

Sino-American Silicon Products Inc.
Parent-Company-Only Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

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.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3
4. Balance Sheets	4
5. Statements of Comprehensive Income	5
6. Statements of Changes in Equity	6
7. Statements of Cash Flows	7
8. Notes to the Parent-Company-Only Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the financial statements	8
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of significant accounting policies	10~27
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	28~29
(6) Explanation of significant accounts	29~63
(7) Related-party transactions	63~69
(8) Pledged assets	70
(9) Commitments and contingencies	70~71
(10) Losses Due to Major Disasters	71
(11) Subsequent Events	71
(12) Others	71~73
(13) Other disclosures	
(a) Information on significant transactions	73、75~87
(b) Information on investees	73、88~91
(c) Information on investment in mainland China	73~74、92
(d) Major shareholders	74
(14) Segment information	74
9. List of major accounting items	93~105

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, 2022 and 2021, 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, 2022 and 2021, and its financial performance and its 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 Standards on Auditing of 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 Norm of Professional Ethics for Certified Public Accountant of Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirement. 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:

Evaluation of investments accounted for using 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” of 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(6) “Investments accounted for using equity method” .

Description of key audit matter:

The Company holds 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 indicators 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 amounts 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 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 Standards on Auditing of 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 financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 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 the 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 An-Chih Cheng and Mei-Yu Tseng.

KPMG

Taipei, Taiwan (Republic of China)
March 16, 2023

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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(1))	\$ 416,214	1	804,741	2	2100	Short-term borrowings (note 6(10))	\$ 3,150,000	8	1,495,303	4
1110	Financial assets at fair value through profit or loss — current (note 6(2))	-	-	117	-	2120	Financial liabilities at fair value through profit or loss — current (note 6(2))	1,219	-	152	-
1136	Financial assets measured at amortized cost — current (notes 6(3) and 7)	331,609	1	331,609	1	2130	Contract liabilities — current (notes 6(17) and 7)	661,482	1	1,827,878	4
1170	Notes and accounts receivable, net (notes 6(4) and (17))	805,367	2	570,238	2	2170	Notes and accounts payable	906,296	2	480,236	1
1180	Accounts receivable due from related parties, net (note 7)	1,128,486	3	2,908,809	7	2180	Accounts payable to related parties (note 7)	7,334	-	5,464	-
130X	Inventories (note 6(5))	1,089,216	2	723,885	2	2201	Payroll and bonus payable	1,508,268	3	1,050,570	3
1421	Prepayments to suppliers	13,786	-	159,683	-	2216	Dividends payable	1,875,909	4	2,051,776	5
1479	Other current assets	75,761	-	201,512	-	2250	Provisions — current (note 6(12))	417,481	1	337,285	1
Total current assets		3,860,439	9	5,700,594	14	2399	Other current liabilities — other (notes 6(11), (17) and 7)	324,753	1	255,485	-
Non-current assets:						Total current liabilities		8,852,742	20	7,504,149	18
1550	Investments accounted for using equity method (notes 6(6) and 7)	37,485,104	84	31,639,209	78	Non-Current liabilities:					
1600	Property, plant and equipment (notes 6(7) and 7)	3,370,618	7	3,086,409	8	2527	Contract liabilities — non-current (notes 6(17) and 7)	1,030,729	2	1,036,084	3
1755	Right-of-use assets (note 6(8))	123,081	-	150,628	-	2550	Provisions — non-current (note 6(12))	3,165,684	7	3,562,855	9
1780	Intangible assets (note 6(9))	19,749	-	-	-	2600	Other non-current liabilities (notes 6(11) and (13))	96,109	-	125,271	-
1900	Other non-current assets (note 6(13))	111,952	-	133,221	-	Total non-current liabilities		4,292,522	9	4,724,210	12
1980	Other financial assets — non-current(note 8)	46,893	-	55,380	-	Total liabilities		13,145,264	29	12,228,359	30
Total non-current assets		41,157,397	91	35,064,847	86	Equity (note 6(15)):					
						3110	Ordinary shares	5,862,217	13	5,862,217	14
						3200	Capital surplus	16,846,163	37	18,304,186	45
						3300	Retained earnings	15,138,189	34	9,809,686	24
						3400	Other equity interest	(5,973,997)	(13)	(5,439,007)	(13)
						Total equity		31,872,572	71	28,537,082	70
Total assets		\$ 45,017,836	100	40,765,441	100	Total liabilities and equity		\$ 45,017,836	100	40,765,441	100

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, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(17) and 7)	\$ 10,217,338	100	8,137,094	100
5000	Operating costs (notes 6(5), (7), (8), (9), (11), (12), (13), (18) and 7)	9,004,655	88	7,299,085	90
	Gross profit from operations	1,212,683	12	838,009	10
	Operating expenses (notes 6(8), (9), (11), (13), (18) and 7):				
6100	Selling expenses	80,315	1	68,293	1
6200	Administrative expenses	502,197	5	450,956	5
6300	Research and development expenses	93,932	1	70,624	1
	Total operating expenses	676,444	7	589,873	7
	Net operating income	536,239	5	248,136	3
	Non-operating income and expenses:				
7100	Interest income (notes 6(19) and 7)	27,100	-	12,892	-
7020	Other gains and losses (notes 6(20) and 7)	378,059	4	349,557	4
7050	Finance costs (notes 6(21) and 7)	(26,154)	-	(10,804)	-
7060	Share of profit of associates and associates accounted for using equity method (note 6(6))	7,760,113	76	6,214,916	77
		8,139,118	80	6,566,561	81
	Income before income tax	8,675,357	85	6,814,697	84
7950	Less: Income tax expenses (benefits) (note 6(14))	(40,454)	-	3,647	-
	Net income	8,715,811	85	6,811,050	84
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(13))	1,645	-	1,151	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(15))	-	-	(6,095)	-
8330	Share of other comprehensive income of subsidiaries and associates accounted for using equity method — components of other comprehensive income that will not be reclassified to profit or loss (notes 6(15) and (22))	(803,426)	(8)	620,144	7
		(801,781)	(8)	615,200	7
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations (note 6(15))	311,042	3	(2,591,182)	(32)
8380	Share of other comprehensive income of associates accounted for using equity method — components of other comprehensive income that may be reclassified to profit or loss (notes 6(15) and (22))	2,890	-	(2,098)	-
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss (note 6(14))	24,645	-	(12,784)	-
		289,287	3	(2,580,496)	(32)
8300	Other comprehensive income (after tax)	(512,494)	(5)	(1,965,296)	(25)
	Total comprehensive income	\$ 8,203,317	80	4,845,754	59
	Earnings per share (NT dollars) (note 6(16))				
9750	Basic earnings per share	\$ 14.87		11.62	
9850	Diluted earnings per share	\$ 14.75		11.56	

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, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity interest					
	Ordinary shares	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	Others	Total other equity interest	Total equity
Balance at January 1, 2021	\$ 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
Net income for the year	-	-	-	-	6,811,050	6,811,050	-	-	-	-	6,811,050
Other comprehensive income for the year	-	-	-	-	72,164	72,164	(2,580,496)	543,036	-	(2,037,460)	(1,965,296)
Comprehensive income for the year	-	-	-	-	6,883,214	6,883,214	(2,580,496)	543,036	-	(2,037,460)	4,845,754
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	621,310	-	(621,310)	-	-	-	-	-	-
Special reserve	-	-	-	23	(23)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(3,286,769)	(3,286,769)	-	-	-	-	(3,286,769)
Cash dividends from capital surplus	-	(1,989,226)	-	-	-	-	-	-	-	-	(1,989,226)
Changes in equity of associates accounted for using equity method	-	(60,171)	-	-	-	-	-	-	(5,681)	(5,681)	(65,852)
Conversion rights of subsidiay's convertible bonds	-	871,666	-	-	-	-	-	-	-	-	871,666
Others	-	683	-	-	-	-	-	-	-	-	683
Balance at December 31, 2021	5,862,217	18,304,186	1,342,786	1,330,442	7,136,458	9,809,686	(4,905,534)	(527,417)	(6,056)	(5,439,007)	28,537,082
Net income for the year	-	-	-	-	8,715,811	8,715,811	-	-	-	-	8,715,811
Other comprehensive income for the year	-	-	-	-	25,791	25,791	289,287	(827,572)	-	(538,285)	(512,494)
Comprehensive income for the year	-	-	-	-	8,741,602	8,741,602	289,287	(827,572)	-	(538,285)	8,203,317
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	688,322	-	(688,322)	-	-	-	-	-	-
Special reserve	-	-	-	4,108,566	(4,108,566)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(3,413,099)	(3,413,099)	-	-	-	-	(3,413,099)
Cash dividends from capital surplus	-	(1,100,807)	-	-	-	-	-	-	-	-	(1,100,807)
Changes in equity of associates accounted for using equity method	-	(357,586)	-	-	-	-	-	-	3,295	3,295	(354,291)
Others	-	370	-	-	-	-	-	-	-	-	370
Balance at December 31, 2022	\$ 5,862,217	16,846,163	2,031,108	5,439,008	7,668,073	15,138,189	(4,616,247)	(1,354,989)	(2,761)	(5,973,997)	31,872,572

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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Income before income tax	\$ 8,675,357	6,814,697
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	461,718	416,683
Amortization expenses	948	-
Net loss on financial assets or liabilities at fair value through profit or loss	1,184	35
Interest expense	26,154	10,804
Interest incomes	(27,100)	(12,892)
Shares of profit of subsidiaries and associates accounted for using equity method	(7,760,113)	(6,214,916)
Gains on disposal of property, plant and equipment	(11,219)	(9,353)
Gains on disposal of investments	(81,331)	(113,180)
Reversal gains of impairment losses recognized on financial assets	-	(3,454)
Recognition (reversal) of write-down of inventory	209,445	(15,053)
Recognition of impairment losses on non-financial assets	53,983	8,908
Reversal of provisions	(316,975)	(314,804)
Total adjustments	<u>(7,443,306)</u>	<u>(6,247,222)</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	(119,367)	(299,081)
Inventories	(574,776)	(252,384)
Prepayments	145,897	(113,477)
Other operating assets	126,840	(90,031)
Notes and accounts payable (including related parties)	417,457	(40,537)
Contract liabilities	(1,171,751)	1,688,108
Other operating liabilities	286,574	138,444
Total changes in operating assets and liabilities	<u>(889,126)</u>	<u>1,031,042</u>
Total adjustments	<u>(8,332,432)</u>	<u>(5,216,180)</u>
Cash inflow generated from operations	342,925	1,598,517
Interest received	21,522	10,984
Interest paid	(21,753)	(8,838)
Income taxes paid	(1,455)	(1,335)
Net cash flows generated from operating activities	<u>341,239</u>	<u>1,599,328</u>

(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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	-	(330,000)
Repayment at maturity of financial assets at amortized cost	-	280,000
Increase in intercompany loan	(111,761)	(573,508)
Acquisition of investments accounted for using equity method	(844,922)	(166,837)
Net cash flow from disposal of investments accounted for using equity method	153,268	128,629
Cash dividends from investment accounted for using equity method	3,829,112	4,198,336
Acquisition of property, plant and equipment	(714,641)	(212,997)
Proceeds from disposal of property, plant and equipment	3,012	20,297
Acquisition of intangible assets	(19,833)	-
Decrease (increase) in other financial assets	8,487	(12,816)
Decrease (increase) in prepayments for investments	3,411	(3,411)
Net cash flows generated from investing activities	2,306,133	3,327,693
Cash flows from financing activities:		
Increase in short-term loans	1,654,697	595,303
Decrease in payables to related parties	-	(192,610)
Increase in guarantee deposits	30,009	283
Repayment of the principal portion of lease liabilities	(31,202)	(31,833)
Cash dividends and capital surplus distribution	(4,689,773)	(5,275,995)
Others	370	683
Net cash flows used in financing activities	(3,035,899)	(4,904,169)
Net decrease (increase) in cash and cash equivalents	(388,527)	22,852
Cash and cash equivalents at beginning of period	804,741	781,889
Cash and cash equivalents at end of period	\$ 416,214	804,741

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, 2022 and 2021

(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 demerger, 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 record date of demerger 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’ 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 16, 2023.

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 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, 2022.

- Amendments to IAS 16 “Property, Plant and Equipment — Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts — Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

- (2) 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, 2023, would not have a significant impact on its parent-company-only financial statements.

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

- (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 Company, 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”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its parent-company-only financial position and parent-company-only financial performance. The results thereof will be disclosed when the Company completes its evaluation.

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 1 “Non-current Liabilities with Covenants”

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

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 the currency of the main economic environment in which it operates. This parent-company-only financial statements is presented in the Company’ s functional currency, New Taiwan Dollar. All financial information presented in NT dollars is expressed in NT\$ thousand.

(3) Foreign currencies

A. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company 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 currency using the exchange rate at that date.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currency 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
- 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;

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

- 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 (FVOCI) – financial assets, 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:

- 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.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

(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.

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.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

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.

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.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

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;
- 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.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

(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) 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.

(d) 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.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

(e) 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.

(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 the Company's interests in the associate that are not related to the Company.

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.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

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.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) (or retained earnings) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

(9) Investment in subsidiaries

The investees which are controlled by the Company are measured under equity method in preparing the parent-company-only financial statement. The profit, other comprehensive income and equity in the parent-company-only financial statement are equal to the profit, other comprehensive income and equity attributable to the shareholders of parent in the consolidated financial statement.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing of control over the subsidiary are accounted for as equity transaction.

(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.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

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: 1 to 10 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 2 to 50 years, 5 to 25 years, and 6 to 20 years, respectively.

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

(11) Lessee

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.

