resolved at the Board of Directors' meeting. The appropriation of earnings in 2018 was resolved at the annual meeting of shareholders on June 27, 2019. The relevant dividend distributions to shareholders were as follows:

	2019	2018
Dividends distributed to ordinary shareholders:		
Cash (dividends per share were \$2.5843 and \$2.3145, respectively)	\$ <u>1,514,973</u>	<u>1,356,963</u>

On December 10, 2020, the Company's Board of Directors resolved to the appropriation the of the first half of 2020 earnings. The earnings were appropriated as follows:

	The first half of 2020
Dividends distributed to ordinary shareholders:	
Cash (dividends per share were \$3.5)	\$ <u>2,051,776</u>

The above-mentioned information is available on the Market Observation Post System website.

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G. Other equity, net of tax

	Exchange differences on translation of foreign financial statements	Gains (losses) on equity instruments measured at fair value through other comprehen- sive income	Unearned compensation cost	Other	Total
Balance at January 1, 2020	\$ (2,224,344)	(1,585,242)	(18,608)	(3,268)	(3,831,462)
Exchange differences on translation of net assets of foreign operations	(104,374)	-	-	-	(104,374)
Share of exchange differences of associates accounted using equity method	3,680	-	-	2,893	6,573
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	398,280	-	-	398,280
Share of unrealized gains (losses) from financial assets measured at fair value through other comprehensive income of associates using equity method	-	116,509	-	-	116,509
Compensation cost of restricted shares issued	-	-	18,608	-	18,608
Balance at December 31, 2020	<u>\$ (2,325,038)</u>	<u>(1,070,453)</u>	<u>-</u>	<u>(375)</u>	<u>(3,395,866)</u>
Balance at January 1, 2019	\$ (1,586,241)	(1,406,132)	(75,334)	(3,380)	(3,071,087)
Exchange differences on translation of net assets of foreign operations	(631,106)	-	-	-	(631,106)
Share of exchange differences of associates accounting using equity method	(6,997)	-	-	112	(6,885)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	(24,230)	-	-	(24,230)
Share of unrealized gains (losses) from financial assets measured at fair value through other comprehensive income of associates accounted for using equity method	-	158,135	-	-	158,135
Disposal of equity instruments measured at fair value through other comprehensive income	-	(313,015)	-	-	(313,015)
Compensation cost of restricted shares issued	-	-	56,726	-	56,726
Balance at December 31, 2019	<u>\$ (2,224,344)</u>	<u>(1,585,242)</u>	<u>(18,608)</u>	<u>(3,268)</u>	<u>(3,831,462)</u>

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(20) Share-based payment

A. Restricted stock to employee

On June 27, 2017, the Company resolved through the shareholders' meeting to issue 6,000 thousand new restricted employee shares. The grant is limited to manager-level (including) above supervisors and full-time employees with special contributions who have served for more than one year at the Company since the grant day. The Company has filed a declaration with the Securities and Futures Commission of FSC and all the shares were issued by the board of directors resolution on October 5, 2017. The fair value of the grant was \$67.2.

The employees who have been allocated the above-mentioned new restricted employee shares will be able to subscribe for the shares at \$20 each. The vested condition is that after receiving the new restricted employee shares, they are still in service according to the following schedule, and their performance reaches A (including) above, then they can obtain the share percentage of the vested condition respectively:

- 1) 1 year of service: 40%
- 2) 2 year of service: 70%
- 3) 3 year of service: 100%

After the employees subscribe for the new shares, they may not sell, pledge, transfer, donate, set or do other disposition of their shares until the vested conditions are fulfilled; new restricted employee shares are subject to the right to participate in the distribution of dividends, and the dividends they receive are not subject to the vested period; the proposal, speech, voting rights and other relevant shareholders' equity of the shareholders meeting of the Company before the vested conditions are the same as the other ordinary shares of the Company; after the issuance, the new restricted employee shares should be immediately delivered to the trust or custody and must not be returned to the trustee for any reason or manner until the vested conditions are fulfilled. The Company will repurchase the restricted stock from employees at the issue price when the vesting conditions cannot be met.

The information of the Company's restricted shares was as follows:

	Unit: Thousand shares	
	<u>2020</u>	<u>2019</u>
Outstanding at January 1	1,649	3,408
Vested during the year	(1,649)	(1,693)
Forfeited during the year	-	(66)
Outstanding at December 31	<u>-</u>	<u>1,649</u>

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The compensation costs recognized by the Company in 2020 and 2019 were \$18,608 thousand and \$53,611 thousand, respectively, and recognized as the operating costs and operating expenses. The balance of the unvested employee compensation of the Company as of December 31, 2020 and 2019 were nil and \$18,608 thousand, respectively, which were accounted for as reductions of other equity.

B. Cash-settled share-based payment

The Company's subsidiary, GlobalWafers, issued a cash settled share-based payment for a period of four years. The assigned employees are entitled to future cash payments when performing the conditions of service. The condition of the plan requires that employees who are entitled to the above share appreciation rights must be in service on each vested date at the Group (February 28, 2019, February 28, 2020, February 28, 2021 and February 28, 2022). On each vested day, employee is entitled to a 25% share appreciation right. In addition, the share appreciation rights are determined by the share price of GlobalWafers on each vested day and individual performance.

As of December 31, 2020 and 2019, the price of GlobalWafers stock was NT\$ 708 and NT\$ 382.5, respectively. For the years ended December 31, 2020 and 2019, the Group recognized the compensation cost amounting to \$164,352 thousand and \$92,739 thousand, respectively.

(21) Earnings per Share

A. Basic earnings per share

	<u>2020</u>	<u>2019</u>
Net income attributable to the shareholders of the Company	\$ <u>6,326,235</u>	<u>2,248,386</u>
Weighted average number of ordinary shares outstanding (in thousands of shares)	<u>584,916</u>	<u>583,210</u>
Basic earnings per share (NT dollar)	\$ <u>10.82</u>	<u>3.86</u>

B. Diluted earnings per share

	<u>2020</u>	<u>2019</u>
Net income attributable to the shareholders of the Company	\$ <u>6,326,235</u>	<u>2,248,386</u>
Weighted average number of ordinary shares outstanding (in thousands of shares)	584,916	583,210
Effect of dilutive potential ordinary shares	<u>5,866</u>	<u>3,899</u>
Weighted-average number of ordinary shares outstanding (in thousands of shares)(diluted)	<u>590,782</u>	<u>587,109</u>
Diluted earnings per share (NT dollar)	\$ <u>10.71</u>	<u>3.83</u>

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(22) Revenue from contracts with customers

A. Details of revenues

	2020			2019		
	Semiconductor Segment	Solar energy Segment	Total	Semiconductor Segment	Solar energy Segment	Total
Primary geographical markets:						
Taiwan	\$ 10,729,031	1,955,101	12,684,132	12,568,540	1,721,425	14,289,965
Northeast Asia (Japan and Korea)	16,824,092	368,421	17,192,513	17,852,401	1,104,253	18,956,654
Asia-other	11,011,666	571,993	11,583,659	9,100,112	1,311,136	10,411,248
America	7,231,434	1,423,332	8,654,766	8,410,577	1,511,115	9,921,692
Europe	7,218,230	1,221,226	8,439,456	7,165,983	1,697,439	8,863,422
Other areas	<u>2,334,142</u>	<u>508,631</u>	<u>2,842,773</u>	<u>2,992,340</u>	<u>74,904</u>	<u>3,067,244</u>
	<u>\$ 55,348,595</u>	<u>6,048,704</u>	<u>61,397,299</u>	<u>58,089,953</u>	<u>7,420,272</u>	<u>65,510,225</u>
Major product categories						
Semiconductor wafers	\$ 55,138,940	7,005	55,145,945	57,721,510	-	57,721,510
Solar cell	-	1,937,190	1,937,190	-	2,877,421	2,877,421
Solar module	-	1,593,096	1,593,096	-	1,553,577	1,553,577
Solar ingot	-	928,837	928,837	-	792,922	792,922
Semiconductor ingot	113,541	-	113,541	275,284	-	275,284
Solar wafer	-	170,789	170,789	-	144,716	144,716
Others	<u>96,114</u>	<u>1,411,787</u>	<u>1,507,901</u>	<u>93,159</u>	<u>2,051,636</u>	<u>2,144,795</u>
	<u>\$ 55,348,595</u>	<u>6,048,704</u>	<u>61,397,299</u>	<u>58,089,953</u>	<u>7,420,272</u>	<u>65,510,225</u>

B. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes and accounts receivable (including related parties)	<u>\$ 8,404,570</u>	<u>8,502,200</u>	<u>9,874,500</u>
Contract liabilities	<u>\$ 17,896,112</u>	<u>21,409,237</u>	<u>20,374,971</u>

The major change in the balance of contract liabilities is the advance consideration received from customers for the contracts, in which revenue is recognized when products are delivered to customers. The amount of revenue recognized for the years ended December 31, 2020 and 2019, which was included in the contract liability balance at the beginning of the period, was \$3,581,457 thousand and \$2,310,280 thousand, respectively.

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The contract liabilities primarily relate to the advance consideration received from customers for the semiconductor and solar products sales contracts, in which revenue is recognized when products are delivered to customers

(23) Remuneration to employees and directors

In accordance with the Articles of Incorporation of the Company, if there is profit in the year, the Company shall accrue 3%-15% of the profit as employee's remuneration. The board of directors decides to distribute it by stock or cash, and the object of distribution includes employees meeting certain conditions; and the board of directors decides to accrue up to 3% of the above profit as directors' remuneration. The distribution of remuneration of employees and directors should be submitted and reported during the shareholders' meeting. In case the Company has an accumulated loss, it should reserve amounts to make up the losses prior to distributing remuneration to the employees and directors pursuant to the percentage mentioned in the preceding paragraph.

For the years ended December 31, 2020 and 2019, the Company accrued and recognized its employee remuneration amounting to \$506,993 thousand and \$196,400 thousand and directors remuneration amounting to \$45,740 thousand and \$41,790 thousand, respectively. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's Articles of Incorporation, and expensed under operating costs or expenses. If there would be any changes in accounting estimates, the changes shall be accounted for as profit or loss in the following year. If, however, the shareholders determine that the employee remuneration is to be distributed through share dividends, the calculation, based on the shares, shall be calculated using the share price on the day before the board of directors', meeting. The difference between estimated amount and actual payment, if any, will be treated as change in accounting estimate and recognized in profit or loss in the following year.

The amounts as stated in the 2020 and 2019 consolidated financial statements were not significantly different from those approved in the board of directors' meetings. The information is available on the Market Observation Post System website.

(24) Other income

	2020	2019
Interest income from bank deposits	\$ 250,425	745,979
Interest income from financial assets measured at amortized cost	9,450	11,753
	\$ 259,875	757,732

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(25) Other gains and losses

	2020	2019
Dividend income	\$ 13,216	9,477
Foreign exchange losses	(500,736)	(235,553)
Gains (losses) on financial assets (liabilities) measured at fair value through profit or loss	1,463,187	91,818
Reversal (recognition) of impairment loss on financial assets measured at amortized cost (notes 6(4) and 7)	22,519	(25,973)
Gain on disposal of investees (note 6(9))	34,165	72,584
Others	145,134	233,500
	\$ 1,177,485	145,853

(26) Share of other comprehensive income of associates accounted for using equity method

	2020	2019
Exchange differences on translation of foreign operations	\$ 3,680	(6,997)
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	728,216	276,597
	\$ 731,896	269,600

(27) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The main customers of the Group are from the solar and silicon wafer industries. The Group generally sets credit limits to its customers according to their credit evaluations. Therefore, the credit risk of the Group is mainly influenced by the solar and silicon wafer industry. As of December 31, 2020 and 2019, 45% and 53%, respectively, of the Group's accounts receivable (including related parties) were from the top 10 customers. Although there is a potential for concentration of credit risk, the Group routinely assesses the collectability of the accounts receivable and makes a corresponding allowance for doubtful accounts.

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(c) Credit risks of receivables and debt securities

For credit risk exposure of notes and trade receivables, please refer to note 6(5). Other financial assets at amortized cost includes other receivables and investments in corporate bonds. For impairment loss on financial assets measured at amortized cost, please refer to note 6(4).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. (Please refer to note 4(7) regarding how the Group determines whether the financial instruments are considered to be low credit risk).

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years or more</u>	<u>Over 5 years</u>
December 31, 2020							
Non-derivative financial liabilities							
short-term borrowings	\$ 10,771,000	(10,781,301)	(10,280,497)	(500,804)	-	-	-
Notes and accounts payable (including related parties)	4,204,394	(4,204,394)	(4,204,394)	-	-	-	-
Long-term borrowings (including current portion)	1,080,816	(1,198,948)	(22,969)	(22,969)	(45,938)	(137,814)	(969,258)
Current and non-current lease liabilities	846,073	(911,801)	(76,536)	(68,052)	(120,194)	(237,241)	(409,778)
Dividends payable	3,751,986	(3,751,986)	(3,751,986)	-	-	-	-
Accrued remuneration of directors (recorded under other current liabilities)	103,420	(103,420)	(103,420)	-	-	-	-
Payroll and bonus payable	3,183,647	(3,183,647)	(3,183,647)	-	-	-	-
Derivative financial liabilities							
Swap exchange contracts:							
Outflows	34,281	(2,31)	(2,31)	-	-	-	-
Inflows	-	2,277,199	2,277,199	-	-	-	-
Forward exchange contracts:							
Outflows	-	(6,241,053)	(6,241,053)	-	-	-	-
Inflows	40,684	6,281,737	6,281,737	-	-	-	-
	<u>\$ 24,016,301</u>	<u>(24,129,094)</u>	<u>(21,617,046)</u>	<u>(591,825)</u>	<u>(166,132)</u>	<u>(375,055)</u>	<u>(1,379,036)</u>

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December 31, 2019	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years or more</u>	<u>Over 5 years</u>
Non-derivative financial liabilities							
short-term borrowings	\$ 11,465,075	(11,490,667)	(11,490,667)	-	-	-	-
Notes and accounts payable (including related parties)	4,179,695	(4,179,695)	(4,179,695)	-	-	-	-
Long-term borrowings	-	-	-	-	-	-	-
Current and non-current lease liabilities	931,397	(993,458)	(92,567)	(97,254)	(115,633)	(688,004)	-
Derivative financial liabilities							
Swap exchange contracts:							
Outflows	68	(90,465)	(90,465)	-	-	-	-
Inflows	-	90,075	90,075	-	-	-	-
Forward exchange contracts:							
Outflows	209,712	(6,745,031)	(6,745,031)	-	-	-	-
Inflows	-	6,535,319	6,535,319	-	-	-	-
	<u>\$ 16,785,947</u>	<u>(16,873,922)</u>	<u>(15,973,031)</u>	<u>(97,254)</u>	<u>(115,633)</u>	<u>(688,004)</u>	<u>-</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

C. Currency risk

(a) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2020		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
Financial assets			
<u>Monetary Items</u>			
USD	\$ 538,244	28.480	15,329,189
JPY	897,515	0.2763	247,983
EUR	44,556	35.020	1,560,351
Non-monetary items			
USD	19,900	28.480	Note
JPY	15,295,381	0.2763	Note
EUR	111	35.020	Note

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				December 31, 2020		
				Foreign currency	Exchange rate	NTD
<u>Financial liabilities</u>						
<u>Monetary Items</u>						
	USD			333,232	28.480	9,490,447
	JPY			25,397,758	0.2763	7,017,401
	EUR			17,754	35.020	621,754
<u>Non-monetary items</u>						
	USD			86,760	28.480	Note
	JPY			5,000,000	0.2763	Note
				December 31, 2019		
				Foreign currency	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary Items</u>						
	USD	\$		488,134	29.980	14,634,257
	JPY			259,534	0.2760	71,631
	EUR			14,666	33.590	492,631
<u>Non-monetary items</u>						
	USD			22,238	29.980	Note
	JPY			2,632,949	0.2760	Note
	EUR			3,508	33.590	Note
<u>Financial liabilities</u>						
<u>Monetary Items</u>						
	USD			42,249	29.980	1,266,625
	JPY			2,413,109	0.2760	666,018
	EUR			18,246	33.590	612,883
<u>Non-monetary items</u>						
	USD			4,650	29.980	Note
	JPY			18,050,000	0.2760	Note

Note: The fair value of forward exchange contracts was measured at the reporting date. For related information, please refer to note 6(2).

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(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, long and short-term loans, and notes and accounts payables that are denominated in foreign currency. A weakening (strengthening) of 1% of the NTD against the USD, JPY and EUR as of December 31, 2020 and 2019, would have increased or decreased the net income before income tax by \$79 thousand and \$126,530 thousand, respectively. The analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and was performed on the same basis for both periods.

(c) Foreign exchange gain and losses on monetary exchange

Since the Group has many kinds of functional currencies, the information on foreign exchange gain (loss) on monetary items is disclosed by an aggregate amount. For the years of 2020 and 2019, foreign exchange losses (including realized and unrealized portions) amounted to \$500,736 thousand and \$235,553 thousand, respectively.

D. Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial liabilities.

The following sensitivity analysis is based on the exposure to interest rates. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased or decreased by 0.25%, the Group's net income before income tax would have increased or decreased by \$20,670 thousand and \$22,580 thousand, for the years ended December 31, 2020 and 2019, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's bank deposits and borrowings with variable rates.

E. Other price risk

For the years ended December 31, 2020 and 2019, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the years ended December 31,			
	2020		2019	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Prices of securities at the reporting date				
Increasing 5%	\$ 24,232	280,216	16,609	93,833
Decreasing 5%	(24,232)	(280,216)	(16,609)	(93,833)

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F. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2020				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value through gain or loss-current					
Forward exchange contract	\$ 52,356	-	52,356	-	52,356
Overseas securities held	5,604,312	5,604,312	-	-	5,604,312
Subtotal	<u>\$ 5,656,668</u>	<u>5,604,312</u>	<u>52,356</u>	<u>-</u>	<u>5,656,668</u>
Financial assets at fair value through profit or loss— non-current	<u>\$ 117,204</u>	<u>-</u>	<u>-</u>	<u>117,204</u>	<u>117,204</u>
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	\$ 101,475	101,475	-	-	101,475
Non-public offer equity instrument measured at fair value	383,155	-	-	383,155	383,155
Subtotal	<u>\$ 484,630</u>	<u>101,475</u>	<u>-</u>	<u>383,155</u>	<u>484,630</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 23,812,590	-	-	-	-
Notes and accounts receivable (including related parties)	8,407,409	-	-	-	-
Other financial assets— current and non-current	5,894,642	-	-	-	-
Corporate bonds— current subtotal	277,895	-	277,895	-	277,895
Subtotal	<u>\$ 38,392,536</u>	<u>-</u>	<u>277,895</u>	<u>-</u>	<u>277,895</u>
Financial liabilities measured at fair value through profit or loss					
Forward exchange contracts	\$ 11,672	-	11,672	-	11,672
Swap exchange contracts	34,281	-	34,281	-	34,281
Subtotal	<u>\$ 45,953</u>	<u>-</u>	<u>45,953</u>	<u>-</u>	<u>45,953</u>

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		December 31, 2020				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost:						
Short-term borrowings	\$ 10,771,000		-	-	-	-
Notes and accounts payable (including related parties)	4,204,394		-	-	-	-
Long-term borrowings (including current portion)	1,080,816		-	-	-	-
Current and non-current lease liabilities	846,073		-	-	-	-
Subtotal	<u>\$ 16,902,283</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		December 31, 2019				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through gain or loss-current						
Forward exchange contract	\$ 6,920		-	6,920	-	6,920
Overseas securities held	1,876,656		1,876,656	-	-	1,876,656
Subtotal	<u>\$ 1,883,576</u>		<u>1,876,656</u>	<u>6,920</u>	<u>-</u>	<u>1,883,576</u>
Financial assets at fair value through profit or loss – non-current						
	<u>\$ 95,163</u>		<u>-</u>	<u>-</u>	<u>95,163</u>	<u>95,163</u>
Financial assets at fair value through other comprehensive income						
Non-public offer equity instrument measured at fair value	<u>\$ 332,185</u>		<u>-</u>	<u>-</u>	<u>332,185</u>	<u>332,185</u>
Financial assets measured at amortized cost						
Cash and cash equivalents	\$ 34,901,425		-	-	-	-
Notes and accounts receivable (including related parties)	8,507,214		-	-	-	-
Other financial assets – current and non-current	4,054,629		-	-	-	-
Corporate bonds – current and non-current	507,680		-	507,680	-	507,680
Subtotal	<u>\$ 47,970,948</u>		<u>-</u>	<u>507,680</u>	<u>-</u>	<u>507,680</u>
Financial liabilities measured at fair value through profit or loss						
Swap exchange contracts	\$ 68		-	68	-	68
Forward exchange contracts	216,632		-	216,632	-	216,632
Subtotal	<u>\$ 216,700</u>		<u>-</u>	<u>216,700</u>	<u>-</u>	<u>216,700</u>
Financial liabilities measured with amortized costs						
short-term borrowings	\$ 11,465,075		-	-	-	-
Notes and accounts payable (including related parties)	4,179,695		-	-	-	-
Current and non-current lease liabilities	931,397		-	-	-	-
Subtotal	<u>\$ 16,576,167</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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(b) Valuation technique for financial instruments that are not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

(c) Valuation technique of fair value of financial instruments measured at fair value

i. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well established, only small volumes are traded, or bid ask spreads are very wide. Determining whether a market is active involves judgment.

If the financial instruments held by the Group belong to an active market, the fair value is booked as follows by category and attribute:

For financial assets and financial liabilities of the listed company's stocks, notes of exchange and corporate bonds, which are subject to standard terms and conditions and are traded in the active market, the fair value is determined by reference to market quotations.

In addition to the above-mentioned financial instruments with active markets, the fair value of the remaining financial instruments is obtained by means of evaluation technologies or reference to counterparty quotes. The fair value obtained through the evaluation technology can be based on the current fair value of other financial instruments with similar characteristics and characteristics, the discounted cash flow method or other evaluation technology, including the calculation with the model and the market information available on the consolidated balance sheet date (such as the reference yield curve of Taiwan Stock Exchange, Reuters commercial promissory interest rate average offer).

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If the financial instruments held by the Group are in the non-active market, the fair value is booked as follows by category and attribute:

Equity instruments without public quotation: Estimates of fair value using the market comparable company method, the main assumptions are based on the earnings multiplier derived from the investee's net worth per share and the EV/EBIT comparable listed companies' quotes. The estimate has adjusted the depreciation impact of the lack of market liquidity of the equity securities

ii. Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants, such as the discounted cash flow or option pricing models. The fair value of forward currency is usually determined based on the forward currency exchange rate.

(d) Reconciliation of Level 3 fair value

The Group's financial instruments which belong to Level 3 fair value were financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. The movements were as follows:

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income
Balance at January 1, 2020	\$ 95,163	332,185
Addition	29,064	-
Recognized in profit or loss	(7,023)	-
Recognized in other comprehensive income	-	82,139
Refund	-	(12,561)
Effect of changes in exchange rate	-	(18,608)
Balance at December 31, 2020	<u>\$ 117,204</u>	<u>383,155</u>
Balance at January 1, 2019	\$ 64,697	487,504
Addition	31,195	1,636
Recognized in profit or loss	(729)	-
Recognized in other comprehensive income	-	(119,960)
Refund	-	(28,239)
Effect of changes in exchange rate	-	(8,756)
Balance at December 31, 2019	<u>\$ 95,163</u>	<u>332,185</u>

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- (e) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include financial assets at fair value through other comprehensive income – equity investments.

Most of the fair value measurements categorized within Level 3 use a single significant unobservable input. Equity investments without an active market contain multiple significant unobservable inputs. The significant unobservable inputs of equity investments without an active market are individually independent, and there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Relationship between significant unobservable inputs and fair value</u>
Financial assets at fair value through other comprehensive income equity investments without an active market	Comparable listed companies approach	<ul style="list-style-type: none"> · Equity value multiplier (as of December 31, 2020 and December 31, 2019 2.27%~18.90% and 0.73%~18.08%, respectively) · Market liquidity discount rate (December 31, 2020 and December 31, 2019 were 28% and 22.45%~28%, respectively) 	<ul style="list-style-type: none"> · The higher the multiplier, the higher the fair value · The higher the lack of market liquidity, the lower the fair value

- (d) The fair value of the Group's financial instruments that use Level 3 inputs to measure fair value was based on the price of the third party. The Group did not disclose quantified information and sensitivity analysis on significant unobservable inputs because the unobservable inputs used in fair value measurement were not established by the Group.

- (e) As of December 31, 2020 and 2019, there was no transfer at fair value level.

(28) Financial risk management

A. Overview

The Group has exposures to the following risks from its financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

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The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

B. Structure of risk management

The board of directors has overall responsibility for the establishment and oversight of the risk management framework. The board is responsible for developing and monitoring company's risk management policies. Internal auditors assist the board of directors to monitor and review the risk management control and internal procedures regularly and report them to the board of directors.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, and the results of which are reported to the audit committee.

C. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

(a) Accounts receivables and other receivables

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer and reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

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(b) Investment

The credit risk exposure in the bank deposits, investments with fixed income and other financial instruments are measured and monitored by the Group's finance department. As the Group deals with banks, financial institutions, and other external parties with good credit standing, corporate organization and government agencies which are graded above par level, management believes that the Group does not have compliance issues and no significant credit risk.

(c) Guarantee

According to the Group's policy, the Group can only provide endorsements for companies with business dealing, the companies directly or indirectly owned more than 50% shares with voting right by the Group, or the companies directly or indirectly owned more than 50% shares with voting right of the Group. As of December 31, 2020 and 2019 the Group did not provide any endorsement guarantees except to its subsidiaries.

D. Liquidity risk

There is no liquidity risk of being unable to raise capital to settle contract obligations since the Group has sufficient capital and working capital to fulfill contract obligations.

Loans and borrowings from the bank form an important source of liquidity for the Group. As of December 31, 2020 and 2019, the Group's unused credit lines were \$22,021,439 thousand and \$28,830,716 thousand, respectively.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollar (NTD), but also include the Chinese Yen (CNY), US Dollar (USD), Japanese Yen (JPY) and Euro (EUR). These transactions are denominated in NTD, USD, JPY and EUR.

Interest is denominated in the currency used in borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily NTD, but also include USD.

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In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when it is necessary to address short-term imbalances.

(b) Interest rate risk

The Group holds variable-rate assets and liabilities, which cause the exposure to interest rate risk in cash flows.

(c) Price floating risk on equity instruments

The Group is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading.

Information on the risk was disclosed in note 6(27).

(29) Capital management

The board of directors' policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, capital surplus, retained earnings and other equity interests of the Group. The board of directors monitors the return on capital as well as the level of dividends to ordinary stockholders.

The Group's debt to equity ratios at the end of the reporting periods were as follows:

	December 31, 2020	December 31, 2019
Total liabilities	\$ 60,283,299	60,767,455
Less: cash and cash equivalent	<u>(23,812,590)</u>	<u>(34,901,425)</u>
Net debts	\$ 36,470,709	25,866,030
Total equity	\$ 49,669,482	48,616,041
Debt-to-equity ratio	<u>73.43 %</u>	<u>53.20 %</u>

The increase in financial assets and the decrease in cash and cash equivalents, resulted in the debt-to-equity ratio to increase as at December 31, 2020.

(30) Cash flow information

The Group's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2020 and 2019 were as follows:

For acquiring right of use assets by leasing, please refer to note 6(11).

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Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2020	Cash flows	Foreign exchange movement and others	December 31, 2020
Short-term borrowings	\$ 11,465,075	676,375	(1,370,450)	10,771,000
Long-term borrowings	-	(237,741)	1,318,557	1,080,816
Lease liabilities	931,397	(198,464)	113,140	846,073
Guarantee deposit received	<u>193,495</u>	<u>(156,243)</u>	<u>(1,443)</u>	<u>35,809</u>
Total liabilities from financing activities	<u>\$ 12,589,967</u>	<u>83,927</u>	<u>59,804</u>	<u>12,733,698</u>

	January 1, 2019	Cash flows	Foreign exchange movement and others	December 31, 2019
Short-term borrowings	\$ 9,334,809	2,163,041	(32,775)	11,465,075
Long-term borrowings	2,040,200	(2,040,200)	-	-
Lease liabilities	<u>1,179,268</u>	<u>(201,027)</u>	<u>(46,844)</u>	<u>931,397</u>
Guarantee deposit received	<u>342,861</u>	<u>(145,179)</u>	<u>(4,187)</u>	<u>193,495</u>
Total liabilities from financing activities	<u>\$ 12,897,138</u>	<u>(223,365)</u>	<u>(83,806)</u>	<u>12,589,967</u>

7. Related-party transactions:

- (1) Names and relationships of related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements:

<u>Names of related parties</u>	<u>Relationship with the Group</u>
United Renewable Energy Co., Ltd (“URE”)	Main management of SAS. (Note 2)
Song Long Electronics Corporation (“Song Long Electronics”)	SAS’s management is the director of the Company
Actron Technology	SAS’s management is the director of the company/ An associate of the Group
Accu Solar Corporation	An associate of the Group
Crystalwise Technology Inc.	An associate of the Group
Cathay Sunrise	An associate of the Group (Note 3)
ADVANCED WIRELESS SEMICONDUCTOR COMPANY	An associate of the Group

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<u>Names of related parties</u>	<u>Relationship with the Group</u>
Cathay Sunrise One Co., Ltd.	Subsidiary of associates (Note 3)
Cathay Sunrise Two Co., Ltd.	Subsidiary of associates (Note 3)
Cathay Sunrise Electric Power One Co., Ltd.	Subsidiary of associates (Note 3)
Cathay Sunrise Electric Power Two Co., Ltd.	Subsidiary of associates (Note 3)
Sunrise PV One Co., Ltd.	Subsidiary of associates (Note 3)
Sunrise PV Five Co., Ltd.	Subsidiary of associates (Note 1 and 3)

Note 1: Sunrise PV Five Co., Ltd. was sold to Cathay Sunrise in March 2019.

Note 2: URE has ceased to be a related party after the re-election of the Board of Directors' members in June 2020.

Note 3: Due to the transfer and disposal of Cathay Sunrise Corporation on October 23, 2020, the entity ceased to be a related party.

(2) Significant transactions with related parties

A. Sales

The amounts of significant sales transactions and engineering contract revenue between the Group and related parties were as follows:

	<u>2020</u>	<u>2019</u>
Associates	\$ 594,004	918,154
Other related parties	<u>74,920</u>	<u>120,007</u>
	<u>\$ 668,924</u>	<u>1,038,161</u>

The sales price for sales to the related parties was determined by market price and adjusted according to the sales area and sales volume.

As of December 31, 2020 and 2019, the credit terms for third parties were 0 to 60 days after month-end and 0 to 210 days, respectively. While those for related parties were receipt in advance to 30 days after month-end, and 30 days after month-end to 180 days after shipment.

