



Date: August 10, 2011

Announcement of Business Transfer

Covalent Materials Corporation ("Covalent") and Sino-American Silicon Products Inc. ("SAS"), a Taiwanese corporation, have agreed to transfer Covalent's silicon wafer business to SAS as follows.

1. Basic Agreement

Covalent will first consolidate its silicon wafer business operations at Covalent Materials Tokuyama Corporation, Covalent Materials Sekikawa Corporation and Oguni Facility into Covalent Silicon Corporation and then transfer the shares of Covalent Silicon Corporation to SAS. As a result, all assets related to Covalent's silicon wafer business, including the contracts, agreements, rights and obligations and employees related to the silicon wafer business, will be under SAS's management after the transfer is complete.

Covalent's ceramics business will remain under and be operated by Covalent without changes.

2. Background

Covalent has been manufacturing and supplying silicon wafers for more than three decades to customers worldwide, using its proprietary materials technologies and experience. As the silicon wafer business started to expand in today's growing quality product markets such as logic and power devices, in addition to the 300mm arena, Covalent has been seeking ways to ensure and accelerate further growth of the silicon wafer businesses, including cooperation and alliances with third party companies.

SAS is ranked 4th among the Taiwan INFO TECH Top 100 companies (Business Next Magazine) and is well recognized as the leader in the silicon wafer business in Taiwan. As SAS gained its firm foothold in discrete device segment, it started looking for new opportunities to add more capacity and market share overseas including Japan.

As SAS's and Covalent's silicon wafer businesses are complementary to each other in technologies, products and geographical markets, the managers of Covalent and SAS have concluded that it would be in the best interest for Covalent's silicon wafer business to be under the management of SAS in order to pursue the No.1 position in the segment for discrete and power devices, as a global player in the market.

After the completion of the transfer, Covalent will concentrate its resources in the ceramic business. The company will further strengthen the competitiveness of its materials and parts for semiconductor manufacturing equipment, which currently enjoy high market shares. Furthermore, with new developments and products, Covalent will grow its energy and environment related business as the second pillar of the company.

3. Closing

The business transfer is scheduled for completion by the end of 2011.



For further information, please contact:

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Reference:

(1) Sino-American Silicon Products Inc.

Head Office Hsinchu, Taiwan

Chairman Ming-kuang Lu

Paid-in Capital NT\$ 3,820 million

Sales Revenue NT\$22,565 million

(2) Covalent Materials Corporation

Head Office Osaki 1-chome, Shinagawa-ku, Tokyo

President Toshio Nagahama

Paid-in Capital Yen 34.9 billion

Sales Revenue Yen 82.8 billion