A. 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.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

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.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

B. 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.

The estimated useful lives of intangible assets for current and comparative periods are as follows:

Computer software: 3 to 10 years

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

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

(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.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

(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.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

(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.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

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.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

(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.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

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) Business combination

The Company arising from an acquisition is measured as the excess of the consideration transferred (which is generally measured at fair value) and the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

For each business combination, the Company measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group's financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

(20) 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.

(21) 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.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

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

In preparing the parent-company-only financial statements, the management had made 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:

Judgment of whether the Company has substantial control over investees

Advanced Wireless Semiconductor Company's Board of Directors was fully re-elected on June 20, 2022, and the Company obtained the majority of the directors' seats. The Company is the single largest shareholder of the investee, and the remaining voting rights in the investee are widely dispersed. Considering the Company's power over the investee, exposure or rights to variable returns, and the ability to use its power over the investee to affect the amount of the investee's remuneration, the Company obtained control over Advanced Wireless.

The Company holds 30.09% of the voting shares of Taiwan Speciality Chemicals and is the single largest shareholder. The Company used the equity method to account for the investee. The second largest shareholder of Taiwan Speciality Chemicals liquidated, and distributed Taiwan Speciality Chemicals shares in the third quarter of 2021, resulting in a change in the shareholder structure of Taiwan Speciality Chemicals. Taiwan Speciality Chemicals' Board of Directors was fully re-elected in the third quarter of 2021, and the Company obtained the majority of the directors' seats. The Company is the single largest shareholder of the investee, and the remaining voting rights in the investee are widely dispersed. Considering the Company's power over the investee, exposure or rights to variable returns, and the ability to use its power over the investee to affect the amount of the investee's remuneration, the Company obtained control over Taiwan Speciality Chemicals.

The Company holds 31.61% of the voting shares of Crystalwise Technology Inc., (Crystalwise). 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 participation of voting rights show that the Company has no controlling power and does not have more than half of the board seats. There were no potential voting rights or other contractual arrangements. The Company evaluated that relevant activities of Crystalwise are not determined based on the votes of the majority voting right holders. Rather, it is based on the majority of the members of Board of Directors. 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.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

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(23) of the financial instruments.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	\$ 200	180
Demand deposits	416,014	804,561
Cash and cash equivalents in the statement of cash flows	<u><u>\$ 416,214</u></u>	<u><u>804,741</u></u>

Please refer to note 6(23) for the interest rate risk and sensitivity analysis of the Company's financial assets and liabilities.

(2) Financial assets and liabilities at fair value through profit or loss

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss-current:		
Forward exchange contract	<u><u>\$ -</u></u>	<u><u>117</u></u>
Financial liabilities at fair value through profit or loss-current:		
Forward exchange contract	\$ -	152
Swap exchange contract	1,219	-
	<u><u>\$ 1,219</u></u>	<u><u>152</u></u>

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

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, 2022				
	Contract amount (in thousands)		Currency	Maturity date
Swap exchange contract:				
Currency exchange	EUR	3,500	EUR to USD	January 3, 2023 to January 10, 2023
December 31, 2021				
	Contract amount (in thousands)		Currency	Maturity date
Forward exchange contracts purchased	EUR	1,300	EUR to USD	January 26, 2022
Forward exchange contracts purchased	EUR	1,300	EUR to USD	January 6, 2022

For the disclosure of market risk, please refer to note 6(23).

The financial assets mentioned above were not pledged as collateral.

(3) Financial assets measured at cost — current

	December 31, 2022	December 31, 2021
Corporate bonds - Crystalwise	\$ 331,609	331,609

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 October 2021, the Company purchased the private corporate bonds of Crystalwise Technology Inc. for an one-year period at a principal amount of \$330,000 thousand. The coupon rate and effective interest rate were 2.00%, and the bond is due in October 2022. On September 22, 2022, the Company's Board of Directors resolved to extend the repayment of private issued corporate bonds 6 months. The bond matures on March 31, 2023, and the capital and interest repayments will be made in full.

For the years ended December 31, 2022 and 2021, the Company has estimated gain on reversal of impairment loss amounting to nil thousand and \$3,454 thousand, respectively.

For the disclosure of credit risk, please refer to note 6(23).

The above financial assets are not pledged as collateral.

Sino-American Silicon Products Inc.
Notes to the Parent-Company-Only Financial Statements

(4) Notes and accounts receivable, net

	December 31, 2022	December 31, 2021
Notes receivable	\$ 45,525	20,229
Accounts receivable	759,842	550,009
	<u>\$ 805,367</u>	<u>570,238</u>

The Company applied the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all notes and accounts receivables. To measure the expected credit losses, notes and 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 notes and accounts receivable (including related parties) was determined as follows:

	December 31, 2022		
	Gross amount of notes and accounts receivable	Weighted-average loss rate	Credit loss allowance
Current	\$ 780,316	0%	-
1 to 30 days past due	86,737	0%	-
	<u>\$ 867,053</u>		<u>-</u>

	December 31, 2021		
	Gross amount of notes and accounts receivable	Weighted-average loss rate	Credit loss allowance
Current	\$ 744,746	0%	-
1 to 30 days past due	10,392	0%	-
	<u>\$ 755,138</u>		<u>-</u>

The movement of the credit loss allowance for notes and accounts receivable (including related parties) was as follows:

	2022	2021
Balance on January 1	\$ -	6
Amounts written off	-	(6)
Balance on December 31	<u>\$ -</u>	<u>-</u>

The Company's notes and accounts receivables were not pledged as collateral.

Sino-American Silicon Products Inc.
Notes to the Parent-Company-Only Financial Statements

(5) Inventories

	December 31, 2022	December 31, 2021
Finished goods and merchandises	\$ 284,224	123,464
Work in progress	84,636	78,336
Raw materials	<u>720,356</u>	<u>522,085</u>
	<u>\$ 1,089,216</u>	<u>723,885</u>

Components of operating costs were as follows:

	2022	2021
Cost of goods sold	\$ 8,858,086	7,421,530
Impairment loss of property, plant and equipment (note 6(7))	53,983	8,908
Recognition (reversal) of inventory valuation loss	209,445	(15,053)
Unallocated fixed manufacturing expense	200,116	198,504
Reversal of provision (note 6(12))	<u>(316,975)</u>	<u>(314,804)</u>
	<u>\$ 9,004,655</u>	<u>7,299,085</u>

The Company' s inventories mentioned above were not pledged as collateral.

(6) 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:

	December 31, 2022	December 31, 2021
Subsidiary	\$ 35,702,506	26,358,798
Associates	1,566,366	5,268,188
Unrealized gains (losses) between affiliates	<u>216,232</u>	<u>12,223</u>
	<u>\$ 37,485,104</u>	<u>31,639,209</u>

(a) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2022.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

(b) Affiliated associates

Names of affiliated companies	Relationship with the Company	Main location/ country registered in	Percentage of equity ownership interests and voting rights	
			December 31, 2022	December 31, 2021
Actron Technology Corporation (Actron)	Mainly engages in the manufacturing of electronic component.	Taiwan	22.75%	22.75%
Taiwan Speciality Chemicals Corporation (Taiwan Speciality Chemicals)	The main business is manufacturing of semiconductor special gas and chemical materials.	Taiwan	Note (d)	Note (d)
Crystalwise Technology Inc. (Crystalwise Technology)	Mainly engages in the manufacturing and trading of optoelectronic wafers and substrate material.	Taiwan	31.61%	35.24%
Accu Solar Corporation (Accu Solar)	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	Note (c)	22.90%

The Company's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	December 31, 2022	December 31, 2021
Carrying amount of individually insignificant associates' equity	<u>\$ 1,566,366</u>	<u>5,268,188</u>
Attributable to the Company:		
Profit (loss) from continuing operations	\$ 94,572	148,858
Other comprehensive income	(209,494)	95,598
Comprehensive income (loss)	<u>\$ (114,922)</u>	<u>244,456</u>

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

- (c) The Company purchased outstanding shares of Advanced Wireless in the publicly traded market in the year of 2022 amounting to \$844,922 thousand. As of December 31, 2022, the accumulated shareholding was 27.62%. Advanced Wireless' Board of Directors was fully re-elected on June 20, 2022, and the Company obtained the majority of the directors' seats. Thus, the Company obtained the control over the investee and included it in the consolidated financial statements from the date of obtaining control. The remeasured gains amounting to \$23,282 thousand were recognized as other gains and losses(note6(20)).
- (d) The Company had a total of 30.93% of the common shares of Taiwan Speciality Chemicals as of August 2021. Taiwan Speciality Chemicals' Board of Directors was fully re-elected in August 2021, and the Company obtained the majority of the directors' seats. Thus, the Company obtained the control over the investee and included it in the consolidated financial statements from the date of obtaining control. The remeasured gains amounting to \$2,501 thousand were recognized as other gains and losses (note 6(20)). Taiwan Speciality Chemicals have been traded publicly at the Taipei Exchange (TPEx) in September 2022, since the Company released 1,168 thousand shares of Taiwan Speciality Chemicals, amounting to \$93,160 thousand.
- (e) The Company purchased outstanding shares of Actron in the publicly traded market in the year of 2021 amounting to \$146,837 thousand. As of December 31, 2022, the accumulated shareholding is 22.75%.
- (f) The Company invested \$20,000 thousand in 2021 to establish Sustainable Energy Solution Co., Ltd. (Sustainable Energy Solution).
- (g) For the years ended December 31, 2022 and 2021, the cash dividends from the investees were \$2,047,427 thousand and \$4,198,336 thousand, respectively, which were recognized as deductions of investments accounted for using the equity method.
- (h) The Company sold ordinary shares of Crystalwise Technology in the publicly traded market in the years of 2022 and 2021 amounting to \$60,108 thousand and \$128,629 thousand, respectively. Gains on disposal of investments amounting to \$58,049 thousand and \$110,679 thousand, respectively, were recognized as other gains and losses (note6(20)). As of December 31, 2022, the accumulated shareholding was 31.61%.
- (i) Guarantee

The Company did not pledge any investments accounted for using the equity method as collateral.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

(7) Property, plant and equipment

A. The movements of cost, depreciation and impairment of the property, plant and equipment of the Company were as follows:

	Land	Buildings	Machinery and equipment	Other equipment	Construction in progress and equipment awaiting inspection	Total
Cost:						
Balance at January 1, 2022	\$ 405,890	2,649,530	2,292,320	1,361,036	117,604	6,826,380
Additions	-	10,781	173,210	165,803	390,138	739,932
Disposals	-	(12,143)	(537,014)	(53,543)	-	(602,700)
Reclassification	-	7,710	458,844	66,905	(500,316)	33,143
Transfer and others	-	-	-	-	(2,415)	(2,415)
Balance at December 31, 2022	<u>\$ 405,890</u>	<u>2,655,878</u>	<u>2,387,360</u>	<u>1,540,201</u>	<u>5,011</u>	<u>6,994,340</u>
Balance at January 1, 2021	\$ 405,890	2,714,495	3,444,581	1,409,237	37,356	8,011,559
Additions	-	850	43,859	34,641	173,445	252,795
Disposals	-	(65,815)	(1,240,750)	(96,241)	-	(1,402,806)
Reclassification	-	-	44,797	13,399	(93,197)	(35,001)
Transfer and others	-	-	(167)	-	-	(167)
Balance at December 31, 2021	<u>\$ 405,890</u>	<u>2,649,530</u>	<u>2,292,320</u>	<u>1,361,036</u>	<u>117,604</u>	<u>6,826,380</u>
Depreciation and impairment loss:						
Balance at January 1, 2022	\$ -	1,220,245	1,803,021	716,705	-	3,739,971
Depreciation for the year	-	101,765	213,409	116,846	-	432,020
Impairment loss	-	20,667	22,928	10,388	-	53,983
Disposals	-	(12,144)	(537,014)	(53,094)	-	(602,252)
Balance at December 31, 2022	<u>\$ -</u>	<u>1,330,533</u>	<u>1,502,344</u>	<u>790,845</u>	<u>-</u>	<u>3,623,722</u>
Balance at January 1, 2021	\$ -	1,177,742	2,852,153	715,805	-	4,745,700
Depreciation for the year	-	108,318	181,356	96,693	-	386,367
Impairment loss	-	-	8,908	-	-	8,908
Disposals	-	(65,815)	(1,239,282)	(95,793)	-	(1,400,890)
Transfer and others	-	-	(114)	-	-	(114)
Balance at December 31, 2021	<u>\$ -</u>	<u>1,220,245</u>	<u>1,803,021</u>	<u>716,705</u>	<u>-</u>	<u>3,739,971</u>
Carrying amounts:						
Balance at December 31, 2022	<u>\$ 405,890</u>	<u>1,325,345</u>	<u>885,016</u>	<u>749,356</u>	<u>5,011</u>	<u>3,370,618</u>
Balance at January 1, 2021	<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 December 31, 2021	<u>\$ 405,890</u>	<u>1,429,285</u>	<u>489,299</u>	<u>644,331</u>	<u>117,604</u>	<u>3,086,409</u>

B. Impairment loss

The Company recognized an impairment loss of some machinery amounting to \$53,983 thousand and \$8,908 thousand for the years ended December 31, 2022 and 2021 respectively, where were recognized as cost of sales, due to changes in production technology.