B. Purchase and process outsourcing

The amounts of purchases and process outsourcing by the Group from related parties were as follows:

	<u>2020</u>	<u>2019</u>
Associates	\$ 34,742	79
Other related parties	<u>2,309</u>	<u>11,248</u>
	<u>\$ 37,051</u>	<u>11,327</u>

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The prices of purchases and process outsourcing were determined by market rates.

As of December 31, 2020 and 2019, the payment terms to third parties were 0 to 120 days after month-end and 0 to 150 days after month-end, respectively. In contrast, those to related parties were prepayment to 30 days after month-end and repayment to 90 days after month-end, respectively.

C. Receivables from related parties

The receivables from related parties were as follows:

<u>Items</u>	<u>Categories</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Receivables from related parties	Associate	\$ 72,414	61,303
Receivables from related parties	Other related parties	-	6,648
		<u>\$ 72,414</u>	<u>67,951</u>

In order to maintain a stable supply of raw materials required for production, the related parties successively signed short-term and long-term supply contracts with the Group, and the details of the receipts in advance to the related parties (recognized as contract liabilities - current / non-current) were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other related party-URE	\$ -	<u>883,220</u>

D. Payables to related parties

The payables to related parties were as follows:

<u>Items</u>	<u>Categories</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Receivables from related parties	Associate	\$ 273	<u>7,052</u>

E. Transactions of property, plant and equipment

The disposals of property, plant and equipment to related parties were summarized as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Disposal price</u>	<u>Receivable from related parties</u>	<u>Disposal price</u>	<u>Receivable from related parties</u>
Associates	\$ 3,750	-	<u>35,616</u>	<u>4,859</u>

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For the years ended December 31, 2020 and 2019, the gain on disposal of property, plant and equipment amounted to \$3,750 thousand and \$1,006 thousand, respectively.

Purchase amounts of property, plant and equipment from related parties were summarized as follows:

	2020		2019	
	Amount	Payable to related parties	Amount	Payable to related parties
Associates	\$ 915,398	21,503	-	-

F. Corporate bonds

In October 2016 and January 2019, the Group purchased the five-year private issued corporate bonds and the one-year private issued corporate bonds of Crystalwise Technology, by \$280,000 thousand and \$250,000 thousand, respectively. The interest rate and the coupon rate were both 2%.

As of December 31, 2020 and 2019, the interest income amounted to \$9,450 thousand and \$11,753 thousand, respectively. As of December 31, 2020 and 2019, the accumulated investment cost and interests receivable amounted to \$277,895 thousand and \$507,680 thousand, respectively, and were recorded in financial assets measured at amortized cost current and non-current.

G. Lease

The details of the lease rental contract between the Group and its related parties were as follows:

	2020	2019
Associates	\$ 15,004	310

The Group leased its plant to associates. As of December 31, 2020 and 2019, the Group had received the full lease payment.

H. Payment and advances from other

The receivables from related parties and payables to related parties generated from material purchases, insurance and utilities payments and manpower support of related parties as of December 31, 2020 and 2019 were as follows:

	December 31, 2020	December 31, 2019
Associates	\$ 2,839	155
Associates	(76)	(956)
	\$ 2,763	(801)

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(3) Key management personnel compensation

Key management personnel compensation comprised of:

	2020	2019
Short-term employee benefits	\$ 544,524	380,118
Post-employment benefits	1,190	1,460
Share-based payment	-	14,844
	\$ 545,714	396,422

8. Pledged assets:

The carrying values of pledged assets were as follows:

Asset name	Pledge or Mortgage underlying subject	December 31, 2020	December 31, 2019
Property, plant and equipment	Long-term and short-term borrowings and credit lines	\$ 3,093,503	3,155,429
Time deposits (recognized in other financial assets – current)	Guarantees of acceptances bill	17,423	39,977
Time deposits (recognized in other financial assets – non-current)	Guarantee for the lease contract with the Hsinchu Science Park Bureau	51,877	48,571
Time deposits (recognized in other financial assets – non-current)	Guarantee for gas consumption from CPC Corporation	2,000	6,700
Time deposits (recognized in other financial assets – non-current))	Government grant	-	2,353
Time deposits (recognized in other financial assets – non-current))	Guarantee payment for import VAT	5,000	5,000
Time deposits (recognized in other financial assets – non-current))	Court guarantee	-	10,748
Time deposits (recognized in other financial assets – non-current))	Guarantee for bank financing projects	142,400	-
Time deposits (recognized in other financial assets – non-current))	Court litigation	21,620	22,020
		\$ 3,333,823	3,290,798

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9. Commitments and contingencies:

The significant contingencies liabilities and unrecognized contractual commitments were as follows:

(1) Significant unrecognized contractual commitments

- A. The purchase amounts for future delivery from suppliers under the existing agreements and the negotiated agreement were as follows:

(Unit: currency in thousands)

	December 31, 2020	December 31, 2019
USD	\$ 848,895	942,387
EUR	\$ 21,556	3,779
JPY	\$ 505,362	-

Silicon supplier Hemlock Semiconductor Pte. Ltd. (hereinafter referred to as Hemlock) sent a notice requesting that Sino-American Silicon Products Inc.'s confiscated prepayment, payment for goods not received and the interest related to the late payment in accordance with to the long-term purchase contract be accumulated to December 31 2018 was US\$ 615,982 thousand. The Company and Hemlock renegotiated in June 2019 to amend the important terms of the long-term procurement contract, pending agreement between the parties.

- B. In response to the long-term purchase contract referred above, the Company has silicon wafer long-term sales contracts signed with the customers since the year 2005. These companies agree to pay the non-refundable funds to the Company. The two parties agreed to have silicon wafers sold in accordance with the agreed quantity and price from January 1, 2006 to December 31, 2019. If the delivery has not been made in compliance with the contract signed, a sales discount or an amount equivalent to 1.5-4 times of the advance sales receipts from customers as remuneration should be granted. If the delay of shipment has not been resolved for more than three months, the outstanding pre-payment should be refunded. In addition, in response to the price decline arising from the falling demand, solar energy battery customers and the Company will negotiate the selling price and adjusting the average selling price in accordance with market conditions.

The amount of delivery according to the existing contracts and current market conditions is as follows:

(Unit: currency in thousands)

	December 31, 2020	December 31, 2019
USD	\$ 19,632	29,852
EUR	\$ 28,394	25,695
TWD	\$ -	54,845

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- C. As of December 31, 2020 and 2019, the significant outstanding commitments for construction and purchase of property, plant and equipment amounted to \$1,894,847 thousand and \$6,669,493 thousand, respectively.
- D. As of December 31, 2020 and 2019, the total amount of promissory notes deposited by the Group at the bank for acquiring bank financing were \$12,015,760 thousand and \$12,869,060 thousand, respectively.
- E. As of December 31, 2020 and 2019, a guarantee letter for the Customs Administration and Research and Development which was the Group requested a bank to issue amounted \$19,700 thousand and \$23,230 thousand, respectively.
- F. As of December 31 2020 and 2019, the Group's outstanding standby letter of credits were as follows:

(Unit: currency in thousands)

	December 31, 2020	December 31, 2019
USD	\$ 10,326	10,269

- G. The Group had a long term sales contract with some customers and received the advance payment. The customer is required to order minimum quantity according to the contract. As of December 31, 2020 and 2019, a guarantee letter for the customer which was the Group requested a bank to issue amounted \$88,651 thousand and \$111,871 thousand, respectively.
- H. The Group has made an application of the Management, Utilization, and Taxation of Repatriated Offshore Funds Act to the tax authorities on November 28, 2019 and February 21, 2020. The application was approved and the fund was repatriated. Up to 5% of the funds could be withdrawn and freely utilized. The remaining 95% can only be withdrawn for the investments approved by the Ministry of Economic Affairs, R.O.C. upon the elapse of five full years after the date of depositing the fund into a segregated foreign exchange deposit account. The Group has made an application to utilize the fund for capital investment. The fund is planned to utilize for factory extension, purchase of factory's facilities and other related capital expenditure. The Group has applied to the Ministry of Economic Affairs for substantial investments that were expected to be used for plant expansion and capital expenditure. As of December 31, 2020 and 2019, the balance of the account was \$5,491,302 and \$2,998,120, respectively, and recognized as other current and non-current financial assets.
- I. GlobalWafers Co., Ltd.'s board resolved to acquire Siltronic AG outstanding shares at EUR125 per share on December 9, 2020. The business combination with Siltronic AG would maximize the shareholders benefits. GlobalWafers Co., Ltd. and Siltronic AG signed a business combination agreement on December 10, 2020, wherein the Group issued a EUR50 million letter of payment guarantee through the bank.

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The Company also signed an irrevocable undertaking agreement with Wacker Chemie AG (Wacker Chemie). It was approved by German Federal Financial Supervisory Authority (BaFin) on December 21, 2020, to publish the offer document outlining terms of the voluntary public takeover offer for the acquisitions of all no par value registered shares in Siltronic AG.

On January 22, 2021, the final offer price was adjusted to EUR145 per share, and the acceptance period of takeover offer was due on March 1, 2021. The Group signed the letter of payment guarantee with an amount up to EUR4.2 billion (equivalent to acquisition consideration) through the bank. The closing of acquisition remains subject to receipt of further regulatory approvals.

(2) Contingent liabilities

Hemlock filed summons and complaints against the Company and were delivered to the Company on May 12, 2015. Both parties reached an agreement in May 2016 then signed STIPULATION OF DISCONTINUANCE and SETTLEMENT AGREEMENT, where the Company needs to purchase certain amount of polysilicon from Hemlock and its related companies based on SETTLEMENT AGREEMENT. Also, two parties signed an additional agreement of Accommodation Letter to amend SETTLEMENT AGREEMENT and extend the date of litigation termination under STIPULATION OF DISCONTINUANCE against the Company until April 30, 2019, which Hemlock agreed in December 2019 to further extend the extension to December 31, 2019. In June 2019, both parties agreed to amend the important terms such as price and quantity of the original contract. The Company, in accordance with the terms of the proposed revised contract, recognized provision for loss-making contract liabilities. As of December 31, 2020, the above-mentioned provision for loss-making contract liabilities amounted to \$3,922,815 thousand.

10. Losses due to major disasters: None.

11. Subsequent Events: Please refer to note 9 for information of the Group's acquisition of Siltronic AG.

12. Other:

A summary of the employee benefits, depreciation, and amortization expenses, by function were as follows:

By item	By function		For the years ended December 31,			
	2020			2019		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salary	7,943,819	2,483,724	10,427,543	7,483,089	2,654,512	10,137,601
Labor and health insurance	1,120,879	209,763	1,330,642	1,275,343	291,481	1,566,824
Pension	316,562	80,886	397,448	419,537	91,579	511,116
Others employee benefits expenses	159,206	50,174	209,380	626,980	133,916	760,896
Depreciation	5,598,290	192,912	5,791,202	4,827,331	203,095	5,030,426
Amortization	347,433	9,062	356,495	358,628	6,202	364,830

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13. Other disclosures:

(1) Information on significant transactions:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

- A. Loans to other parties: Please refer to Table 1.
- B. Guarantees and endorsements for other parties: Please refer to Table 2.
- C. Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.
- D. Individual securities acquired or disposed of with accumulated amounts exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 4.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 5.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 6.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 7.
- I. Trading in derivative instruments: Please refer to note 6(2).
- J. Business relationships and significant intercompany transactions: Please refer to Table 8.

(2) Information on investees: Please refer to Table 9.

The following is the information on investees for the years ended December 31, 2020 (excluding information on investees in Mainland China):

(3) Information on investment in mainland China:

- A. The names of investees in Mainland China, the main businesses and products and other information: Please refer to Table 10(1).
- B. Limitation on investment in Mainland China: Please refer to Table 10(2).
- C. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in the “Information on significant transactions”.

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(4) Major shareholders: None of the shareholders hold more than 5% of outstanding shares.

14. Segment information:

(1) Operating segments

The Group's operating segment information and reconciliations were as follows:

	2020			
	Semiconductor segment	Solar energy segment	Reconciliation and elimination	Total
Revenues:				
Revenue from external customers	\$ 55,348,595	6,048,704	-	61,397,299
Intersegment revenues	5,954	1,109,135	(1,115,089)	-
Total revenue	<u>\$ 55,354,549</u>	<u>7,157,839</u>	<u>(1,115,089)</u>	<u>61,397,299</u>
Interest expenses	<u>\$ 73,656</u>	<u>32,283</u>	-	<u>105,939</u>
Depreciation and amortization	<u>\$ 5,519,586</u>	<u>628,111</u>	-	<u>6,147,697</u>
Reportable segment profit or loss	<u>\$ 13,066,106</u>	<u>(329,716)</u>	-	12,736,390
Share of profit (loss) of associates and joint ventures accounted for using equity method				(25,328)
				<u>\$ 12,711,062</u>
Reportable segment assets	<u>\$ 92,445,122</u>	<u>10,583,163</u>	<u>(234,315)</u>	102,793,970
Equity method investments				7,158,811
				<u>\$ 109,952,781</u>
Reportable segment liabilities	<u>\$ 50,660,189</u>	<u>9,857,425</u>	<u>(234,315)</u>	<u>60,283,299</u>
	2019			
	Semiconductor segment	Solar energy segment	Reconciliation and elimination	Total
Revenues:				
Revenue from external customers	\$ 58,089,953	7,420,272	-	65,510,225
Intersegment revenues	4,378	877,825	(882,203)	-
Total revenue	<u>\$ 58,094,331</u>	<u>8,298,097</u>	<u>(882,203)</u>	<u>65,510,225</u>
Interest expenses	<u>\$ 71,714</u>	<u>78,693</u>	-	<u>150,407</u>
Depreciation and amortization	<u>\$ 4,734,770</u>	<u>660,486</u>	-	<u>5,395,256</u>
Reportable segment profit or loss	<u>\$ 13,635,656</u>	<u>(4,395,881)</u>	-	9,239,775
Share of profit (loss) of associates and joint ventures accounted for using equity method				(344,430)
				<u>\$ 8,895,345</u>
Reportable segment assets	<u>\$ 96,013,824</u>	<u>10,368,378</u>	<u>(247,243)</u>	106,134,959
Equity method investments				3,248,537
				<u>\$ 109,383,496</u>
Reportable segment liabilities	<u>\$ 51,512,503</u>	<u>9,502,195</u>	<u>(247,243)</u>	<u>60,767,455</u>

Sino-American Silicon Products Inc. and subsidiaries
Notes to the Consolidated Financial Statements

(2) Products and services information

For the Group's revenue from external customers and the relevant customer contract revenue, please refer to note 6(25).

(3) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Segment revenue is presented by the geographical location of customers and non-current assets are presented by the geographical location of the assets as follows:

A. For the Group's revenue from external customers and the relevant customer contract revenue, please refer to note 6(25).

B. Non-current assets:

<u>Geographical information</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Korea	\$ 15,931,775	12,564,394
Taiwan	8,808,936	9,403,083
United States	7,789,564	8,621,899
Japan	6,960,047	6,989,861
Italy	3,259,943	3,382,102
Philippines	1,905,971	2,124,841
Other countries	<u>2,035,542</u>	<u>1,947,597</u>
	<u>\$ 46,691,778</u>	<u>45,033,777</u>

(4) Major customers information

Sales to individual customers representing greater than 10% of net sales of the Group:

	<u>2020</u>	<u>2019</u>
Group C	<u>\$ 10,936,309</u>	<u>10,253,312</u>

Sino-American Silicon Products Inc. and Subsidiaries

Loans to other parties

For the year ended December 31, 2020

Table 1

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 2 and 3)	Maximum limit of fund financing (Note 2 and 3)
													Item	Value		
0	Sino-American Silicon Products Inc.	Sulu	Receivable from related parties	Yes	1,662,375 (USD55,000)	1,566,400 (USD55,000)	284,800 (USD10,000)	1.00%	2	-	Operating capital	-	-	-	11,264,330	11,264,330
0	Sino-American Silicon Products Inc.	Sunrise PV World Co.	Receivable from related parties	Yes	500,000	-	-	2.50%	2	-	Operating capital	-	-	-	11,264,330	11,264,330
0	Sino-American Silicon Products Inc.	Sunrise PV Three	Receivable from related parties	Yes	300,000	100,000	50,000	2.50%	2	-	Operating capital	-	-	-	11,264,330	11,264,330
1	SSTI	Sulu	Receivable from related parties	Yes	320,650 (USD10,600)	313,280 (USD11,000)	313,280 (USD11,000)	1.00%	2	-	Operating capital	-	-	-	2,041,508	2,041,508
1	SSTI	AMLED	Receivable from related parties	Yes	336,925 (USD11,138)	322,109 (USD11,310)	322,109 (USD11,310)	1.00%	2	-	Operating capital	-	-	-	2,041,508	2,041,508
2	Aleo Solar	Sino-American Silicon Products Inc.	Receivable from related parties	Yes	192,610 (EUR5,500)	192,610 (EUR5,500)	192,610 (EUR5,500)	0.50%	2	-	Operating capital	-	-	-	460,160	460,160
3	SAS Sunrise Inc.	Sulu	Receivable from related parties	Yes	178,622 (USD6,200)	176,576 (USD6,200)	176,576 (USD6,200)	1.00%	2	-	Operating capital	-	-	-	658,676	658,676
4	GWJ	GlobalWafers	Receivable from related parties	Yes	1,162,560	1,160,460	-	0.56%	2	-	Operating capital	-	-	-	16,961,586	16,961,586
4	GWJ	GlobalWafers	Receivable from related parties	Yes	5,307,240	5,194,440	5,194,440	0.50%~ 0.56%	1	6,765,853	Business between two parties	-	-	-	6,765,853	16,961,586
4	GWJ	MEMC Japan	Receivable from related parties	Yes	282,300	276,300	-	0.59%	2	-	Operating capital	-	-	-	16,961,586	16,961,586
4	GWJ	GWBV	Receivable from related parties	Yes	1,400,500	-	-	0.55%	2	-	Operating capital	-	-	-	16,961,586	16,961,586
5	MEMC SpA	GWS	Receivable from related parties	Yes	2,736,240	2,731,560	2,134,460	3.444%	2	-	Operating capital	-	-	-	8,813,587	8,813,587
6	Taisil	GlobalWafers	Receivable from related parties	Yes	6,400,000	-	-	1.50%	2	-	Operating capital	-	-	-	7,091,890 (Note 2(3))	7,091,890 (Note 2(3))

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 2 and 3)	Maximum limit of fund financing (Note 2 and 3)
													Item	Value		
7	GTI	MEMC LLC	Receivable from related parties	Yes	211,575	199,360	-	2.25%	2	-	Operating capital	-	-	-	8,994,074	8,994,074
8	GWS	GWBV	Receivable from related parties	Yes	3,025,000	2,848,000	2,848,000	1.20%	2	-	Operating capital	-	-	-	38,712,991	38,712,991
8	GWS	GlobalWafers	Receivable from related parties	Yes	10,890,000	10,252,800	7,182,111	1.20%	2	-	Operating capital	-	-	-	38,712,991	38,712,991
8	GWS	GlobalWafers Inc.	Receivable from related parties	Yes	3,288,175	-	-	2.50%	2	-	Operating capital	-	-	-	38,712,991	38,712,991

Note 1: The nature of financing purposes:

- (1) Represents entities with business transaction with the Group.
- (2) Represents where an inter-company or inter firm short-term financing facility is necessary.

Note 2: (1) For the Company's loan of funds to those having business transactions, the individual loan is limited to the trade amount between the two parties in the most recent year; for the loan of funds to companies necessary for short-term financing, the individual loan is limited to 40% of the net worth of the company that lends loan; for loan of funds among foreign companies that the Company directly and indirectly holds 100% of the voting shares, the individual loan is limited to 40% of the net worth of the company that lends loan.

(2) For GlobalWafers and its subsidiaries' loan of funds to those having business transactions with the Company, the amount of financing shall not exceed the amount of business transaction for the current year. For the purpose of lending operating capital, the amount of financing offered to a single company and to an investee whose voting shares, directly or indirectly, owned by the Company shall not exceed 40 percent of the lender's net worth.

(3) It's 40 percent of Taisil's latest audited net worth.

Note 3: (1) For the Company's loan of funds to those having business transactions, the total loan is limited to 40% of the company that lends loan; for the loan of funds to companies necessary for short-term financing, the total loan is limited to 40% of the net worth of the company that lends loan; the fund-lendings between the foreign companies whose voting shares are 100% owned, directly or indirectly, by the Company, or from the foreign companies whose voting shares are 100% owned, directly or indirectly, by the Company to the Company are not subject to the previous provision of net worth and not subject to the one-year limit of the term of funds in Article 4, Paragraph 1, but should still specify in its internal operating procedures for fund-lending limit and period.

(2) For GlobalWafers and its subsidiaries' loan of funds to those having business transactions, The total amount available for financing purposes shall not exceed 40 percent of the lender's net worth. The total amount available for financing to investees whose voting shares, directly or indirectly, owned by the Company shall not exceed 40 percent of the Company's net worth.

(3) For loan of funds of Aleo Solar, the total loan is limited to 100% of the net worth of the company that lends loan.

(4) For loan of funds of SSTI and SAS Sunrise Inc. to those having business transactions, the total loan is limited to 2 times of the company that lends loan; for the loan of funds to companies necessary for short-term financing, the total loan is limited to 2 times of the net worth of the company that lends loan; for loan of funds among foreign companies that the company that lends loan directly and indirectly holds 100% of the voting shares, the total loan is limited to 40% of the net worth of the company that lends loan.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Sino-American Silicon Products Inc. and Subsidiaries
Guarantees and endorsements for other parties
For the year ended December 31, 2020

Table 2

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period (Note 3, 7)	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary (Note 3, 7)	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	Sino-American Silicon Products Inc.	Sulu	2	1,545,758 (Note 6)	1,391,500 (USD46,000) (Note 5)	1,310,080 (USD46,000) (Note 5)	1,080,816 (USD37,950) (Note 5)	-	4.65 %	1,545,758 (Note 6)	Y (Note 4)	N	N
0	Sino-American Silicon Products Inc.	Sunrise PV World Co.	2	28,160,826	200,000	-	-	-	-	28,160,826	Y	N	N
0	Sino-American Silicon Products Inc.	Sunrise PV World and its 100%-owned subsidiaries	2	28,160,826	500,000	-	-	-	-	28,160,826	Y	N	N
0	Sino-American Silicon Products Inc.	Sunrise PV Four	2	28,160,826	170 (Note 8)	170 (Note 8)	170 (Note 8)	-	-	28,160,826	Y	N	N
0	Sino-American Silicon Products Inc.	Sunrise PV Three	2	28,160,826	421 (Note 8)	421 (Note 8)	421 (Note 8)	-	-	28,160,826	Y	N	N
1	GlobalWafers	Topsil A/S.	2	132,464,700	117,775	115,250	34,575	-	0.26 %	132,464,700	N	N	N
1	GlobalWafers	GWS	2	132,464,700	1,815,000	-	-	-	-	132,464,700	N	N	N
1	GlobalWafers	GmbH	2	132,464,700	350,200	350,200	350,200	-	0.79 %	132,464,700	N	N	N
2	GTI	MEMC LLC	2	44,970,370	453,750	427,200	94,555	-	4.75 %	44,970,370	N	N	N

Note 1: The characters of guarantees and endorsements are coded as follows:

- (1) The issuer is coded "0".
- (2) The investee is coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relation between guarantor and guarantee and their endorsement should be disclosed as one of the following:

- (1) Ordinary business relationship.
- (2) Subsidiary which owned more than 50 percent by the guarantor.
- (3) An investee owned more than 50 percent in total by both the guarantor and its subsidiary.
- (4) An investee owned more than 90 percent by the guarantor or its subsidiary.

- (5) Fulfillment of contractual obligations by providing mutual endorsements and guarantor for peer or joint builders in order to undertake a construction project.
- (6) An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
- (7) The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for per construction homes pursuant to the Consumer Protection Act for each other.

Note 3: (1) The amount of endorsements/guarantees provided by the endorsement guarantor company for a single enterprise is limited to 10% of the net worth of the company providing the endorsements/guarantees, but for the subsidiary company, limited to one time of the net worth of the company providing the endorsements/guarantees. The total amount of accumulated endorsements/guarantees shall not exceed the net worth of the Company. The total amount of the Company's endorsements/guarantees and that for a single enterprise shall not exceed five times the net worth of the company providing endorsements/guarantees. The aforesaid net worth is based on the financial statements recently audited or reviewed by an accountant. For endorsements/guarantees due to business transactions, except subject to the provisions of the preceding item, the endorsement guarantee amount should be equal to the higher of the purchase or sales amount.

- (2) The Company made a guarantee payment for its import VAT amounting \$5,700 thousand.

Note 4: The Company controls the financial and operating strategies of Sulu through effective agreements with other investors of Sulu, so Sulu is considered as a subsidiary.

Note 5: Sulu shares with the company a quota of USD 10,000 thousand and Sulu's individual quota is USD 36,000 thousand. The Company resolved on October 14, 2016 by the board of directors to repay part of the loan, and reduce the endorsements/guarantees quota to USD 46,000 thousand and repay the bank loan on October 19, 2016. The actual disbursement amount was reduced to USD 37,950 thousand.

Note 6: The endorsements/guarantees quota for Sulu is calculated as US\$ 46,211 thousand, the amount of sales at the time of endorsements/guarantees.

Note 7: The method of endorsements/guarantees of GlobalWafers and its subsidiaries s are as follows:

- (1) The total amount of accumulated endorsements/guarantees of GlobalWafers shall not exceed three times the net worth of the most recent financial statements of GlobalWafers.
- (2) The amount of endorsements/guarantees of GlobalWafers for a single enterprise shall not exceed 10% of the net worth of the most recent financial statements of GlobalWafers. For subsidiaries, 3 time of the net worth of GlobalWafers.
- (3) GlobalWafers's made a guarantee payment for its import VAT amounting \$9,000 thousand.
- (4) Taisil's made a guarantee payment for its import VAT amounting \$5,000 thousand.
- (5) The limit of the endorsement to the single company or other subsidiaries for GTI is five times of its net value.

Note 8: The Company became the guarantor after its short-term merger with Sunrise PV World on January 31, 2020.

Sino-American Silicon Products Inc. and Subsidiaries
Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures)

December 31, 2020

Table 3

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Highest Percentage of ownership (%) during the year	Note
				Shares/Units (thousand)	Carrying value	Percentage of ownership (%)	Fair value		
Sino-American Silicon Products Inc.	Corporate bonds of Crystalwise Technology	Affiliated companies	Financial assets measured at amortized cost-current	280	277,895	-	277,895	-	
Sino-American Silicon Products Inc.	Stock of Powertec Energy Corporation	None	Financial assets at fair value through other comprehensive income	30,410	-	2.14 %	-	2.31 %	
Sino-American Silicon Products Inc.	Stock of Giga Epitaxy Technology Corp.	None	Financial assets at fair value through other comprehensive income	531	6,095	1.61 %	6,095	1.61 %	
Sino-American Silicon Products Inc.	Stock of Big Sun	None	Financial assets at fair value through other comprehensive income	7,500	-	3.72 %	-	4.12 %	
SSTI	Stock of SILFAB SPA	None	Financial assets at fair value through other comprehensive income	300	377,060	15.00 %	377,060	15.00 %	
Sino-American Silicon Products Inc.	Stock of SONGLONG ELECTRONICS CO., LTD.	Sino-American Silicon Products Inc.'s management is the director of the company	Financial assets at fair value through profit or loss – non-current	221	-	13.81 %	-	13.81 %	
Sino-American Silicon Products Inc.	Stock of 21-Century Silicon Inc.	None	Financial assets at fair value through profit or loss – non-current	1,000	-	-	-	-	
SSTI	Stock of Clean Venture 21 Corporation	None	Financial assets at fair value through profit or loss – non-current	10	-	7.20 %	-	7.20 %	
GlobalWafers	CDIB Capital Growth Partners L.P.	None	Financial assets at fair value through profit or loss, mandatorily measured at fair value – non-current	-	117,204	3.85 %	117,204	3.85 %	
GlobalWafers	Siltronic AG	None	Financial assets at fair value through profit or loss – current	650	2,915,940	2.17 %	2,915,940	2.17 %	
GlobalWafers	WT Microelectronics Co., Ltd.	None	Financial asset at fair value through other comprehensive income	2,518	101,475	0.32 %	101,475	0.32 %	
GWBV	Siltronic AG	None	Financial assets at fair value through profit or loss – current	600	2,688,372	2.00 %	2,688,372	2.00 %	

Sino-American Silicon Products Inc. and Subsidiaries

**Individual securities acquired or disposed of with accumulated amounts exceeding the lower of than NT\$300 million or 20% of the capital stock
For the year ended December 31, 2020**

Table 4

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
Sino-American Silicon Products Inc.	Advanced Wireless Semiconductor Company	Investments accounted for using equity method	-	None	-	-	45,000	3,496,500	-	-	-	-	45,000	3,508,513 (Note)
GWBV	Siltronic AG	Financial assets at fair value through profit or loss – current	-	None	-	1,876,656	-	2,688,372	-	2,103,746	1,865,577	238,169	-	2,688,372
GlobalWafers	Siltronic AG	Financial assets at fair value through profit or loss – current	-	None	-	-	-	2,915,940	-	-	-	-	-	2,915,940

Note: Including the unrealized valuation gain or loss measured by Fair value and investment gain or loss under equity method.