C. Collateral

The property, plant and equipment mentioned above were not pledged as collateral.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

(8) 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:

	Land	Buildings	Other equipment	Total
Cost:				
Balance at January 1, 2022	\$ 84,257	142,153	4,247	230,657
Additions	-	350	1,801	2,151
Disposals	-	-	(2,993)	(2,993)
Balance at December 31, 2022	<u>\$ 84,257</u>	<u>142,503</u>	<u>3,055</u>	<u>229,815</u>
Balance at January 1, 2021	\$ 84,257	142,153	4,743	231,153
Additions	-	-	704	704
Disposals	-	-	(1,200)	(1,200)
Balance at December 31, 2021	<u>\$ 84,257</u>	<u>142,153</u>	<u>4,247</u>	<u>230,657</u>
Accumulated depreciation:				
Balance at January 1, 2022	\$ 11,312	65,610	3,107	80,029
Depreciation	6,724	21,899	1,075	29,698
Disposals	-	-	(2,993)	(2,993)
Balance at December 31, 2022	<u>\$ 18,036</u>	<u>87,509</u>	<u>1,189</u>	<u>106,734</u>
Balance at January 1, 2021	\$ 4,589	43,740	2,584	50,913
Depreciation	6,723	21,870	1,723	30,316
Disposals	-	-	(1,200)	(1,200)
Balance at December 31, 2021	<u>\$ 11,312</u>	<u>65,610</u>	<u>3,107</u>	<u>80,029</u>
Carrying amount:				
Balance at December 31, 2022	<u>\$ 66,221</u>	<u>54,994</u>	<u>1,866</u>	<u>123,081</u>
Balance at January 1, 2021	<u>\$ 79,668</u>	<u>98,413</u>	<u>2,159</u>	<u>180,240</u>
Balance at December 31, 2021	<u>\$ 72,945</u>	<u>76,543</u>	<u>1,140</u>	<u>150,628</u>

(9) Intangible assets

The movements of cost and accumulated amortization of the intangible assets of the Company were as follows:

	Computer software
Cost:	
Balance at January 1, 2022	\$ -
Addition	19,833
Reclassification	864
Balance at December 31, 2022	<u>\$ 20,697</u>

Sino-American Silicon Products Inc.
Notes to the Parent-Company-Only Financial Statements

	<u>Computer software</u>
Accumulated amortization	
Balance at January 1, 2022	\$ -
Amortization for the year	<u>948</u>
Balance at December 31, 2022	<u>\$ 948</u>
Carrying amounts:	
Balance at December 31, 2022	<u>\$ 19,749</u>

The intangible assets mentioned above were not pledged as collateral.

(10) Short-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured borrowings	\$ 3,150,000	1,480,000
Purchased borrowings	<u>-</u>	<u>15,303</u>
	<u>\$ 3,150,000</u>	<u>1,495,303</u>
Unused credit lines	<u>\$ 11,585,930</u>	<u>8,300,477</u>
Range of interest rates at the year end	<u>1.24%~1.99%</u>	<u>0.29%~0.54%</u>

(11) Lease liabilities

The carrying amounts of lease liabilities of the Company were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current (recognized under other current liabilities)	<u>\$ 29,508</u>	<u>28,937</u>
Non-current (recognized under other non-current liabilities)	<u>\$ 96,109</u>	<u>123,854</u>

For the maturity analysis, please refer to note 6(23) “Financial instruments” .

The amounts recognized in profit or loss were as follows:

	<u>2022</u>	<u>2021</u>
Interest on lease liabilities	<u>\$ 1,877</u>	<u>2,206</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 259</u>	<u>294</u>
Expenses relating to short-term leases	<u>\$ 821</u>	<u>1,086</u>
Expenses relating to leases of low value assets, excluding short term leases of low value assets	<u>\$ 1,795</u>	<u>1,720</u>

Sino-American Silicon Products Inc.
Notes to the Parent-Company-Only Financial Statements

The amounts recognized in the statement of cash flows were as follows:

	2022	2021
Total cash outflow for leases	\$ 34,077	34,933

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 2 to 3 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.

(12) Provision

The details of the movement in the Company's provisions were as follows:

	Onerous contracts	Others	Total
Balance of January 1, 2022	\$ 3,900,040	100	3,900,140
Provisions reversed during the year	(316,975)	-	(316,975)
Balance of December 31, 2022	\$ 3,583,065	100	3,583,165
Current	\$ 417,471	10	417,481
Non-current	3,165,594	90	3,165,684
Total amount	\$ 3,583,065	100	3,583,165
Balance of January 1, 2021	\$ 4,214,844	-	4,214,844
Provisions made during the year	-	100	100
Provisions reversed during the year	(314,804)	-	(314,804)
Balance of December 31, 2021	\$ 3,900,040	100	3,900,140
Current	\$ 337,275	10	337,285
Non-current	3,562,765	90	3,562,855
Total amount	\$ 3,900,040	100	3,900,140

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

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 reversed profit or loss according to performance of the contract, where were recognized as cost of sales. For the related agreement, please refer to note 9.

(13) 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, 2022	December 31, 2021
Present value of the defined benefit obligations	\$ (28,083)	(27,244)
Fair value of plan assets	<u>28,352</u>	<u>25,827</u>
Recognized assets (liabilities) for defined benefit obligations	<u>\$ 269</u>	<u>(1,417)</u>

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.

The balance of the Company's labor retirement reserve account at Bank of Taiwan on the reporting date was \$28,352 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.

Sino-American Silicon Products Inc.
Notes to the Parent-Company-Only Financial Statements

(b) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations were as follows:

	2022	2021
Defined benefit obligations at January 1	\$ 27,244	29,990
Current service costs and interest cost	368	448
Re-measurements for defined benefit obligations		
— Actuarial gains and losses arising from experience adjustments	1,155	(1,294)
— Actuarial gains and losses resulting from changes in demographic assumptions	-	821
— Actuarial gains and losses resulting from changes in financial assumptions	(684)	(334)
Plan assets paid	-	(2,387)
Defined benefit obligations at December 31	<u><u>\$ 28,083</u></u>	<u><u>27,244</u></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:

	2022	2021
Fair value of plan assets at January 1	\$ 25,827	27,470
Interest income	162	139
Re-measurements for defined benefit obligations		
—Return on plan asset (excluding current interest)	2,116	344
Contributions made	247	261
Plan assets paid	-	(2,387)
Fair value of plan assets at December 31	<u><u>\$ 28,352</u></u>	<u><u>25,827</u></u>

(d) Change in the effect of the asset ceiling

As of December 31, 2022 and 2021, there was no effect of the asset ceiling.

(e) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the years ended December 31, 2022 and 2021, were as follows:

	2022	2021
Current service costs	\$ 198	298
Net interest of defined benefit obligation	8	11
	<u><u>\$ 206</u></u>	<u><u>309</u></u>

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

	<u>2022</u>	<u>2021</u>
Operating Costs	\$ 86	171
Selling expenses	29	27
Administrative expenses	41	49
Research and development expenses	50	62
	<u><u>\$ 206</u></u>	<u><u>309</u></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, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.375%	0.625%
Future salary increase rate	2.500%	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 \$249 thousand.

The weighted average duration of the defined benefit plan is 9.1 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, 2022 and 2021.

	<u>Impact on defined benefit obligations</u>	
<u>Actuarial assumptions</u>	<u>Increased by 0.25%</u>	<u>Decreased by 0.25%</u>
December 31, 2022		
Discount rate	<u>\$ (628)</u>	<u>646</u>
Future salary increase rate	<u>\$ 628</u>	<u>(613)</u>
December 31, 2021		
Discount rate	<u>\$ (669)</u>	<u>690</u>
Future salary increase rate	<u>\$ 669</u>	<u>(652)</u>

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 2022 and 2021.

There was no change in the method and assumptions used in the preparation of the sensitivity analysis for 2022 and 2021.

Sino-American Silicon Products Inc.
Notes to the Parent-Company-Only Financial Statements

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 \$23,635 thousand and \$20,711 thousand for the years ended December 31, 2022 and 2021, respectively. Such contributions were made to the Bureau of the Labor Insurance, Ministry of Labor.

(14) Income tax

A. Income tax expense

The components of income tax expenses (benefit) in 2022 and 2021 were as follows:

	2022	2021
Current tax period	\$ 911	542
Deferred tax expense (benefit)		
Temporary difference	(41,365)	3,105
Income tax expense (benefit)	<u><u>\$ (40,454)</u></u>	<u><u>3,647</u></u>

The amounts of income tax benefit (expenses) recognized in other comprehensive income in 2022 and 2021 were as follows:

	2022	2021
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	<u><u>\$ (24,645)</u></u>	<u><u>12,784</u></u>

Reconciliations of income tax and income before income tax for 2022 and 2021 were as follows:

	2022	2021
Income before income tax	\$ 8,675,357	6,814,697
Income tax using the Company's domestic tax rate	1,735,071	1,362,939
Tax effect of permanent differences	(1,553,965)	(1,349,496)
Changes in unrecognized temporary differences and others	(221,560)	(9,796)
	<u><u>\$ (40,454)</u></u>	<u><u>3,647</u></u>

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

B. Deferred tax assets and liabilities

The Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as at December 31, 2022 and 2021. 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.

(a) The deferred tax assets have not been recognized in respect of the following items:

	December 31, 2022	December 31, 2021
Tax effect of deductible temporary differences	\$ 991,569	1,047,094
Carryforward of unused tax losses	475,898	723,032
	<u><u>\$ 1,467,467</u></u>	<u><u>1,770,126</u></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 of December 31, 2022, the information of the Company's unused tax losses for which no deferred tax assets were recognized is as follows:

Year of loss	Unused tax losses	Expiry date
2013 (examined and assessed)	9,728	2023
2017 (examined and assessed)	1,189,763	2027
2018 (examined and assessed)	1,179,999	2028
	<u><u>\$ 2,379,490</u></u>	

(b) Recognized deferred tax assets and liabilities

Deferred tax assets:

	January 1, 2021	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2021	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2022
Allowance for inventory valuation	\$ 8,106	(3,010)	-	5,096	41,889	-	46,985
Others	73,929	(95)	12,784	86,618	(524)	(24,645)	61,449
	<u><u>\$ 82,035</u></u>	<u><u>(3,105)</u></u>	<u><u>12,784</u></u>	<u><u>91,714</u></u>	<u><u>41,365</u></u>	<u><u>(24,645)</u></u>	<u><u>108,434</u></u>

C. Assessment of tax filings

The Company's income tax returns for the years through 2020 have been examined and approved by the R.O.C. income tax authorities.

Sino-American Silicon Products Inc.
Notes to the Parent-Company-Only Financial Statements

(15) Capital and other equity

As of December 31, 2022 and 2021, 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.

The reconciliation of shares outstanding for the years ended December 31, 2022 and 2021 was as follows (in thousands of shares):

	Common stock	
	2022	2021
Closing balance on December 31 (i.e. opening balance on January 1)	\$ 586,222	586,222

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 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.

B. Capital surplus

The balances of capital surplus were as follows:

	December 31, 2022	December 31, 2021
Additional paid in capital	\$ 7,195,673	8,296,480
Difference between the consideration and the carrying amount of subsidiaries and associates' share acquired or disposed	1,447,251	1,822,532
Capital surplus recognized under the equity method	7,561,496	7,543,801
Treasury stock transactions	33,314	33,314
Employee stock options	608,429	608,059
	\$ 16,846,163	18,304,186

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

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 \$486,564 thousand (\$0.83 per share) and \$614,243 thousand (\$1.0478 per share), respectively, were approved during the shareholders' meeting held on December 8, 2022 and May 5, 2022.

The Company's resolutions to distribute cash dividends out of capital surplus for an amount of \$1,989,226 thousand (\$3.3933 per share), were approved during the shareholders' meeting held on December 9, 2021.

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 rule by the FSC, 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. The carrying amounts of special reserve amounted to \$102,349 thousand as of December 31, 2022 and 2021.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

According to the rule by the FSC, 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

According to the Company's Articles of Incorporation, 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.

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 December 8, 2022, the Company's Board of Directors resolved to distribute the first half of 2022 earnings. The earnings were appropriated as follows:

	2022	
	Dividends per share (NT dollar)	Amount
Dividends distributed to ordinary shareholder:		
Appropriation of the first half of earnings	\$ 2.3700	1,389,345

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

On May 5, 2022 and December 9, 2021, the Company's Board of Directors determined the amount of cash dividends for the first half and the second half of 2021, respectively. Moreover, other surplus distribution has met statutory resolution threshold with electronic voting on June 21, 2022, and the general meeting of shareholders was held on June 23, 2022. On May 6, 2021, the Company's Board of Directors resolved to appropriate earnings in 2020.

The earnings were appropriated as follows:

	2021		2020	
	Dividends per share (NT dollar)	Amount	Dividends per share (NT dollar)	Amount
Dividends distributed to ordinary shareholder:				
Appropriation of the first half of earnings	\$ 0.1067	62,550	3.5	2,051,776
Appropriation of the annual earnings	3.4522	2,023,754	5.5	3,224,219
Total	<u>\$ 3.5589</u>	<u>2,086,304</u>	<u>9.0</u>	<u>5,275,995</u>

The above-mentioned information is available on the Market Observation Post System website.