Sino-American Silicon Products Inc. and Subsidiaries

Acquisition of individual real estate with amount exceeding the lower than NT\$300 million or 20% of the capital stock

For the year ended December 31, 2020

Table 5

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
MEMC Korea	Property, plant and equipment	October 5, 2018	2,038,080	To the progress of the project	Sungdo Eng. Company	Non-parties Company	-	-	-	-	Fair value	For operating purpose	None
MEMC Korea	Property, plant and equipment	September 2018	370,920	To the progress of the project	L.Keeley Construction	Non-parties Company	-	-	-	-	Fair value	For operating purpose	None
Sino-American Silicon Products Inc.	Property, plant and equipment	December 12, 2019	860,000	860,000	Crystalwise Technology Inc.	Parties Company	-	-	-	-	China real estate appraiser firm and Savills Taiwan real estate appraiser firm	For operating purpose	None

Sino-American Silicon Products Inc. and Subsidiaries

Related-party transactions for purchases and sales with amounts exceeding the lower than NT\$300 million or 20% of the capital stock

For the year ended December 31, 2020

Table 6

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Sino-American Silicon Products Inc.	Sunrise PV One	Subsidiary of associates	Sale	(169,075)	3 %	Net 15 days from the end of the month upon issuance of invoice	-	-	588	-	
Sino-American Silicon Products Inc.	Cathay Sunrise Electric Power Two	Subsidiary of associates	Sale	(105,176)	2 %	Net 30 days from the end of the month upon issuance of invoice	-	-	75	-	
Aleo Solar	Aleo Solar Italia	Indirectly held subsidiaries	Sale	(172,910)	11 %	Net 60 days from the end of the month upon issuance of invoice	-	-	66,896	22 %	Note 2
GlobalWafers	Sino-American Silicon Products Inc.	Indirectly held subsidiaries	Purchase	1,061,951	6 %	Net 30 days from the end of the next month upon issuance of invoice	-	-	(207,950)	(6)%	Note 2
GlobalWafers	GTI	Indirectly held subsidiaries	Purchase	1,839,483	10 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(279,220)	(7)%	Note 2
GlobalWafers	SST	Indirectly held subsidiaries	Purchase	1,784,471	10 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(312,837)	(8)%	Note 2
GlobalWafers	GWJ	Indirectly held subsidiaries	Purchase	6,762,615	36 %	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(1,921,983)	(50)%	Note 2
GlobalWafers	Taisil A/S	Indirectly held subsidiaries	Purchase	611,544	3 %	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(63,878)	(2)%	Note 2
GlobalWafers	GWS	Indirectly held subsidiaries	Purchase	476,050	3 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(38,330)	(1)%	Note 2
Taisil	GlobalWafers	Indirectly held subsidiaries	Purchase	135,729	1 %	Net 60 days from the end of the month upon issuance of invoice	-	-	-	-	Note 1 and Note 2
GWS	GlobalWafers	Indirectly held subsidiaries	Purchase	5,988,654	26 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(968,132)	(20)%	Note 2
MEMC Korea	GlobalWafers	Indirectly held subsidiaries	Purchase	1,406,486	6 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(246,607)	(5)%	Note 2
MEMC SpA	GlobalWafers	Indirectly held subsidiaries	Purchase	686,585	3 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(162,153)	(3)%	Note 2
GTI	GlobalWafers	Indirectly held subsidiaries	Purchase	3,207,527	14 %	Net 45 days from the end of the month upon issuance of invoice	-	-	(341,702)	(7)%	Note 2

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
SST	GlobalWafers	Indirectly held subsidiaries	Purchase	1,021,817	5 %	Net 30 days from the end of the month upon issuance of invoice	-	-	(107,488)	(2)%	Note 2
GWJ	GlobalWafers	Indirectly held subsidiaries	Purchase	1,636,285	7 %	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(424,512)	(9)%	Note 2
Actron Technology	GlobalWafers	Chairman of the parent company is also the Chairman of Sino-American Silicon Products Inc.	Purchase	224,053	1 %	Net 60 days from the end of the next month upon issuance of invoice	-	-	(72,414)	(2)%	Note 2
MEMC Sdn Bhd	GlobalWafers	Indirectly held subsidiaries	Purchase	120,051	1 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(13,087)	-	Note 2
Topsil A/S	GlobalWafers	Indirectly held subsidiaries	Purchase	405,559	2 %	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(60,194)	(1)%	Note 2
GWS	MEMC LLC	Indirectly held subsidiaries	Purchase	1,187,475	6 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(68,481)	(2)%	Note 2
GWS	MEMC LLC	Indirectly held subsidiaries	Sale	(579,378)	(3) %	Net 60 days from the end of the month upon issuance of invoice	-	-	99,924	4 %	Note 2
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	Purchase	1,703,149	9 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(291,044)	(10)%	Note 2
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	Sale	(666,932)	(3) %	Net 60 days from the end of the month upon issuance of invoice	-	-	120,248	4 %	Note 2
GWS	MEMC SpA	Indirectly held subsidiaries	Purchase	3,709,365	20 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(534,832)	(19)%	Note 2
GWS	MEMC SpA	Indirectly held subsidiaries	Sale	(3,427,302)	16 %	Net 60 days from the end of the month upon issuance of invoice	-	-	472,419	17 %	Note 2
GWS	MEMC Korea	Indirectly held subsidiaries	Purchase	1,335,476	7 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(214,998)	(8)%	Note 2
GWS	MEMC Japan	Indirectly held subsidiaries	Purchase	4,271,761	23 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(744,776)	(26)%	Note 2
GWS	MEMC Japan	Indirectly held subsidiaries	Sale	(1,506,205)	7 %	Net 60 days from the end of the month upon issuance of invoice	-	-	255,417	9 %	Note 2
GWS	Taisil	Indirectly held subsidiaries	Purchase	553,661	-	Net 60 days from the end of the month upon issuance of invoice	-	-	-	-	Notes 1 and 2

Note1: After merging with Taisil, GlobalWafers became the existing company and Taisil became the dissolved entity on February 1, 2020.

Note2: Transactions with standalone parties as mentioned above were eliminated when preparing the standalone reports.

Sino-American Silicon Products Inc. and Subsidiaries

Receivables from related parties with amounts exceeding the lower than NT\$100 million or 20% of the capital stock

December 31, 2020

Table 7

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 3)	Allowance for bad debts
					Amount	Action taken		
Sino-American Silicon Products Inc.	Sulu	Indirectly held subsidiaries	285,268	(Note 1)	-	-	-	-
Sino-American Silicon Products Inc.	GlobalWafers	Directly held subsidiaries	207,950	4.95	-	-	211,696	-
SSTI	AMLED	Indirectly held subsidiaries	322,621	(Note 1)	-	-	-	-
SSTI	Sulu	Indirectly held subsidiaries	385,811	(Note 1)	-	-	-	-
Aleo Solar	Sino-American Silicon Products Inc.	Indirectly held subsidiaries	192,944	(Note 1)	-	-	82,002	-
SAS Sunrise Inc	Sulu	Indirectly held subsidiaries	176,847	(Note 1)	-	-	-	-
GlobalWafers	GTI	Indirectly held subsidiaries	341,702	10.73	-	-	538,400	-
GlobalWafers	GWJ	Indirectly held subsidiaries	424,512	3.84	-	-	373,647	-
GlobalWafers	GWS	Indirectly held subsidiaries	968,132	5.48	-	-	1,016,041	-
GlobalWafers	MEMC Korea	Indirectly held subsidiaries	246,606	7.90	-	-	163,372	-
GlobalWafers	SST	Indirectly held subsidiaries	107,488	11.35	-	-	166,287	-
GlobalWafers	MEMC SpA	Indirectly held subsidiaries	162,153	4.55	-	-	170,777	-
GTI	GlobalWafers	Indirectly held subsidiaries	279,220	6.23	-	-	436,925	-
SST	GlobalWafers	Indirectly held subsidiaries	312,837	6.18	-	-	362,099	-
GWJ	GlobalWafers	Indirectly held subsidiaries	1,921,983	4.11	-	-	1,323,502	-
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	120,248	0.11	-	-	120,248	-
GWS	MEMC Japan	Indirectly held subsidiaries	255,417	0.11	-	-	255,417	-
GWS	MEMC SpA	Indirectly held subsidiaries	472,419	0.14	-	-	472,419	-
GWS	GlobalWafers	Indirectly held subsidiaries	38,330	(Note 1)	-	-	-	-
GWJ	GlobalWafers	Indirectly held subsidiaries	1,923,567	(Note 1)	-	-	-	-
MEMC Japan	GWS	Indirectly held subsidiaries	744,776	11.45	-	-	744,776	-
MEMC Sdn Bhd	GWS	Indirectly held subsidiaries	291,044	11.29	-	-	-	-
MEMC SpA	GWS	Indirectly held subsidiaries	534,832	0.14	-	-	531,629	-
MEMC SpA	GWS	Indirectly held subsidiaries	432,347	(Note 1)	-	-	-	-
MEMC Korea	GWS	Indirectly held subsidiaries	214,998	0.13	-	-	214,998	-

Note 1: Receivables from related party for financing purpose.

Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 3: The amount received in subsequent period as of March 10, 2021.

Sino-American Silicon Products Inc. and Subsidiaries
Business relationships and significant intercompany transactions
For the year ended December 31, 2020

Table 8

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets (Note 3,4)
0	GlobalWafers	Sino-American Silicon Products Inc.	2	Purchase	1,061,951	Net 30 days from the end of the next month upon issuance of invoice	1.73%
0	GlobalWafers	GTI	3	Purchase	1,839,483	Net 60 days from the end of the month upon issuance of invoice	3.00%
0	GlobalWafers	SST	3	Purchase	1,784,471	Net 60 days from the end of the month upon issuance of invoice	2.91%
0	GlobalWafers	GWJ	3	Purchase	6,762,615	Net 60 to 90 days from the end of the month upon issuance of invoice	11.01%
0	GlobalWafers	GWJ	3	Account payable	1,921,983	Net 60 to 90 days from the end of the month upon issuance of invoice	1.75%
0	GlobalWafers	Topsil A/S	3	Purchase	611,544	Net 30 to 60 days from the end of the month upon issuance invoice	1.00%
0	GlobalWafers	GTI	3	Sale	3,207,527	Net 45 days from the end of the month upon issuance of invoice	5.22%
0	GlobalWafers	SST	3	Sale	1,021,817	Net 30 days from the end of the month upon issuance of invoice	1.66%
0	GlobalWafers	GWJ	3	Sale	1,636,285	Net 60 to 90 days from the end of the month upon issuance of invoice	2.67%
0	GlobalWafers	GWS	3	Sale	5,988,654	Net 60 days from the end of the month upon issuance of invoice	9.75%
0	GlobalWafers	MEMC Korea	3	Sale	1,406,486	Net 60 days from the end of the month upon issuance of invoice	2.29%
0	GlobalWafers	MEMC SpA	3	Sale	686,585	Net 60 days from the end of the month upon issuance of invoice	1.12%
1	GWS	MEMC LLC	3	Purchase	1,187,475	Net 60 days from the end of the month upon issuance of invoice	1.93%
1	GWS	MEMC SpA	3	Purchase	3,709,365	Net 60 days from the end of the month upon issuance of invoice	6.04%
1	GWS	MEMC SpA	3	Sale	3,427,302	Net 60 days from the end of the month upon issuance of invoice	5.58%
1	GWS	MEMC Korea	3	Purchase	1,335,476	Net 60 days from the end of the month upon issuance of invoice	2.18%
1	GWS	MEMC Japan	3	Sale	1,506,205	Net 60 days from the end of the month upon issuance of invoice	2.45%
1	GWS	MEMC Japan	3	Purchase	4,271,761	Net 60 days from the end of the month upon issuance of invoice	6.96%
1	GWS	MEMC Sdn Bhd	3	Purchase	1,703,149	Net 60 days from the end of the month upon issuance of invoice	2.77%

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets (Note 3,4)
2	GWS	MEMC Sdn Bhd	3	Sale	666,932	Net 60 days from the end of the month upon issuance of invoice	1.09%
2	GWJ	GlobalWafers	3	Intercompany loan	1,923,567	-	1.75%

Note 1: The characters of business transactions between parent company and its subsidiaries are coded as follows:

1. The parent company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relationships with transactions are as follows:

- (1) Parent company to its subsidiaries.
- (2) Subsidiaries to the parent company.
- (3) Transactions between subsidiaries.

Note 3: The ratio of the transaction amount of the consolidated total sales revenue and consolidated total assets are calculated as follows:

- (1) For transaction amount accounted for as asset or liability, the ratio is calculated based on the closing balance amount of the consolidated total assets.
- (2) For transaction amount accounted for as profit or loss, the ratio is calculated based on the accumulated amount at the end of the financial period of the consolidated total sales revenue.

Note 4: The table represented the amount of significant transaction exceeding 1 percent of the consolidated operating revenue or total assets.

Sino-American Silicon Products Inc. and Subsidiaries

Information on investees

For the year ended December 31, 2020

Table 9

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Highest Percentage of Ownership during the year	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousand)	Percentage of Ownership	Carrying value				
Sino-American Silicon Products Inc.	SSTI	British Virgin Islands	Investment and triangular trade center with subsidiaries in China	1,425,603 (USD45,255)	1,425,603 (USD45,255)	48,526	100.00 %	1,020,754	100.00 %	18,959	18,959	Subsidiary Note 5
Sino-American Silicon Products Inc.	GlobalWafers	Taiwan	Semiconductor silicon wafer materials and components manufacturing and trade	8,955,952	8,955,952	222,727	51.17 %	22,593,298	51.17 %	3,103,614	6,705,118	Subsidiary
Sino-American Silicon Products Inc.	Aleo Solar	Prenzlau	Solar module manufacturing and sale and wholesale of electronic materials	558,139 (EUR13,500)	558,139 (EUR13,500)	Note 1	100.00 %	460,160	100.00 %	56,372	56,372	Subsidiary Note 2
Sino-American Silicon Products Inc.	SAS Sunrise Inc.	Cayman	Investment activities	794,373 (USD24,500)	794,373 (USD24,500)	24,500	100.00 %	329,338	100.00 %	(73,824)	(73,824)	Subsidiary
Sino-American Silicon Products Inc.	Sunrise PV World Co.	Taiwan	Electricity activities	-	300,000	-	-	-	100.00 %	1,674	1,674	Subsidiary Note 4
Sino-American Silicon Products Inc.	Sunrise PV five	Taiwan	Electricity activities	-	1,000	-	-	-	100.00 %	(143)	(11)	Subsidiary Note 4
Sino-American Silicon Products Inc.	Sunrise PV Three	Taiwan	Electricity activities	15,000	-	1,500	100.00 %	16,184	100.00 %	900	900	Subsidiary
Sino-American Silicon Products Inc.	SAS	Taiwan	Investment activities	250,000	-	25,000	100.00 %	249,972	100.00 %	(28)	(28)	Subsidiary
Sino-American Silicon Products Inc.	Crystalwise Technology Inc.	Taiwan	Optical wafer and substrate manufacturing and trade	2,215,803	2,215,803	36,525	41.94 %	168,219	41.94 %	(133,395)	(83,080)	Associate Note 2

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Highest Percentage of Ownership during the year	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousand)	Percentage of Ownership	Carrying value				
Sino-American Silicon Products Inc.	Accu Solar Corporation	Taiwan	Solar energy system provider	112,193	112,193	7,452	24.70 %	54,079	24.70 %	2,117	(10,896)	Associate
Sino-American Silicon Products Inc.	Cathay Sunrise	Taiwan	Electricity activities	-	450,000	-	-	-	30.00 %	99,734	24,480	Notes 8
Sino-American Silicon Products Inc.	TSCS	Taiwan	Semiconductor special gas and chemical material manufacturer	990,000	990,000	90,000	30.93 %	779,104	30.93 %	(93,104)	(60,726)	Associate Note 2
Sino-American Silicon Products Inc.	Actron Technology Corporation	Taiwan	Semiconductor electric wafer materials and components manufacturing and trade	1,609,325	1,147,715	19,499	21.31 %	1,446,720	21.31 %	176,875	56,032	Associate Note 2
Sino-American Silicon Products Inc.	Advanced Wireless Semiconductor Company	Taiwan	Gallium arsenide wafer manufacturing and trade	3,496,500	-	45,000	22.53 %	3,508,513	22.53 %	622,863	12,013	Associate Note 2
Sunrise PV World Co.	Sunrise PV Three	Taiwan	Electricity activities	-	15,000	-	-	-	100.00 %	900	-	Subsidiary Note 4
Sunrise PV World Co.	Sunrise PV four	Taiwan	Electricity activities	-	15,000	-	-	-	100.00 %	859	-	Subsidiary Note 4
SAS Sunrise Inc.	SAS Sunrise Pte.Ltd.	Singapore	Investment activities	450,732 (USD13,000)	719,292 (USD22,000)	18,165	100.00 %	200,415	100.00 %	(28,389)	-	Subsidiary Note 7
SAS Sunrise Inc.	Sulu	Philippines	Electricity activities	113,920 (USD4,000)	-	420,000	40.00 %	113,920	100.00 %	(91,124)	-	Subsidiary Note 7 and 9
SAS Sunrise Pte.Ltd.	AMLED	Philippines	Investment activities	-	-	-	-	-	-	-	-	Subsidiary Note 6 and 7
SAS Sunrise Pte.Ltd.	Sulu	Philippines	Electricity activities	-	440,667 (USD13,435)	-	-	-	40.00 %	(91,124)	-	Subsidiary Note 7 and 9
AMLED	Sulu	Philippines	Electricity activities	297,229 (USD9,065)	297,229 (USD9,065)	472,500	45.00 %	132,897	45.00 %	(91,124)	-	Subsidiary Note 7
Aleo Solar	Aleo Solar Distribuzione Italia S.r.l	Italy	Solar module sale and wholesale of electronic materials	4,078 (EUR100)	4,078 (EUR100)	Note 1	100.00 %	1,016	100.00 %	(2,029)	-	Subsidiary Note 7
GlobalWafers	GWl	Cayman	Investment activities	1,427 (USD48)	2,241,668 (USD73,423)	0.01	100.00 %	1,823	100.00 %	22,123	-	Subsidiary Note 7

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Highest Percentage of Ownership during the year	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousand)	Percentage of Ownership	Carrying value				
GlobalWafers	GSI	Cayman	Investment in various businesses and triangular trade centers with subsidiaries in Mainland China	756,809 (USD26,555)	756,809 (USD26,555)	25,000	100.00 %	1,836,042	100.00 %	339,834	-	Subsidiary Note 7
GlobalWafers	GWJ	Japan	Manufacturing and trading of silicon wafers	5,448,015	5,448,015	128	100.00 %	16,946,410	100.00 %	1,659,904	-	Subsidiary Note 7
GlobalWafers	GWafers Singapore	Singapore	Investment activities	17,378,877	11,966,930	541,674	100.00 %	37,084,288	100.00 %	6,659,202	-	Subsidiary Note 7
GlobalWafers	Topsil A/S	Denmark	Manufacturing and trading of silicon wafers and sale	-	1,964,069 (DKK 407,600)	-	-	-	100.00 %	-	-	Subsidiary Note 7
GlobalWafers	HONG WANG Investment Co., Ltd.	Taiwan	Investment activities	309,760	309,760	30,976	30.98 %	1,202,176	30.98 %	118,931	-	Associate Note 7
GlobalWafers	Taisil	Taiwan	Manufacturing and trading of silicon wafers and sale	-	14,504,663	-	-	-	99.99 %	257,071	-	Subsidiary Note 7
GlobalWafers	Sunrise PV four	Taiwan	Electricity activities	1,045,000	-	104,500	100.00 %	1,045,944	100.00 %	859	-	Subsidiary Note 4 and 7
GlobalWafers	Sunrise PV five	Taiwan	Electricity activities	122,000	-	12,200	100.00 %	121,846	100.00 %	(143)	-	Subsidiary Note 3 and 7
GlobalWafers	GWH	Taiwan	Investment activities	250,000	-	25,000	100.00 %	249,935	100.00 %	(65)	-	Subsidiary Note 3 and 7
GWJ	MEMC Japan	Japan	Manufacturing and trading of silicon wafers	373,413 (JPY100,000)	373,413 (JPY100,000)	750	100.00 %	3,141,245	100.00 %	239,045	-	Subsidiary Note 3 and 7
Topsil A/S	Topsil PL	Poland Singapore	Manufacturing and trading of silicon wafers investment activities	-	-	0.1	100.00 %	-	100.00 %	-	-	Subsidiary Note 3 and 7
GWafers Singapore	GWS	Singapore	Investment activities	14,671,320 (USD406,898)	14,671,320 (USD406,898)	299,445	100.00 %	43,778,025	100.00 %	6,739,840	-	Subsidiary Note 3 and 7
GWS	GWBV	Netherlands	Investment activities	11,213,730 (USD362,763)	6,413,892 (USD162,723)	0.1	100.00 %	40,071,015	100.00 %	4,465,267	-	Subsidiary Note 3 and 7
GWBV	MEMC SpA	Italy	Manufacturing and trading of silicon wafers	6,732,641 (USD204,788)	6,732,641 (USD204,788)	65,000	100.00 %	8,813,587	100.00 %	1,017,366	-	Subsidiary Note 3 and 7
MEMC SpA	MEMC SarL	France	Trading	1,316 (USD40)	1,316 (USD40)	0.5	100.00 %	1,609	100.00 %	738	-	Subsidiary Note 3 and 7
MEMC SpA	MEMC GmbH	Germany	Trading	4,622 (USD141)	4,622 (USD141)	0.002	100.00 %	5,011	100.00 %	(17)	-	Subsidiary Note 3 and 7

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Highest Percentage of Ownership during the year	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousand)	Percentage of Ownership	Carrying value				
GWBV	MEMC Korea	Korea	Manufacturing and trading of silicon wafers and sale	11,851,262 (USD384,605)	3,641,474 (USD110,763)	25,200	100.00 %	17,004,495	100.00 %	1,508,160	-	Subsidiary Note 3 and 7
GWBV	GTI	United States	Manufacturing and trading of epitaxial wafers and sale	2,779,849 (USD91,262)	2,779,849 (USD91,262)	1	100.00 %	10,216,706	100.00 %	350,282	-	Subsidiary Note 3 and 7
GWBV	MEMC Ipoh	Malaysia	Manufacturing and trading of silicon wafers and sale	93,907 (USD1,323)	93,907 (USD1,323)	612,300	100.00 %	3,556	100.00 %	(63)	-	Subsidiary Note 3 and 7
GWBV	Global Wafers GmbH	Germany	Trading	827 (USD27)	-	25	100.00 %	431	100.00 %	(428)	-	Subsidiary Note 3 and 7
GWBV	Topsil A/S	Denmark	Manufacturing and trading of silicon wafers and sale	1,843,604 (USD60,996)	-	1,000	100.00 %	1,980,829	100.00 %	120,147	-	Subsidiary Note 3 and 7
GTI	MEMC LLC	United states	Manufacturing and trading of silicon wafers and sale	543,384 (USD17,839)	543,384 (USD17,839)	-	100.00 %	3,531,560	100.00 %	(171,320)	-	Subsidiary Noten3 and 7
SST	MEMC Sdn Bhd	Malaysia	Manufacturing and trading of silicon wafers and sale	898,016 (USD27,315)	-	1,036	100.00 %	818,374	100.00 %	58,956	-	Subsidiary Note 3 and 7

Note:1 A limited company.

Note 2: The investment gain or loss recognition includes the investment cost and the amortization of the net equity acquired.

Note 3: The investees are indirect subsidiaries of the Company. GWafers Singapore's shares had been fully transferred to the Company on January 2, 2020. Topsil A/S was transferred to GWBV; MEMC Sdn Bhd was transferred to SST. MEMC Korea had been transferred from GWBV and MEMC BV to GWBV, who held its entire shares. GWBV invested in GW GmbH, a company founded in February 2020. The Company merged with Taisil on February 1, 2020, with the Company being the surviving company and Taisil as the dissolved entity.

Note 4: Sunrise PV four was 100% owned by GlobalWafers from January, 2020. Sunrise PV five was 100% owned by GlobalWafers from July, 2020. Sino-American Silicon Products Inc merged with Sunrise PV World Co. on January 31, 2020, and Sunrise PV Three was transferred to the Company.

Note 5: Not including retained earnings transferred to capital increase.

Note 6: The Company does not hold the ownership interests of AMLED, but the Company can control the financial and operating strategies of AMLED and obtain all the benefits of its operations and net assets in accordance with the terms of the agreements with such standalone, so AMLED is considered as a subsidiary.

Note 7: The investor's profits and losses included the profits and losses of the investees; therefore, the investee's profits and losses need not be disclosed.

Note 8: The Company handled the transfer and delivery of Cathay on October 23, 2020.

Note 9: SULU was 40% owned by SAS Sunrise Inc from December, 2020.

Note 10: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Sino-American Silicon Products Inc. and Subsidiaries

The names of investees in Mainland China, the main businesses and products and other information

For the year ended December 31, 2020

Table 10

(In Thousands of New Taiwan Dollars)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the year	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
SST	Processing and trading of ingots and wafers	769,177 (Note 7)	Note 1	713,300 (USD21,729)	-	-	713,300 (USD21,729)	342,602	100%	100%	342,602	1,769,686	-
SunEdison Shanghai	Trading business	7,527 (RMB1,500)	Note 2	-	-	-	-	(7,312)	-	-	(7,312)	Note 8	-
GF	Sale and marketing	9,756 (RMB2,000)	Note 3	-	-	-	-	-	-	-	-	Note 9	-

(2) Limitation on investment in Mainland China

Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
GlobalWafers	713,300 (USD21,729)	818,233 (USD25,000) (Note 5)	26,492,940 (Note 6)

Note 1: Investments through GSI.

Note 2: Investments through GWBV which is acquired from the acquisition of GWS (SSL).

Note 3: SST invested in GF in Mainland China. No upper limit on investment was calculated due to having without any actual cash outflows from Taiwan.

Note 4: The basis for investment income (loss) recognition is from the audited financial statements.

Note 5: Initial investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the Historical Foreign Exchange Rate.

Note 6: Pursuant to the 'Guidelines Governing the Review of Investment or Technical Cooperation in the Mainland Area' dated on August 29, 2008, the total amount of investment shall not exceed 60% of the Group's net worth on December 31, 2020.

Note 7: Retained earnings transferred to capital was included.

Note 8: SunEdison Shanghai was dissolved in July 2020.

Note 9: GrowFast Shanghai had been dissolved in November 2020.

Sino-American Silicon Products Inc.
Parent Company Only Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

Address: No.8, Industrial East Road 2, Science-Based Industrial
Park, Hsinchu, Taiwan, R.O.C.
Telephone: (03)577-2233

The independent auditors' report and the accompanying parent company only 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 independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Sino-American Silicon Products Inc.:

Opinion

We have audited the parent-company-only financial statements of Sino-American Silicon Products Inc. (“the Company”), which comprise the balance sheets as of December 31, 2020 and 2019, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its parent-company-only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent-company-only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this report are as follows:

1. Impairment assessment of property, plant and equipment (including right-of-use assets)

Please refer to note 4(13) “ Impairment of non-financial assets” for the accounting policy; note 5(2) of the parent-company-only financial statements for accounting assumptions and estimation uncertainty in the impairment assessment of property, plant and equity (included right-of-use assets), and note 6(9) “Property , plant and equipment” and note 6(10) “Right-of-use asset” for further details .

Description of key audit matters:

The industry in which the solar power business unit of the Company is subjected to fluctuations due to the market environment and the energy policies of various governments, accompanied by fierce market competition and continuous price reduction of products. Therefore, the assessment of impairment loss on property, plant and equipment is critical; the impairment assessment of assets includes the identification of cash-generating unit. The assessment is one of the key audit matters because it is complicated and contains subjective judgment from the management, such as determining the method of evaluation, selecting key assumptions and calculating recoverable amounts.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included assessing whether the cash-generating unit and its related tested assets identified by the management to impair show possible indicators of impairment, and further understanding and testing the evaluation models and key assumptions such as future cash flow projections, useful lives and weighted average cost of capital that the management used in the impairment test, including expected product revenue, costs and expenses, and assessing the accuracy of prior year's management forecasts; and performing sensitivity analysis based on key factors. Furthermore, performing inquiries with top management is in place in order to identify whether there are any events capable of affecting the impairment test result after year end. We also assess whether the Company has properly disclosed the policy of long-term non-financial asset impairment and other related information.

2. Evaluation of investments accounted for using the equity method

For the accounting policies of the assessment of the investment under equity method, please refer to note 4 (8) "Investment in associates" and note 4(9) "Investment in subsidiaries" in the parent-company-only financial statements; for the assessment of the investment under equity method, please refer to the parent-company-only financial statements of note 6(7) "Investments accounted for using equity method" and note 6(8) "Changes in the equity of ownership of the subsidiary".

Description of key audit matters:

The Company holds a 51.17% of the shares in the equity investment subsidiary, GlobalWafers Co., Ltd. Given that most of the subsidiaries of GlobalWafers Co., Ltd. are mainly arising from business combinations, and GlobalWafers operates in an industry subjected to fluctuations in the market environment and other factors, the recognition of the revenue of subsidiaries and the assessment of goodwill impairment are important. It is considered to be one of the key areas in our audit.

How the matter was addressed in our audit:

The principal audit procedures performed for the recognition of revenue related to investees under equity method include understanding the accounting policies adopted for the revenue recognition; assessing the design of the internal control system of sales revenue; and testing selected samples of individual transactions to support the appropriateness of the recognition of revenue. The principal audit procedures for the goodwill impairment assessment include: assessing the cash generating unit that the management has identified to impair and signs of impairment; assessing the reasonableness of the management's method of measuring the recoverable amount; assessing the accuracy of management's past forecasts; reviewing management's calculation of the recoverable amount of cash generating units; evaluating various assumptions used for future cash flow projections and calculating recoverable amounts, and performing the sensitivity analysis of the key assumptions.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent-company-only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent-company-only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Chien Chen and An-Chih Cheng.

KPMG

Taipei, Taiwan (Republic of China)
March 18, 2021

Notes to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance 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 audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent company only 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 independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)
Sino-American Silicon Products Inc.

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2020		December 31, 2019		Liabilities and Equity		December 31, 2020		December 31, 2019	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(1))	\$ 781,889	2	1,256,788	4	2100	Short-term borrowings (notes 6(11) and 8)	\$ 900,000	2	200,000	1
1136	Financial assets measured at amortized cost—current (notes 6(4) and 7)	277,895	1	240,068	1	2120	Financial liabilities at fair value through profit or loss—current (note 6(2))	-	-	68	-
1170	Notes and accounts receivable, net (note 6(5))	264,031	1	199,042	-	2130	Contract liabilities—current (notes 6(20), 7 and 9)	131,785	-	88,538	-
1180	Accounts receivable due from related parties, net (note 7)	2,341,134	6	632,572	2	2170	Notes and accounts payable	518,817	1	500,893	1
130X	Inventories (note 6(6))	456,448	1	335,641	1	2180	Accounts payable to related parties (note 7)	195,297	1	2,516	-
1421	Prepayments to suppliers (notes 6(7) and 9)	46,206	-	42,242	-	2201	Payroll and bonus payable	739,758	2	340,216	1
1479	Other current assets	111,362	-	38,391	-	2216	Dividends payable	2,051,776	6	-	-
	Total current assets	<u>4,278,965</u>	<u>11</u>	<u>2,744,744</u>	<u>8</u>	2250	Provisions—current (note 6(14))	221,949	1	221,949	1
Non-current assets:						2399	Other current liabilities (notes 6(13) and 7)	335,149	1	363,601	1
1517	Financial assets at fair value through other comprehensive income—non-current (note 6(3))	6,095	-	6,095	-		Total current liabilities	<u>5,094,531</u>	<u>14</u>	<u>1,717,781</u>	<u>5</u>
1535	Financial assets at amortized cost—non-current (notes 6(4) and 7)	-	-	267,612	1	2527	Non-Current liabilities:				
1550	Investments accounted for using equity method (note 6(7))	30,588,097	81	27,794,246	81	2550	Contract liabilities—non-current (notes 6(20),7 and 9)	1,044,068	3	1,115,657	3
1600	Property, plant and equipment (notes 6(9) and 8)	3,265,859	8	3,226,668	10	2600	Provisions—non-current (notes 6(14) and 9)	3,992,895	10	4,622,950	14
1755	Right-of-use assets (note 6(10))	180,240	-	154,567	-		Other non-current liabilities (notes 6(13), (15) and (16))	154,630	-	161,745	-
1900	Other non-current assets (notes 6(15) and (16))	85,130	-	74,308	-		Total non-current liabilities	<u>5,191,593</u>	<u>13</u>	<u>5,900,352</u>	<u>17</u>
1980	Other financial assets—non-current(note 8)	42,564	-	20,134	-		Total liabilities	<u>10,286,124</u>	<u>27</u>	<u>7,618,133</u>	<u>22</u>
	Total non-current assets	<u>34,167,985</u>	<u>89</u>	<u>31,543,630</u>	<u>92</u>		Equity (notes 6(17) and (18)):				
	Total assets	<u>\$ 38,446,950</u>	<u>100</u>	<u>34,288,374</u>	<u>100</u>	3110	Ordinary shares	5,862,217	15	5,862,367	17
						3170	Share capital awaiting retirement	-	-	(150)	-
								<u>5,862,217</u>	<u>15</u>	<u>5,862,217</u>	<u>17</u>
						3200	Capital surplus	19,481,234	51	21,072,595	61
							Retained earnings:				
						3310	Legal reserve	721,476	2	462,354	1
						3320	Special reserve	1,330,419	3	513,302	2
						3350	Unappropriated retained earnings	4,161,346	11	2,591,235	8
								<u>6,213,241</u>	<u>16</u>	<u>3,566,891</u>	<u>11</u>
						3400	Other equity interest	(3,395,866)	(9)	(3,831,462)	(11)
							Total equity	<u>28,160,826</u>	<u>73</u>	<u>26,670,241</u>	<u>78</u>
							Total liabilities and equity	<u>\$ 38,446,950</u>	<u>100</u>	<u>34,288,374</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)
Sino-American Silicon Products Inc.

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(20) and 7)	\$ 5,430,346	100	6,002,885	100
5000	Operating costs (notes 6(6), (13), (15), (21) and 7)	<u>5,248,059</u>	<u>97</u>	<u>9,895,050</u>	<u>165</u>
	Gross profit (loss) from operations	<u>182,287</u>	<u>3</u>	<u>(3,892,165)</u>	<u>(65)</u>
	Operating expenses (notes 6(13), (15), (21) and 7):				
6100	Selling expenses	72,192	1	50,701	1
6200	Administrative expenses	500,307	9	314,914	5
6300	Research and development expenses	101,957	2	111,769	2
6450	Expected credit losses (reversal gains) (notes 6(5) and 7)	<u>881</u>	<u>-</u>	<u>(6,671)</u>	<u>-</u>
	Total operating expenses	<u>675,337</u>	<u>12</u>	<u>470,713</u>	<u>8</u>
	Net operating loss	<u>(493,050)</u>	<u>(9)</u>	<u>(4,362,878)</u>	<u>(73)</u>
	Non-operating income and expenses:				
7100	Interest income (notes 6(22) and 7)	18,982	-	38,385	-
7020	Other gains and losses (notes 6(23) and 7)	139,280	3	103,546	2
7050	Finance costs (notes 6(24) and 7)	<u>(7,577)</u>	<u>-</u>	<u>(25,064)</u>	<u>-</u>
7060	Share of profit of associates accounted for using equity method (note 6(7))	<u>6,647,023</u>	<u>122</u>	<u>6,572,359</u>	<u>109</u>
		<u>6,797,708</u>	<u>125</u>	<u>6,689,226</u>	<u>111</u>
	Income before income tax	6,304,658	116	2,326,348	38
7950	Less: Income tax expense (note 6(16))	<u>(21,577)</u>	<u>-</u>	<u>77,962</u>	<u>1</u>
	Net income	<u>6,326,235</u>	<u>116</u>	<u>2,248,386</u>	<u>37</u>
8300	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(15))	<u>(5,666)</u>	<u>-</u>	<u>(169)</u>	<u>-</u>
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(17))	398,280	8	(7,997)	-
8330	Share of gains (losses) on remeasurements of defined benefit plans of subsidiaries accounted for using equity method	<u>(107,470)</u>	<u>(2)</u>	<u>29,988</u>	<u>-</u>
		<u>285,144</u>	<u>6</u>	<u>21,822</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations (note 6(17))	<u>(122,701)</u>	<u>(2)</u>	<u>(635,972)</u>	<u>(10)</u>
8380	Share of other comprehensive income of associates accounted for using equity method related to components of other comprehensive income that will be reclassified to profit or loss (note 6(25))	120,189	2	134,905	2
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(16))	<u>(18,327)</u>	<u>-</u>	<u>(4,866)</u>	<u>-</u>
		<u>15,815</u>	<u>-</u>	<u>(496,201)</u>	<u>(8)</u>
8300	Other comprehensive income (after tax)	<u>300,959</u>	<u>6</u>	<u>(474,379)</u>	<u>(8)</u>
	Total comprehensive income	<u>\$ 6,627,194</u>	<u>122</u>	<u>1,774,007</u>	<u>29</u>
	Earnings per share (NT dollars) (note 6(19))				
9750	Basic earnings per share	<u>\$ 10.82</u>		<u>3.86</u>	
9850	Diluted earnings per share	<u>\$ 10.71</u>		<u>3.83</u>	

See accompanying notes to parent company only financial statements.

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)
Sino-American Silicon Products Inc.

Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Other equity interest					Total equity	
	Ordinary shares	Share capital awaiting retirement	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Gains (losses) on equity instrument measured at fair value through other comprehensive income	Unearned compensation cost	Others		Total other equity interest
Balance at January 1, 2019	\$ 5,863,207	(330)	21,757,292	311,579	513,302	1,507,753	2,332,634	(1,586,241)	(1,406,132)	(75,334)	(3,380)	(3,071,087)	26,881,716
Net income for the year	-	-	-	-	-	2,248,386	2,248,386	-	-	-	-	-	2,248,386
Other comprehensive income for the year	-	-	-	-	-	29,819	29,819	(638,103)	133,905	-	-	(504,198)	(474,379)
Comprehensive income for the year	-	-	-	-	-	2,278,205	2,278,205	(638,103)	133,905	-	-	(504,198)	1,774,007
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	-	150,775	-	(150,775)	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(1,356,963)	(1,356,963)	-	-	-	-	-	(1,356,963)
Cash dividends distribution from capital surplus	-	-	(401,900)	-	-	-	-	-	-	-	-	-	(401,900)
Changes in equity of associates accounted for using equity method	-	-	(279,229)	-	-	-	-	-	-	-	112	112	(279,117)
Due to donated assets received	-	-	228	-	-	-	-	-	-	-	-	-	228
Changes in equity of subsidiaries accounted for using equity method	-	-	(21)	-	-	-	-	-	-	-	-	-	(21)
Compensation cost of issued restricted stock awards	-	-	(3,115)	-	-	-	-	-	-	56,726	-	56,726	53,611
Share retirement and awaiting retirement due to expiration of restricted stock awards	(840)	180	(660)	-	-	-	-	-	-	-	-	-	(1,320)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	313,015	313,015	-	(313,015)	-	-	(313,015)	-
Balance at December 31, 2019	\$ 5,862,367	(150)	21,072,595	462,354	513,302	2,591,235	3,566,891	(2,224,344)	(1,585,242)	(18,608)	(3,268)	(3,831,462)	26,670,241
Net income for the year	-	-	-	-	-	6,326,235	6,326,235	-	-	-	-	-	6,326,235
Other comprehensive income for the year	-	-	-	-	-	(113,136)	(113,136)	(100,694)	514,789	-	-	414,095	300,959
Comprehensive income for the year	-	-	-	-	-	6,213,099	6,213,099	(100,694)	514,789	-	-	414,095	6,627,194
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	-	259,122	-	(259,122)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	817,117	(817,117)	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(3,566,749)	(3,566,749)	-	-	-	-	-	(3,566,749)
Cash dividends from capital surplus	-	-	(1,416,136)	-	-	-	-	-	-	-	-	-	(1,416,136)
Changes in equity of associates accounted for using equity method	-	-	(176,098)	-	-	-	-	-	-	-	2,893	2,893	(173,205)
Due to donated assets received	-	-	873	-	-	-	-	-	-	-	-	-	873
Compensation cost of issued restricted stock awards	-	-	-	-	-	-	-	-	-	18,608	-	18,608	18,608
Share retirement and awaiting retirement due to expiration of restricted stock awards	(150)	150	-	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2020	\$ 5,862,217	-	19,481,234	721,476	1,330,419	4,161,346	6,213,241	(2,325,038)	(1,070,453)	-	(375)	(3,395,866)	28,160,826

See accompanying notes to parent company only financial statements.

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)
Sino-American Silicon Products Inc.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from operating activities:		
Income before income tax	\$ 6,304,658	2,326,348
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	486,204	491,332
Expected credit losses (reversal gains)	881	(6,671)
Net loss on financial assets or liabilities at fair value through profit or loss	-	68
Interest expense	7,577	25,064
Interest incomes	(18,982)	(38,385)
Dividend income	(2,210)	(5,340)
Share-based compensation cost	18,608	53,611
Shares of profit of subsidiaries and associates accounted for using equity method	(6,647,023)	(6,572,359)
Gains on disposal of property, plant and equipment	(10,242)	(30,812)
Gains on disposal of investments	(34,165)	-
Recognition (reversal) of impairment losses on financial assets	(22,519)	25,973
Reversal of write-down of inventory	(31,954)	(239,254)
Recognition (reversal) of impairment losses on non-financial assets	444,064	(8,779)
Recognition (reversal) of losses on liability provision	(630,055)	3,884,607
Total adjustments	(6,439,816)	(2,420,945)
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	(1,822)	322,629
Inventories	(84,742)	493,783
Prepayments	(16,832)	503,320
Net defined benefit assets	(42)	(40)
Other operating assets	29,512	50,933
Decrease in financial liabilities held for trading	(68)	-
Notes and accounts payable (including related parties)	(6,906)	65,520
Contract liabilities	(128,350)	(47,548)
Other operating liabilities	346,282	(130,928)
Total changes in operating assets and liabilities	137,032	1,257,669
Total adjustments	(6,302,784)	(1,163,276)
Cash inflow generated from operations	1,874	1,163,072
Interest received	21,155	35,049
Dividends received	2,210	5,340
Interest paid	(6,937)	(26,482)
Income taxes paid	(5,222)	(2,757)
Net cash flows generated from operating activities	13,080	1,174,222

(Continued)

See accompanying notes to parent company only financial statements.

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)
Sino-American Silicon Products Inc.

Statements of Cash Flows (Continued)

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(197,610)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	474,207
Acquisition of financial assets at amortized cost	-	(250,000)
Proceeds from disposal of financial assets at amortized cost	250,000	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	98,344
Decrease in intercompany loan	15,872	477,076
Acquisition of investments accounted for using equity method	(4,208,110)	(1,019,487)
Proceeds from disposal of investments accounted for using equity method	516,948	-
Cash dividends from investment accounted for using equity method	5,649,312	5,606,733
Acquisition of property, plant and equipment	(967,687)	(113,682)
Proceeds from disposal of property, plant and equipment	17,239	57,258
Decrease (Increase) in other financial assets	(2,600)	13,348
Cash inflows from business combination	306,232	-
Net cash flows generated from investing activities	1,577,206	5,146,187
Cash flows from financing activities:		
Increase (decrease) in short-term loans	700,000	(2,517,125)
Increase in notes from related parties	192,950	-
Repayments of long-term borrowings	-	(1,610,200)
Increase in guarantee deposits	6	762
Repayment of the principal portion of lease liabilities	(27,905)	(28,407)
Cash dividends from earnings and capital surplus distribution	(2,931,109)	(1,758,863)
Share capital retirement due to expiration of restricted stock awards	-	(1,320)
Donated assets received	873	228
Net cash flows used in financing activities	(2,065,185)	(5,914,925)
Net increase (decrease) in cash and cash equivalents	(474,899)	405,484
Cash and cash equivalents at beginning of period	1,256,788	851,304
Cash and cash equivalents at end of period	\$ 781,889	1,256,788

See accompanying notes to parent company only financial statements.

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)
Sino-American Silicon Products Inc.

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history

Sino-American Silicon Products Inc. (hereinafter referred to as “the Company”) was incorporated in accordance with the Company Act of the Republic of China in January 1981 at No. 8, Industrial East Road 2, Science Based Industrial Park, Hsinchu, Taiwan (R.O.C.). for the R&D, design, production and sale of semi-conductor silicon materials and components, rheostats, optical and communications wafer materials; and also the related technology, management consulting business, and technical services of the photo-voltaic power system generation and installation.

The Company’s stocks have been traded publicly at the Taipei Exchange (TPEX) since March 2001.

For the purpose of reorganization and professional division of work and enhancing competitiveness and business performance, a resolution was reached at the shareholders’ meeting on June 17, 2011 to have the semiconductor business and sapphire business (including the related assets, liabilities and business operations), by the way of incorporation and partition, transferred to the Company’s 100% owned subsidiaries, GlobalWafers Co., Ltd. (hereinafter referred to as “GlobalWafers”) and Sino Sapphire CO., LTD (hereinafter referred to as “Sino Sapphire”) with the base date of partition scheduled on October 1, 2011. The Company based on the net book value of the semi-conductor business shall pay a price of NT\$ 38.5 per share for acquiring 180,000 thousand shares at NT\$ 10 par value of GlobalWafers; also, based on the sapphire business net assets shall pay a price of NT\$ 40 per share for acquiring 40,000 thousand shares at NT\$ 10 par value of Sino Sapphire.

GlobalWafers’s common shares have been listed on Taipei Exchange (“TPEX”) since September 25, 2015, and were delisted from the Emerging Market at the same date.

2. Approval date and procedures of the financial statements:

These parent-company-only financial statements were authorized for issuance by the board of directors on March 18, 2021.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 2020:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

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- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”	The amendments clarify that the ‘costs of fulfilling a contract’ comprises the costs that relate directly to the contract as follows: <ul style="list-style-type: none"> ● the incremental costs – e.g. direct labor and materials; and ● an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. 	January 1, 2022

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

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The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

4. Summary of significant accounting policies:

The significant accounting policies presented in the parent-company-only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent-company-only financial statements.

(1) Statement of compliance

The parent-company-only financial statements is prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”

(2) Basis of preparation

A. Basis of measurement

Except for the following significant accounts, the parent-company-only financial statements have been prepared on a historical cost basis:

- (a) Financial instruments measured at fair value through profit or loss are measured at fair value;
- (b) Financial assets at fair value through other comprehensive income (loss) are measured at fair value;
- (c) The defined benefit liability recognized is the net of pension assets less the present value of defined benefit obligation and the limit of recognized assets as discussed in note 4 (16).

B. Functional and presentation currency

The Company’s functional currency is in the currency of the main economic environment in which it operates. This parent-company-only financial statements is expressed in the Company’s functional currency, New Taiwan Dollar. All financial information presented in NT dollars is expressed in NT\$ thousand.

Sino-American Silicon Products Inc.
Notes to the Parent Company Only Financial Statements

(3) Foreign currencies

A. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an equity investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into New Taiwan Dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into New Taiwan Dollars at the average rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(4) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

- A. It is expected to be realized, or intends to be sold or consumed, in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is expected to be realized within twelve months after the reporting period; or

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D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

A. It is expected to be settled in the normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is due to be settled within twelve months after the reporting period; or

D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash comprises cash and cash in bank. Cash equivalents are short term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(6) Financial instruments

Trade receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income – equity investment, or fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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Notes to the Parent Company Only Financial Statements

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company right to receive payment is established.

(c) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

- (d) Assess whether the contractual cash flow is entirely for the payment of the principal and interest on the outstanding principal amount

For the purpose of assessment, the principal is the fair value of the financial assets at the time of initial recognition. The interest consists of the following considerations: the time value of money, the credit risk associated with the amount of the outstanding principal in a specified period, and other basic loan risks and costs, and margin of profit.

To assess whether the contractual cash flow is entirely for the payment of the principal and interest on the outstanding principal amount, the Company considers the terms of the financial instrument contract, including assessing whether the financial asset contains a contractual term that changes the time point or amount of the contractual cash flow, resulting not meeting this condition. At the time of evaluation, the Company consider:

- Any contingency that would change the point or amount of the contractual cash flow;
- The terms that adjust the contractual coupon rate, including the characteristics of the variable interest rate;
- Early repayment and extension features; and
- The Company's claim is limited to terms derived from the cash flow of a particular asset (e.g. non-recourse characteristics).

- (e) Impairment of financial assets

The Company recognizes the allowance for the expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, refundable deposits and other financial assets, etc.) and contractual assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured by 12 month ECL:

- Debt securities that are determined to have low credit risk at the reporting date ; and
- The credit risk of other debt securities and bank deposits (i.e., The risk of default on the expected duration of the financial instruments) has not increased significantly since the initial recognition.

The allowance for receivables and contractual assets is measured at the amount of expected credit losses during the lifetime.

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When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company historical experience and informed credit assessment as well as forward looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12 month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

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- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company procedures for recovery of amounts due.

(f) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

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(d) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(e) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(f) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

C. Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

(7) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average-cost method and includes expenditure incurred in acquiring the inventories, production or conversion cost, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses necessary to make the sale.

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(8) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The parent-company-only financial statements include the Company's share of the profit or loss and other comprehensive income of, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses or exceeds its interests in an associate, the carrying amount of the investment, including any long term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent the Company has an obligation or has made payments on behalf of the investee.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(9) Investment in subsidiaries

The Company has the wholly-owned investee Company valued under equity method when preparing the parent-company-only financial statements. Under the equity method, the amortization amount attributable to the shareholders of the parent company from the gains or losses and other comprehensive Revenue of the parent-company-only financial statements and the parent-company-only financial statements is the same. Moreover, the equity attributable to the shareholders of the parent company from the shareholder's equity of the parent-company-only financial statements and the parent-company-only financial statements is the same.

If the change in the Company's ownership of the subsidiary does not lead to loss of control over the subsidiary, it is treated as an equity transaction conducted within the shareholders.

Sino-American Silicon Products Inc.
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(10) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- (a) Buildings: 2 to 50 years
- (b) Machinery and equipment: 2 to 8 years
- (c) Other equipment and leased assets: 2 to 25 years

Buildings constitute mainly buildings, mechanical and electrical power equipment, and related engineering, wastewater treatment and sewage system, etc. Each such part is depreciated based on its useful life of 25 to 50 years, 25 years, and 4 to 25 years, respectively.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(11) Lessee

A. Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

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- (a) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- (b) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- (c) the customer has the right to direct the use of the asset throughout the period of use only if either:
 - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

B. As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (a) fixed payments, including in-substance fixed payments;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable under a residual value guarantee; and
- (d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- (a) there is a change in future lease payments arising from the change in an index or rate; or
- (b) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- (c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- (d) there is a change of its assessment on whether it will exercise an extension or termination option; or
- (e) there are any lease modifications

When the lease liability is remeasured, other than lease modifications a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases with 12 months or less and leases of low-value assets, including parking space and other equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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C. As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract, which accounted as a single lease component.

(12) Intangible assets

A. Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

B. Other intangible assets

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

C. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

D. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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(13) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or a CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. And then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of or depreciation amortization, if no impairment loss had been recognized.

(14) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as interest expense.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract or the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

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(15) Revenue recognition

A. Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below:

(a) Sale of goods

The Company engages mainly in the research, development, production, design, and sales of semiconductor ingots and wafers, varistors, optoelectronics and communication wafer materials. The Company recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered, as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(b) Product processing services

The Company provides processing of products and recognizes the relevant revenue during the financial reporting period of the labor service. Revenue recognition for fixed price contracts is based on the ratio of services actually provided to total services as of the reporting date, which is determined by the percentage of labor performed to the total amount of labor to be performed. If the situation changes, the estimates of revenue, cost, and degree of completion will be revised, and the increase or decrease in the period when the management is aware of the change in the situation will be reflected in profit or loss.

Under the fixed price contract, the customer pays a fixed amount in accordance with the agreed time schedule. When the services provided exceed the payment, the contract assets are recognized; if the payment exceeds the services provided, the contract liabilities are recognized.

If the contract is valued based on the number of hours in which the service is provided, the revenue is recognized by the amount in which the Company has the right to open an invoice. The Company will ask customers for a monthly payment and will receive the consideration after opening the invoice.

The Company recognizes the accounts receivable when the goods are delivered, because the Company has the right to collect the consideration unconditionally at that time.

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(c) Power electric revenue

The Company recognized the power electric revenue based on the actual electric units and electric rate.

(d) Engineering contract

The Company is engaged in the contracting business of solar power plants. Since the assets are controlled by the customers at the time of construction, the revenue is gradually recognized over time based on the proportion of the engineering costs incurred to date to the estimated total contract costs. A fixed amount paid by the customer in accordance with the agreed time schedule. Certain changes in consideration are estimated using expectations from past experience; other changes are estimated at the most probable amount. The Company recognizes revenue only within the scope of the cumulative revenue level where it is highly probable that no significant reversal will occur. If the amount of revenue recognized has not been requested, it is recognized as a contract asset and the contract asset is transferred to the accounts receivable when there is an unconditional right to the consideration.

If the degree of completion of the performance obligation of the construction contract cannot be reasonably measured, the contract revenue is recognized only within the range of expected recoverable costs.

When the Company expects that the inevitable cost of performance of an engineering contract exceeds the economic benefit expected from the contract, the liability provision for the onerous contract is recognized.

If the circumstances change, the estimates of revenue, cost and completion will be revised and the changes will be reflected in gain or loss when the management is informed of the change in circumstances and the amendment is made.

B. Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(16) Employee Benefits

A. Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

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B. Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(17) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards whose related services are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related services at the vesting date.

The non-vested conditions relating to the share-based payment incentives are reflected in the measurement of the fair value of the share-based payment and the difference between the expected and actual results is not subject to verification adjustment.

Grant date of a share-based payment award is the date which the board of directors authorized the price and number of a new award.

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(18) Income tax

Income taxes comprise current taxes and deferred taxes. Except for items related to business combinations, or items recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized except for the following:

- A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- C. taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- A. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (a) the same taxable entity; or
 - (b) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(19) Earnings per share

The Company discloses basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee remuneration that could be settled in the form of stock. The Company's potential diluted ordinary share includes non-vested shares of restricted employee right and employee remuneration that has not been resolved by the board of directors and has been issued in the form of shares.

(20) Operating segment

The Company has the segment information disclosed in the consolidated financial statements; therefore, it will not be disclosed in the parent-company-only financial statements.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the parent-company-only financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimations and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in the accounting estimates during the period and the impact of those changes in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the parent-company-only financial statements is as follows:

(1) Judgment of whether the Company has substantial control over investees

The Company holds 41.93% of the voting shares of Crystalwise Technology Inc., (Crystalwise) and the remaining specific shareholders still hold significant voting shares, and it is impossible to exclude the possibility of a joint exercise of rights. The Company and other shareholders' size and distribution of voting rights show that the Company has no power and does not have over half of the Broad and potential voting rights or other contractual arrangements. The Company evaluated that the activities of Crystalwise are not determined based on the votes of the majority voting rights holders. Rather, it is based on the majority of the members of the management. Therefore, the investors who have voting rights can not control the relevant activities of Crystalwise. The Company had received a variable return from the investee due to holding the ordinary share of Crystalwise. The source of return is dividends. The Company evaluated that it does not have the ability to influence Crystalwise's return due to the lack of the power to control it. The Company concluded that it has no substantive power to decide the relevant activities from the beginning. Therefore, the Company determined that it has significant influence but not control over Crystalwise.

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(2) Impairment assessment of property, plant and equipment (including right-to-use assets)

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Company is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years. Refer to note 6(9) for further description of the key assumptions used to determine the recoverable amount.

The Company's finance and accounting departments conduct independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This finance and accounting departments also periodically adjust valuation models, conduct back testing, renew input data for valuation models, and make all other necessary fair value adjustments to assure the rationality of fair value.

The Company strives to use the observable market inputs when measuring assets and liabilities. The hierarchy of the fair value categorized by the valuation techniques used is as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For any transfer within the fair value hierarchy, the Company recognizes the transfer on the reporting date. For the assumption used in fair value measurement, please refer to note 6(26) of the financial instruments.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	\$ 180	146
Demand deposits	525,389	1,256,642
Repurchase agreement	256,320	-
Cash and cash equivalents in the statement of cash flows	\$ 781,889	1,256,788

Please refer to note 6(26) for the interest rate risk and sensitivity analysis of the Company's financial assets and liabilities.

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(2) Financial assets and liabilities at fair value through profit or loss

	December 31, 2020	December 31, 2019
Held-for-trading financial liabilities:		
Swap exchange contract	\$ -	68

The Company uses derivative instruments to hedge certain currency risk arising from the Company's operating activities. The Company held the following derivative instruments not used for hedging and accounted them as financial liabilities designated as at fair value through profit or loss as follows:

	December 31, 2019		
	Contract amount (in thousands)	Currency	Maturity date
Swap exchange contract:			
Currency exchange	USD 3,000	USD to EUR	March 17, 2020

Please refer to note 6(23) of gain or loss of financial assets at fair value through profit or loss.

For the disclosure of market risk, please refer to note 6(27).

The financial assets mentioned above were not pledged as collateral.

(3) Financial assets at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Equity instruments measured at fair value through other comprehensive income:		
Equity investment in domestic entities	\$ 6,095	6,095

The Company investments in these equity instruments are long-term strategic investments and are not held for trading purposes and have been designated to be measured at fair value through other comprehensive income.

In considering the Company's operating performance, the Company sold the shares of United Renewable Energy Co., Ltd (URE) and Phoenix Silicon International Corporation, which were measured at fair value through other comprehensive income. The fair value of the disposition of shares of URE shares and Phoenix Silicon International Corporation was \$313,622 thousand and \$160,545 thousand, respectively, with cumulative disposal loss \$34,708 thousand and with cumulative disposal gain \$94,372 respectively. The aforementioned cumulative disposed gain and loss have been transferred from other equity to retained earnings.

No strategic investments were disposed for the year ended December 31, 2020, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

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For the years ended of December 31, 2020 and 2019, the Company recognized dividend income of nil thousand and \$3,130 thousand, respectively.

Powtec ElectroChemical Corp. (hereinafter referred to as Powtec ElectroChemical) filed for bankruptcy on February 26, 2020. The Company assessed the Powtec ElectroChemical's financial difficulties and recognized the unrealized loss on financial assets at fair value through other comprehensive income in 2019.

For the disclosure of market risk, please refer to note 6 (27).

The above financial assets are not pledged as collateral.

(4) Financial assets measured at cost — current non-current

	December 31, 2020	December 31, 2019
Current:		
Corporate bond - Crystalwise	<u>\$ 277,895</u>	<u>240,068</u>
Non-current:		
Corporate bond - Crystalwise	<u>\$ -</u>	<u>267,612</u>

The Company has assessed that these financial assets are held to maturity to collect contractual cash flows, which consist solely of payments of principal and interest on the principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

In January 2019, the Company purchased the private equity corporate bonds of Crystalwise for a one- year period at a nominal amount of \$250,000 thousand. The coupon rate and effective interest rate were 2.00%, and the bond is due on January, 2020.

As of December 31, 2020 and 2019, the Company has estimated the impairment losses (reversal gains) amounted to \$(22,519) thousand and \$25,973 thousand, respectively.

For the disclosure of credit risk, please refer to note 6(27).

The above financial assets are not pledged as collateral.

(5) Net accounts receivable

	December 31, 2020	December 31, 2019
Accounts receivable	\$ 264,037	232,830
Less: Allowance for doubtful accounts	<u>(6)</u>	<u>(33,788)</u>
	<u>\$ 264,031</u>	<u>199,042</u>

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The Company applied the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

The loss allowance provision of accounts receivable (including related parties) was determined as follows:

	December 31, 2020		
	Gross amount of accounts receivable	Weighted-average loss rate	Credit loss allowance
Current	\$ 420,512	0%	-
1 to 30 days past due	46,299	0%~0.2%	-
More than 91 days past due	6	100%	6
	\$ 466,817		6
	December 31, 2019		
	Gross amount of accounts receivable	Weighted-average loss rate	Credit loss allowance
Current	\$ 401,323	0%	-
1 to 30 days past due	28,324	0%~0.2%	-
More than 91 days past due	33,788	100%	33,788
	\$ 463,435		33,788

The movement of the credit loss allowance for notes and accounts receivable (including related parties) was as follows:

	2020	2019
Balance on January 1	\$ 33,788	48,770
Expected credit loss recognized (reversed)	881	(6,671)
Amounts written off	(34,663)	(8,311)
Balance on December 31	\$ 6	33,788

The Company's accounts receivables were not pledged as collateral.

(6) Inventories

	December 31, 2020	December 31, 2019
Finished goods and merchandises	\$ 103,917	208,769
Work in progress	35,034	37,794
Raw materials	317,497	89,078
	\$ 456,448	335,641

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Components of operating costs were as follows:

	<u>2020</u>	<u>2019</u>
Cost of sales	\$ 5,223,618	6,079,226
Impairment loss of property, plant and equipment (note 6 (9))	431,196	-
Reversal of inventory valuation	(31,954)	(239,254)
Unallocated fixed manufacturing expense	255,254	170,471
Recognition (reversal) of provision loss (note6(14))	<u>(630,055)</u>	<u>3,884,607</u>
	<u>\$ 5,248,059</u>	<u>9,895,050</u>

The Company's inventories mentioned above were not pledged as collateral.

(7) Investments accounted for using equity method

The Company's summary of the financial information for investments accounted for using equity method at the reporting date was as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subsidiary	\$ 24,669,706	25,155,996
Associates	5,956,635	2,676,608
Unrealized gain of associates	<u>(38,244)</u>	<u>(38,358)</u>
	<u>\$ 30,588,097</u>	<u>27,794,246</u>

(a) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2020.

(b) Affiliated associates

The Company acquired 22.53% of the private placement of shares in Advance Wireless Semiconductor Company (Advanced Wireless) with cash consideration of \$3,496,500 thousand. The Company had significant influence over Advanced Wireless.