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	Others	Total
Balance at January 1, 2022	\$ (4,905,534)	(527,417)	(6,056)	(5,439,007)
Exchange differences on translation of net assets of foreign operations	286,397	-	-	286,397
Exchange differences on associates accounted for using equity method	2,890	-	-	2,890
Compensation cost of restricted stock awards of associates accounted for using equity method	-	-	3,295	3,295
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income of subsidiaries accounted for using equity method	-	(615,188)	-	(615,188)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income of associates accounted for using equity method	-	(212,384)	-	(212,384)
Balance at December 31, 2022	<u>\$ (4,616,247)</u>	<u>(1,354,989)</u>	<u>(2,761)</u>	<u>(5,973,997)</u>

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

	Exchange differences on translation of foreign financial statements	Gains (losses) on equity instruments measured at fair value through other comprehensive income	Others	Total
Balance at January 1, 2021	\$ (2,325,038)	(1,070,453)	(375)	(3,395,866)
Exchange differences on translation of net assets of foreign operations	(2,578,398)	-	-	(2,578,398)
Exchange differences on associates accounted for using equity method	(2,098)	-	-	(2,098)
Compensation cost of restricted stock awards of associates accounted for using equity method	-	-	(5,681)	(5,681)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income of subsidiaries accounted for using equity method	-	451,435	-	451,435
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income of associates accounted for using equity method	-	97,696	-	97,696
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(6,095)	-	(6,095)
Balance at December 31, 2021	<u>\$ (4,905,534)</u>	<u>(527,417)</u>	<u>(6,056)</u>	<u>(5,439,007)</u>

(16) Earnings per share

A. Basic earnings per share

	2022	2021
Net Income attributable to the owner of the Company	<u>\$ 8,715,811</u>	<u>6,811,050</u>
Weighted average number of ordinary shares outstanding during the year (in thousands of shares)	<u>586,222</u>	<u>586,222</u>
Basic earnings per share (NT dollars)	<u>\$ 14.87</u>	<u>11.62</u>

B. Diluted earnings per share

	2022	2021
Net Income attributable to the owner of the Company	<u>\$ 8,715,811</u>	<u>6,811,050</u>
Weighted average number of ordinary shares outstanding during the year (in thousands of shares) (basic)	586,222	586,222
Effect of dilutive potential ordinary shares (in thousands of shares)	<u>4,585</u>	<u>3,032</u>
Weighted-average number of ordinary shares outstanding (in thousands of shares) (diluted)	<u>590,807</u>	<u>589,254</u>
Diluted earnings per share (NT dollars)	<u>\$ 14.75</u>	<u>11.56</u>

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

(17) Revenue from contracts with customers

A. Details of revenues

	<u>2022</u>	<u>2021</u>
Primary geographical markets:		
Taiwan	\$ 6,457,260	4,917,659
America	2,595,351	1,900,989
Asia-other	1,011,729	825,170
Northeast Asia (Japan and Korea)	152,398	479,967
Europe	600	2,362
Other areas	-	10,947
	<u>\$ 10,217,338</u>	<u>8,137,094</u>
Major product categories		
Solar cell	\$ 3,523,022	2,485,299
Solar ingot	2,764,045	1,624,328
Solar module	15,694	57,772
Solar wafer	273,021	217,029
Others	3,641,556	3,752,666
	<u>\$ 10,217,338</u>	<u>8,137,094</u>

B. Contract balances

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Notes and accounts receivable (including related parties)	<u>\$ 867,053</u>	<u>755,138</u>	<u>466,811</u>
Contract liabilities	<u>\$ 1,692,211</u>	<u>2,863,962</u>	<u>1,175,853</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, 2022 and 2021, which was included in the contract liability balance at the beginning of the period, was \$55,247 thousand and \$156,102 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.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

(18) 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, 2022 and 2021, the Company accrued and recognized its employee remuneration amounting to \$564,770 thousand and \$438,902 thousand and directors' amounting to \$55,000 thousand and \$45,000 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 identical to those of the actual distributions for 2022 and 2021, approved in the Board of Directors meetings. The information is available on the Market Observation Post System website.

(19) Interest income

	<u>2022</u>	<u>2021</u>
Interest income	\$ 20,500	7,033
Interest income from financial assets measured at amortized cost	<u>6,600</u>	<u>5,859</u>
	<u>\$ 27,100</u>	<u>12,892</u>

(20) Other gains and losses

	<u>2022</u>	<u>2021</u>
Foreign currency exchange gain (losses)	\$ 119,186	(30,825)
Reversal of impairment loss on financial assets measured at amortized cost	-	3,454
Gain on disposal of investees	81,331	113,180
Gain on disposal of property, plant and equipment	11,219	9,353
Others	<u>166,323</u>	<u>254,395</u>
	<u>\$ 378,059</u>	<u>349,557</u>

Sino-American Silicon Products Inc.
Notes to the Parent-Company-Only Financial Statements

(21) Financial costs

	<u>2022</u>	<u>2021</u>
Interest expense of borrowings	\$ 24,277	8,598
Interest expense of lease liability	1,877	2,206
	<u>\$ 26,154</u>	<u>10,804</u>

(22) Share of other comprehensive income of associates accounted for using equity method

	<u>2022</u>	<u>2021</u>
Exchange differences on translation of foreign operations	\$ 2,890	(2,098)
Unrealized gains on financial assets at fair value through other comprehensive income	(212,384)	97,696
	<u>\$ (209,494)</u>	<u>95,598</u>

(23) 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 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, 2022 and 2021, 95% and 94% respectively, were 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(4). 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(3).

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(4) regarding how the Company determines whether the financial instruments are considered to be low credit risk).

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

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, 2022						
Non-derivative financial liabilities						
Short-term borrowings \$	3,150,000	(3,155,231)	(3,155,231)	-	-	-
Notes and accounts payable (including related parties)	913,630	(913,630)	(913,630)	-	-	-
Payroll and bonus payable	1,508,268	(1,508,268)	(1,508,268)	-	-	-
Dividends payable	1,875,909	(1,875,909)	(1,875,909)	-	-	-
Accrued remuneration of directors (recorded under other current liabilities)	61,180	(61,180)	(61,180)	-	-	-
Current and non-current lease liabilities	125,617	(134,210)	(15,555)	(15,492)	(30,886)	(72,277)
Derivative financial liabilities						
Swap exchange contracts:						
Outflows	1,219	(115,739)	(115,739)	-	-	-
Inflows	-	114,520	114,520	-	-	-
	<u>\$ 7,635,823</u>	<u>(7,649,647)</u>	<u>(7,530,992)</u>	<u>(15,492)</u>	<u>(30,886)</u>	<u>(72,277)</u>

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

	Carrying Amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years or more
December 31, 2021						
Non-derivative financial liabilities						
Short-term borrowings \$	1,495,303	(1,496,657)	(1,496,657)	-	-	-
Notes and accounts payable (including related parties)	485,700	(485,700)	(485,700)	-	-	-
Payroll and bonus payable	1,050,570	(1,050,570)	(1,050,570)	-	-	-
Dividends payable	2,051,776	(2,051,776)	(2,051,776)	-	-	-
Accrued remuneration of directors (recorded under other current liabilities)	45,000	(45,000)	(45,000)	-	-	-
Current and non-current lease liabilities	152,791	(163,225)	(15,497)	(15,303)	(30,378)	(102,047)
Derivative financial liabilities						
Forward exchange contracts:						
Outflows	35	(81,432)	(81,432)	-	-	-
Inflows	-	81,397	81,397	-	-	-
	<u>\$ 5,281,175</u>	<u>(5,292,963)</u>	<u>(5,145,235)</u>	<u>(15,303)</u>	<u>(30,378)</u>	<u>(102,047)</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:

	December 31, 2022		
	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>			
<u>Monetary Items</u>			
USD	\$	45,678	30.710
JPY		28,244	0.2324
EUR		3,574	32.720
			116,941

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

December 31, 2022			
	Foreign currency	Exchange rate	NTD
<u>Investment accounted for equity method</u>			
USD	36,387	30.710	1,357,473
EUR	11,668	32.720	381,745
<u>Financial liabilities</u>			
<u>Monetary Items</u>			
USD	20,538	30.710	630,722
JPY	27,921	0.2324	6,489
EUR	75	32.720	2,454
CNY	3,275	4.408	14,436
<u>Non-monetary Items</u>			
EUR	3,500	32.720	Note
December 31, 2021			
	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>			
<u>Monetary Items</u>			
USD	\$ 65,551	27.680	1,814,452
JPY	8,497	0.2405	2,044
EUR	3,121	31.320	97,750
<u>Non-monetary Items</u>			
EUR	1,300	31.320	Note
<u>Investment accounted for equity method</u>			
USD	35,011	27.680	1,183,814
EUR	13,206	31.320	413,454
<u>Financial liabilities</u>			
<u>Monetary Items</u>			
USD	11,920	27.680	329,946
JPY	3,883	0.2405	934
EUR	491	31.320	15,378
<u>Non-monetary Items</u>			
EUR	1,300	31.320	Note

Note: The fair value of forward exchange contracts was measured at the reporting date. For related information, please refer to note 6(2).

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

(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, accounts receivable, and accounts payable that are denominated in foreign currency. A weakening (strengthening) of 1% of the NTD against the USD, JPY and EUR, as of December 31, 2022 and 2021, would have increased or decreased the net income before income tax by \$8,722 thousand and \$15,680 thousand, respectively. The analysis is based on foreign currency exchange rate variances that the Company 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

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:

	2022		2021	
	Foreign exchange gains (losses)	Average rate	Foreign exchange gains (losses)	Average rate
USD	\$ 110,268	29.8489	(35,019)	27.998
EUR	8,295	31.351	4,175	33.114
JPY	231	0.2272	68	0.2550
CHF	18	31.19	(12)	30.64
RMB	374	4.4218	(37)	4.340
	<u>\$ 119,186</u>		<u>(30,825)</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 \$1,584 thousand and increased or decreased by \$1,727 thousand, for the years ended December 31, 2022 and 2021, respectively, assuming all other variable factors remain constant. This is mainly due to the Company's bank deposits and borrowings with variable rates.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

E. 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, 2022				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	416,214	-	-	-	-
Financial assets measured at amortized cost—current		331,609	-	331,609	-	331,609
Notes and accounts receivable (including related parties)		1,933,853	-	-	-	-
Other financial assets—non-current		46,893	-	-	-	-
Subtotal	\$	<u>2,728,569</u>	<u>-</u>	<u>331,609</u>	<u>-</u>	<u>331,609</u>
Financial liabilities at fair value through profit or loss						
Swap exchange contracts	\$	<u>1,219</u>	<u>-</u>	<u>1,219</u>	<u>-</u>	<u>1,219</u>
Financial liabilities measured with amortized costs						
Short-term borrowings	\$	3,150,000	-	-	-	-
Accounts payable (including related parties)		913,630	-	-	-	-
Lease liabilities-current and non-current		125,617	-	-	-	-
Subtotal	\$	<u>4,189,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

	December 31, 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Forward exchange contracts	\$ <u>117</u>	<u>-</u>	<u>117</u>	<u>-</u>	<u>117</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 804,741	-	-	-	-
Financial assets measured at amortized cost—current	331,609	-	331,609	-	331,609
Notes and accounts receivable (including related parties)	3,479,047	-	-	-	-
Other financial assets—current and non-current	55,380	-	-	-	-
Subtotal	<u>\$ 4,670,777</u>	<u>-</u>	<u>331,609</u>	<u>-</u>	<u>331,609</u>
Financial liabilities at fair value through profit or loss					
Forward exchange contracts	\$ <u>152</u>	<u>-</u>	<u>152</u>	<u>-</u>	<u>152</u>
Financial liabilities measured with amortized costs					
Short-term borrowings	\$ 1,495,303	-	-	-	-
Accounts payable (including related parties)	485,700	-	-	-	-
Lease liabilities-current and non-current	152,791	-	-	-	-
Subtotal	<u>\$ 2,133,794</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.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

(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.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

(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
January 1, 2021	\$ 6,095
Recognized in other comprehensive income	(6,095)
December 31, 2021	<u>\$ -</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, 2022 and December 31, 2021 are 2.17~2.85 and 3.22~3.28) Lack of market liquidity discount (December 31, 2022 and December 31, 2021 were both 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

(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.

Sino-American Silicon Products Inc.
Notes to the Parent-Company-Only Financial Statements

(g) As of December 31, 2022 and 2021, there has been no transfer at fair value level.

(24) 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.

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.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

(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, 2022 and 2021 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, 2022 and 2021, the Company's unused credit lines were \$11,585,930 thousand and \$8,300,477 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.

(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.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

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) Equity instrument

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(23) for the risk of change.

(25) 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, 2022	December 31, 2021
Total liabilities	\$ 13,145,264	12,228,359
Less: cash and cash equivalents	(416,214)	(804,741)
Net debts	<u>\$ 12,729,050</u>	<u>11,423,618</u>
Total equity	<u>\$ 31,872,572</u>	<u>28,537,082</u>
Debt-to-equity ratio	<u>39.94%</u>	<u>40.03%</u>

The increase in operating profits resulted in the debt-to-equity ratio to decrease as at December 31, 2022.

(26) Cash flow information

The Company's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2022 and 2021 were as follows:

For acquiring right of use assets by leasing, please refer to note 6(9).