<u>Names of affiliated companies</u>	<u>Relationship with the Company</u>	<u>Main location/ country registered in</u>	<u>Percentage of equity ownership interests and voting rights</u>	
			<u>December 31, 2020</u>	<u>December 31, 2019</u>
Actron Technology Corporation (Actron)	Mainly engages in the manufacturing of electronic component	Taiwan	21.31%	15.50%

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<u>Names of affiliated companies</u>	<u>Relationship with the Company</u>	<u>Main location/ country registered in</u>	<u>Percentage of equity ownership interests and voting rights</u>	
			<u>December 31, 2020</u>	<u>December 31, 2019</u>
Taiwan Special Chemicals Corporation (Taiwan Special Chemicals)	The main business is manufacturing of semiconductor special gas and chemical materials.	Taiwan	30.93%	30.93%
Cathay Sunrise Corporation (Cathay Sunrise)	The main business is manufacturing of power generation, transmission and distribution machinery.	Taiwan	-	30.00%
Crystalwise	Mainly engages in the manufacturing and trading of optoelectronic wafers and substrate material.	Taiwan	41.93%	41.93%
Accu Solar Corporation (Accu Solar)	The main business is providing solar modules.	Taiwan	24.70%	24.70%
Advanced Wireless	Mainly engages in the Manufacturing and trading of GaAs wafers.	Taiwan	22.53%	-

The Company's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Carrying amount of individually insignificant associates' equity	<u>\$ 5,956,635</u>	<u>2,676,608</u>
Attributable to the Company:		
Profit (loss) from continuing operations	\$ 8,930	(57,741)
Other comprehensive income	<u>151,615</u>	<u>15,673</u>
Comprehensive income (loss)	<u>\$ 160,545</u>	<u>(42,068)</u>

(c) There was short form merger between the Company and its subsidiary, Sunrise PV World Co. (Sunrise PV World) on February 1, 2020. For related information, please refer to the consolidated financial report for the year ended December 31, 2019.

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Sunrise PV World is a 100% owned subsidiary of the Company. After short form merger, the Company is the surviving company. On the date of the merger, book value of Sunrise PV World is \$278,004 thousand. The details of the identifiable assets acquired and liabilities assumed on the date were as follows:

Cash and cash equivalents	\$	306,232
Current assets		118,456
Non-current assets		209,163
Current and non-current liabilities		<u>(355,847)</u>
	\$	<u>278,004</u>

- (d) The difference between the investment cost of the newly added investment and the fair value of the identifiable net assets of the investee is mainly attributable to the intangible assets, tangible assets and goodwill.
- (e) The Company's Board of Directors resolved to dispose of the entire 30% ordinary shares of Cathay Sunrise to San Ching Engineering at \$11.5 per share on May 7, 2020, and the Company lost significant influence since then. The disposal price was \$517,500 thousand, and the gain was \$34,165 thousand.
- (f) In considering the Company's operating performance, the Company increased its investment in Crystalwise by \$204,960 thousand in May 2019. The difference between the investment cost and the net equity value of \$12,101 thousand was recognized as capital surplus, and the shares held increased from 40.13% to 41.93%.
- (g) The Company has obtained significant influence since it was elected as corporate director of Actron in May 2019. Therefore, the original account under fair value through other comprehensive income financial assets was removed and reclassified as investment accounted for using the equity method at fair value. The amount of profit related to the investment that was previously recognized in other comprehensive income that will not be reclassified to profit or loss was reclassified to retained earnings of \$237,118 thousand. In addition, between October and December 2019, the Company increased investment in Actron through capital increase in cash and a purchase of outstanding shares. The difference between the investment cost and the net equity value was recognized as \$364,538 thousand in capital deduction. The shares held increased from 6.62% to 15.50%. The Company further purchased outstanding shares of Actron in the publicly traded market in 2020 amounting to \$461,610 thousand. As of December 31, 2020, the accumulated shareholding was 21.31%.
- (h) For the years ended December 31, 2020 and 2019, the cash dividends from the investees were \$7,430,997 thousand and \$5,606,733 thousand, respectively, which were recognized as deductions of investments accounted for using the equity method.

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(i) Guarantee

The Company did not pledge any investments accounted for using the equity method as collateral.

(8) Changes in ownership equity of subsidiaries

Aleo Sunrise GmbH (Aleo Sunrise) has been transferred to the Company for 100% ownership since March 2019 and its liquidation was completed in June 2019.

(9) Property, plant and equipment

A. The movements of cost, depreciation and impairment of the property, plant and equipment of the Company were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Construction in progress and equipment awaiting inspection</u>	<u>Total</u>
Cost:						
Balance at January 1, 2020	\$ 405,890	1,844,911	4,236,361	1,557,556	16,343	8,061,061
From merger of subsidiary	-	-	-	2,167	-	2,167
Additions	-	875,263	18,272	18,460	53,466	965,461
Disposals	-	(5,679)	(826,335)	(146,292)	-	(978,306)
Reclassification	-	-	16,283	764	(17,047)	-
Transfer and others	-	-	-	(23,418)	(15,406)	(38,824)
Balance at December 31, 2020	<u>\$ 405,890</u>	<u>2,714,495</u>	<u>3,444,581</u>	<u>1,409,237</u>	<u>37,356</u>	<u>8,011,559</u>
Balance at January 1, 2019	\$ 405,890	1,868,575	7,581,241	1,570,361	139,858	11,565,925
Additions	-	6,896	48,576	18,446	40,311	114,229
Disposals	-	(34,605)	(3,537,316)	(46,029)	(1,705)	(3,619,655)
Reclassification	-	4,045	143,860	14,778	(162,121)	562
Balance at December 31, 2019	<u>\$ 405,890</u>	<u>1,844,911</u>	<u>4,236,361</u>	<u>1,557,556</u>	<u>16,343</u>	<u>8,061,061</u>
Depreciation and impairment loss:						
Balance at January 1, 2020	\$ -	1,089,646	2,984,863	759,884	-	4,834,393
From merger of subsidiary	-	-	-	928	-	928
Depreciation for the year	-	93,775	269,885	93,614	-	457,274
Impairment loss	-	-	423,739	7,457	-	431,196
Disposals	-	(5,679)	(826,334)	(146,078)	-	(978,091)
Balance at December 31, 2020	<u>\$ -</u>	<u>1,177,742</u>	<u>2,852,153</u>	<u>715,805</u>	<u>-</u>	<u>4,745,700</u>
Balance at January 1, 2019	\$ -	1,061,938	6,242,010	670,723	1,705	7,976,376
Depreciation for the year	-	62,313	267,394	132,367	-	462,074
Disposals	-	(34,605)	(3,522,917)	(44,485)	(1,705)	(3,603,712)
Reclassification	-	-	(1,624)	1,279	-	(345)
Balance at December 31, 2019	<u>\$ -</u>	<u>1,089,646</u>	<u>2,984,863</u>	<u>759,884</u>	<u>-</u>	<u>4,834,393</u>
Carrying amounts:						
Balance at December 31, 2020	<u>\$ 405,890</u>	<u>1,536,753</u>	<u>592,428</u>	<u>693,432</u>	<u>37,356</u>	<u>3,265,859</u>
Balance at January 1, 2019	<u>\$ 405,890</u>	<u>806,637</u>	<u>1,339,231</u>	<u>899,638</u>	<u>138,153</u>	<u>3,589,549</u>
Balance at December 31, 2019	<u>\$ 405,890</u>	<u>755,265</u>	<u>1,251,498</u>	<u>797,672</u>	<u>16,343</u>	<u>3,226,668</u>

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B. Impairment loss

The Company assessed that the production line of the solar energy division was affected by the global economy resulting to the decline in production output. Therefore, the recoverable amount of the production line must be evaluated.

The Company's solar energy production line is a cash-generating unit (CGU) and its recoverable amount is estimated on the basis of its value of use. The recoverable amount is higher than the carrying amount of the property, plant and equipment as assessed on December 31, 2020 and 2019, therefore, no impairment loss was recognized.

The estimated value of pre-tax discount rate in 2020 and 2019 were 8.57% and 7.39%, respectively.

As of December 31, 2020, the Company recognized an impairment loss of some machinery amounting to \$431,196 thousand due to the changes in production technology, which was recognized as operating costs in the statement of comprehensive income.

C. Collateral

The property, plant and equipment mentioned above were not pledged as collateral.

(10) Right-of-use assets

The Company leases many assets including land, buildings and other equipment. The carrying amounts on right-of-use assets were presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2020	\$ 35,616	143,687	4,173	183,476
Additions	84,257	-	1,015	85,272
Disposals	<u>(35,616)</u>	<u>(1,534)</u>	<u>(445)</u>	<u>(37,595)</u>
Balance at December 31, 2020	<u>\$ 84,257</u>	<u>142,153</u>	<u>4,743</u>	<u>231,153</u>
Balance at January 1, 2019	\$ -	-	-	-
Retroactive adjustment for IFRS 16	35,616	143,687	834	180,137
Additions	-	-	3,728	3,728
Disposals	<u>-</u>	<u>-</u>	<u>(389)</u>	<u>(389)</u>
Balance at December 31, 2019	<u>\$ 35,616</u>	<u>143,687</u>	<u>4,173</u>	<u>183,476</u>

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	<u>Land</u>	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Accumulated depreciation:				
Balance at January 1, 2020	\$ 3,957	23,404	1,548	28,909
Depreciation	5,579	21,870	1,481	28,930
Disposals	<u>(4,947)</u>	<u>(1,534)</u>	<u>(445)</u>	<u>(6,926)</u>
Balance at December 31, 2020	<u>\$ 4,589</u>	<u>43,740</u>	<u>2,584</u>	<u>50,913</u>
Balance at January 1, 2019	\$ -	-	-	-
Retroactive adjustment for IFRS 16	-	-	-	-
Depreciation	3,957	23,404	1,897	29,258
Disposals	<u>-</u>	<u>-</u>	<u>(349)</u>	<u>(349)</u>
Balance at December 31, 2019	<u>\$ 3,957</u>	<u>23,404</u>	<u>1,548</u>	<u>28,909</u>
Carrying amount:				
Balance at December 31, 2020	<u>\$ 79,668</u>	<u>98,413</u>	<u>2,159</u>	<u>180,240</u>
Balance at January 1, 2019	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2019	<u>\$ 31,659</u>	<u>120,283</u>	<u>2,625</u>	<u>154,567</u>

The Company impairment loss assessment for the years ended December 31, 2020 and 2019, please refer to note 6(9).

(11) Short-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Unsecured borrowings	<u>\$ 900,000</u>	<u>200,000</u>
Unused credit lines	<u>\$ 9,754,747</u>	<u>10,229,867</u>
Range of interest rates at the year end	<u>0.56%</u>	<u>0.73%</u>

(12) Long-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Unused credit lines	<u>\$ 300,000</u>	<u>400,000</u>

(13) Lease liabilities

The carrying amounts of lease liabilities of the Company were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current (recognized under other current liabilities)	<u>\$ 29,530</u>	<u>26,511</u>
Non-current (recognized under other non-current liabilities)	<u>\$ 152,184</u>	<u>128,906</u>

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For the maturity analysis, please refer to note 6(26) “Financial instruments”.

The amounts recognized in profit or loss were as follows:

	<u>2020</u>	<u>2019</u>
Interest on lease liabilities	\$ <u>2,146</u>	<u>1,891</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>274</u>	<u>256</u>
Expenses relating to short-term leases	\$ <u>1,066</u>	<u>-</u>
Expenses relating to leases of low value assets, excluding short term leases of low value assets	\$ <u>1,821</u>	<u>1,760</u>

The amounts recognized in the statement of cash flows were as follows:

	<u>2020</u>	<u>2019</u>
Total cash outflow for leases	\$ <u>33,212</u>	<u>32,314</u>

A. Land and Buildings lease

The Company leases land and buildings for its facility and office space. The leases of office space typically run for a period of 7 to 20 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Land leases’ additional rent payments that are based on changes in local price indices and the public facilities construction costs re invested annually in each park will be adjusted after being assessed.

B. Other leases

The Company leases vehicles and equipment with lease terms of two to three years. In some cases, the Company has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

(14) Provision

The details of the movement in the Company’s provisions were as follows:

	Onerous contracts
Balance of January 1, 2020	\$ 4,844,899
Reverse of provision	<u>(630,055)</u>
Balance of December 31, 2020	<u>\$ 4,214,844</u>
Current	\$ 221,949
Non-current	<u>3,992,895</u>
Total amount	<u>\$ 4,214,844</u>

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	Onerous contracts
Balance of January 1, 2019	\$ 960,292
Provisions made during the year	4,193,975
Reverse of provision	(309,368)
Balance of December 31, 2019	\$ 4,844,899
Current	\$ 221,949
Non-current	4,622,950
Total amount	\$ 4,844,899

The Company entered into several non-cancellable long-term material supply agreements with the suppliers of silicon materials. The Company agrees to purchase the required quantity of raw materials on schedule based on the contractual price during the commitment periods and makes a non-refundable prepayment to the suppliers. The suppliers need to deliver the required quantity of raw materials to the Company according to the contract. Provisions for the onerous contracts were made based on contractual terms and were recognized as cost of sales. For the related agreement, please refer to note 9.

(15) Employee benefits

A. Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value was as follows:

	December 31, 2020	December 31, 2019
Total present value of obligations	\$ (29,990)	(23,017)
Fair value of plan assets	27,470	26,121
Recognized assets (liabilities) for defined benefit obligations	\$ (2,520)	3,104

The Company's defined benefit plans are appropriated to the labor pension reserve account at the Bank of Taiwan. The pension payment to each employee under the Labor Standards Act is calculated in accordance with the service points received for the years of service and the average salary six months prior to retirement.

(a) Plan assets composition

The pension fund accrued in accordance with Labor Standards Act is managed by the Labor Fund Application Bureau of the Ministry of Labor (the Labor Fund Bureau). In accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the use of the fund, the minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

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The balance of the Company's labor retirement reserve account at Bank of Taiwan on the reporting date was \$27,470 thousand. For information on the utilization of the labor pension fund assets, including the assets allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(b) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations were as follows:

	<u>2020</u>	<u>2019</u>
Defined benefit obligations at January 1	\$ 23,017	27,141
Current service costs and interest cost	405	535
Re-measurements for defined benefit obligations		
— Actuarial gains and losses arising from experience adjustments	5,791	710
— Actuarial gains and losses resulting from changes in demographic assumptions	24	25
— Actuarial gains and losses resulting from changes in financial assumptions	753	613
Benefits paid	-	(6,007)
Defined benefit obligations at December 31	<u>\$ 29,990</u>	<u>23,017</u>

(c) Movements in fair value of defined benefit plan assets

The movements in fair value of the defined benefit plan assets were as follows:

	<u>2020</u>	<u>2019</u>
Fair value of plan assets at January 1	\$ 26,121	30,374
Interest income	197	305
Re-measurements for defined benefit obligations		
— Return on plan asset (excluding current interest)	902	1,179
Contributions made	250	270
Benefits paid	-	(6,007)
Fair value of plan assets at December 31	<u>\$ 27,470</u>	<u>26,121</u>

(d) Change in the effect of the asset ceiling

As of December 31, 2020 and 2019, there was no effect of the asset ceiling.

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(e) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the years ended December 31, 2020 and 2019, were as follows:

	<u>2020</u>	<u>2019</u>
Current service costs	\$ 232	263
Net interest of defined benefit obligation	(24)	(33)
	<u>\$ 208</u>	<u>230</u>
Operating Costs	\$ 112	90
Selling expenses	30	72
Administrative expenses	18	20
Research and development expenses	48	48
	<u>\$ 208</u>	<u>230</u>

(f) Actuarial assumptions

The significant actuarial assumptions used for the present value of the defined benefit obligation by the Company at the end of the reporting date are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate	0.500%	0.750%
Future salary increase rate	2.000%	2.000%

The estimated amount of contribution to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$250 thousand.

The weighted average duration of the defined benefit plan is 10.1 years.

(g) Sensitivity analysis

The following table summarizes the impact of a change in the assumptions on the present value of the defined benefit obligation as of December 31, 2020 and 2019.

<u>Actuarial assumptions</u>	<u>Impact on defined benefit obligations</u>	
	<u>Increased by 0.25%</u>	<u>Decreased by 0.25%</u>
December 31, 2020		
Discount rate	\$ (753)	778
Future salary increase rate	753	(732)
December 31, 2019		
Discount rate	\$ (613)	635
Future salary increase rate	616	(598)

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Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in previous periods. There was no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

There was no change in the method and assumptions used in the preparation of the sensitivity analysis for 2020 and 2019.

B. Defined contribution plans

The Company contributes at the rate of 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company's contribution to the Bureau of Labor Insurance requires no additional legal or constructive obligations thereafter.

The pension costs incurred from contributions to the defined contribution plan were \$34,194 thousand and \$24,241 thousand for the years ended December 31, 2020 and 2019, respectively. Such contributions were made to the Bureau of the Labor Insurance, Ministry of Labor.

(16) Income tax

A. Income tax expense

The components of income tax expenses (benefit) in 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Current tax expense		
Current tax period	\$ 1,125	1,269
Adjustment for prior period	<u>3,510</u>	<u>(2,576)</u>
	<u>4,635</u>	<u>(1,307)</u>
Deferred tax expense (benefit)		
Temporary difference	<u>(26,212)</u>	<u>79,269</u>
Income tax expense (benefit)	<u>\$ (21,577)</u>	<u>77,962</u>

The amounts of income tax (benefit) recognized in other comprehensive income in 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	<u>\$ 18,327</u>	<u>4,866</u>

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Reconciliations of income tax and income before income tax for 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Income before income tax	\$ <u>6,304,658</u>	<u>2,326,348</u>
Income tax using the Company's domestic tax rate	1,260,932	465,270
Tax effect of permanent differences	(1,536,290)	(1,087,634)
Adjustment for prior period	(3,510)	(2,576)
Changes in unrecognized temporary differences and others	<u>257,291</u>	<u>702,902</u>
	<u>\$ (21,577)</u>	<u>77,962</u>

B. Deferred tax assets and liabilities

- (a) The Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as at December 31, 2020 and 2019. Also, the management considers it is probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences were not recognized as deferred tax liabilities. The deferred tax assets have not been recognized in respect of the following items:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Tax effect of deductible temporary differences	\$ 1,227,306	1,351,127
Carryforward of unused tax losses	<u>723,032</u>	<u>679,200</u>
	<u>\$ 1,950,338</u>	<u>2,030,327</u>

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

As on December 31, 2020, the information of the Company's unused tax losses for which no deferred tax assets were recognized are as follows:

<u>Year of loss</u>	<u>Unused tax losses</u>	<u>Expiry date</u>
2012 (verified)	\$ 1,403,648	2022
2013 (verified)	9,728	2023
2017 (verified)	1,021,784	2027
2018 (verified)	<u>1,180,000</u>	2028
	<u>\$ 3,615,160</u>	

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(b) Recognized deferred tax assets and liabilities

Deferred tax assets:

	January 1, 2019	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2019	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2020
Allowance for inventory valuation	\$ 62,312	(47,851)	-	14,461	(6,355)	-	8,106
Others	50,237	771	4,866	55,874	(272)	18,327	73,929
	<u>\$ 112,549</u>	<u>(47,080)</u>	<u>4,866</u>	<u>70,335</u>	<u>(6,627)</u>	<u>18,327</u>	<u>82,035</u>

Deferred tax liabilities:

	January 1, 2019	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2019	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2020
Others	\$ (650)	(32,189)	-	(32,839)	32,839	-	-

C. Assessment of tax filings

The Company's income tax returns for the years through 2018 have been examined and approved by the R.O.C. income tax authorities.

(17) Capital and other equity

As of December 31, 2020 and 2019, the authorized common stock of the Company amounted to \$8,000,000 thousand, which was divided into 800,000 thousand shares, with a par value of \$10 per share, of which \$200,000 thousand was reserved for employee stock options, convertible preferred stock, and convertible corporate bonds. The issued and outstanding shares of common stock amounted to \$5,862,217 thousand and \$5,862,367 thousand, respectively.

The reconciliation of shares outstanding for the years ended December 31, 2020 and 2019 was as follows (in thousands of shares):

	Common stock	
	<u>2020</u>	<u>2019</u>
Opening balance on January 1	584,573	582,880
Restricted employee shares	<u>1,649</u>	<u>1,693</u>
Closing balance on December 31	<u>586,222</u>	<u>584,573</u>

A. Issuance of common stock

The Company increased capital in GDRs of \$610,000 thousand, and issued 61,000 thousand shares of common stock on the Luxembourg on September 9, 2010. The price issued per share was US\$2.9048. The total issuance amount is US\$177,193 thousand. The cash increase was approved by the Financial Supervisory Commission No.0990041383. Letter on August 13, 2010. All shares issued were paid and registered on September 9, 2010. The total amount issued was US\$177,193. The net amount issued was US\$174,931 thousand after deducting the related agent cost US\$2,262 thousand, was equivalent to \$5,580,288 thousand on the day's closing exchange rates. The total premium amounting to \$4,958,757 thousand was recognized on capital surplus after deducting the related issuance cost of \$11,531 thousand.

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As of December 31, 2020 and 2019, a total of nil thousand shares and 317 thousand shares, respectively, of employee restricted shares were rescinded and subjected to cancellation due to resignation of employees. As of December 31, 2020 and 2019, there were still nil thousand and 15 thousand shares. Respectively, whose legal registration procedures are uncompleted and recognized as share capital awaiting for retirement.

B. Capital surplus

The balances of capital surplus were as follows:

	December 31, 2020	December 31, 2019
Additional paid in capital	\$ 10,285,706	11,641,320
Difference between the consideration and the carrying amount of subsidiaries' share acquired or disposed	1,887,671	2,065,254
Capital surplus recognized under the equity method	6,667,167	6,665,682
Treasury stock transactions	33,314	33,314
New restricted employee shares	-	60,522
Employee stock options	607,376	606,503
	<u>\$ 19,481,234</u>	<u>21,072,595</u>

According to the R.O.C Company Act Section 241, the legal reserve and capital surplus may be distributed as cash dividends or stock dividends to the shareholders in proportion to the number of shares held. Distribution of legal reserve and capital reserve, by way of cash dividends, should be approved by the board of directors in a meeting attended by two-thirds of the total number of directors, with half of the directors' agreement; thereafter, be reported in the shareholders' meeting. The distribution of legal reserve and capital reserve through issuance of new shares shall be resolved during the shareholders' meeting.

The Company's resolutions to distribute cash dividends out of capital surplus for an amount of \$1,416,136 thousand (\$2.4157 per share) and \$401,900 thousand (\$0.6855 per share), respectively, were approved during the shareholders' meeting held on March 19, 2020 and June 27, 2019. Relevant information can be found on the Market Observation Post System website.

C. Legal reserve

According to the R.O.C Company Act Section 241, the legal reserve and capital surplus may be distributed as cash dividends or stock dividends to the shareholders in proportion to the number of shares held. Distribution of legal reserve and capital surplus, by way of cash dividends, should be approved by the board of directors in a meeting attended by two thirds of the total number of directors, with half of the directors' agreement; thereafter, be reported in the shareholders' meeting. The distribution of legal reserve and capital surplus through issuance of new shares shall be resolved during the shareholders' meeting.

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D. Special reserve

When the Company adopted the International Financial Reporting Standards (IFRSs) approved by the FSC for the first time, the Company had chosen to apply IFRS 1 “First time Adoption of the IFRSs” exemptions. Retained earnings was increased by \$161,317 thousand due to the adjustment of accumulated translation adjustment under the shareholders’ equity, which exceeded the net increase of \$102,349 thousand in retained earnings on the conversion date for the first time adoption of IFRSs approved by the FSC. In accordance with Regulatory Permit No.1010012865 as issued by the FSC on April 6, 2012, a special reserve is appropriated from retained earnings based on the net increase of retained earnings arising from the first adoption of IFRSs. Under such regulation, the Company is also required to set aside an additional special reserve, as part of the distribution of its annual earnings, equal to the difference between the amount of the abovementioned special reserve and the net debit balance of other components of the stockholders’ equity. The only distributable special reserve is the portion that exceeds the net debit balance of the other components of the shareholders’ equity.

According to the rule referred to above, while distributing the distributable earnings, the Company had additional special reserve appropriated from the current year net income and unappropriated earnings of the prior period for the difference between the net amount debited to other shareholder’s equity and the balance of the special reserve appropriated in the preceding paragraph. For the amount debited to other shareholders’ equity attributable to prior period accumulation, the special reserve was appropriated from the unappropriated earnings of the prior period and could not be distributed. The amount debited to the shareholders’ equity reversed subsequently can be distributed as earnings.

E. Earnings distribution and dividend policy

On June 23, 2020, the amendment to the Company’s Articles of Incorporation was approved during the shareholders’ meeting. The proposal of surplus earning distribution or loss offsetting for the first half fiscal year, together with the business report and financial statements, shall be forwarded to the audit committee for auditing before the end of the second half of the fiscal year; thereafter, be submitted to the board of directors for approval.

Distribution of earnings, by way of cash, shall be approved in the board of directors’ meeting. The distribution of earnings through issuance of new shares shall be resolved in the stockholders’ meeting.

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The Company's Article of Incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as a legal reserve, and subsequently any remaining profit together with any undistributed retained earnings shall be distributed, in form of cash dividends, according to the distribution plan approved by the Board of Directors with two-thirds of directors present and approved by one-half of the present directors and further submitted to the shareholders' meeting, in accordance with the R.O.C. Company Act Section 240(5). The distribution plan to issue new shares should be proposed by the Board of directors and submitted to the shareholders' meeting for approval.

After considering both the long-term development of the business and the goal of stable growth of earnings per share, the distribution of dividends to shareholders should not be less than 50% of the distributable earnings, which is calculated using the net income of the current year, minus, legal reserve and special reserve. The distribution of cash dividends should not be less than 50% of the total dividends.

On March 19, 2020, the appropriation of the earnings in 2019 was resolved at the Board of Directors' meeting. The appropriation of earnings in 2018 was resolved at the annual meeting of shareholders on June 27, 2019. The relevant dividend distributions to shareholders were as follows:

	2019	2018
Dividends distributed to ordinary shareholders		
Cash (dividends per share were \$2.5843 and \$2.3145, respectively)	\$ <u>1,514,973</u>	<u>1,356,963</u>

On December 10, 2020, the Company's Board of Directors resolved to the appropriation the of the first half of 2020 earnings. The earnings were appropriated as follows:

	The first half of 2020
Dividends distributed to ordinary shareholders	
Cash (dividends per share were \$3.5)	\$ <u>2,051,776</u>

The above-mentioned information is available on the Market Observation Post System website.

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F. Other equity, net of tax

	Exchange differences on translation of foreign financial statements	Gains (losses) on equity instruments measured at fair value through other comprehensive income	Unearned compensation cost	Others	Total
Balance at January 1, 2020	\$ (2,224,344)	(1,585,242)	(18,608)	(3,268)	(3,831,462)
Exchange differences on translation of net assets of foreign operations	(104,374)	-	-	-	(104,374)
Share of exchange differences on associates accounted using equity method	3,680	-	-	2,893	6,573
Share of unrealized gains (losses) from financial assets measured at fair value through other comprehensive income of subsidiaries accounted using equity method	-	398,280	-	-	398,280
Share of unrealized gains (losses) from financial assets measured at fair value through other comprehensive income of associates accounted using equity method	-	116,509	-	-	116,509
Compensation cost of restricted stock awards	-	-	18,608	-	18,608
Balance at December 31, 2020	<u>\$ (2,325,038)</u>	<u>(1,070,453)</u>	<u>-</u>	<u>(375)</u>	<u>(3,395,866)</u>
Balance at January 1, 2019	\$ (1,586,241)	(1,406,132)	(75,334)	(3,380)	(3,071,087)
Exchange differences on translation of net assets of foreign operations	(631,106)	-	-	-	(631,106)
Share of exchange differences on associates accounted using equity method	(6,997)	-	-	112	(6,885)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(24,230)	-	-	(24,230)
Share of unrealized gains (losses) from financial assets measured at fair value through other comprehensive income of associates accounted using equity method	-	158,135	-	-	158,135
Compensation cost of restricted stock awards	-	-	56,726	-	56,726
Disposal of equity instruments measured at fair value through other comprehensive income	-	(313,015)	-	-	(313,015)
Balance at December 31, 2019	<u>\$ (2,224,344)</u>	<u>(1,585,242)</u>	<u>(18,608)</u>	<u>(3,268)</u>	<u>(3,831,462)</u>

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(18) Share-based payment

A. Restricted stock to employee

On June 27, 2017, the Company resolved through the shareholders' meeting to issue 6,000 thousand new restricted employee shares. The grant is limited to manager level (including) above supervisors and full time employees with special contributions who have served for more than one year at the Company since the granting day. The Company has filed a declaration with the Securities and Futures Commission of FSC and all the shares were issued by the board of directors resolution on October 5, 2017. The fair value of the grant was \$67.2.

The employees who have been allocated the above mentioned new restricted employee shares will be able to subscribe for the shares at \$20 each. The vested condition is that after receiving the new restricted employee shares, they are still in service according to the following schedule, and their performance reaches A (including) above, then they can obtain the share percentage of the vested condition respectively:

- (a) 1 year of service: 40%
- (b) 2 year of service: 70%
- (c) 3 year of service: 100%

After the employees subscribe for the new shares, they may not sell, pledge, transfer, donate, set or do other disposition of their shares until the vested conditions are fulfilled; new restricted employee shares are subject to the right to participate in the distribution of dividends, and the dividends they receive are not subject to the vested period; the proposal, speech, voting rights and other relevant shareholders' equity of the shareholders meeting of the Company before the vested conditions are the same as the other ordinary shares of the Company; after the issuance, the new restricted employee shares should be immediately delivered to the trust or custody and must not be returned to the trustee for any reason or manner until the vested conditions are fulfilled. The Company will repurchase the restricted stock from employees at the issue price when the vesting conditions cannot be met. The information of the Company's restricted shares were as follows:

	Unit: Thousand shares	
	2020	2019
Outstanding at January 1	1,649	3,408
Vested during the year	(1,649)	(1,693)
Forfeited during the year	-	(66)
Outstanding at December 31	-	1,649

The compensation costs recognized by the Company in 2020 and 2019 were \$18,608 thousand and \$53,611 thousand respectively, and the operating costs and operating expenses were accounted for. The balance of the unvested employee compensation of the Company on December 31, 2020 and 2019 were nil thousand and \$18,608 thousand, where were accounted for as reductions of other equity.

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(19) Earnings per Share

A. Basic earnings per share

	<u>2020</u>	<u>2019</u>
Net Income attributable to the owner of the Company	\$ <u>6,326,235</u>	<u>2,248,386</u>
Weighted average number of ordinary shares outstanding during the year (in thousands of shares)	<u>584,916</u>	<u>583,210</u>
Basic earnings per share (NT dollars)	\$ <u>10.82</u>	<u>3.86</u>

B. Diluted earnings per share

	<u>2020</u>	<u>2019</u>
Net Income attributable to the owner of the Company	\$ <u>6,326,235</u>	<u>2,248,386</u>
Weighted average number of ordinary shares outstanding during the year (in thousands of shares) (basic)	584,916	583,210
Effect of dilutive potential ordinary shares (shares in thousands)	<u>5,866</u>	<u>3,899</u>
Weighted-average number of ordinary shares outstanding (in thousands of shares) (diluted)	<u>590,782</u>	<u>587,109</u>
Diluted earnings per share (NT dollars)	\$ <u>10.71</u>	<u>3.83</u>

(20) Revenue from contracts with customers

A. Details of revenues

	<u>2020</u>	<u>2019</u>
Primary geographical markets:		
Taiwan	\$ 3,019,548	1,836,042
Asia-other	466,275	1,105,912
Northeast Asia (Japan and Korea)	368,421	1,104,253
America	1,423,332	1,511,115
Europe	152,758	443,389
Other areas	<u>12</u>	<u>2,174</u>
	<u>\$ 5,430,346</u>	<u>6,002,885</u>
Major product categories		
Solar cell	\$ 1,937,190	3,020,157
Solar ingot	928,837	792,922
Solar module	19,446	178,923
Solar wafer	170,789	144,716
Others	<u>2,374,084</u>	<u>1,866,167</u>
	<u>\$ 5,430,346</u>	<u>6,002,885</u>

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B. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes and accounts receivable (including related parties)	\$ 466,811	429,647	754,418
Contract liabilities	\$ 1,175,853	1,204,195	1,251,743

The major change in the balance of contract liabilities is the advance consideration received from customers for the contracts, in which revenue is recognized when products are delivered to customers. The amount of revenue recognized for the years ended December 31, 2020 and 2019, which was included in the contract liability balance at the beginning of the period, was \$548,504 thousand and \$108,065 thousand, respectively.

The contract liabilities primarily relate to the advance consideration received from customers for the solar products of sales contracts and project payment received in advance, in which revenue is recognized when products are delivered to customers.

(21) Remuneration to employees and directors

In accordance with the Articles of Incorporation of the Company if there is profit in the year, the Company shall accrue 3% - 15% of the profit as employee's remuneration. The board of directors decides to distribute it by stock or cash, and the object of distribution includes employees meeting certain conditions; and the board of directors decides to accrue up to 3% of the above profit as directors' remuneration. The distribution of remuneration of employees and directors should be submitted and reported to the shareholders' meeting. In case the Company has an accumulated loss, it should reserve amount to make up losses before distributing remuneration to the employees and directors in pursuant to the percentage mentioned in the preceding paragraph.

For the years ended December 31, 2020 and 2019, the Company accrued and recognized its employee remuneration amounting to \$506,993 thousand and \$196,400 thousand and directors' amounting to \$45,740 thousand and \$41,790 thousand respectively. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's Articles of Incorporation, and expensed under operating costs or expenses. If, however, the shareholders determine that the employee remuneration is to be distributed through stock dividends, the calculation, based on the shares, shall be calculated using the stock price on the day before the board of directors' meeting. The difference between estimated amount and actual payment, if any, will be treated as change in accounting estimate and recognized in profit or loss in the following year.

The amounts as stated in the parent-company-only financial statements were not significantly different from those approved in the board of directors' meetings. The information is available on the Market Observation Post System website.

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(22) Interest income

	<u>2020</u>	<u>2019</u>
Interest income	\$ 9,532	26,632
Interest income from financial assets measured at amortized cost	<u>9,450</u>	<u>11,753</u>
	<u>\$ 18,982</u>	<u>38,385</u>

(23) Other gains and losses

	<u>2020</u>	<u>2019</u>
Foreign currency exchange losses	\$ (57,758)	(40,606)
Dividend income	2,210	5,340
Reversal (recognition) of Impairment loss on financial assets measured at amortized cost	22,519	(25,973)
Gain on disposal of investees	34,165	-
Realized gains on financial assets (liabilities) measured at fair value through profit or loss	310	5,705
Gain on disposal of property, plant and equipment	10,242	30,812
Others	<u>127,592</u>	<u>128,268</u>
	<u>\$ 139,280</u>	<u>103,546</u>

(24) Financial costs

	<u>2020</u>	<u>2019</u>
Interest expense of borrowings	\$ 5,431	23,173
Interest expense of lease liability	<u>2,146</u>	<u>1,891</u>
	<u>\$ 7,577</u>	<u>25,064</u>

(25) Share of other comprehensive income of associates accounted for using equity method

	<u>2020</u>	<u>2019</u>
Exchange differences on translation of foreign operations	\$ 3,680	(6,997)
Unrealized gains on financial assets at fair value through other comprehensive income	<u>116,509</u>	<u>141,902</u>
	<u>\$ 120,189</u>	<u>134,905</u>

(26) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

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(b) Concentration of credit risk

The main customers of the Company are from the solar industries. The Company generally sets credit limits to its customers according to their credit evaluations. Therefore, the credit risk of the Company is mainly influenced by the solar and silicon wafer industry. As of December 31, 2020 and 2019, 99% both of the Company's accounts receivable (including related parties) were from the top 10 customers. Although there is a potential for concentration of credit risk, the Company routinely assesses the collectability of the accounts receivable and makes a corresponding allowance for doubtful accounts.

(c) Credit risk of receivables and debt securities

For credit risk exposure information on notes and accounts receivables, please refer to note 6(5). Other financial assets measured at amortized cost include other receivables and investments and ordinary corporate bonds. The impairment loss of financial assets measured at amortized cost, please refer to note 6(4).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. (Please refer to note 4(6) regarding how the Company determines whether the financial instruments are considered to be low credit risk).

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years or more</u>
December 31, 2020						
Non-derivative financial liabilities						
Short term borrowings \$	900,000	(900,612)	(900,612)	-	-	-
Notes and accounts payable (including related parties)	714,114	(714,117)	(714,114)	-	-	-
Current and non-current lease liabilities	181,714	(191,129)	(15,867)	(15,867)	(30,562)	(132,047)
Dividends payable	2,051,776	(2,051,776)	(2,051,776)	-	-	-
Accrued remuneration of directors (recorded under other current liabilities)	45,740	(45,740)	(45,740)	-	-	-
Payroll and bonus payable	739,758	(739,758)	(739,758)	-	-	-
	<u>\$ 4,633,102</u>	<u>(4,643,132)</u>	<u>(4,467,867)</u>	<u>(15,867)</u>	<u>(30,562)</u>	<u>(132,047)</u>

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December 31, 2019	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years or more</u>
Non-derivative financial liabilities						
Short term borrowings \$	200,000	(200,648)	(200,648)	-	-	-
Notes and accounts payable (including related parties)	503,409	(503,409)	(503,409)	-	-	-
Current and non-current lease liabilities	155,417	(160,695)	(14,052)	(14,052)	(28,247)	(104,344)
Derivative financial liabilities						
Outflows	68	(90,465)	(90,465)	-	-	-
Inflows	-	90,075	90,075	-	-	-
	<u>\$ 858,894</u>	<u>(865,142)</u>	<u>(718,499)</u>	<u>(14,052)</u>	<u>(28,247)</u>	<u>(104,344)</u>

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

C. Currency risk

(a) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	<u>December 31, 2020</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>			
<u>Monetary Items</u>			
USD	\$	43,220	28.480
JPY		1,240	0.2763
EUR		4,231	35.020
<u>Investment accounted for equity method</u>			
USD		45,517	28.480
EUR		19,280	35.020
<u>Financial liabilities</u>			
<u>Monetary Items</u>			
USD		15,836	28.480
JPY		4,547	0.2763
EUR		5,778	35.020

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	December 31, 2019		
	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>			
<u>Monetary Items</u>			
USD	\$ 62,104	29.980	1,861,878
JPY	1,858	0.2760	513
EUR	19	33.590	638
<u>Investment accounted for under equity method</u>			
USD	45,563	29.980	1,433,005
EUR	14,573	33.590	385,238
<u>Financial liabilities</u>			
<u>Monetary Items</u>			
USD	15,001	29.980	449,730
JPY	4,587	0.2760	1,266
EUR	409	33.590	13,738
<u>Derivative items</u>			
USD	3,000	29.980	Note

Note: The fair value of forward exchange contracts was measured at the reporting date. For related information, please refer to note 6(2).

(b) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, and notes and accounts payables that are denominated in foreign currency. A weakening (strengthening) of 1% of the NTD against the USD, JPY and EUR, as of December 31, 2020 and 2019, would have increased or decreased the net income before income tax by \$7,248 thousand and \$13,983 thousand, respectively. The analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and was performed on the same basis for both periods.

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(c) Foreign exchange gain and losses on monetary exchange

The exchange rate information and the exchange gain or loss (including realized and unrealized) of the Company's monetary items converted into functional currency (i.e. the Company's expression currency) were as follows:

	2020		2019	
	Foreign exchange gains (losses)	Average rate	Foreign exchange gains (losses)	Average rate
USD	\$ (62,196)	29.533	(35,166)	30.912
EUR	4,468	33.738	(4,889)	34.610
JPY	3	0.2769	20	0.2837
CHF	8	33.22	(2)	31.09
RMB	(41)	4.281	(569)	4.472
	<u>\$ (57,758)</u>		<u>(40,606)</u>	

D. Interest rate analysis

Please refer to the notes on liquidity risk management for interest rate exposure of the Company's financial assets and financial liabilities.

The following sensitivity analysis is based on the exposure to interest rates. Regarding liabilities with floating interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased or decreased by 0.25%, the Company's net income before income tax would have decreased or increased by \$937 thousand and increased or decreased by \$2,642 thousand, for the years ended December 31, 2020 and 2019, respectively, assuming all other variable factors remain constant. This is mainly due to the Company's bank deposits and borrowings with variable rates.

E. Other price risk

For the years ended December 31, 2020 and 2019, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the years ended December 31,			
	2020		2019	
Prices of securities on the reporting date	Other comprehensive income after tax	Net Income	Other comprehensive income after tax	Net Income
Increasing 5%	\$ 305	-	305	-
Decreasing 5%	(305)	-	(305)	-

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F. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2020				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Non-public offer equity instrument measured at fair value	\$ <u>6,095</u>	<u>-</u>	<u>-</u>	<u>6,095</u>	<u>6,095</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 781,889	-	-	-	-
Notes and accounts receivable (including related parties)	2,605,165	-	-	-	-
Other financial assets – non-current	42,564	-	-	-	-
Corporate bonds-current	<u>277,895</u>	<u>-</u>	<u>277,895</u>	<u>-</u>	<u>277,895</u>
Subtotal	<u>\$ 3,707,513</u>	<u>-</u>	<u>277,895</u>	<u>-</u>	<u>277,895</u>
Financial liabilities measured with amortized costs					
Short-term borrowings	\$ 900,000	-	-	-	-
Accounts payable (including related parties)	714,114	-	-	-	-
Lease liabilities-current and non-current	<u>181,714</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>\$ 1,795,828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	December 31, 2019				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Non-public offer equity instrument measured at fair value	\$ <u>6,095</u>	<u>-</u>	<u>-</u>	<u>6,095</u>	<u>6,095</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,256,788	-	-	-	-
Notes and accounts receivable (including related parties)	831,614	-	-	-	-
Other financial assets – current and non-current	22,651	-	-	-	-
Corporate bonds – current and non-current	<u>507,680</u>	<u>-</u>	<u>507,680</u>	<u>-</u>	<u>507,680</u>
Subtotal	<u>\$ 2,618,733</u>	<u>-</u>	<u>507,680</u>	<u>-</u>	<u>507,680</u>
Financial liabilities at fair value through profit or loss					
Forward exchange agreement	<u>\$ 68</u>	<u>-</u>	<u>68</u>	<u>-</u>	<u>68</u>
Financial liabilities measured with amortized costs					
Short-term borrowings	\$ 200,000	-	-	-	-
Notes and accounts payable (including related parties)	503,409	-	-	-	-
Lease liabilities-current and non-current	<u>155,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>\$ 858,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(b) Valuation technique of fair value of financial instruments that are not measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

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(c) Valuation technique of fair value of financial instruments measured at fair value

i. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well established, only small volumes are traded, or bid ask spreads are very wide. Determining whether a market is active involves judgment.

If the financial instruments held by the Company belong to an active market, the fair value is booked as follows by category and attribute:

For financial assets and financial liabilities of the listed company's stocks, notes of exchange and corporate bonds, which are subject to standard terms and conditions and are traded in the active market, the fair value is determined by reference to market quotations.

In addition to the above-mentioned financial instruments with active markets, the fair value of the remaining financial instruments is obtained by means of evaluation technologies or reference to counterparty quotes. The fair value obtained through the evaluation technology can be based on the current fair value of other financial instruments with similar characteristics and characteristics, the discounted cash flow method or other evaluation technologies, including the calculation with the model and the market information available on the balance sheet date (such as the reference yield curve of Taiwan Stock Exchange, Reuters commercial promissory interest rate average offer).

If the financial instruments held by the Company are in the non-active market, the fair value is booked as follows by category and attribute:

Equity instruments without public quotation: Estimates of fair value using the market comparable company method, the main assumptions are based on the earnings multiplier derived from the investee's net worth per share and the EV/EBIT comparable listed companies' quotes. The estimate has adjusted the depreciation impact of the lack of market liquidity of the equity securities.

ii. Derivative financial instruments

Measurement of the fair value of derivative instruments are based on the valuation techniques generally accepted by market participants, such as the discounted cash flow or option pricing models. The fair value of forward currency is usually determined based by the forward currency exchange rate.

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(d) Reconciliation of Level 3 fair value

The Company's financial instruments which belong to Level 3 fair value were financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. The movements were as follows:

	Financial assets measured at fair value through other comprehensive income
Balance at January 1, 2020	\$ 6,095
Additions	-
Recognized in other comprehensive income	-
December 31, 2020	<u>\$ 6,095</u>
January 1, 2019	\$ 135,222
Additions	1,637
Recognized in other comprehensive income	(130,764)
December 31, 2019	<u>\$ 6,095</u>

(e) Quantitative information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include financial assets at fair value through other comprehensive income – equity investments.

Most of the fair value measurements categorized within Level 3 uses a single significant unobservable input. Equity investments without an active market contains multiple significant unobservable inputs. The significant unobservable inputs of equity investments without an active market are individually independent, and there is no correlation between them.

Quantified information of significant unobservable inputs were as follows:

Item	Evaluation technology	Significant unobservable input value	Relations between significant unobservable input value and fair value
Financial assets measured at fair value through other comprehensive income-equity instrument investment without active market	Comparable listed companies approach	<ul style="list-style-type: none"> · Equity value multiplier (December 31, 2020 and December 31, 2019 are 2.27~18.90 and 0.73~18.08) · Lack of market liquidity discount (December 31, 2020 and December 31, 2019 are 28% and 28%) 	<ul style="list-style-type: none"> · The higher the multiplier, the higher the fair value · The higher the lack of market liquidity discount, the lower the fair value

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- (f) The fair value of the Company's financial instruments that use Level 3 inputs to measure fair value was based on the price of the third party. The Company did not disclose quantified information and sensitivity analysis on significant unobservable inputs because the unobservable inputs used in fair value measurement were not established by the Company.
- (g) As of December 31, 2020 and 2019, there were no transfer at fair value level.

(27) Financial risk management

A. Overview

The financial instrument that the Company is using is exposed to the following risks:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying parent-company-only financial statements.

B. Structure of risk management

The board of directors has overall responsibility for the establishment and oversight of the risk management framework. The board is responsible for developing and monitoring Company's risk management policies. Internal auditors assist the board of directors to monitor and review the risk management control and internal procedures regularly and report them to the board of directors.

The Company's risk management policy is established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk and the compliance with risk limits. Risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the Company's operations. Also, develop a disciplined and constructive environmental control through training, management standards, and operating procedures in order to help all employees understand their roles and obligations.

The Company's audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company audit committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, and the results of which are reported to the audit committee.

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C. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

(a) Accounts receivables and other receivables

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer and reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

(b) Investment

The credit risk exposure in the bank deposits, investments with fixed income and other financial instruments are measured and monitored by the Company's finance department. As the Company deals with banks, financial institutions, and other external parties with good credit standing, corporate organization and government agencies which are graded above par level, management believes that the Company do not have compliance issues and no significant credit risk.

(c) Guarantee

According to the Company's policy, the Company can only provide endorsements for companies with business dealing, the companies directly or indirectly owned more than 50% shares with voting right by the Company, or the companies directly or indirectly owned more than 50% shares with voting right of the Company. As of December 31, 2020 and 2019 the Company did not provide any endorsement guarantees except to its subsidiaries.

D. Liquidity risk

There is no liquidity risk of being unable to raise capital to settle contract obligations since the Company has sufficient capital and working capital to fulfill contract obligations.

Loans and borrowings from the bank form an important source of liquidity for the Company. As of December 31, 2020 and 2019, the Company's unused credit lines were \$10,054,747 thousand and \$10,629,867 thousand, respectively.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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(a) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Company, primarily the New Taiwan Dollar (NTD). These transactions are denominated in NTD, USD, JPY and EUR.

Interest is denominated in the currency used in borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company, primarily NTD.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when it is necessary to address short-term imbalances.

(b) Interest rate risk

The Company holds assets and liabilities with floating interest rates, resulting in a cash flow interest rate risk exposure.

(c) Interest rate risk

The Company is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading.

Please refer to note 6 (26) for the risk of change.

(28) Capital management

The board of directors' policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, capital surplus, retained earnings and other equity interests of the Company. The board of directors monitors the return on capital as well as the level of dividends to ordinary stockholders.

The Company's debt to equity ratios at the end of the reporting periods were as follows:

	December 31, 2020	December 31, 2019
Total liabilities	\$ 10,286,124	7,618,133
Less: cash and cash equivalents	<u>(781,889)</u>	<u>(1,256,788)</u>
Net debts	<u>\$ 9,504,235</u>	<u>6,361,345</u>
Total equity	<u>\$ 28,160,826</u>	<u>26,670,241</u>
Debt-to-equity ratio	<u>33.75 %</u>	<u>23.85 %</u>

The increase in dividends payable resulted in the debt-to-equity ratio to increase as at December 31, 2020.

Sino-American Silicon Products Inc.
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(29) Cash flow information

The Company's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2020 and 2019 were as follows:

For acquiring right of use assets by leasing, please refer to note 6(10).

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2020	Cash flows	Others	December 31, 2020
Short-term borrowings	\$ 200,000	700,000	-	900,000
Lease liabilities	155,417	(27,905)	54,202	181,714
Guarantee deposit received	762	6	-	768
Total liabilities from financing activities	<u>\$ 356,179</u>	<u>672,101</u>	<u>54,202</u>	<u>1,082,482</u>
	January 1, 2019	Cash flows	Others	December 31, 2019
Short-term borrowings	\$ 2,717,125	(2,517,125)	-	200,000
Long-term borrowings	1,610,200	(1,610,200)	-	-
Lease liabilities	180,137	(28,407)	3,687	155,417
Guarantee deposit received	-	762	-	762
Total liabilities from financing activities	<u>\$ 4,507,462</u>	<u>(4,154,970)</u>	<u>3,687</u>	<u>356,179</u>

7. Related-party transactions:

(1) Names and relationship with related parties

The subsidiaries and other parties involved in the transaction of the Company during the period cover in the parent-company-only financial statements were as follows:

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Sino Silicon Technology Inc. (SSTI)	Subsidiaries directly held by the Company
GlobalWafers	Subsidiaries directly held by the Company
Aleo Solar GmbH (Aleo Solar)	Subsidiaries directly held by the Company
Aleo Solar Distribuzione Italia S.r.l (Aleo Solar Italia)	Subsidiary indirectly owned by the Company
Aleo Sunrise	Subsidiary indirectly owned by the Company (Note 3(1))
SAS Sunrise Inc.	Subsidiaries directly held by the Company
SAS Sunrise Pte. Ltd.	Subsidiary indirectly owned by the Company
Sulu Electric Power and Light Inc. (Sulu)	Subsidiary indirectly owned by the Company (Note 1)

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<u>Names of related parties</u>	<u>Relationship with the Company</u>
AMLED International Systems Inc. (AMLED)	Subsidiary indirectly owned by the Company (Note 2)
SAS Holding Co., Ltd. (SASH)	Subsidiaries directly held by the Company (Note 6)
Sunrise PV World Co. (Sunrise PV World)	Subsidiaries directly held by the Company (Note 3(9))
Sunrise PV Electric Power Five (Sunrise PV Electric Five)	Subsidiaries directly held by the Company (Note 3(11))
Sunrise PV Two Co., Ltd. (Sunrise PV Two)	Subsidiary indirectly owned by the Company (Note 5)
Sunrise PV Electric Power Two (Sunrise PV Electric Two)	Subsidiary indirectly owned by the Company (Note 4)
Sunrise PV Three Co., Ltd. (Sunrise PV Three)	Subsidiary indirectly owned by the Company (Note 3(9))
Sunrise PV Four Co., Ltd. (Sunrise PV Four)	Subsidiary indirectly owned by the Company (Note 3(4))
Global Semiconductor Inc. (GSI)	Subsidiary indirectly owned by the Company
GWafers Singapore Pte.Ltd.(GWafers Singapore)	Subsidiary indirectly owned by the Company (Note 3(5))
Topsil GlobalWafers A/S (Topsil A/S)	Subsidiary indirectly owned by the Company (Note3(6))
Kunshan Sino Silicon Technology Co., Ltd. (Kunshan Sino)	Subsidiary indirectly owned by the Company
GlobiTech Incorporated.(GTI)	Subsidiary indirectly owned by the Company
GlobalWafers Japan Co., Ltd. (GWJ)	Subsidiary indirectly owned by the Company
Topsil Semiconductor sp z o.o.(Topsil PL)	Subsidiary indirectly owned by the Company
GlobalWafers Singapore Pte. Ltd. (GWS)	Subsidiary indirectly owned by the Company
GlobalWafers B.V. (GWBV)	Subsidiary indirectly owned by the Company
GlobalWafers GmbH (GW GmbH)	Subsidiary indirectly owned by the Company (Note 7)
MEMC Japan Ltd. (MEMC Japan)	Subsidiary indirectly owned by the Company
MEMC Electronic Materials SpA (MEMC SpA)	Subsidiary indirectly owned by the Company
MEMC Electronic Materials France SarL(MEMC SarL)	Subsidiary indirectly owned by the Company
MEMC Electronic Materials GmbH (MEMC GmbH)	Subsidiary indirectly owned by the Company

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<u>Names of related parties</u>	<u>Relationship with the Company</u>
MEMC Holding B.V. (MEMC BV)	Subsidiary indirectly owned by the Company (Note 3(2))
GlobalWafers Holding Co., Ltd. (GWH)	Subsidiary indirectly owned by the Company (Note 6)
MEMC Korea Company (MEMC Korea)	Subsidiary indirectly owned by the Company (Note 3(3))
MEMC LLC (MEMC LLC)	Subsidiary indirectly owned by the Company
MEMC Electronic Materials, Sdn Bhd (MEMC Sdn Bhd)	Subsidiary indirectly owned by the Company (Note 3(8))
SunEdison Semiconductor Technology (Shanghai) Ltd. (SunEdison Shanghai)	Subsidiary indirectly owned by the Company (Note 3(10))
Taisil Electronic Materials Corp. (Taisil)	Subsidiary indirectly owned by the Company (Note 3(7))
MEMC Ipoh Sdn Bhd (MEMC Ipoh)	Subsidiary indirectly owned by the Company
URE	URE is the main management of the Company (Note 8)
Accu Solar	An associate of the Company
Crystalwise	An associate of the Company
Advanced Wireless	An associate of the Company
Cathay Sunrise	An associate of the Company (Note 9)
Sunrise PV One Co., Ltd. (Sunrise PV One)	Subsidiaries of the associate of the Company (Note 9)
Cathay Sunrise One Co., Ltd. (Cathay Sunrise One)	Subsidiaries of the associate of the Company (Note 9)
Cathay Sunrise Two Co., Ltd. (Cathay Sunrise Two)	Subsidiaries of the associate of the Company (Note 9)
Cathay Sunrise Electric Power One (CSEPO)	Subsidiaries of the associate of the Company (Note 9)
Sunrise PV Five Co., Ltd.	Subsidiaries of the associate of the Company (Note 9 and 10)

Note 1: The Company can control the financial and operating strategies of Sulu through valid agreements with other investors of Sulu, so Sulu is considered as a subsidiary.

Note 2: The Company does not have an owners' equity of AMLED. However, the Company controls the financial and operating strategies of AMLED and receives all benefits of its operations and net assets based on terms of the agreement. AMLED is considered a subsidiary.

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Note 3: The Company adjusted its organizational structure as follows:

- (1) Aleo Sunrise was transferred on March 2019 to the Company for 100% shareholding and liquidated in June 2019.
- (2) MEMC BV was transferred from MEMC SpA to GWBV on June 18, 2019 and liquidated in September 2019.
- (3) MEMC Korea was transferred from GWBV and MEMC BV to GWBV.
- (4) Sunrise PV Four was transferred in January 2020 to GlobalWafers for 100% shareholding.
- (5) GWafers Singapore was transferred from GWI to GlobalWafers.
- (6) Topsil A/S was transferred from GlobalWafers to GWBV.
- (7) Taisil was merged into GlobalWafers. After the merger, GlobalWafers became the surviving company and Taisil was dissolved. The merger occurs on February 1, 2020.
- (8) MEMC Sdn Bhd was transferred from GWBV to SST.
- (9) The Company merged with Sunrise PV Electric Power Five on February 1, 2020. After the merger, Sunrise PV Three was transferred to the Company.
- (10) SunEdison Shanghai completed the liquidation process in July 2020.
- (11) The Company invested in Sunrise PV Electric Power Five in December 2019 due to its operating strategy, and the investment of 100% ownership was transferred to GlobalWafers in July 2020.

Note 4: Sunrise PV Two was sold in July 2019.

Note 5: Sunrise PV Five was liquidated in May 2019.

Note 6: SASH and GWH were established in September 2020.

Note 7: GW GmbH was established in February 2020.

Note 8: URE has become a non-related party since the Company reelected its directors in June 2020.

Note 9: Cathay Sunrise has become a non-related party after the transfer of the equity on October 23, 2020.

Note 10: Sunrise PV Five was sold to Cathay Sunrise in March 2019.

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(2) Significant transactions with related parties

A. Sales

The amounts of significant sales transactions and engineering contract revenue between the Company and related parties were as follows:

	<u>2020</u>	<u>2019</u>
Subsidiary	\$ 1,124,518	1,089,748
Associates	333,039	-
Other related parties	<u>74,920</u>	<u>10,246</u>
	<u>\$ 1,532,477</u>	<u>1,099,994</u>

In 2020 and 2019, the Company's processing revenue from related parties was \$34,345 thousand and \$40,505 thousand, respectively, booked as a reduction in operating costs.

The selling price for sales to the related parties was determined by market price and adjusted according to the sales area and sales volume.

The credit terms for third parties were 0 to 60 days after month end, while those for related parties were receipt in advance to 30 days after month end.

B. Purchase and outsourced processing

The amounts of purchase and outsourced processing from the related party were as follows:

	<u>2020</u>	<u>2019</u>
Subsidiary	\$ 4,797	1,740
Associates	34,300	-
Other related parties	<u>2,309</u>	<u>11,248</u>
	<u>\$ 41,406</u>	<u>12,988</u>

The prices of purchases and outsourced processing were determined by market rates.

The payment terms to third parties were 0 to 120 days after month end. In contrast, those to related parties were prepayment to 30 days after month end.

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C. Receivables from related parties

The Company's receivables from related parties were as follows:

<u>Items</u>	<u>Categories</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Receivable from related parties	Subsidiaries-GlobalWafers	\$ 200,201	214,321
Receivables from related parties	Subsidiaries- Others	2,579	9,636
Receivables from related parties	Other related parties	-	6,648
		<u>\$ 202,780</u>	<u>230,605</u>

In order to maintain a stable supply of raw materials required for production, the related parties successively signed short-term and long-term supply contracts with the Company, and the details of the receipts in advance to the related parties (recognized as contract liabilities - current / non-current) were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other related party-URE	\$ -	<u>883,220</u>

D. Accounts payable to related parties

The payables to related parties were as follows:

<u>Items</u>	<u>Categories</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Receivables from related parties	Subsidiary	\$ 584	<u>707</u>

E. Transactions of property, plant and equipment

(a) Disposition of property, plant and equipment

The disposals of property, plant and equipment to related parties were summarized as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Disposal price</u>	<u>Receivable from related parties</u>	<u>Disposal price</u>	<u>Receivable from related parties</u>
Subsidiary	\$ 5,705	-	27,570	-
Associate	3,750	-	-	-
	<u>\$ 9,455</u>	<u>-</u>	<u>27,570</u>	<u>-</u>

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The realized gain in 2020 and 2019 were \$4,968 thousand and \$3,478 thousand respectively. As of December 31, 2020 and 2019, the unrealized gain from disposals of property, plant and equipment to related parties was \$44,619 thousand and \$37,837 thousand, respectively, recognized in the investments accounted for using equity method.

(b) Acquisition of property, plant and equipment

Purchase amounts of property, plant and equipment from related parties were summarized as follows:

	2020		2019	
	Amount	Payable to related parties	Amount	Payable to related parties
Associate- Crystalwise	\$ 860,000	-	-	-

F. Revenue of management fee and technology service fees

The Company collected the management fees and technology service fees from related parties and recorded in other gains or losses as follows:

	2020	2019
Subsidiary	\$ 24,854	41,633
Associate	2,000	-
	\$ 26,854	41,633

As of December 31, 2020 and 2019, the receivables resulting from management fees and technology service fees were \$13,526 thousand and \$13,730 thousand respectively, booked in receivables from related parties.

As of December 31, 2020, the Company's receipts in advance from subsidiaries for the service amounted to \$1,931 thousand which was recognized as other current liabilities.

G. Loan to related parties

The actual loan to the related parties is as follows:

	December 31, 2020	December 31, 2019
Subsidiary— Sulu	\$ 284,800	298,901
Subsidiary— Other	50,000	52,000
	\$ 334,800	350,901

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For the borrowings of the subsidiaries from the Company, the interest is based on the average interest rate of the related parties borrowing from financial institutions in the year when they receive the loan, and all of above borrowings are unsecured loans. The Interest income of 2020 and 2019 were \$6,671 thousand and \$13,703 thousand, respectively. As of December 31, 2020 and 2019, interest receivable were \$663 thousand and \$892 thousand, respectively, recognized in receivables from related parties.

As of December 31, 2020 and 2019, the subsidiaries involved in the aforementioned transaction capitalized the interest expenses, and the unrealized interests were \$3,660 thousand and \$3,899 thousand respectively, which were recognized in the investments accounted for using equity method.

H. Loan from related parties

The loans from the related parties were as follows:

	December 31, 2020	December 31, 2019
Subsidiary— Aleo Solar	\$ 192,610	-

The interests of loans from subsidiaries are based on subsidiaries' average interest rate of loans from financial institutions, and they are all unsecured loans. The interest expense in 2020 was 340 thousand. As of December 31, 2020, the interest payable was 340 thousand, which was booked as accounts payable to related parties.

I. Endorsements/guarantees

The Company's endorsements and guarantees for the related party were summarized as follows:

	December 31, 2020	December 31, 2019
Subsidiary	\$ 1,310,671	2,079,080

The Company charged the handling fee of endorsements and guarantees from related parties. As of December 31, 2020 and 2019, the interest income were \$9,170 thousand and \$10,296 thousand, respectively.

J. Corporate bonds

In October 2016 and January 2019, the Company purchased five year private issued corporate bonds and one year private issued corporate bonds issued by Crystalwise Technology, for an amount of \$280,000 thousand and \$250,000 thousand respectively. The interest rate and the coupon rate were both 2%.