Sino-American Silicon Products Inc.
Notes to the Parent-Company-Only Financial Statements

Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Others	December 31, 2022
Short-term borrowings	\$ 1,495,303	1,654,697	-	3,150,000
Lease liabilities	152,791	(31,202)	4,028	125,617
Guarantee deposit received	1,051	30,009	-	31,060
Total liabilities from financing activities	<u>\$ 1,649,145</u>	<u>1,653,504</u>	<u>4,028</u>	<u>3,306,677</u>

	January 1, 2021	Cash flows	Others	December 31, 2021
Short-term borrowings	\$ 900,000	595,303	-	1,495,303
Lease liabilities	181,714	(31,833)	2,910	152,791
Guarantee deposit received	768	283	-	1,051
Payables to related parties	192,610	(192,610)	-	-
Total liabilities from financing activities	<u>\$ 1,275,092</u>	<u>371,143</u>	<u>2,910</u>	<u>1,649,145</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:

Names of related parties	Relationship with the Company
Sino Silicon Technology Inc. (SSTI)	Subsidiary directly held by the Company
GlobalWafers	Subsidiary directly held by the Company
Aleo Solar GmbH (Aleo Solar)	Subsidiary directly held by the Company
Aleo Solar Distribuzione Italia S.r.l (Aleo Solar Italia)	Subsidiary indirectly owned by the Company
SAS Sunrise Inc.	Subsidiary directly held by the Company(Note 3)
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)
AMLED International Systems Inc. (AMLED)	Subsidiary indirectly owned by the Company (Note 2)
Taiwan Speciality Chemicals Corporation (TSCS)	Subsidiary directly hold by the Company (Note 5)

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

Names of related parties	Relationship with the Company
SAS Capital Co., Ltd. (SSH)	Subsidiary directly held by the Company
Sustainable Energy Solution Co., Ltd. (SES)	Subsidiary directly hold by the Company (Note 4)
Sunrise PV Electric Power Five Co (Sunrise PV Five)	Subsidiary indirectly held by the Company
Sunrise PV Three Co., Ltd. (Sunrise PV Three)	Subsidiary directly owned by the Company
Sunrise PV Four Co., Ltd. (Sunrise PV Four)	Subsidiary indirectly owned by the Company
GlobalWafers Japan Co., Ltd. (GWJ)	Subsidiary indirectly owned by the Company
Topsil GlobalWafers A/S (Topsil A/S)	Subsidiary indirectly owned by the Company
GWC Capital Co., Ltd(GWCH)	Subsidiary indirectly owned by the Company
Kunshan Sino Silicon Technology Co., Ltd. (SST)	Subsidiary indirectly owned by the Company
Kunshan SST Trading Co., Ltd. (KST)	Subsidiary indirectly owned by the Company
GlobiTech Incorporated.(GTI)	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
MEMC Japan Ltd. (MEMC Japan)	Subsidiary indirectly owned by the Company
MEMC Electronic Materials SpA (MEMC SpA)	Subsidiary indirectly owned by the Company
MEMC Korea Company (MEMC Korea)	Subsidiary indirectly owned by the Company
MEMC LLC (MEMC LLC)	Subsidiary indirectly owned by the Company
MEMC Electronic Materials, Sdn Bhd (MEMC Sdn Bhd)	Subsidiary indirectly owned by the Company
Accu Solar	An associate of the Company
Crystalwise Technology	An associate of the Company
Advanced Wireless	An associate of the Company (Note 5)
Actron	An associate of the Company

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.

Note 3: SAS Sunrise Pte. Ltd. completed the liquidation process in 2022.

Note 4: SES was established in April 2021.

Sino-American Silicon Products Inc.
Notes to the Parent-Company-Only Financial Statements

Note 5: TSCS became a subsidiary after August 25, 2021. Advanced Wireless became a subsidiary after June 20, 2022

(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>2022</u>	<u>2021</u>
Subsidiary — GlobalWafers	\$ 1,725,101	2,090,890
Subsidiaries	313,350	260,640
Associates	-	64,818
	<u>\$ 2,038,451</u>	<u>2,416,348</u>

In 2022 and 2021, the Company's processing revenue from related parties was \$52,234 thousand and \$47,963 thousand, respectively, recognized in the reduction of 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.

In 2022 and 2021, the credit terms for third parties were receipt in advance to 60 days from the end of next month and 0 to 120 days after month end, respectively, while those for related parties were 30 days of current month to 60 days after month end and receipt in advance to 30 days of current month, respectively.

B. Purchase and outsourced processing

The amounts of purchase and outsourced processing from the related party were as follows:

	<u>2022</u>	<u>2021</u>
Subsidiary	\$ 102,317	15,539
Associates	1,469	-
	<u>\$ 103,786</u>	<u>15,539</u>

The prices of purchases and outsourced processing were determined by market rates.

In 2022 and 2021, the payment terms to third parties were prepayment to 60 days after month end and 0 days after month end to 120 days from the end of next month, respectively. In contrast, those to related parties were 30 to 60 days after month end and prepayment to 30 days from the end of next month, respectively.

Sino-American Silicon Products Inc.
Notes to the Parent-Company-Only Financial Statements

C. Receivables from related parties

The Company's receivables from related parties were as follows:

<u>Items</u>	<u>Categories</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Receivables from related parties	Subsidiaries-GlobalWafers	\$ 20,792	178,026
Receivables from related parties	Subsidiaries- Others	40,894	6,874
		<u>\$ 61,686</u>	<u>184,900</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, 2022</u>	<u>December 31, 2021</u>
Subsidiaries — GlobalWafers	<u>\$ 432,419</u>	<u>1,723,876</u>

D. Accounts payable to related parties

The payables to related parties were as follows:

<u>Items</u>	<u>Categories</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Account payable to related parties	Subsidiaries-GlobalWafers	<u>\$ 6,966</u>	<u>4,761</u>

E. Loan to related parties

The actual loan to the related parties is as follows:

	<u>2022</u>		
<u>Related parties</u>	<u>Balance at December 31, 2021</u>	<u>Range of interest rates at the year end</u>	<u>Interest income</u>
Subsidiaries	<u>\$ 1,020,069</u>	<u>1.5%~4.0%</u>	<u>17,407</u>
	<u>2021</u>		
<u>Related parties</u>	<u>Balance at December 31, 2020</u>	<u>Range of interest rates at the year end</u>	<u>Interest income</u>
Subsidiaries	<u>\$ 908,308</u>	<u>0.5%~2.5%</u>	<u>5,268</u>

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

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. As of December 31, 2022 and 2021, interest receivable were \$7,474 thousand and \$2,111 thousand, respectively, recognized in receivables from related parties.

As of December 31, 2022 and 2021, the subsidiaries involved in the aforementioned transaction capitalized the interest expenses, and the unrealized interests were \$3,182 thousand and \$3,422 thousand respectively, which were recognized in the investments accounted for using equity method.

F. Loan from related parties

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 2022 and 2021 were nil thousand and \$158 thousand, respectively. As of December 31, 2022, the interest payable had been paid.

G. Endorsements/guarantees

The Company's endorsements and guarantees for the related party were summarized as follows:

Categories	2022		2021	
Subsidiaries	NTD	1,395,211	NTD	1,300,591
Subsidiaries	USD	46,000	USD	46,000
Categories	December 31, 2022		December 31, 2021	
Subsidiaries	NTD	1,300,591	NTD	1,300,591
Subsidiaries	USD	46,000	USD	46,000

The Company charged the handling fee of endorsements and guarantees from related parties. As of December 31, 2022 and 2021, the interest income were \$7,562 thousand and \$7,293 thousand, respectively.

H. Corporate bonds

As of December 31, 2022 and 2021, the interest income were \$6,600 thousand and \$5,859 thousand, respectively. As of December 31, 2022 and 2021, the accumulated investment cost and interests receivable were both amounted to \$331,609 thousand, and were recognized in financial assets measured at amortized cost—current.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

I. 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, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
Subsidiaries	\$ 166	1,405
Subsidiaries	(60)	(101)
Associates	1,617	526
Associates	(14)	-
	<u>\$ 1,709</u>	<u>1,830</u>

J. Transactions of property, plant and equipment

Disposition of property, plant and equipment

The disposals of property, plant and equipment to related parties were summarized as follows:

	2022		2021	
	Disposal price	Receivable from related parties	Disposal price	Receivable from related parties
Subsidiary	\$ 320	-	15,208	-

The realized gain in 2022 and 2021 were \$8,752 thousand and \$6,679 thousand, respectively. As of December 31, 2022 and 2021, the deferred gain from disposals of property, plant and equipment to related parties was \$44,716 thousand and \$53,647 thousand, respectively, recognized in the investments accounted for using equity method.

K. 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, 2022 and 2021, the deferred revenue arising from the above transactions were \$24,327 thousand and \$26,212 thousand, respectively, recognized in the investments accounted for using equity method.

In addition, as of December 31 2022 and 2021, the sales of raw materials to the subsidiaries is regarded as the transfer of inventories, and the gross loss of \$288,457 thousand and \$95,504 thousand, respectively, were deferred and recognized in the investments accounted for using equity method.

- (b) The subsidiary GlobalWafers, with the approval of Board of Directors, declared cash dividends on December 8, 2022 and December 7, 2021. As of December 31, 2022 and 2021, the dividends receivable were nil thousand and \$1,781,685 thousand, respectively, were was recognized in accounts receivable from related parties.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

- (c) The Company provided other services for related parties, including service support, human resources and plant lease, etc. Details of related other income and receivables from related parties were as follows:

Categories		2022	2021
Subsidiaries		\$ 81,910	84,957
Associates		43,556	33,023
		\$ 125,466	117,980

Items	Categories	December 31, 2022	December 31, 2021
Receivables from related parties	Subsidiaries	\$ 34,026	27,657
Receivables from related parties	Associates	3,448	2,217
		\$ 37,474	29,874

As of December 31, 2022 and 2021, the Company's receipts in advance from subsidiaries for the service amounted to \$2,001 thousand and \$715 thousand, respectively, which were recognized in other current liabilities.

- (d) The related parties charged the Company for their services, including administrative assistance, technical service, legal work appointment, and plant lease, etc. Details of related other expenses and payables to related parties were as follows:

Categories		2022	2021
Subsidiaries		\$ 10,725	6,118
Associates		43	-
		\$ 10,768	6,118

Items	Categories	December 31, 2022	December 31, 2021
Accounts payable to related parties	Subsidiaries	\$ 294	602

- (3) Key management personnel compensation

The remuneration to key management included:

	2022	2021
Short-term employee benefits	\$ 222,393	205,386
Post-employment benefits	320	427
	\$ 222,713	205,813

Sino-American Silicon Products Inc.
Notes to the Parent-Company-Only Financial Statements

8. Pledged assets:

The carrying values of pledged assets were as follows:

Asset name	Pledge or Mortgage underlying subject	December 31, 2022	December 31, 2021
Time deposits and Refundable deposits (recognized in other financial assets — non-current)	Court guarantee	\$ 19,637	19,620
Time deposits (recognized in other financial assets — non-current))	Court guarantee	-	12,560
Time deposits (recognized in other financial assets — non-current)	Guarantee for the lease contract with the Hsinchu Science Park Bureau	11,113	11,113
		<u>\$ 30,750</u>	<u>43,293</u>

9. Commitments and contingencies:

The significant contingent 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 a new agreement signed with Hemlock Semiconductor Pte. Ltd. (hereinafter referred to as Hemlock) in July, 2021, as of December 31, 2022 and 2021, amounted to \$20,551,865 thousand and \$20,363,821 thousand, respectively.

Discussion of the contract litigation between Hemlock and the Company, please refer to (2) contingent liabilities.

- 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.

The amount of delivery according to the existing contracts and current market conditions is as follows:

(Unit: currency in thousands)

	December 31, 2022	December 31, 2021
USD	<u>\$ 21,865</u>	<u>20,736</u>
EUR	<u>\$ 13,066</u>	<u>15,048</u>

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

- C. As of December 31, 2022 and 2021, the significant outstanding commitments for construction and purchase of property, plant and equipment amounted to \$530,059 thousand and \$894,934 thousand, respectively.
- D. As of December 31, 2022 and 2021, the total amount of promissory notes deposited by the Company at the bank for acquiring bank financing were \$14,149,520 thousand and \$11,341,360 thousand, respectively.
- E. As of December 31, 2022 and 2021, a guarantee letter for the Customs Administration and Research and Development which the Group requested a bank to issue amounted \$48,500 thousand and \$12,000 thousand, respectively.

10. Losses Due to Major Disasters: None.

11. Subsequent Events:

- (1) On March 16, 2023, the Company's Board of Directors resolved to extend the repayment of private issued corporate bonds issued by Crystalwise Technology Inc. due on September 30, 2023.
- (2) On March 14, 2023, the Company's Board of Directors resolved to acquired private placement of shares in Billion Electric Co., Ltd. 15,000 thousand shares, amounting to \$529,800 thousand at \$35.32 each.

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,			
			2022		2021	
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salary	659,647	430,079	1,089,726	535,480	374,825	910,305
Labor and health insurance	46,558	10,948	57,506	39,772	11,553	51,325
Pension	19,453	4,388	23,841	16,639	4,381	21,020
Director's compensation	-	57,585	57,585	-	47,495	47,495
Other employee benefits	30,476	6,910	37,386	26,281	5,056	31,337
expenses						
Depreciation	378,654	83,064	461,718	346,801	69,882	416,683
Amortization	72	876	948	-	-	-

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

As of December 31 2022 and 2021, additional information on the number of employees and employee benefit costs were as follows:

	<u>2022</u>	<u>2021</u>
The number of employees	<u>710</u>	<u>659</u>
The number of directors who are not holding as a position of employee	<u>8</u>	<u>8</u>
Average of employee benefits expense	<u>\$ 1,721</u>	<u>1,558</u>
Average of salaries expense	<u>\$ 1,552</u>	<u>1,398</u>
The average of salary adjustment rate	<u>11%</u>	
Supervisor' s compensation	<u>-</u>	<u>-</u>

The Company' s salary and remuneration policy (including directors, supervisors, 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.

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.

Sino-American Silicon Products Inc.

Notes to the Parent-Company-Only Financial Statements

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, 2022 (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.
- (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).

Sino-American Silicon Products Inc.
Notes to the Parent-Company-Only Financial Statements

(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, 2022.

Sino-American Silicon Products Inc.
Loans to other parties
For the year ended December 31, 2022

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	1,771,825	1,689,050	64,491	4%	2	-	Operating capital	-	-	-	12,749,029	12,749,029
0	Sino-American Silicon Products Inc.	Sunrise PV Three	Receivable from related parties	Yes	100,000	100,000	36,000	2.5%	2	-	Operating capital	-	-	-	12,749,029	12,749,029
0	Sino-American Silicon Products Inc.	SSH	Receivable from related parties	Yes	1,000,000	1,000,000	808,213	1.5%~4%	2	-	Operating capital	-	-	-	12,749,029	12,749,029
0	Sino-American Silicon Products Inc.	Aleo Solar GmbH	Receivable from related parties	Yes	163,600	163,600	114,520	1.5%	2	-	Operating capital	-	-	-	12,749,029	12,749,029
1	SSTI	Sulu	Receivable from related parties	Yes	443,923	423,184	423,184	0%	2	-	Operating capital	-	-	-	2,233,650	2,233,650
1	SSTI	AMLED	Receivable from related parties	Yes	367,702	350,524	350,524	0%	2	-	Operating capital	-	-	-	2,233,650	2,233,650
3	SAS Sunrise Inc.	Sulu	Receivable from related parties	Yes	343,090	327,062	327,062	0%	2	-	Operating capital	-	-	-	481,296	481,296
4	GlobalWafers	Sunrise PV Electric Five	Receivable from related parties	Yes	100,000	100,000	20,000	1.5%	2	-	Operating capital	-	-	-	21,729,602	21,729,602
4	GlobalWafers	GWH	Receivable from related parties	Yes	500,000	500,000	-	1%	2	-	Operating capital	-	-	-	21,729,602	21,729,602
4	GlobalWafers	Sunrise PV Four	Receivable from related parties	Yes	100,000	100,000	60,000	1~1.5%	2	-	Operating capital	-	-	-	21,729,602	21,729,602

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	GWJ	MEMC Japan	Receivable from related parties	Yes	12,642,560	12,642,560	2,695,840	0.56818%	2	-	Operating capital	-	-	-	17,621,996	17,621,996
5	GWJ	GlobalWafers	Receivable from related parties	Yes	3,648,000	-	-	0.54545%	2	-	Operating capital	-	-	-	17,621,996	17,621,996
6	MEMC SpA	GWBV	Receivable from related parties	Yes	1,799,600	1,799,600	1,325,160	0.45%	2	-	Operating capital	-	-	-	10,400,974	10,400,974
6	MEMC SpA	GWS	Receivable from related parties	Yes	2,552,160	2,552,160	1,994,275	3.401%	2	-	Operating capital	-	-	-	10,400,974	10,400,974
7	GWS	GWBV	Receivable from related parties	Yes	1,090,349	1,039,411	1,039,411	1.2%	2	-	Operating capital	-	-	-	39,946,824	39,946,824
7	GWS	GW GmbH	Receivable from related parties	Yes	4,090,000	4,090,000	4,090,000	0.45%	2	-	Operating capital	-	-	-	39,946,824	39,946,824
7	GWS	GlobalWafers	Receivable from related parties	Yes	13,852,450	-	-	0.8~1.2%	2	-	Operating capital	-	-	-	39,946,824	39,946,824
8	GTI	MEMC LLC	Receivable from related parties	Yes	196,175	-	-	1.75%	2	-	Operating capital	-	-	-	11,918,357	11,918,357
8	GTI	GlobalWafers	Receivable from related parties	Yes	1,610,750	1,535,500	1,535,500	0.8%	2	-	Operating capital	-	-	-	11,918,357	11,918,357
9	GWBV	GW GmbH	Receivable from related parties	Yes	4,580,800	4,580,800	2,781,200	0.45%	2	-	Operating capital	-	-	-	46,702,501	46,702,501
10	GWH	Sunrise PV Four	Receivable from related parties	Yes	50,000	-	-	1.00%	2	-	Operating capital	-	-	-	98,891	98,891

Note 1: The nature of financing purposes:

- (1) Represents entities with business transaction with the Company.
- (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 GlobalWafers, the amount of financing shall not exceed the amount of business transaction for the current year; for capital loans to companies that need short-term financing, individual loans shall not exceed 40% of GlobalWafers' net worth; for GlobalWafers directly and indirectly holds 100% of the voting shares of domestic companies engaged in capital lending, or GlobalWafers directly and indirectly holds 100% of the voting rights of domestic companies to engage in capital lending to GlobalWafers, and the amount does not exceed the net worth of the company that lent funds up to 40 percent; for GlobalWafers directly and indirectly holds 100% of the voting shares of foreign companies engaged in capital lending, or GlobalWafers directly and indirectly holds 100% of the voting shares of foreign companies engaged in capital lending to GlobalWafers, not subject to the provisions of the preceding paragraph. The restriction on net worth is not subject to the one-year term of capital loan in Paragraph 1 of Article 4, but the capital loan limit and time limit should still be determined in its internal operating procedures.

- 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 lend funds to companies with business contacts, the total amount of the loan shall not exceed 40% of the net worth of the company that lent the funds; for fund loans to companies that need short-term financing, the total amount of the loan shall not exceed 40% of the company's net worth; for GlobalWafers directly and indirectly holds 100% of the voting shares in domestic companies engaged in inter-company capital lending, or GlobalWafers directly and indirectly holds 100% of the voting rights in domestic companies, the company's capital lending to GlobalWafers shall not exceed 40% of the company's net worth; for foreign companies that directly and indirectly hold 100% of the voting rights to engage in capital loans to GlobalWafers are not subject to the restrictions on net worth in the preceding paragraph and are not subject to the one-year limitation of the capital loan period in Paragraph 1 of Article 4, but they should still be The internal operating procedures set the limits and deadlines for capital loans.
- (3) 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, 2022

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)	1,481,890 (Note 5)	1,412,660 (Note 5)	903,642 (Note 5)	-	4.43%	1,545,758 (Note 6)	Y (Note 4)	N	N
0	Sino American Silicon Products Inc.	Sunrise PV Four	2	31,872,572	170	170	170	-	-	31,872,572	Y	N	N
0	Sino American Silicon Products Inc.	Sunrise PV Three	2	31,872,572	421	421	421	-	-	31,872,572	Y	N	N
0	Sino American Silicon Products Inc.	SSH	2	31,872,572	1,300,000	1,300,000	102,000	-	4.08%	31,872,572	Y	N	N
0	Sino American Silicon Products Inc.	SES	2	31,872,572	94,620	94,620	94,620	-	0.30%	31,872,572	Y	N	N
1	GlobalWafers	GW GmbH	2	162,972,015	91,777,820	8,180,000	6,544,000	-	15.06%	162,972,015	N	N	N
1	GlobalWafers	GWH	2	162,972,015	1,300,000	1,300,000	-	-	2.39%	162,972,015	N	N	N
1	GlobalWafers	Sunrise PV Four	2	162,972,015	100,000	100,000	-	-	0.18%	162,972,015	N	N	N
1	GlobalWafers	Sunrise PV Electric Five	2	162,972,015	79,800	79,800	79,800	-	0.15%	162,972,015	N	N	N
1	GlobalWafers	GWS	2	162,972,015	5,374,527	5,212,041	4,413,581	-	9.59%	162,972,015	N	N	N
1	GlobalWafers	MEMC SpA	2	162,972,015	2,879,360	2,879,360	2,879,360	-	5.30%	162,972,015	N	N	N
1	GlobalWafers	KST	2	162,972,015	3,345,690	-	-	-	-	162,972,015	N	N	Y

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)										
3	GTI	MEMC LLC	2	59,591,785	483,225	460,650	107,460	-	3.87%	59,591,785	N	N	N
	SST	KST	2	13,701,370	1,424,296	1,403,599	1,403,599	-	51.22%	13,701,370	N	N	Y

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: 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.

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. The actual disbursement amount was reduced to USD 29,425 thousand.

Note 6: The endorsements/guarantees quota for Sulu is calculated as the amount of sales at the time of endorsements/guarantees.

Sino-American Silicon Products Inc.

Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures)

December 31, 2022

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	330	331,609	-	331,609	
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	-	1.61%	-	
Sino American Silicon Products Inc.	Stock of Big Sun	None	Financial assets at fair value through other comprehensive income	15,000	-	3.72%	-	
SSTI	Stock of SILFAB SPA	None	Financial assets at fair value through other comprehensive income	300	349,744	15.00%	349,744	
SSTI	Stock of Clean Venture 21 Corporation	None	Financial assets at fair value through profit or loss — non-current	10	-	7.20%	-	
SSH	WT Microelectronics Co., Ltd. Corporation	None	Financial assets at fair value through other comprehensive income	540	32,994	0.06%	32,994	
SSH	NextDrive Holdings. Co., Ltd.	None	Financial assets at fair value through other comprehensive income	1,021	91,510	5.54%	91,510	
SSH	Transphorm Inc.	None	Financial assets at fair value through other comprehensive income	4,000	668,250	7.03%	668,250	
SSH	SKY TECH Inc.	None	Financial assets at fair value through other comprehensive income	300	21,000	0.49%	21,000	
SSH	TAISC Materials Corp.	None	Financial assets at fair value through other comprehensive income	200	20,000	0.40%	20,000	
SSH	Ancora Semiconductors Inc.	None	Financial assets at fair value through other comprehensive income	3,400	102,000	6.16%	102,000	
GlobalWafers	CDIB Capital Growth Partners L.P.	None	Financial assets at fair value through profit or loss — non-current	-	177,479	3.85%	177,479	

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	
GlobalWafers	Siltronic AG	None	Financial assets at fair value through profit or loss — non-current	650	1,449,414	2.17%	1,449,414	
GW GmbH	Siltronic AG	None	Financial assets at fair value through profit or loss — non-current	3,031	6,914,054	10.34%	6,914,054	
GWBV	Siltronic AG	None	Financial assets at fair value through profit or loss — non-current	350	782,459	1.17%	782,459	
GlobalWafers	WT Microelectronics Co., Ltd.	None	Financial assets at fair value through other comprehensive income	2,518	153,850	0.25%	153,850	
SST	Foreign securites	None	Financial assets at fair value through other comprehensive income	16	5,497	0.04%	5,497	
GWH	Foreign securities from private placement	None	Financial assets at fair value through profit or loss — non-current	-	8,314	1.70%	8,314	

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, 2022**

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 (Note)	Shares	Amount (Note)	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
Sino American Silicon Products Inc.	Advanced Wireless	Investments accounted for using equity method	-	None	45,000	664,320	9,287	844,922	-	-	-	-	54,287	3,730,579

Note: Including gain or loss on evaluation.

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, 2022

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			
Advanced Wireless	Expansion project of the new factory area	November 5, 2018	415,000	Paid 96.8%	Yung Ching Construction Co., Ltd.	Non-parties Company	-	-	-	-	Bargain	For operating purpose: in progress	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, 2022

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)	
Aleo Solar	Aleo Solar Italia	Indirectly held subsidiaries	Sale	(288,504)	(19)%	Net 60 days from the end of the month upon issuance of invoice	-	-	15,451	21%	Note 1
Sino American Silicon Products Inc.	Sunrise PV Four	Indirectly held subsidiaries	Sale	(302,337)	(3)%	Net 30 days from the end of the month upon issuance of invoice	-	-	40,539	5%	Note 1
GlobalWafers	Sino American Silicon Products Inc.	Directly held subsidiaries	Purchase	1,724,569	12%	Net 30 days from the end of the next month upon issuance of invoice	-	-	(20,637)	(1)%	Note 1
GlobalWafers	GTI	Indirectly held subsidiaries	Purchase	2,282,527	3%	Net 60 days from the end of the month upon issuance of invoice	-	-	(354,187)	(3)%	Note 1
GlobalWafers	SST	Indirectly held subsidiaries	Purchase	1,897,728	3%	Net 60 days from the end of the month upon issuance of invoice	-	-	(262,131)	(3)%	Note 1
GlobalWafers	GWJ	Indirectly held subsidiaries	Purchase	6,770,634	10%	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(2,098,772)	(21)%	Note 1
GlobalWafers	Topsil A/S	Indirectly held subsidiaries	Purchase	1,513,934	2%	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(107,929)	(1)%	Note 1
GlobalWafers	GWS	Indirectly held subsidiaries	Purchase	786,580	1%	Net 60 days from the end of the month upon issuance of invoice	-	-	(126,698)	(1)%	Note 1
GWS	GlobalWafers	Indirectly held subsidiaries	Purchase	8,053,041	11%	Net 60 days from the end of the month upon issuance of invoice	-	-	(1,398,710)	(14)%	Note 1
MEMC Korea	GlobalWafers	Indirectly held subsidiaries	Purchase	1,628,868	2%	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(326,752)	(3)%	Note 1
MEMC SpA	GlobalWafers	Indirectly held subsidiaries	Purchase	982,793	1%	Net 60 days from the end of the month upon issuance of invoice	-	-	(175,059)	(2)%	Note 1
GTI	GlobalWafers	Indirectly held subsidiaries	Purchase	3,416,656	5%	Net 45 days from the end of the month upon issuance of invoice	-	-	(329,640)	(3)%	Note 1
SST	GlobalWafers	Indirectly held subsidiaries	Purchase	1,030,693	1%	Net 30 days from the end of the month upon issuance of invoice	-	-	(104,934)	(1)%	Note 1
GWJ	GlobalWafers	Indirectly held subsidiaries	Purchase	2,920,516	4%	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(945,423)	(9)%	Note 1