As of December 31, 2020 and 2019, the interest income amounted to \$9,450 thousand and \$11,753 thousand, respectively. As of December 31, 2020 and 2019, the accumulated investment cost and interests receivable amounted to \$277,895 thousand and \$507,680 thousand, respectively, and were recorded in financial assets measured at amortized cost — current and non-current.

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K. Lease

- (a) The details of rental expenses and payables resulting from the lease contracts between the Company and its related parties were as follows:

		2020	2019
Account	Classification of related party	December 31, 2020	December 31, 2019
Subsidiary		\$ 816	-
Accounts payable to related parties	Subsidiary	\$ 71	-

Please refer to note 6(13) for detail of the Company's lease from the related party. The above mentioned contract has been applied to IFRS 16 for the first adoption on January 1, 2019, and been accounted for the right of use assets and lease liabilities amounting \$811 thousand, which has been fully amortized in the year of 2019.

As of December 31, 2019, the Company has paid in full of the lease payables to other related parties.

- (b) The details of rental income and receivables of the lease contracts with related parties are as follows:

		2020	2019
Account	Classification of related party	December 31, 2020	December 31, 2019
Subsidiary		\$ 10,671	9,181
Associate		15,004	310
		\$ 25,675	9,491
Accounts receivable-related parties	Subsidiary	\$ 2,802	-
Accounts receivable-related parties	Associate	2,217	2,766
		\$ 5,019	2,766

L. Others

- (a) The Company's direct sales to the related parties is regarded as the transfer of inventories. Therefore, the revenue and cost of goods sold are not recognized in the parent-company-only financial statements. As of December 31, 2020 and 2019, the deferred revenue arising from the above transactions were \$28,375 thousand and \$30,951 thousand, respectively, recognized in the investments accounted for using equity method.

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In addition, as of December 31 2020 and 2019, the sales of raw materials to the subsidiaries is regarded as the transfer of inventories, and the gross loss of \$38,410 thousand and \$34,329 thousand, respectively, were deferred and recognized in the investments accounted for using equity method.

- (b) The subsidiaries undertook projects and purchased modules from the Company in 2019. Due to changes in the project plan, no actual revenues were recognized. According to the sales contract, the compensation the Company needing to seek from the subsidiaries for the loss of inventories was \$29,821 thousand was recognized as the deduction of cost of goods sold and miscellaneous income. As of December 31, 2019, the amount of \$29,821 thousand was recognized as account receivable from related parties.
- (c) The revenue from providing legal consulting services for subsidiaries in 2020 and 2019 were both \$1,500 thousand. As of December 31, 2020 and 2019, the Company has fully received.
- (d) The subsidiary, GlobalWafers, with the approval of board of directors, declared cash dividends on December 9, 2020. The dividends receivable as of December 31, 2020 was \$ 1,781,685 thousand, which was recognized in accounts receivable from related party.

M. Payment and advances from related parties

The receivables from related parties and payables to related parties generated from material purchases, insurance and utilities payments as of December 31, 2020 and 2019 were as follows:

	December 31, 2020	December 31, 2019
Subsidiary	\$ 2,471	3,803
Subsidiary	(1,692)	(1,789)
Associate	190	54
Associate	-	(20)
	<u>\$ 969</u>	<u>2,048</u>

(3) Key management personnel compensation

The remuneration to key management included:

	2020	2019
Short-term employee benefits	\$ 270,259	136,738
Post-employment benefits	485	647
Share-based payment	-	14,844
	<u>\$ 270,744</u>	<u>152,229</u>

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8. Pledged assets:

The carrying values of pledged assets were as follows:

<u>Asset name</u>	<u>Pledge or Mortgage underlying subject</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Time deposits (recognized in other financial assets - non-current)	Guarantee for the lease contract with the Hsinchu Science Park Bureau	\$ 11,113	7,900
Time deposits (recognized in other financial assets - non-current))	Government grant	-	698
Refundable deposits (recognized in other financial assets - non-current)	Court guarantee	<u>19,620</u>	<u>-</u>
		<u>\$ 30,733</u>	<u>8,598</u>

9. Commitments and contingencies:

The significant contingencies liabilities and unrecognized contractual commitments were as follows:

(1) Significant unrecognized contractual commitments

- A. The purchase amounts for future delivery from suppliers under the existing agreements and the negotiated agreement were as follows:

(Unit: currency in thousands)

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
USD	<u>\$ 844,335</u>	<u>907,081</u>

Silicon supplier Hemlock Semiconductor Pte. Ltd. (hereinafter referred to as Hemlock) sent a notice requesting that Company's confiscated prepayment, payment for goods not received and the interest related to the late payment in accordance with to the long-term purchase contract be accumulated to December 31, 2018 as US\$ 615,982 thousand. The Company and Hemlock renegotiated in June 2019 to amend the important terms of the long-term procurement contract, pending agreement between the parties.

- B. In response to the long-term purchase contract referred above, the Company has signed silicon wafer long-term sales contracts successively with the customers since 2005. These companies agree to pay the non-refundable funds to the Company. The two parties agreed to have silicon wafers sold in accordance with the agreed quantity and price. If the delivery has not been made in compliance with the contract signed, a sales discount or an amount equivalent to 1.5-4 times of the advance sales receipts from customers as remuneration should be granted. If the delay of shipment has not been resolved for more than three months, the outstanding pre-payment should be refunded. In addition, in response to the price decline arising from the falling demand, solar energy battery customers and the Company will negotiate the selling price and adjusting the average selling price in accordance with market conditions.

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The amount of delivery according to the existing contracts and current market conditions is as follows:

(Unit: currency in thousands)

	December 31, 2020	December 31, 2019
USD	\$ 19,692	29,852
EUR	\$ 28,394	25,695
NTD	\$ -	54,845

- C. As of December 31, 2020 and 2019, the significant outstanding commitments for construction and purchase of property, plant and equipment amounted to \$481,932 thousand and \$894,902 thousand, respectively.
- D. As of December 31, 2020 and 2019, the total amount of promissory notes deposited by the Company at the bank for acquiring bank financing were \$12,015,760 thousand and \$12,169,060 thousand, respectively.
- E. As of December 31, 2020 and 2019, a guarantee letter for the Customs Administration and Research and Development which was the Group requested a bank to issue amounted \$5,700 thousand and \$10,000 thousand, respectively.
- F. As of December 31 2020 and 2019, the Company's outstanding standby letter of credits were as follows:

(Unit: currency in thousands)

	December 31, 2020	December 31, 2019
USD	\$ 7,006	7,006

(2) Contingent liabilities:

Hemlock filed summons and complaints against the Company and were delivered to the Company on May 12, 2015. Both parties reached an agreement in May 2016 then signed STIPULATION OF DISCONTINUANCE and SETTLEMENT AGREEMENT, where the Company needs to purchase certain amount of polysilicon from Hemlock and its related companies based on SETTLEMENT AGREEMENT. Also, two parties signed an additional agreement of Accommodation Letter to amend SETTLEMENT AGREEMENT and extend the date of litigation termination under STIPULATION OF DISCONTINUANCE against the Company until April 30, 2019, which Hemlock agreed in December 2020 to further extend the extension to March 31, 2021. In June 2019, both parties agreed to amend the important terms such as price and quantity of the original contract. The Company, in accordance with the terms of the proposed revised contract, recognized provision for onerous contract. As of December 31, 2020, the above-mentioned provision for onerous contract amounted to \$3,922,815 thousand.

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10. **Losses Due to Major Disasters: None.**

11. **Subsequent Events: None.**

12. **Others:**

A summary of the employee benefits, depreciation, and amortization expenses, by function were as follows:

By item	By function		For the years ended December 31,			
	2020			2019		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salary	482,956	465,764	948,720	512,497	286,210	798,707
Labor and health insurance	39,346	10,754	50,100	45,532	10,772	56,304
Pension	27,241	7,161	34,402	19,657	4,814	24,471
Director's emoluments	-	45,740	45,740	-	41,790	41,790
Other employee benefits expenses	28,296	3,870	32,166	34,640	3,462	38,102
Depreciation	430,585	55,619	486,204	451,978	39,354	491,332

As of December 31 2020 and 2019, additional information on the number of employees and employee benefit costs were as follows:

	<u>2020</u>	<u>2019</u>
The number of employees	<u>753</u>	<u>890</u>
The number of directors who are not holding as a position of employee	<u>9</u>	<u>9</u>
Average of employee benefits expense	<u>\$ 1,432</u>	<u>1,042</u>
Average of salaries expense	<u>\$ 1,275</u>	<u>907</u>
The average of salary adjustment rate	<u>41%</u>	
Remuneration of supervisors	<u>-</u>	<u>-</u>

The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

(1) Remuneration to directors :

The director's remuneration is based on the Company's profitability of the year. The amount of allocation of remuneration to the independent directors is based on their degree of participation and contribution of the Company's operations.

Besides the salary, the company may also distribute this remuneration based on the profitability and the degree of participation and contribution of independent directors to the company's operations.

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The standard of above-mentioned remuneration to directors (including independent directors) shall be proposed by the Remuneration Committee; thereafter, to be submitted to the board of directors for resolution.

(2) Remuneration to employees

According to the Company's salary policy and regulations, the remuneration is based on each employee's title, level, academic experience, professional ability, responsibilities, etc.

In accordance with the Company's "Employee salary and remuneration allocation regulations", when the Company have annual profits, the employee remuneration rewards will be allocated based on the employee's level, title and performance.

(3) Remuneration to managers

The Company evaluates its managers' remuneration with reference to the Taiwan market, the salary level of competitors in the same industry, the Company's salary policy and manager's title, level, academic experience, professional ability and responsibilities, to grant a reasonable basic salary to each manager. After presenting the results to the salary committee for discussion, the resolution will be submitted to the board of directors for approval.

In accordance with the Company's "Employee salary and remuneration allocation regulations", when the Company has annual profits, the remuneration rewards to managers will be allocated based on their level, title and performance.

Based on the overall performance, the chairman proposes to the Remuneration Committee the allocation of rewards based on each manager's contribution to the Company's entire operation results. The manager's remuneration will be reported to the Remuneration Committee for discussion and resolution; thereafter; to be submitted to the board of directors for approval.

13. Other disclosures:

(1) Information on significant transactions:

The followings were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

- (i) Loans to other parties: Please refer to Table 1.
- (ii) Guarantees and endorsements for other parties: Please refer to Table 2.
- (iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.
- (iv) Individual securities acquired or disposed of with accumulated amounts exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 4.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 5.

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- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
 - (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 6.
 - (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 7.
 - (ix) Trading in derivative instruments: Please refer to note 6(2).
- (2) Information on investees: Please refer to Table 8.
- (3) Information on investment in mainland China:
- (i) The names of investees in Mainland China, the main businesses and products and other information: Please refer to Table 9(1).
 - (ii) Limitation on investment in Mainland China: Please refer to Table 9(2).
 - (iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in the “Information on significant transactions”.
- (4) Major shareholders:

None of the shareholders hold more than 5% of outstanding shares.

14. Segment information:

Please refer to consolidated financial statements for the year ended December 31, 2020.

(Continued)

Sino-American Silicon Products Inc.
Loans to other parties
For the year ended December 31, 2020

Table 1

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 2, 3)	Maximum limit of fund financing (Note 2, 3)
													Item	Value		
0	Sino-American Silicon Products Inc.	Sulu	Receivable from related parties	Yes	1,662,375 (USD55,000)	1,566,400 (USD55,000)	284,800 (USD10,000)	1.00%	2	-	Operating capital	-	-	-	11,264,330	11,264,330
0	Sino-American Silicon Products Inc.	Sunrise PV World Co.	Receivable from related parties	Yes	500,000	-	-	2.50%	2	-	Operating capital	-	-	-	11,264,330	11,264,330
0	Sino-American Silicon Products Inc.	Sunrise PV Three	Receivable from related parties	Yes	300,000	100,000	50,000	2.50%	2	-	Operating capital	-	-	-	11,264,330	11,264,330
1	SSTI	Sulu	Receivable from related parties	Yes	320,650 (USD10,600)	313,280 (USD11,000)	313,280 (USD11,000)	1.00%	2	-	Operating capital	-	-	-	2,041,508	2,041,508
1	SSTI	AMLED	Receivable from related parties	Yes	336,925 (USD11,138)	322,109 (USD11,310)	322,109 (USD11,310)	1.00%	2	-	Operating capital	-	-	-	2,041,508	2,041,508
2	Aleo Solar	Sino-American Silicon Products Inc.	Receivable from related parties	Yes	192,610 (EUR5,500)	192,610 (EUR5,500)	192,610 (EUR5,500)	0.50%	2	-	Operating capital	-	-	-	460,160	460,160
3	SAS Sunrise Inc.	Sulu	Receivable from related parties	Yes	178,622 (USD6,200)	176,576 (USD6,200)	176,576 (USD6,200)	1.00%	2	-	Operating capital	-	-	-	658,676	658,676
4	GWJ	GlobalWafers	Receivable from related parties	Yes	1,162,560	1,160,460	-	0.56%	2	-	Operating capital	-	-	-	16,961,586	16,961,586
4	GWJ	GlobalWafers	Receivable from related parties	Yes	5,307,240	5,194,440	5,194,440	0.50%~0.56%	1	6,765,853	Business between two parties	-	-	-	6,765,853	16,961,586
4	GWJ	MEMC Japan	Receivable from related parties	Yes	282,300	276,300	-	0.59%	2	-	Operating capital	-	-	-	16,961,586	16,961,586
4	GWJ	GWBV	Receivable from related parties	Yes	1,400,500	-	-	0.55%	2	-	Operating capital	-	-	-	16,961,586	16,961,586

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 2, 3)	Maximum limit of fund financing (Note 2, 3)
													Item	Value		
5	MEMC SpA	GWS	Receivable from related parties	Yes	2,736,240	2,731,560	2,134,460	3.444%	2	-	Operating capital	-	-	-	8,813,587	8,813,587
6	Taisil	GlobalWafers	Receivable from related parties	Yes	6,400,000	-	-	1.50%	2	-	Operating capital	-	-	-	7,091,890 (Note 2(3))	7,091,890 (Note 2(3))
7	GTI	MEMC LLC	Receivable from related parties	Yes	211,575	199,360	-	2.25%	2	-	Operating capital	-	-	-	8,994,074	8,994,074
8	GWS	GWBV	Receivable from related parties	Yes	3,025,000	2,848,000	2,848,000	1.2%	2	-	Operating capital	-	-	-	38,712,991	38,712,991
8	GWS	GlobalWafers	Receivable from related parties	Yes	10,890,000	10,252,800	7,182,111	1.2%	2	-	Operating capital	-	-	-	38,712,991	38,712,991
8	GWS	GlobalWafers Inc.	Receivable from related parties	Yes	3,288,175	-	-	2.50%	2	-	Operating capital	-	-	-	38,712,991	38,712,991

Note 1: The nature of financing purposes:

- (1) Represents entities with business transaction with the Group.
- (2) Represents where an inter-company or inter firm short term financing facility is necessary.

Note 2: (1) For the Company's loan of funds to those having business transactions, the individual loan is limited to the trade amount between the two parties in the most recent year; for the loan of funds to companies necessary for short-term financing, the individual loan is limited to 40% of the net worth of the company that lends loan; for loan of funds among foreign companies that the Company directly and indirectly holds 100% of the voting shares, the individual loan is limited to 40% of the net worth of the company that lends loan.

- (2) For GlobalWafers and its subsidiaries' loan of funds to those having business transactions with the Company, the amount of financing shall not exceed the amount of business transaction for the current year. For the purpose of lending operating capital, the amount of financing offered to a single company and to an investee whose voting shares, directly or indirectly, owned by the Company shall not exceed 40 percent of the lender's net worth.
- (3) It's 40 percent of Taisil's latest audited net worth.

Note 3: (1) For the Company's loan of funds to those having business transactions, the total loan is limited to 40% of the company that lends loan; for the loan of funds to companies necessary for short-term financing, the total loan is limited to 40% of the net worth of the company that lends loan; the fundlendings between the foreign companies whose voting shares are 100% owned, directly or indirectly, by the Company, or from the foreign companies whose voting shares are 100% owned, directly or indirectly, by the Company to the Company are not subject to the previous provision of net worth and not subject to the oneyear limit of the term of funds in Article 4, Paragraph 1, but should still specify in its internal operating procedures for fund-lending limit and period.

- (2) For GlobalWafers and its subsidiaries' loan of funds to those having business transactions, The total amount available for financing purposes shall not exceed 40 percent of the lender's net worth. The total amount available for financing to investees whose voting shares, directly or indirectly, owned by the Company shall not exceed 40 percent of the Company's net worth.
- (3) For loan of funds of Aleo Solar, the total loan is limited to 100% of the net worth of the company that lends loan.

- (4) For loan of funds of Sulu and Sunrise PV World to those having business transactions, the total loan is limited to 40% of the company that lends loan; for the loan of funds to companies necessary for short-term financing, the total loan is limited to 40% of the net worth of the company that lends loan; for loan of funds among foreign companies that the company that lends loan directly and indirectly holds 100% of the voting shares, the total loan is limited to 40% of the net worth of the company that lends loan.
- (5) For loan of funds of SSTI and SAS Sunrise Inc. to those having business transactions, the total loan is limited to 2 times of the company that lends loan; for the loan of funds to companies necessary for short-term financing, the total loan is limited to 2 times of the net worth of the company that lends loan; for loan of funds among foreign companies that the company that lends loan directly and indirectly holds 100% of the voting shares, the total loan is limited to 40% of the net worth of the company that lends loan.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Sino-American Silicon Products Inc.
Guarantees and endorsements for other parties
For the year ended December 31, 2020

Table 2

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period (Note 3, 7)	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary (Note 3, 7)	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	Sino American Silicon Products Inc.	Sulu	2	1,545,758 (Note 6)	1,391,500 (USD46,000) (Note 5)	1,310,080 (USD46,000) (Note 5)	1,080,816 (USD37,950) (Note 5)	-	4.65 %	1,545,758 (Note 6)	Y (Note 4)	N	N
0	Sino American Silicon Products Inc.	Sunrise PV World Co.	2	28,160,826	200,000	-	-	-	-	28,160,826	Y	N	N
0	Sino American Silicon Products Inc.	Sunrise PV World and its 100% owned subsidiaries	2	28,160,826	500,000	-	-	-	-	28,160,826	Y	N	N
0	Sino American Silicon Products Inc.	Sunrise PV Four	2	28,160,826	170 (Note 8)	170 (Note 8)	170 (Note 8)	-	-	28,160,826	Y	N	N
0	Sino American Silicon Products Inc.	Sunrise PV Three	2	28,160,826	421 (Note 8)	421 (Note 8)	421 (Note 8)	-	-	28,160,826	Y	N	N
1	GlobalWafers	Topsil A/S.	2	132,464,700	117,775	115,250	34,575	-	0.26 %	132,464,700	N	N	N
1	GlobalWafers	GWS	2	132,464,700	1,815,000	-	-	-	-	132,464,700	N	N	N
1	GlobalWafers	GmbH	2	132,464,700	350,200	350,200	350,200	-	0.79 %	132,464,700	N	N	N
2	GTI	MEMC LLC	2	44,970,370	453,750	427,200	94,555	-	4.75 %	44,970,370	N	N	N

Note 1: The characters of guarantees and endorsements are coded as follows:

- (1) The issuer is coded "0".
- (2) The investee is coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relation between guarantor and guarantee and their endorsement should be disclosed as one of the following:

- (1) Ordinary business relationship.
- (2) Subsidiary which owned more than 50 percent by the guarantor.
- (3) An investee owned more than 50 percent in total by both the guarantor and its subsidiary.
- (4) An investee owned more than 90 percent by the guarantor or its subsidiary.
- (5) Fulfillment of contractual obligations by providing mutual endorsements and guarantor for peer or joint builders in order to undertake a construction project.
- (6) An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
- (7) The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for per construction homes pursuant to the Consumer Protection Act for each other.

Note 3: (1) The amount of endorsements/guarantees provided by the endorsement guarantor company for a single enterprise is limited to 10% of the net worth of the company providing the endorsements/guarantees, but for the subsidiary company, limited to one time of the net worth of the company providing the endorsements/guarantees. The total amount of accumulated endorsements/guarantees shall not exceed the net worth of the Company. The total amount of the Company's endorsements/guarantees and that for a single enterprise shall not exceed five times the net worth of the company providing endorsements/guarantees. The aforesaid net worth is based on the financial statements recently audited or reviewed by an accountant. For endorsements/guarantees due to business transactions, except subject to the provisions of the preceding item, the endorsement guarantee amount should be equal to the higher of the purchase or sales amount.

(2) The Company made a guarantee payment for its import VAT amounting \$5,700 thousand.

Note 4: The Company controls the financial and operating strategies of Sulu through effective agreements with other investors of Sulu, so Sulu is considered as a subsidiary.

Note 5: Sulu shares with the company a quota of USD 10,000 thousand and Sulu's individual quota is USD 36,000 thousand. The Company resolved on October 14, 2016 by the board of directors to repay part of the loan, and reduce the endorsements/guarantees quota to USD 46,000 thousand and repay the bank loan on October 19, 2016. The actual disbursement amount was reduced to USD 37,950 thousand.

Note 6: The endorsements/guarantees quota for Sulu is calculated as US\$ 46,211 thousand, the amount of sales at the time of endorsements/guarantees.

Note 7: The method of endorsements/guarantees of GlobalWafers and its subsidiaries s are as follows:

- (1) The total amount of accumulated endorsements/guarantees of GlobalWafers shall not exceed three times the net worth of the most recent financial statements of GlobalWafers.
- (2) The amount of endorsements/guarantees of GlobalWafers for a single enterprise shall not exceed 10% of the net worth of the most recent financial statements of GlobalWafers. For subsidiaries, 3 time of the net worth of GlobalWafers.
- (3) GlobalWafers's made a guarantee payment for its import VAT amounting \$9,000 thousand.
- (4) Taisil's made a guarantee payment for its import VAT amounting \$5,000 thousand.
- (5) The limit of the endorsement to the single company or other subsidiaries for GTI is five times of its net value.

Note 8: The Company became the guarantor after its short term merger with Sunrise PV World on January 31, 2020.

Sino-American Silicon Products Inc.

Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures)

December 31, 2020

Table 3

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Note
				Shares/Units (thousand)	Carrying value	Percentage of ownership (%)	Fair value	
Sino American Silicon Products Inc.	Corporate bonds of Crystalwise Technology	Affiliated companies	Financial assets measured at amortized cost — current	280	277,895	-	277,895	
Sino American Silicon Products Inc.	Stock of Powertec Energy Corporation	None	Financial assets at fair value through other comprehensive income	30,410	-	2.14 %	-	
Sino American Silicon Products Inc.	Stock of Giga Epitaxy Technology Corp.	None	Financial assets at fair value through other comprehensive income	531	6,095	1.61 %	6,095	
Sino American Silicon Products Inc.	Stock of Big Sun	None	Financial assets at fair value through other comprehensive income	7,500	-	3.72 %	-	
SSTI	Stock of SILFAB SPA	None	Financial assets at fair value through other comprehensive income	300	377,060	15.00 %	377,060	
Sino American Silicon Products Inc.	Stock of SONGLONG ELECTRONICS CO., LTD.	Sino American Silicon Products Inc.'s management is the director of the company	Financial assets at fair value through profit or loss — non-current	221	-	13.81 %	-	
Sino American Silicon Products Inc.	Stock of 21 Century Silicon Inc.	None	Financial assets at fair value through profit or loss — non-current	1,000	-	-	-	
SSTI	Stock of Clean Venture 21 Corporation	None	Financial assets at fair value through profit or loss — non-current	10	-	7.20 %	-	
GlobalWafers	CDIB Capital Growth Partners L.P.	None	Financial assets at fair value through profit or loss, mandatorily measured at fair value — non-current	-	117,204	3.85 %	117,204	
GlobalWafers	Siltronic AG	None	Financial assets at fair value through profit or loss — current	650	2,915,940	2.17 %	2,915,940	
GlobalWafers	WT Microelectronics Co., Ltd.	None	Financial asset at fair value through other comprehensive income	2,518	101,475	0.32 %	101,475	
GlobalWafers	Siltronic AG	None	Financial assets at fair value through profit or loss — current	600	2,688,372	2.00 %	2,688,372	

Sino-American Silicon Products Inc.

**Individual securities acquired or disposed of with accumulated amounts exceeding the lower of than NT\$300 million or 20% of the capital stock
For the year ended December 31, 2020**

Table 4

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
Sino American Silicon Products Inc.	Advanced Wireless Semiconductor Company	Investments accounted for using equity method	-	None	-	-	45,000	3,496,500	-	-	-	-	45,000	3,508,513 (Note)
GWBV	Siltronic AG	Financial assets at fair value through profit or loss – current	-	None	-	1,876,656	-	2,688,372	-	2,103,746	1,865,576	238,169	-	2,699,452
GWBV	Siltronic AG	Financial assets at fair value through profit or loss – current	-	None	-	-	-	2,915,940	-	-	-	-	-	2,915,940

Note: Including the unrealized valuation gain or loss measured by Fair value and investment gain or loss under equity method.

Sino-American Silicon Products Inc.

Acquisition of individual real estate with amount exceeding the lower than NT\$300 million or 20% of the capital stock

For the year ended December 31, 2020

Table 5

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
MEMC Korea	Property, plant and equipment	October 5, 2018	2,038,080	To the progress of the project	Sungdo Eng. Company	Non-parties Company	-	-	-	-	Fair value	For operating purpose	None
MEMC Korea	Property, plant and equipment	September 2018	370,920	To the progress of the project	L.Keeley Construction	Non-parties Company	-	-	-	-	Fair value	For operating purpose	None
Sino American Silicon Products Inc.	Property, plant and equipment	December 12, 2019	860,000	860,000	Crystalwise Technology Inc.	parties Company	-	-	-	-	China real estate appraiser firm and Savills Taiwan real estate appraiser firm	For operating purpose	None

Sino-American Silicon Products Inc.

**Related-party transactions for purchases and sales with amounts exceeding the lower than NT\$300 million or 20% of the capital stock
For the year ended December 31, 2020**

Table 6

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Sino American Silicon Products Inc.	Sunrise PV One	Subsidiary of associates	Sale	(169,075)	3 %	Net 15 days from the end of the month upon issuance of invoice	-	-	588	-%	
Sino American Silicon Products Inc.	Cathay Sunrise Electric Power Two	Subsidiary of associates	Sale	(105,176)	2 %	Net 30 days from the end of the month upon issuance of invoice	-	-	75	-%	
Aleo Solar	Aleo Solar Italia	Indirectly held subsidiaries	Sale	(172,910)	11 %	Net 60 days from the end of the month upon issuance of invoice	-	-	66,896	22%	Note 2
GlobalWafers	Sino American Silicon Products Inc.	Indirectly held subsidiaries	Purchase	1,061,951	6 %	Net 30 days from the end of the next month upon issuance of invoice	-	-	(207,950)	(6)%	Note 2
GlobalWafers	GTI	Indirectly held subsidiaries	Purchase	1,839,483	10 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(279,220)	(7)%	Note 2
GlobalWafers	SST	Indirectly held subsidiaries	Purchase	1,784,471	10 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(312,837)	(8)%	Note 2
GlobalWafers	GWJ	Indirectly held subsidiaries	Purchase	6,762,615	36 %	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(1,921,983)	(50)%	Note 2
GlobalWafers	Taisil A/S	Indirectly held subsidiaries	Purchase	611,544	3 %	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(63,878)	(2)%	Note 2
GlobalWafers	GWS	Indirectly held subsidiaries	Purchase	476,050	3 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(38,330)	(1)%	Note 2
Taisil	GlobalWafers	Indirectly held subsidiaries	Purchase	135,729	1 %	Net 60 days from the end of the month upon issuance of invoice	-	-	-	-%	Note 1 and 2
GWS	GlobalWafers	Indirectly held subsidiaries	Purchase	5,988,654	26 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(968,132)	(20)%	Note 2
MEMC Korea	GlobalWafers	Indirectly held subsidiaries	Purchase	1,406,486	6 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(246,607)	(5)%	Note 2
MEMC SpA	GlobalWafers	Indirectly held subsidiaries	Purchase	686,585	3 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(162,153)	(3)%	Note 2
GTI	GlobalWafers	Indirectly held subsidiaries	Purchase	3,207,527	14 %	Net 45 days from the end of the month upon issuance of invoice	-	-	(341,702)	(7)%	Note 2

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
SST	GlobalWafers	Indirectly held subsidiaries	Purchase	1,021,817	5 %	Net 30 days from the end of the month upon issuance of invoice	-	-	(107,488)	(4)%	Note 2
GWJ	GlobalWafers	Indirectly held subsidiaries	Purchase	1,636,285	14 %	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(424,512)	(9)%	Note 2
Actron Technology	GlobalWafers	Chairman of the parent company is also the Chairman of Sino American Silicon	Purchase	224,053	1 %	Net 60 days from the end of the next month upon issuance of invoice	-	-	(72,414)	(2)%	
MEMC Sdn Bhd	GlobalWafers	Indirectly held subsidiaries	Purchase	120,051	1 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(13,087)	-%	
Topsil A/S	GlobalWafers	Indirectly held subsidiaries	Purchase	405,559	2 %	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(60,194)	(1)%	Note 2
GWS	MEMC LLC	Indirectly held subsidiaries	Purchase	1,187,475	6 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(68,481)	(2)%	Note 2
GWS	MEMC LLC	Indirectly held subsidiaries	Sale	(579,378)	(3) %	Net 60 days from the end of the month upon issuance of invoice	-	-	99,924	4%	Note 2
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	Purchase	1,703,149	9 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(291,044)	(10)%	Note 2
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	Sale	(666,932)	(3) %	Net 60 days from the end of the month upon issuance of invoice	-	-	120,248	4%	Note 2
GWS	MEMC SpA	Indirectly held subsidiaries	Purchase	3,709,365	20 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(534,832)	(19)%	Note 2
GWS	MEMC SpA	Indirectly held subsidiaries	Sale	(3,427,302)	16 %	Net 60 days from the end of the month upon issuance of invoice	-	-	472,419	17%	Note 2
GWS	MEMC Korea	Indirectly held subsidiaries	Purchase	1,335,476	7 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(214,998)	(8)%	Note 2
GWS	MEMC Japan	Indirectly held subsidiaries	Purchase	4,271,761	23 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(744,776)	(26)%	Note 2
GWS	MEMC Japan	Indirectly held subsidiaries	Sale	(1,506,205)	7 %	Net 60 days from the end of the month upon issuance of invoice	-	-	255,417	9%	Note 2
GWS	Taisil	Indirectly held subsidiaries	Purchase	553,661	- %	Net 60 days from the end of the month upon issuance of invoice	-	-	-	-%	Note 1 and 2

Note 1: After merging with Taisil, GlobalWafers became the existing company and Taisil became the dissolved entity on February 1, 2020.