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)	
Topsil A/S	GlobalWafers	Indirectly held subsidiaries	Purchase	607,741	1%	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(120,337)	(1)%	Note 1
Actron Technology Inc.	GlobalWafers	Subsidiary of associates	Purchase	278,335	-	Net 60 days from the end of the next month upon issuance of invoice	-	-	(77,915)	(1)%	
MEMC Sdn Bhd	GlobalWafers	Indirectly held subsidiaries	Purchase	171,417	-	Net 60 days from the end of the month upon issuance of invoice	-	-	(25,944)	-	Note 1
GWS	MEMC LLC	Indirectly held subsidiaries	Purchase	1,938,861	3%	Net 60 days from the end of the month upon issuance of invoice	-	-	(406,030)	(4)%	Note 1
GWS	MEMC LLC	Indirectly held subsidiaries	Sale	(784,567)	(1)%	Net 60 days from the end of the month upon issuance of invoice	-	-	138,322	1%	Note 1
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	Purchase	1,676,868	2%	Net 60 days from the end of the month upon issuance of invoice	-	-	(275,292)	(3)%	Note 1
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	Sale	(544,534)	(1)%	Net 60 days from the end of the month upon issuance of invoice	-	-	(93,399)	1%	Note 1
GWS	MEMC SpA	Indirectly held subsidiaries	Purchase	4,230,504	6%	Net 60 days from the end of the month upon issuance of invoice	-	-	(777,063)	(8)%	Note 1
GWS	MEMC SpA	Indirectly held subsidiaries	Sale	(6,107,557)	(9)%	Net 60 days from the end of the month upon issuance of invoice	-	-	1,174,950	12%	Note 1
GWS	MEMC Korea	Indirectly held subsidiaries	Purchase	1,766,975	3%	Net 60 days from the end of the month upon issuance of invoice	-	-	(263,964)	(3)%	Note 1
GWS	MEMC Japan	Indirectly held subsidiaries	Purchase	4,153,733	6%	Net 60 days from the end of the month upon issuance of invoice	-	-	(781,264)	(8)%	Note 1
GWS	MEMC Japan	Indirectly held subsidiaries	Sale	(1,622,535)	(2)%	Net 60 days from the end of the month upon issuance of invoice	-	-	314,894	3%	Note 1

Note 1: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

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, 2022

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.	SSH	Directly held subsidiaries	811,580	Note 1	-	-	-	-
Sino American Silicon Products Inc.	Aleo Solar	Directly held subsidiaries	114,520	Note 1	-	-	-	-
SSTI	AMLED	Indirectly held subsidiaries	350,524	Note 1	-	-	-	-
SSTI	Sulu	Indirectly held subsidiaries	423,184	Note 1	-	-	-	-
SAS Sunrise Inc	Sulu	Indirectly held subsidiaries	327,062	Note 1	-	-	-	-
GlobalWafers	GTI	Indirectly held subsidiaries	329,640	8.76	-	-	195,639	-
GlobalWafers	GWJ	Indirectly held subsidiaries	945,423	3.47	-	-	194,897	-
GlobalWafers	GWS	Indirectly held subsidiaries	1,398,710	6.17	-	-	825,182	-
GlobalWafers	MEMC Korea	Indirectly held subsidiaries	326,752	4.18	-	-	186,511	-
GlobalWafers	MEMC SpA	Indirectly held subsidiaries	175,059	5.94	-	-	107,730	-
GlobalWafers	Topsil A/S	Indirectly held subsidiaries	120,337	8.76	-	-	94,645	-
GlobalWafers	SST	Indirectly held subsidiaries	104,934	10.94	-	-	52,026	-
GTI	GlobalWafers	Indirectly held subsidiaries	354,187	6.24	-	-	195,483	-
SST	GlobalWafers	Indirectly held subsidiaries	262,131	5.84	-	-	187,502	-
GWJ	GlobalWafers	Indirectly held subsidiaries	2,098,772	3.54	-	-	610,661	-
GWS	GlobalWafers	Indirectly held subsidiaries	126,698	6.31	-	-	65,812	-
Topsil A/S	GlobalWafers	Indirectly held subsidiaries	107,929	10.28	-	-	94,470	-
GWS	MEMC Japan	Indirectly held subsidiaries	314,894	5.50	-	-	314,894	-
GWS	MEMC SpA	Indirectly held subsidiaries	1,174,950	6.29	-	-	1,174,950	-
GWS	MEMC LLC	Indirectly held subsidiaries	138,322	5.81	-	-	138,322	-

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		
MEMC Sdn Bhd	GWS	Indirectly held subsidiaries	275,292	5.72	-	-	275,292	-
MEMC SpA	GWS	Indirectly held subsidiaries	777,063	6.06	-	-	468,794	-
MEMC Korea	GWS	Indirectly held subsidiaries	263,964	6.91	-	-	136,103	-
MEMC Japan	GWS	Indirectly held subsidiaries	781,264	5.72	-	-	247,870	-
MEMC LLC	GWS	Indirectly held subsidiaries	406,030	6.14	-	-	406,030	-
GTI	GlobalWafers	Indirectly held subsidiaries	1,535,500	Note 1	-	-	-	-
GWJ	MEMC Japan	Indirectly held subsidiaries	2,695,905	Note 1	-	-	-	-
MEMC SpA	GWS	Indirectly held subsidiaries	1,994,275	Note 1	-	-	-	-
MEMC SpA	GWBV	Indirectly held subsidiaries	1,325,160	Note 1	-	-	1,325,160	-
GWS	GWBV	Indirectly held subsidiaries	1,053,797	Note 1	-	-	-	-
GWS	GW Gmbh	Indirectly held subsidiaries	4,380,669	Note 1	-	-	12,507	-
GWBV	GW Gmbh	Indirectly held subsidiaries	2,978,992	Note 1	-	-	1,157,633	-

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 February 20, 2023.

Sino-American Silicon Products Inc.
Information on investees (Excluding Information on Investees in Mainland China)
For the year ended December 31, 2022

Table 8

(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, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	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%	1,116,825	1,578	1,578	Subsidiary
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%	29,244,649	15,367,386	7,863,492	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%	381,745	(48,126)	(48,126)	Subsidiary
Sino American Silicon Products Inc.	SAS Sunrise Inc.	Cayman	Investment activities	794,373 (USD24,500)	794,373 (USD24,500)	24,500	100.00%	240,648	(81,320)	(81,320)	Subsidiary
Sino American Silicon Products Inc.	Sunrise PV Three	Taiwan	Electricity activities	15,000	15,000	1,500	100.00%	16,512	1,067	1,067	Subsidiary
Sino American Silicon Products Inc.	SSH	Taiwan	Investment activities	650,000	250,000	65,000	100.00%	131,538	(61,863)	(61,863)	Subsidiary Note 6
Sino American Silicon Products Inc.	SES	Taiwan	Energy technology service business	20,000	20,000	2,000	100.00%	19,860	(125)	(125)	Subsidiary
Sino American Silicon Products Inc.	Crystalwise Technology Inc.	Taiwan	Optical wafer and substrate manufacturing and trade	1,685,291	1,882,936	13,877	31.61%	-	(144,983)	(32,395)	Associate Note 2
Sino American Silicon Products Inc.	Accu Solar Corporation	Taiwan	Solar energy system provider	112,193	112,193	7,452	24.70%	54,871	(4,441)	(911)	Associate

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousand)	Percentage of Ownership	Carrying value			
Sino American Silicon Products Inc.	TSCS	Taiwan	Semiconductor special gas and chemical material manufacturer	962,957	990,000	41,590	30.09%	820,150	207,974	49,033	Subsidiary Note 2 and 6
Sino American Silicon Products Inc.	Actron Technology Corporation	Taiwan	Semiconductor electric wafer materials and components manufacturing and trade	1,756,162	1,756,162	20,807	22.75%	1,511,495	560,552	127,311	Associate Note 2
Sino American Silicon Products Inc.	Advanced Wireless	Taiwan	Gallium arsenide wafer manufacturing and trade	4,341,422	3,496,500	54,287	27.62%	3,730,579	13,712	(57,628)	Subsidiary Note 2 and 7
SAS Sunrise Inc.	SAS Sunrise Pte. Ltd.	Singapore	Investment activities	-	450,732 (USD13,000)	-	-	-	-	-	Subsidiary Note 4 and 12
SAS Sunrise Inc.	Sulu	Philippines	Electricity activities	113,920 (USD4,000)	113,920 (USD4,000)	420,000	40.00%	63,950	(109,201)	-	Subsidiary Note 4
SAS Sunrise Inc.	AMLED	Philippines	Investment activities	-	-	-	-	-	-	-	Subsidiary Note 3 and 4
AMLED	Sulu	Philippines	Electricity activities	297,229 (USD9,065)	297,229 (USD9,065)	472,500	45.00%	69,449	(109,201)	-	Subsidiary Note 4
Aleo Solar	Aleo SolarDistribuzioneItalia S.r.l	Italy	Solar module sale and wholesale of electronic materials	4,078 (EUR100)	4,078 (EUR100)	Note 1	100.00%	15,136	31,516	-	Subsidiary Note 4
GlobalWafers	GWJ	Cayman	Investment activities	-	1,427 (USD48)	-	-	-	-	-	Subsidiary Note 4 and 10
GlobalWafers	GSI	Cayman	Investment in various businesses and triangular trade centers with subsidiaries in Mainland China	698,419 (USD24,555)	756,809 (USD26,555)	23,000	100.00%	2,759,761	424,781	-	Subsidiary Note 4
GlobalWafers	GWJ	Japan	Manufacturing and trading of silicon wafers	5,448,015	5,448,015	128	100.00%	17,617,922	1,654,934	-	Subsidiary Note 4
GlobalWafers	GWafers Singapore	Singapore	Investment activities	17,378,877	17,378,877	541,674	100.00%	43,384,478 (Note 9)	2,553,093	-	Subsidiary Note 4
GlobalWafers	GW GmbH	Germany	Trading	1,952,235 (EUR62,525)	-	48,025	100.00%	(6,542,874) (Note 9)	(7,883,865)	-	Associate Note 4

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousand)	Percentage of Ownership	Carrying value			
GlobalWafers	GWBV	Netherlands	Investment activities	42,525,442 (USD1,321,076)	-	0.1	100.00%	46,702,502	729,694	-	Subsidiary Note 4 and 11
GlobalWafers	HONG WANG Investment Co., Ltd.	Taiwan	Investment activities	309,760	309,760	30,976	30.98%	941,383	194,957	-	Associate Note 4
GlobalWafers	Sunrise PVFour	Taiwan	Electricity activities	1,045,000	1,045,000	104,500	100.00%	1,054,274	8,608	-	Subsidiary Note 4
GlobalWafers	Sunrise PVElectric Five	Taiwan	Electricity activities	278,000	278,000	27,800	100.00%	274,853	(1,466)	-	Subsidiary Note 4
GlobalWafers	GWH	Taiwan	Investment activities	250,000	250,000	25,000	100.00%	247,229	(2,811)	-	Subsidiary Note 4
GWJ	MEMC Japan	Japan	Manufacturing and trading of silicon wafers	373,413 (JPY100,000)	373,413 (JPY100,000)	750	100.00%	2,701,726	179,098	-	Subsidiary Note 4
Topsil A/S	Topsil PL	Poland	Manufacturing and trading of silicon wafers	-	-	0.1	100.00%	-	-	-	Subsidiary Note 4
GWafers Singapore	GWS	Singapore	Investment activitie	14,671,320 (USD406,898)	14,671,320 (USD406,898)	299,445	100.00%	45,398,137	2,524,650	-	Subsidiary Note 4
GWS	GWBV	Netherlands	Investment activitie	-	11,213,730 (USD362,763)	-	-	-	(251,809)	-	Subsidiary Note 4
GWBV	MEMC SpA	Italy	Manufacturing and trading of silicon wafers	6,732,641 (USD204,788)	6,732,641 (USD204,788)	65,000	100.00%	10,400,974	1,251,313	-	Subsidiary Note 4
MEMC SpA	MEMC SarL	France	Trading	1,316 (USD40)	1,316 (USD40)	0.5	100.00%	2,715	570	-	Subsidiary Note 4
GWBV	MEMC Korea	Korea	Manufacturing and trading of silicon wafers	11,851,262 (USD384,605)	11,851,262 (USD384,605)	25,200	100.00%	21,814,786	3,436,634	-	Subsidiary Note 4
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%	13,182,440	1,174,149	-	Subsidiary Note 4
GWBV	MEMC Ipoh	Malaysia	Manufacturing and trading of silicon wafers	93,907 (USD1,323)	93,907 (USD1,323)	612,300	100.00%	3,783	67	-	Subsidiary Note 4
GWBV	Global GmbH	Germany	Trading	-	827 (USD27)	-	-	-	(7,883,865)	-	Subsidiary Note 4
GWBV	Topsil A/S	Denmark	Manufacturing and trading of silicon wafers and sale	1,843,604 (USD60,996)	1,843,604 (USD60,996)	1,000	100.00%	2,316,507	398,892	-	Subsidiary Note 4

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousand)	Percentage of Ownership	Carrying value			
GTI	MEMC LLC	United states	Manufacturing and trading of silicon wafers and sale	543,384 (USD17,839)	543,384 (USD17,839)	-	100.00%	4,592,375	488,363	-	Subsidiary Note 4
SST	MEMC Sdn Bhd	Malaysia	Manufacturing and trading of silicon wafers and sale	898,016 (USD27,315)	898,016 (USD27,315)	1,036	100.00%	1,180,016	74,786	-	Subsidiary Note 4
GTI	GWA	United states	Manufacturing and trading of silicon wafers and sale	31 (USD1)	-	0.1	100.00%	581,593	(28,601)	-	Subsidiary Note 4 and 8

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 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 4: 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 5: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 6: The Company resolved on December 8, 2022 by the Board of Directors to debt transferred to capital \$400,000 thousand.

Note 7: Advanced Wireless' s Board of Directors was fully re-elected on June 20, 2022, the Company obtained control over Advanced Wireless, transformed from an associate to a subsidiary.

Note 8: GWA was a newly established subsidiary by GTI in August 2022.

Note 9: For the purpose of accounting impact of adjustment of group structure.

Note 10: Liquidation procedures of GWI were completed in November 2022.

Note 11: GlobalWafers in response to the group adjusted its organizational structure, the company resolved on September 1,2022 by the Board of Directors to purchase the entire GWBV equity held by GWS in the form of equity transaction, which completed the equity transaction on November 7, 2022.

Note 12: SAS Sunrise Pte. Ltd had completed the deregistration process, and AMLED was changed to SAS Sunrise Inc.

Sino-American Silicon Products Inc.
Information on investment in mainland China
For the year ended December 31, 2022

Table 9

(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, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	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	1,429,778 (Note 5)	Note 1	713,300 (USD21,729))	-	-	713,300 (USD21,729)	425,037	100%	425,037	2,740,274	-
KST	Sale and marketingss	26,587	Note6	-	-	-	-	10,457	100%	10,446	36,862	-

(2) Limitation on investment in Mainland China

Company Name	Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
GlobalWafers	713,300(USD21,729)	1,703,173 (USD56,164) (Note 3)	32,594,403 (Note 4)

Note 1: Investments through GSI.

Note 2: The basis for investment income (loss) recognition is from the audited financial statements.

Note 3: Initial investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the Historical Foreign Exchange Rate.

Note 4: 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 GlobalWafers' net equity on December 31, 2022.

Note 5: Retained earnings transferred to capital was included.

Note 6: KST was funded by using the capital of SST, which cannot be considered as investment limit because there was no remittance from Taiwan.

Sino-American Silicon Products Inc.

List of cash and cash equivalents

December 31, 2022

**(Expressed in thousands of New Taiwan Dollars; in
dollar of foreign currencies)**

Items	Summary	Amount
Cash	Petty cash and cash on hand	<u>\$ 200</u>
Bank deposits	Check deposits	430
	Demand deposits	245,675
	Foreign currency deposits (USD: 5,232,826.61; CHF: 5,840.96; JPY: 28,244,203; EUR: 74,494.51; RMB: 3,175.37)	<u>169,909</u>
	Subtotal	<u>416,014</u>
	Total	<u><u>\$ 416,214</u></u>

Note: Foreign currency exchange rates at the balance sheet date are as follows:

USD exchange rate: 30.71

CHF exchange rate: 33.205

JPY exchange rate: 0.2324

EUR exchange rate: 32.72

RMB exchange rate: 4.408

Sino-American Silicon Products Inc.
Statement of Notes and Accounts Receivable
December 31, 2022
(Expressed in thousands of New Taiwan Dollars)

Customer Name	Amount
Company D	\$ 331,450
Company F	154,395
Company G	120,129
Company I	70,612
Company J	62,925
Company K	45,525
Others (individual amount does not exceed 5%)	<u>20,331</u>
	<u>\$ 805,367</u>

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, 2022

(Expressed in thousands of New Taiwan Dollars)

Items	Amount		Remark
	Costs	Net realizable value	
Finished goods and products	\$ 287,255	336,253	Please refer to note 4 (5) to the parent-company-only financial statements for the reference of net realizable value of inventory.
Work in progress	86,148	114,509	
Raw materials	910,637	802,322	
Supplies	40,099	27,590	
Subtotal	1,324,139	<u>1,280,674</u>	
Less: Allowance for valuation loss	(234,923)		
Total	<u>\$ 1,089,216</u>		

Statement of other current assets

Items	Amount
Contract assets	\$ 27,910
Income tax refund receivable	23,004
Prepaid expenses	10,680
Prepaid insurance premiums	5,424
Others (individual amount does not exceed 5%)	<u>8,743</u>
Total	<u>\$ 75,761</u>

Sino-American Silicon Products Inc.

Statement of changes in Financial assets measured at amortized
cost— current

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Name	Beginning balance		Increase of the year		Decrease of the year		Gain or loss on evaluation	End of the period		Accumulate d	Guarantee or	Remarks
	Number of bond units	Carrying Amount	Number of bond units	Amount	Number of bond units	Amount	Amount	Number of bond units	Carrying Amount	impairment loss	collateral provided	
Crystalwise Technology -Corpo rate bonds	330	\$ <u>331,609</u>	-	<u>-</u>	-	<u>-</u>	<u>-</u>	330	<u>331,609</u>	<u>-</u>	None	

Sino-American Silicon Products Inc.
Statement of changes in investments under equity method
For the year ended December 31, 2022
(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 7)	Investment profits and losses	Exchange differences on translation of foreign financial statements	Remeasurement of defined benefit plan of subsidiaries	Other adjustment items (Note 8)	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	\$ 869,231	-	-	-	1,578	99,425	-	146,591	48,526	1,116,825	100.00	-	1,110,346	None
GlobalWafers	222,727	23,349,338	-	(1,781,946) (Note 1)	-	7,863,492	187,815	24,146	(398,196)	222,727	29,244,649	51.17	428	95,324,156	None
Aleo Solar	-	413,454	-	-	-	(48,126)	16,417	-	-	-	381,745	100.00	-	381,745	None
SAS Sunrise Inc.	24,500	314,583	-	-	-	(81,320)	7,385	-	-	24,500	240,648	-	-	240,648	None
TSCS	42,758	815,822	(1,168)	(44,705) (Note 2)	-	49,033	-	-	-	41,590	820,150	30.09	-	818,822	None
SES	2,000	19,985	-	-	-	(125)	-	-	-	2,000	19,860	-	-	-	None
Sunrise PV Three	1,500	16,092	-	(647) (Note 4)	-	1,067	-	-	-	1,500	16,512	100.00	-	19,985	None
SSH	25,000	560,293	40,000	(3,309) (Note 3)	-	(61,863)	-	-	(363,583)	65,000	131,538	100.00	-	16,092	None
Advanced Wireless	-	-	54,287	3,775,391 (Note 6)	(9,899)	(58,195)	-	-	23,282	54,287	3,730,579	27.62	68	3,691,516	None
	-	26,358,798		1,944,784	(9,899)	7,665,541	311,042	24,146	(591,906)		35,702,506			101,603,310	None
Affiliated enterprises:															
Crystalwise Technology Inc.	31,038	15,322	(17,161)	(2,059)	17,695	(32,395)	1,474	-	(37)	13,877	-	31.61	10	138,770	None
Accu Solar Corporation	7,452	55,782	-	-	-	(911)	-	-	-	7,452	54,871	24.70	-	54,871	None
Actron Technology Inc.	20,807	1,675,049	-	(83,229) (Note 5)	-	127,311	1,416	-	(209,052)	20,807	1,511,495	22.75	164	3,412,348	None
Advanced Wireless	45,000	3,522,035	(45,000)	(3,081,731) (Note 6)	(440,871)	567	-	-	-	-	-	-	-	-	None
		5,268,188		(3,167,019)	(423,176)	94,572	2,890	-	(209,089)		1,566,366		-	3,605,989	
Unrealized gain from affiliate accounts		12,223		204,009	-	-	-	-	-		216,232				
Total		\$ 31,639,209		(1,018,226)	(433,075)	7,760,113	313,932	24,146	(800,995)		37,485,104				

Note 1: Due to cash dividends of \$1,781,946 thousand from GlobalWafers.

Note 2: TSCS had been traded publicly at the Taipei Exchange (TPEx) in September 2023, the Company sold ordinary shares of TSCS 1,168 thousand shares in 2022, amounting to \$93,160 thousand. Due to cash dividends of \$27,034 thousand from SCS.

Note 3: Due to cash dividends of \$3,309 thousand from SSH.

Note 4: Due to cash dividends of \$647 thousand from Sunrise PV Three.

Note 5: Due to cash dividends of \$83,229 thousand from associate.

Note 6: The increase of investment of \$844,922 for Advanced Wireless, and dividend of \$151,262 thousand. Advanced Wireless's Board of Directors was fully re-elected on June 20, 2022, and the Company obtained the majority of

the directors' seats. Thus, the Company obtained the control over the investee and included it in the consolidated financial statements from the date of obtaining control.

Note 7: Included the adjustments to capital surplus due to non-proportional investment in investee's increase in capital.

Note 8: Included unrealized gain or loss and re-measurement of disposal gain and 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, 2022

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6 (7) for relevant information of property, plant and equipment.

Statement of changes in right for use assets

Please refer to note 6 (8) 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	\$ 108,434
Prepayments for equipment — non-current	3,250
Others (individual amount does not exceed 5%)	268
	<u>\$ 111,952</u>

Sino-American Silicon Products Inc.

Statement of short-term borrowings

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Lending bank	Explanation	Ending balance	Contract duration	Range of Interest Rate	The unutilized credit amount	Mortgage or guarantee
Communications Bank	Working capital	\$ 800,000	Note 1	Note 3	-	None
Mizuho Bank	Working capital	700,000	Note 1	Note 3	681,950	None
MUFG Bank	Working capital	600,000	Note 1	Note 3	14,200	None
Export-Import Bank	Working capital	550,000	Note 1	Note 3	-	None
Mega Bank	Working capital	500,000	Note 1	Note 3	-	None
		<u>\$ 3,150,000</u>				

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 amounting to \$10,889,780 thousand.

Note 3: Range of interest rate is 1.24%~1.99%.

Statement of Accounts payable

Names of suppliers	Amount
Supplier A	\$ 241,841
Supplier B	234,775
Supplier E	157,560
Others (individual amount does not exceed 5%)	<u>272,120</u>
Total	<u>\$ 906,296</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, 2022

(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%	\$ 55,893	
Land	Science park	2020/5/26~2039/12/31	1.76%	47,189	
Land	Science park Authority	2020/4/1~2027/12/31	1.11%	20,339	
Office and other equipment	Cars	2022/3/11~2025/3/10	0.94%	613	
Office and other equipment	Cars	2022/8/23~2025/8/22	0.94%	825	
Office and other equipment	Cars	2020/5/14~2023/5/13	1.76%	63	
Office and other equipment	Cars	2021/7/31~2024/7/30	0.89%	374	
Office and other equipment	Charging station parking space	2022/7/1~2024/7/30	0.89%	<u>321</u>	
				125,617	
Less: lease liabilities — current				<u>(29,508)</u>	
Total				<u><u>\$ 96,109</u></u>	

Statement of contract liabilities

<u>Customer Name</u>	<u>Amount</u>
Company H	\$ 873,456
GlobalWafers	432,419
Company G	182,232
Others (individual amount does not exceed 5%)	<u>204,104</u>
	1,692,211
Less: contract liability-current	<u>(661,482)</u>
Total	<u><u>\$ 1,030,729</u></u>

Sino-American Silicon Products Inc.
Statement of other current liabilities
December 31, 2022
(Expressed in thousands of New Taiwan Dollars)

<u>Items</u>	<u>Summary</u>	<u>Amount</u>
Equipment payable		\$ 83,786
Other accrued expenses		66,552
Accrued remuneration of directors		61,180
Estimated accrued expenses		43,270
Guarantee deposit received		31,060
Lease liabilities — current		29,508
Others (individual amount does not exceed 5%)	Other payables and interest payable	9,397
		<u><u>\$ 324,753</u></u>

Statement of other liabilities — non-current

<u>Items</u>	<u>Summary</u>	<u>Amount</u>
Lease liabilities — non-current		<u><u>\$ 96,109</u></u>

Sino-American Silicon Products Inc.

Operating revenues statement

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Items	Sales volume	Amount
Sales revenue:		
Solar cells	75,259 thousand/pcs	\$ 3,523,022
Solar ingot	716 thousand/kg	2,764,045
Solar module	3 thousand/pcs	15,694
Solar wafer	11,326 thousand/pcs	273,021
Revenues from sale of goods and raw materials		<u>3,127,112</u>
Subtotal		<u>9,702,894</u>
Electricity Revenue and others		<u>514,444</u>
Net operating revenues		<u>\$ 10,217,338</u>

Sino-American Silicon Products Inc.

Statement of operating costs

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Items	Amount
Beginning inventory - goods	\$ 47,249
Add: purchase in this period	4,136,635
Less: Inventories at the end of the period	113,960
Realized gain from inter-affiliate accounts	7,824
Transfer of expenses	<u>84,388</u>
Cost of goods purchased and sold	<u>3,977,712</u>
Raw material consumption	
Beginning raw materials	524,770
Add: Material purchased in this period	3,676,145
Transfer of property, plant and equipment	6,936
Less: Ending raw materials	950,736
Realized gain from inter-affiliate accounts	64
Reclassified as expenses	422,575
Sale in this period	<u>566,366</u>
Consumption of raw materials in this period	<u>2,268,110</u>
Direct labor	239,689
Manufacturing expenses	<u>1,479,200</u>
Manufacturing cost	3,986,999
Add: Beginning WIP goods	78,681
Transfer in of finished goods	362,936
Transferred to expense and others	3,596
Less: Ending WIP goods	86,148
Costs of finished goods	4,346,064
Add: Beginning finished goods	98,663
Less: Finished goods at end of period	173,295
Transferred to expense and others	14,430
Transfer out of finished goods	<u>362,936</u>
Cost of finished goods sold	<u>3,894,066</u>
Cost of goods sold	7,871,778
Add: Cost of raw materials sold	566,366
Unallocated fixed manufacturing expense	200,116
The impairment loss of property, plant and equipment	53,983
Recognition of inventory valuation loss	209,445
Other operating costs	464,941
Less: Realized loss and offset from sales to affiliated companies	44,999
Recognition reversal of provision loss	<u>316,975</u>
Total operating costs	<u><u>\$ 9,004,655</u></u>

Sino-American Silicon Products Inc.

Statement of operating expense

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Items	Selling expenses	Administrative expenses	Research and development expenses
Salary expenses	\$ 57,542	317,432	55,105
Import/export expenses	7,357	-	101
Directors remuneration	-	57,858	-
Depreciation	353	71,358	11,353
Indirect material expense	2	-	13,372
Technical services fee	-	-	4,313
Others (summary of individual amount not exceeding 5%)	15,061	55,822	9,688
Total	\$ 80,315	502,470	93,932

Statement of Interest Income

Please refer to note 6 (19) 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, 2022

Please refer to note 6 (20) 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 (21) of the parent-company-only financial statements for relevant information of finance cost.

**Employee benefits, depreciation, depletion, a
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.