Note 2: Transactions with standalone parties as mentioned above were eliminated when preparing the standalone reports.

Sino-American Silicon Products Inc.

Receivables from related parties with amounts exceeding the lower than NT\$100 million or 20% of the capital stock

December 31, 2020

Table 7

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 3)	Allowance for bad debts
					Amount	Action taken		
Sino American Silicon Products Inc.	Sulu	Indirectly held subsidiaries	285,268	(Note 1)	-		-	-
Sino American Silicon Products Inc.	GlobalWafers	Directly held subsidiaries	207,950	4.95	-		211,969	-
SSTI	AMLED	Indirectly held subsidiaries	322,621	(Note 1)	-		-	-
SSTI	Sulu	Indirectly held subsidiaries	385,811	(Note 1)	-		-	-
Aleo Solar	Sino American Silicon Products Inc.	Indirectly held subsidiaries	192,944	(Note 1)	-		82,002	-
SAS Sunrise Inc	Sulu	Indirectly held subsidiaries	176,847	(Note 1)	-		-	-
GlobalWafers	GTI	Indirectly held subsidiaries	341,702	10.73	-		538,400	-
GlobalWafers	GWJ	Indirectly held subsidiaries	424,512	3.84	-		373,647	-
GlobalWafers	GWS	Indirectly held subsidiaries	968,132	5.48	-		1,016,041	-
GlobalWafers	MEMC Korea	Indirectly held subsidiaries	246,606	7.90	-		163,272	-
GlobalWafers	SST	Indirectly held subsidiaries	107,488	11.35	-		166,287	-
GlobalWafers	MEMC SpA	Indirectly held subsidiaries	162,153	4.55	-		170,777	-
GTI	GlobalWafers	Indirectly held subsidiaries	279,220	6.23	-		436,925	-
SST	GlobalWafers	Indirectly held subsidiaries	312,837	6.18	-		362,099	-
GWJ	GlobalWafers	Indirectly held subsidiaries	1,921,983	4.11	-		1,323,502	-
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	120,248	0.11	-		120,248	-
GWS	MEMC Japan	Indirectly held subsidiaries	255,417	0.11	-		255,417	-
GWS	MEMC SpA	Indirectly held subsidiaries	472,419	0.14	-		472,419	-
GWS	GlobalWafers	Indirectly held subsidiaries	38,330	(Note 1)	-		-	-
GWJ	GlobalWafers	Indirectly held subsidiaries	1,923,567	(Note 1)	-		-	-
MEMC Japan	GWS	Indirectly held subsidiaries	744,776	11.45	-		744,776	-
MEMC Sdn Bhd	GWS	Indirectly held subsidiaries	291,044	11.29	-		-	-
MEMC SpA	GWS	Indirectly held subsidiaries	534,832	0.14	-		531,629	-
MEMC SpA	GWS	Indirectly held subsidiaries	432,347	(Note 1)	-		-	-
MEMC Korea	GWS	Indirectly held subsidiaries	214,998	0.13	-		214,998	-

Note 1: Receivables from related party for financing purpose.

Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 3: The amount received in subsequent period as of March 10, 2021.

Sino-American Silicon Products Inc.
Information on investees
For the year ended December 31, 2020

Table 9

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousand)	Percentage of Ownership	Carrying value			
Sino American Silicon Products Inc.	SSTI	British Virgin Islands	Investment and triangular trade center with subsidiaries in China	1,425,603 (USD45,255)	1,425,603 (USD45,255)	48,526	100.00 %	1,020,754	18,959	18,959	Subsidiary Note 5
Sino American Silicon Products Inc.	GlobalWafers	Taiwan	Semiconductor silicon wafer materials and components manufacturing and trade	8,955,952	8,955,952	222,727	51.17 %	22,593,298	13,103,614	6,705,118	Subsidiary
Sino American Silicon Products Inc.	Aleo Solar	Prenzlau	Solar module manufacturing and sale and wholesale of electronic materials	558,139 (EUR13,500)	558,139 (EUR13,500)	Note 1	100.00 %	460,160	56,372	56,372	Subsidiary Note 2
Sino American Silicon Products Inc.	SAS Sunrise Inc.	Cayman	Investment activities	794,373 (USD24,500)	794,373 (USD24,500)	24,500	100.00 %	329,338	(73,824)	(73,824)	Subsidiary
Sino American Silicon Products Inc.	Sunrise PV World Co.	Taiwan	Electricity activities	-	300,000	-	-	-	1,674	1,674	Subsidiary Note 4
Sino American Silicon Products Inc.	Sunrise PV five	Taiwan	Electricity activities	-	1,000	-	-	-	(143)	(11)	Subsidiary Note 4
Sino American Silicon Products Inc.	Sunrise PV Three	Taiwan	Electricity activities	15,000	-	1,500	100.00 %	16,184	900	900	Subsidiary
Sino American Silicon Products Inc.	SAS	Taiwan	Investment activities	250,000	-	25,000	100.00 %	249,972	(28)	(28)	Subsidiary
Sino American Silicon Products Inc.	Crystalwise Technology Inc.	Taiwan	Optical wafer and substrate manufacturing and trade	2,215,803	2,215,803	36,525	41.94 %	168,219	(133,395)	(83,080)	Associate Note 2
Sino American Silicon Products Inc.	Accu Solar Corporation	Taiwan	Solar energy system provider	112,193	112,193	7,452	24.70 %	54,079	2,117	(10,856)	Associate
Sino American Silicon Products Inc.	Cathay Sunrise	Taiwan	Electricity activities	-	450,000	-	-	-	99,734	24,480	Note 8
Sino American Silicon Products Inc.	TSCS	Taiwan	Semiconductor special gas and chemical material manufacturer	990,000	990,000	90,000	30.93 %	779,104	(93,104)	(60,726)	Associate Note 2
Sino American Silicon Products Inc.	Actron Technology Corporation	Taiwan	Semiconductor electric wafer materials and components manufacturing and trade	1,609,325	1,147,715	19,499	21.31 %	1,446,720	176,875	56,032	Associate Note 2
Sino American Silicon Products Inc.	Advanced Wireless Semiconductor	Taiwan	Gallium arsenide wafer manufacturing and trade	3,496,500	-	45,000	22.53 %	3,508,513	622,863	12,013	Associate Note 2
Sunrise PV World Co.	Sunrise PV Three	Taiwan	Electricity activities	-	15,000	-	-	-	900	-	Subsidiary Note 4
Sunrise PV World Co.	Sunrise PV four	Taiwan	Electricity activities	-	15,000	-	-	-	562	-	Subsidiary Note 4
SAS Sunrise Inc.	SAS Sunrise Pte.Ltd.	Singapore	Investment activities	450,732 (USD13,000)	719,292 (USD22,000)	18,165	100.00 %	200,415	(28,389)	-	Subsidiary Note 7

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousand)	Percentage of Ownership	Carrying value			
SAS Sunrise Inc.	Sulu	Philippines	Electricity activities	113,920 (USD4,000)	-	420,000	40.00 %	113,920	(91,124)	-	Subsidiary Note 7
SAS Sunrise Pte.Ltd.	AMLED	Philippines	Investment activities	-	-	-	-	-	-	-	Subsidiary Note 6 and 7
SAS Sunrise Pte.Ltd.	Sulu	Philippines	Electricity activities	-	440,667 (USD13,435)	-	-	-	(91,124)	-	Subsidiary Note 7
AMLED	Sulu	Philippines	Electricity activities	297,229 (USD9,065)	297,229 (USD9,065)	472,500	45.00 %	132,897	(91,124)	-	Subsidiary Note 7
Aleo Solar	Aleo Solar Italia	Italy	Solar module sale and wholesale of electronic materials	4,078 (EUR100)	4,078 (EUR100)	Note 1	100.00 %	1,016	(2,029)	-	Subsidiary Note 7
GlobalWafers	GWJ	Cayman	Investment activities	1,427 (USD48)	2,241,668 (USD73,423)	0.01	100.00 %	1,823	22,123	-	Subsidiary Note 7
GlobalWafers	GSI	Cayman	Investment in various businesses and triangular trade centers with subsidiaries in Mainland China	756,809 (USD26,555)	756,809 (USD26,555)	25,000	100.00 %	1,836,042	339,834	-	Subsidiary Note 7
GlobalWafers	GWJ	Japan	Manufacturing and trading of silicon wafers	5,448,015	5,448,015	128	100.00 %	16,946,410	1,659,904	-	Subsidiary Note 7
GlobalWafers	GWafers Singapore	Singapore	Investment activities	17,378,877	11,966,930	541,674	100.00 %	37,084,288	6,659,202	-	Subsidiary Note 7
GlobalWafers	Topsil A/S	Denmark	Manufacturing and trading of silicon wafers and sale	-	1,964,069 (DKK 407,600)	-	-	-	-	-	Subsidiary Note 7
GlobalWafers	HONG WANG Investment Co., Ltd.	Taiwan	Investment activities	309,760	309,760	30,976	30.98 %	1,202,176	118,931	-	Associate Note 7
GlobalWafers	Taisil	Taiwan	Manufacturing and trading of silicon wafers and sale	-	14,504,663	-	-	-	257,071	-	Subsidiary Note 7
GlobalWafers	Sunrise PV four	Taiwan	Electricity activities	1,045,000	-	104,500	100.00 %	1,045,944	859	-	Subsidiary Note 4 and 7
GlobalWafers	Sunrise PV five	Taiwan	Electricity activities	122,000	-	12,200	100.00 %	121,846	(143)	-	Subsidiary Note 3 and 7
GlobalWafers	GWH	Taiwan	Investment activities	250,000	-	25,000	100.00 %	249,935	(65)	-	Subsidiary Note 3 and 7
GWJ	MEMC Japan	Japan	Manufacturing and trading of silicon wafers	373,413 (JPY100,000)	373,413 (JPY100,000)	750	100.00 %	3,141,245	239,045	-	Subsidiary Note 3 and 7
Topsil A/S	Topsil PL	Poland	Manufacturing and trading of silicon wafers investment activities	-	-	0.1	100.00 %	-	-	-	Subsidiary Note 3 and 7
GWafers Singapore	GWS	Singapore	Investment activities	14,671,320 (USD406,898)	14,671,320 (USD406,898)	299,445	100.00 %	43,778,025	6,739,840	-	Subsidiary Note 3 and 7
GWS	GWBV	Netherlands	Investment activities	11,213,730 (USD362,763)	6,413,892 (USD162,723)	0.1	100.00 %	40,071,015	4,465,267	-	Subsidiary Note 3 and 7
GWBV	MEMC SpA	Italy	Manufacturing and trading of silicon wafers	6,732,641 (USD204,788)	6,732,641 (USD204,788)	65,000	100.00 %	8,813,587	1,017,366	-	Subsidiary Note 3 and 7

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousand)	Percentage of Ownership	Carrying value			
MEMC SpA	MEMC SarL	France	Trading	1,316 (USD40)	1,316 (USD40)	0.5	100.00 %	1,609	738	-	Subsidiary Note 3 and 7
MEMC SpA	MEMC GmbH	Germany	Trading	4,622 (USD141)	4,622 (USD141)	0.002	100.00 %	5,011	(17)	-	Subsidiary Note 3 and 7
GWBV	MEMC Korea	Korea	Manufacturing and trading of silicon wafers and sale	11,851,262 (USD384,605)	3,641,474 (USD110,763)	25,200	100.00 %	17,004,495	1,508,160	-	Subsidiary Note 3 and 7
GWBV	GTI	United States	Manufacturing and trading of epitaxial wafers and sale	2,779,849 (USD91,262)	2,779,849 (USD91,262)	1	100.00 %	10,216,706	350,282	-	Subsidiary Note 3 and 7
GWBV	MEMC Ipoh	Malaysia	Manufacturing and trading of silicon wafers and sale	93,907 (USD1,323)	93,907 (USD1,323)	612,300	100.00 %	3,556	(63)	-	Subsidiary Note 3 and 7
GWBV	Global Wafers GmbH	Germany	Trading	827 (USD27)	-	25	100.00 %	431	(428)	-	Subsidiary Note 3 and 7
GWBV	Topsil A/S	Denmark	Manufacturing and trading of silicon wafers and sale	1,843,604 (USD60,996)	-	1,000	100.00 %	1,980,829	120,147	-	Subsidiary Note 3 and 7
GTI	MEMC LLC	United states	Manufacturing and trading of silicon wafers and sale	543,384 (USD17,839)	543,384 (USD17,839)	-	100.00 %	3,531,560	(171,320)	-	Subsidiary Note 3 and 7
SST	MEMC Sdn Bhd	Malaysia	Manufacturing and trading of silicon wafers and sale	898,016 (USD27,315)	-	1,036	100.00 %	818,374	58,956	-	Subsidiary Note 3 and 7

Note 1: A limited company.

Note 2: The investment gain or loss recognition includes the investment cost and the amortization of the net equity acquired.

Note 3: The investees are indirect subsidiaries of the Company. GWafers Singapore's shares had been fully transferred to the Company on January 2, 2020. Topsil A/S was transferred to GWBV; MEMC Sdn Bhd was transferred to SST. MEMC Korea had been transferred from GWBV and MEMC BV to GWBV, who held its entire shares. GWBV invested in GW GmbH, a company founded in February 2020. The Company merged with Taisil on February 1, 2020, with the Company being the surviving company and Taisil as the dissolved entity.

Note 4: Sunrise PV four was 100% owned by GlobalWafers from January, 2020. Sunrise PV five was 100% owned by GlobalWafers from July, 2020. Sino American Silicon Products Inc merged with Sunrise PV World Co. on January 31, 2020, and Sunrise PV Three was transferred to the Company.

Note 5: Not including retained earnings transferred to capital increase.

Note 6: The Company does not hold the ownership interests of AMLED, but the Company can control the financial and operating strategies of AMLED and obtain all the benefits of its operations and net assets in accordance with the terms of the agreements with such standalone, so AMLED is considered as a subsidiary.

Note 7: The investor's profits and losses included the profits and losses of the investees; therefore, the investee's profits and losses need not be disclosed.

Note 8: The Company handled the transfer and delivery of Cathay on October 23, 2020.

Note 9: SULU was 40% owned by SAS Sunrise Inc from December, 2020.

Note 10: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Sino-American Silicon Products Inc.

The names of investees in Mainland China, the main businesses and products and other information

For the year ended December 31, 2020

Table 10

(In Thousands of New Taiwan Dollars)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
SST	Processing and trading of ingots and wafers	769,177 (Note 7)	Note 1	713,300 (USD21,729)	-	-	713,300 (USD21,729)	342,602	100%	342,602	1,769,686	-
SunEdison Shanghai	Trading business	7,527 (RMB1,500)	Note 2	-	-	-	-	(7,312)	-%	(7,312)	(Note 8)	-
GF	Sale and marketing	9,756 (RMB2,000)	Note 3	-	-	-	-	-	-%	-	(Note 9)	-

(2) Limitation on investment in Mainland China

Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
GlobalWafers	713,300 (USD21,729)	818,233 (USD25,000) (Note 5)	26,492,940 (Note 6)

Note 1: Investments through GSI.

Note 2: Investments through GWBV which is acquired from the acquisition of GWS (SSL).

Note 3: SST invested in GF in Mainland China. No upper limit on investment was calculated due to having without any actual cash outflows from Taiwan.

Note 4: The basis for investment income (loss) recognition is from the audited financial statements.

Note 5: Initial investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the Historical Foreign Exchange Rate.

Note 6: Pursuant to the 'Guidelines Governing the Review of Investment or Technical Cooperation in the Mainland Area' dated on August 29, 2008, the total amount of investment shall not exceed 60% of the Group's net worth on December 31, 2020.

Note 7: Retained earnings transferred to capital was included.

Note 8: SunEdison Shanghai was dissolved in July 2020.

Note 9: GrowFast Shanghai had been dissolved in November 2020.

Sino-American Silicon Products Inc.

List of cash and cash equivalents

December 31, 2020

**(Expressed in thousands of New Taiwan Dollars; in
dollar of foreign currencies)**

<u>Items</u>	<u>Summary</u>	<u>Amount</u>
Cash	Petty cash and cash on hand	\$ <u>180</u>
Bank deposits	Check deposits	4,085
	Demand deposits	135,166
	Foreign currency deposit (USD: 8,291,867.99; CHF: 5,840.74; JPY: 1,239,968; EUR: 4,223,580.76; RMB: 352,930.40)	<u>386,138</u>
	Subtotal	<u>525,389</u>
	Reverse repurchase agreement (USD:9,000,000)	<u>256,320</u>
	Total	<u>\$ 781,889</u>

Note: Foreign currency exchange rates at the balance sheet date are as follows:

USD exchange rate: 28.48

CHF exchange rate: 32.31

JPY exchange rate: 0.28

EUR exchange rate: 35.02

RMB exchange rate: 4.38

Sino-American Silicon Products Inc.
Statement of Notes and Accounts Receivable
December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Customer Name	Amount
Company D	\$ 144,691
Company E	53,563
Company F	44,234
Others (individual amount does not exceed 5%)	21,549
	264,037
Less: Allowance for bad debt	(6)
	\$ 264,031

Note: 1. Notes and accounts receivable resulting from business activities.

2. Accounts receivable—related party is not included in the accounts receivable referred to above. Please refer to note 7 to the parent-company-only financial statements for details.

Sino-American Silicon Products Inc.

Statement of inventories

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

<u>Items</u>	<u>Amount</u>		<u>Remark</u>
	<u>Costs</u>	<u>Net realizable value</u>	
Finished goods and products	\$ 131,816	127,764	Please refer to note 4 (7) to the parent-company-only financial statements for the reference of net realizable value of inventory.
Work in progress	36,248	46,904	
Raw materials	302,908	301,833	
Supplies	<u>26,007</u>	<u>15,631</u>	
Subtotal	496,979	<u>492,132</u>	
Less: Allowance for valuation loss	<u>(40,531)</u>		
Total	<u>\$ 456,448</u>		

Statement of other current assets

<u>Items</u>	<u>Amount</u>
Contract assets	\$ 84,596
Income tax refund receivable	16,931
Others (individual amount does not exceed 5%)	<u>9,835</u>
Total	<u>\$ 111,362</u>

Sino-American Silicon Products Inc.

**Statement of changes in financial assets measured at fair value through other
comprehensive income—Non-current**

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars; in thousands of shares)

Name	Beginning balance		Increase (decrease) for the period		Reclassified		Gain or loss on evaluation	End of the period		Accumulated impairment loss	Guarantee or collateral provided	Remarks
	Shares	Fair value	Shares	Amount	Shares	Amount	Amount	Shares	Fair value			
Giga Electronic Technology Corp.	531	\$ 6,095	-	-	-	-	-	531	6,095	Not applicable	None	
Powertech Energy Corp.	30,410	-	-	-	-	-	-	30,410	-	Not applicable	None	
Bigsun Technology Corporation	7,500	-	-	-	-	-	-	7,500	-	Not applicable	None	
Total		<u>\$ 6,095</u>		<u>-</u>		<u>-</u>	<u>-</u>		<u>6,095</u>			

Sino-American Silicon Products Inc.

**Statement of changes in Financial assets measured at amortized
cost — non-current**

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

<u>Name</u>	<u>Beginning balance</u>		<u>Decrease of the year</u>		<u>Gain or loss on evaluation</u>	<u>End of the period</u>		<u>Accumulated impairment loss</u>	<u>Guarantee or collateral provided</u>	<u>Remarks</u>
	<u>Number of bond units</u>	<u>Carrying Amount</u>	<u>Number of bond units</u>	<u>Amount</u>	<u>Amount</u>	<u>Number of bond units</u>	<u>Carrying Amount</u>			
Crystalwise Technology -Corporate bonds	530	\$ <u>507,680</u>	(250)	<u>(252,304)</u>	<u>(22,519)</u>	280	<u>277,895</u>	<u>3,454</u>	None	

Sino-American Silicon Products Inc.

Statement of changes in investments under equity method

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars; in thousands of shares)

Investee company name	Beginning balance		Increase (decrease) for the period		Net change in net equity value of subsidiaries and related enterprises recognized by equity method (Note 3)	Investment profits and losses	Exchange differences on translation of foreign financial statements	Remeasurement of defined benefit plan of subsidiaries	Other adjustment items (Note 4)	Ending balance			Market price or net equity value		Guarantee or collateral provided
	Shares	Amount	Shares	Amount						Shares	Amount	Shareholding ratio (%)	Unit price	Total price	
Subsidiary:															
SSTI	48,526	\$ 971,888	-	-	-	18,959	(52,231)	-	82,138	48,526	1,020,754	100.00	-	1,020,754	None
GlobalWafers	222,727	23,060,434	-	(7,349,861)(Note 1)	-	6,705,118	(31,065)	(107,470)	316,142	222,727	22,593,298	51.17	708.00	157,690,716	None
Aleo Solar	-	385,238	-	-	-	56,372	18,550	-	-	-	460,160	100.00	-	460,160	None
Sunrise PV World Co.	30,000	276,330	(30,000)	(278,004)(Note 2)	-	1,674	-	-	-	-	-	-	-	-	None
SAS Sunrise Inc.	24,500	461,117	-	-	-	(73,824)	(57,955)	-	-	24,500	329,338	100.00	-	329,338	None
Sunrise PV Five	100	989	(100)	(978)	-	(11)	-	-	-	-	-	-	-	-	None
Sunrise PV Three	-	-	1,500	15,284 (Note 2)	-	900	-	-	-	1,500	16,184	100.00	-	16,184	None
SASH	-	-	25,000	250,000 (Note 1)	-	(28)	-	-	-	25,000	249,972	100.00	-	249,972	None
	-	<u>25,155,996</u>	-	<u>(7,363,559)</u>	-	<u>6,709,160</u>	<u>(122,701)</u>	<u>(107,470)</u>	<u>398,280</u>	-	<u>24,669,706</u>	-	-	<u>159,767,124</u>	None
Affiliated enterprises:															
Crystalwise Technology Inc.	86,923	280,554	(50,398)	-	1,886	(83,080)	2,265	-	(33,406)	36,525	168,219	41.93	34.00	1,241,850	None
Cathay Sunrise	45,000	459,333	(45,000)	(483,813)(Note 1)	-	24,480	-	-	-	-	-	-	-	-	None
Accu Solar Corporation	7,452	64,935	-	-	-	(10,856)	-	-	-	7,452	54,079	24.70	-	54,079	None
TSCS	90,000	839,830	-	-	-	(60,726)	-	-	-	90,000	779,104	30.93	-	779,104	None
Actron Technology Inc.	14,185	1,031,956	5,314	382,494 (Note1)	(177,984)	56,032	1,415	-	152,807	19,499	1,446,720	21.31	119.0	2,320,381	None
Advanced Wireless Semiconductor company.	-	-	45,000	<u>3,496,500</u>	-	<u>12,013</u>	-	-	-	45,000	<u>3,508,513</u>	22.53	135.0	<u>4,860,000</u>	None
		<u>2,676,608</u>		<u>3,395,181</u>		<u>(176,098)</u>	<u>(62,137)</u>	<u>3,680</u>	<u>119,401</u>		<u>5,956,635</u>			<u>9,255,414</u>	
Unrealized gain from affiliate accounts		<u>(38,358)</u>		<u>114</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>(38,244)</u>				
Total		<u>\$ 27,794,246</u>		<u>(3,968,264)</u>		<u>(176,098)</u>	<u>6,647,023</u>	<u>(119,021)</u>	<u>(107,470)</u>		<u>30,588,097</u>				

Note 1: Due to cash dividends of \$7,349,861 thousand from GlobalWafers, cash dividends of \$2,020 thousand from Cathay Sunrise, the increase of investment of \$250,000 thousand in SASH, the increase of investment of \$3,958,110 thousand for the affiliate companies, and cash dividend of \$79,116 thousand from Actron Technology.

Note 2: Sino-American Silicon Products Inc. merged with Sunrise PV World Co. on January 31, 2020, and Sunrise PV Three was transferred to the Company due to Sunrise PV World Co. was dissolved.

Note 3: Included the adjustments to capital surplus due to non-proportional investment in investee's increase in capital.

Note 4: Included unrealized gain or loss of the financial assets held by subsidiaries and affiliated associates, and the employees unvested stock awards, etc.

Sino-American Silicon Products Inc.
**Statement of changes in property, plant and
equipment**
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6 (9) for relevant information of property, plant and equipment.

Statement of changes in right for use assets

Please refer to note 6 (10) for relevant information of right for use assets.

Statement of other non-current assets
(Expressed in thousands of New Taiwan Dollars)

Items	Amount
Deferred Income tax assets—non-current	\$ 82,035
Others (individual amount does not exceed 5%)	<u>3,095</u>
	<u><u>\$ 85,130</u></u>

Sino-American Silicon Products Inc.

Statement of short-term borrowings

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

<u>Lending bank</u>	<u>Explanation</u>	<u>Ending balance</u>	<u>Contract duration</u>	<u>Range of Interest Rate</u>	<u>The unutilized credit amount</u>	<u>Mortgage or guarantee</u>
Taipei Fubon Bank	Working capital	\$ <u>900,000</u>	Note 1	0.56%	550,000	None

Note 1: The loan period is based on the actual practice and it is usually repaid in one month. The operation turnover period is for one year.

Note 2: In addition to the above booked, the Company still has unused credit lines amounted to \$9,204,747 thousand.

Statement of Accounts payable

<u>Names of suppliers</u>	<u>Amount</u>
Supplier C	\$ 221,050
Supplier A	59,808
Supplier D	26,155
Others (individual amount does not exceed 5%)	<u>211,804</u>
Total	<u>\$ 518,817</u>

Note: 1. Accounts payable are resulting from business activities.

2. Accounts payable—related parties were not included in the above accounts. Please refer to note 7 to the parent-company-only financial statements for details.

Sino-American Silicon Products Inc.

Statement of lease liabilities

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

<u>Items</u>	<u>Description</u>	<u>Rental term</u>	<u>Discount rate</u>	<u>Ending balance</u>	<u>Remark</u>
Building	Warehouse	2015/7/1~2025/6/30	1.11%	\$ 99,502	
Land	Science park	2020/5/26~2039/12/31	1.76%	51,870	
Land	Science park	2020/4/1~2027/12/31	1.11%	28,164	
Office and other equipment	Cars	2019/3/11~2022/3/10	1.11%	993	
Office and other equipment	Cars	2020/5/14~2023/5/13	1.76%	431	
Office and other equipment	Cars	2020/6/1~2022/10/27	1.76%	350	
Office and other equipment	Cars	2019/1/1~2021/12/27	1.11%	404	
				181,714	
Less: lease liabilities—current				(29,530)	
Total				<u>\$ 152,184</u>	

Statement of contract liabilities

<u>Customer Name</u>	<u>Amount</u>
Company H	\$ 880,894
Company G	180,256
Others (individual amount does not exceed 5%)	114,703
	1,175,853
Less: contract liability-current	(131,785)
Total	<u>\$ 1,044,068</u>

Sino-American Silicon Products Inc.

Statement of other current liabilities

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

<u>Items</u>	<u>Summary</u>	<u>Amount</u>
Accrued remuneration of directors		\$ 45,740
Lease liabilities-current		29,530
Others (individual amount does not exceed 5%)	Equipment payable, other payables, and interest payable	<u>259,879</u>
		<u>\$ 335,149</u>

Statement of other liabilities — non-current

<u>Items</u>	<u>Summary</u>	<u>Amount</u>
Lease liabilities — non-current		\$ 152,184
Others (individual amount does not exceed 5%)		<u>2,446</u>
Total		<u>\$ 154,630</u>

Sino-American Silicon Products Inc.

Operating revenues statement

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

<u>Items</u>	<u>Sales volume</u>	<u>Amount</u>
Sales revenue:		
Solar cells	94,553 thousand/pcs	\$ 1,937,190
Solar ingot	288 thousand/kg	928,837
Solar module	6 thousand/pcs	19,446
Solar wafer	24,482 thousand/pcs	170,789
Revenues from sale of goods and raw materials		<u>1,848,982</u>
Subtotal		<u>4,905,244</u>
Processing revenue		49
Electricity Revenue and others		<u>525,053</u>
Net operating revenues		<u><u>\$ 5,430,346</u></u>

Sino-American Silicon Products Inc.

Statement of operating costs

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Items	Amount
Beginning inventory - Finished goods	\$ 5,111
Add: purchase in this period	2,051,497
acquisition	4,293
Less: Inventories at the end of the period	13,627
Realized sale gain from inter-affiliate accounts	10,431
Transfer of expenses	105,569
Cost of goods purchased and sold	1,931,274
Raw material consumption	
Beginning raw materials	142,349
Add: Material purchased in this period	1,871,880
Transfer of property, plant and equipment	24,176
Less: Ending raw materials	328,915
Realized sale gain from inter-affiliate accounts	1,445
Reclassified as expenses	398,340
Sale in this period	277,725
Consumption of raw materials in this period	1,031,980
Direct labor	242,042
Manufacturing expenses	1,229,833
Manufacturing cost	2,503,855
Add: Beginning WIP goods	39,051
Transfer in of finished goods	588,557
Less: Ending WIP goods	36,248
Costs of finished goods	3,095,215
Add: Beginning finished goods	221,434
Less: Finished goods at end of period	118,189
Other	15,289
Transfer out of finished goods	588,557
Cost of finished goods sold	2,594,614
Cost of goods sold	4,525,888
Add: Cost of raw materials sold	277,725
Unamortized fixed manufacturing expense	255,254
The impairment loss of property, plant and equipment	431,196
The impairment loss of prepaid purchase	12,868
Other operating costs	411,218
Realized loss and offset from sales to affiliated companies	4,081
Recognition reversal of provisions for inventory valuation loss	31,954
Recognition reversal of provision loss	630,055
Total operating costs	\$ 5,248,059

Sino-American Silicon Products Inc.

Statement of operating expense

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Items	Selling expenses	Administrative expenses	Research and development expenses
Salary expenses	\$ 52,038	351,263	62,463
Import/export expenses	3,423	-	-
Directors remuneration	-	45,740	-
Depreciation	-	39,623	9,240
Indirect material expense	-	-	5,473
Others (summary of individual amount not exceeding 5%)	16,731	63,681	24,781
Total	<u>\$ 72,192</u>	<u>500,307</u>	<u>101,957</u>

Statement of Interest Income

Please refer to note 6 (22) of the parent-company-only financial statements for relevant information of interest income.

Sino-American Silicon Products Inc.
Statement of other gains and losses, net
For the year ended December 31, 2020

Please refer to note 6 (23) of the parent-company-only financial statements for relevant information of other gains and losses, net.

Statement of finance costs

Please refer to note 6 (24) of the parent-company-only financial statements for relevant information of finance cost.

**Employee benefits, depreciation, depletion, and
amortization expenses summarized by functions.**

Please refer to note 12 of the parent-company-only financial statements for relevant information of employee benefits, depreciation, and amortization expenses.